

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2017**

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1

SENATE BILL 743*

Short Title: Governor's Budget. (Public)

Sponsors: Senators B. Jackson, Brown, and Harrington (Primary Sponsors).

Referred to: Rules and Operations of the Senate

May 24, 2018

1 A BILL TO BE ENTITLED
2 AN ACT TO MODIFY THE CURRENT OPERATIONS APPROPRIATIONS ACT OF 2017
3 AND TO MAKE OTHER CHANGES IN THE BUDGET OPERATIONS OF THE STATE.
4 The General Assembly of North Carolina enacts:

5
6 **PART I. INTRODUCTION AND TITLE OF ACT**

7
8 **INTRODUCTION**

9 **SECTION 1.1.** The appropriations made in this act are for maximum amounts
10 necessary to provide the services and accomplish the purposes described in the budget. Savings
11 shall be effected where the total amounts appropriated are not required to perform these services
12 and accomplish these purposes, and, except as allowed by the State Budget Act or this act, the
13 savings shall revert to the appropriate fund at the end of each fiscal year, except as otherwise
14 provided by G.S. 143C-1-2(b).

15
16 **TITLE OF ACT**

17 **SECTION 1.2.** This act shall be known as the "Current Operations Appropriations
18 Act of 2018."

19
20 **PART II. CURRENT OPERATIONS AND EXPANSION GENERAL FUND**

21
22 **CURRENT OPERATIONS AND EXPANSION/GENERAL FUND**

23 **SECTION 2.1.** Appropriations from the General Fund of the State for the
24 maintenance of the State's departments, institutions, and agencies and for other purposes as
25 enumerated are adjusted for the fiscal year ending June 30, 2019, according to the following
26 schedule:

27
28 **Current Operations – General Fund** **FY 2018-2019**

29
30 **EDUCATION**

31
32 Community Colleges System Office 81,331,106

33
34 Department of Public Instruction 338,518,144

35
36 University of North Carolina – Board of Governors



1	Appalachian State University	
2	East Carolina University	
3	Academic Affairs	(241,276)
4	Health Affairs	0
5	Elizabeth City State University	1,124,000
6	Fayetteville State University	932,000
7	NC A&T State University	3,466,000
8	NC Central University	1,067,000
9	NC State University	
10	Academic Affairs	2,250,000
11	Agricultural Extension	0
12	Agricultural Research	0
13	UNC-Asheville	750,000
14	UNC-Chapel Hill	
15	Academic Affairs	2,500,000
16	Health Affairs	0
17	AHEC	0
18	UNC-Charlotte	0
19	UNC-Greensboro	0
20	UNC-Pembroke	500,000
21	UNC-School of the Arts	1,000,000
22	UNC-Wilmington	0
23	Western Carolina University	0
24	Winston-Salem State University	752,809
25	General Administration	0
26	University Institutional Programs	100,596,546
27	Related Educational Programs	0
28	NC School of Science & Mathematics	500,000
29	Aid to Private Institutions	(5,000,000)
30		
31	Total University of North Carolina –	
32	 Board of Governors	110,197,079
33		
34	HEALTH AND HUMAN SERVICES	
35		
36	Department of Health and Human Services	
37	Central Management and Support	17,879,628
38	Division of Aging and Adult Services	0
39	Division of Blind Services/Deaf/HH	0
40	Division of Child Development and Early Education	3,425,000
41	Health Service Regulation	85,389
42	Division of Medical Assistance	33,759,033
43	Division of Mental Health, Developmental Disabilities,	
44	& Substance Abuse Services	25,708,167
45	NC Health Choice	1,760
46	Health Benefits	12,945,104
47	Division of Public Health	3,127,506
48	Division of Social Services	0
49	Division of Vocation Rehabilitation	0
50		
51	Total Health and Human Services	96,931,587

1		
2	AGRICULTURE AND NATURAL AND ECONOMIC RESOURCES	
3		
4	Department of Agriculture and Consumer Services	14,288,861
5		
6	Department of Commerce	
7	Commerce	337,629
8	Commerce State-Aid	2,500,000
9	Commerce – Economic Development	30,679,142
10		
11	Department of Natural and Cultural Resources	
12	Natural and Cultural Resources	6,559,222
13	Roanoke Island Commission	0
14		
15	Wildlife Resources Commission	348,456
16		
17	Department of Environmental Quality	17,166,694
18		
19	Department of Labor	1,497,966
20		
21	JUSTICE AND PUBLIC SAFETY	
22		
23	Department of Public Safety	93,689,779
24		
25	Judicial Department	21,468,002
26		
27	Judicial Department – Indigent Defense	3,926,438
28		
29	Department of Justice	7,278,721
30		
31	GENERAL GOVERNMENT	
32		
33	Department of Administration	3,530,645
34		
35	Office of Administrative Hearings	193,405
36		
37	Department of State Auditor	492,474
38		
39	Office of State Controller	651,692
40		
41	State Board of Elections	382,550
42		
43	General Assembly	1,584,140
44		
45	Office of the Governor	
46	Office of the Governor	105,727
47	Office of the Governor – Special Projects	0
48		
49	Office of State Budget and Management	
50	Office of State Budget and Management	309,805
51	OSBM – Reserve for Special Appropriations	1,000,000

1		
2	Housing Finance Agency	
3		
4	Department of Insurance	1,740,254
5	Industrial Commission	131,593
6		
7	Office of Lieutenant Governor	19,030
8		
9	Department of Military and Veterans Affairs	1,256,171
10		
11	Department of Revenue	1,771,030
12		
13	Department of Secretary of State	894,743
14		
15	Department of Information Technology	21,955,156
16		
17	Department of State Treasurer	
18	State Treasurer	34,221
19	State Treasurer – Retirement for	
20	Fire and Rescue Squad Workers	0
21		
22	RESERVES, ADJUSTMENTS, AND DEBT SERVICE	
23		
24	Contingency and Emergency Fund	2,000,000
25	Salary Adjustment Fund Reserve	20,000,000
26	NC 457 Contributions for Certified State Correction Officers Reserve	10,000,000
27	Workers' Compensation Reserve	1,500,000
28	2020 Census Preparation Reserve	1,500,000
29	Bond Disclosure, Close Out, and Tax-Exempt Analysis Reserve	50,000
30	Public Schools Average Daily Membership (ADM) Reserve	(48,410,289)
31	Pending Legislation Reserve	(500,000)
32		
33	Debt Service	
34	General Debt Service	(54,567,293)
35		
36	TOTAL CURRENT OPERATIONS –	794,343,880
37	GENERAL FUND	
38		
39	GENERAL FUND AVAILABILITY STATEMENT	
40	SECTION 2.2.(a) The General Fund availability statement set out in Section 2.2(a)	
41	of S.L. 2017-57 applies to the 2017-2018 fiscal year only. The General Fund Availability used	
42	in adjusting the 2018-2019 budget is shown below:	
43		
44		FY 2018-2019
45	Beginning Availability	
46	Unappropriated Balance from Prior Fiscal Year	490,975,581
47	Anticipated Over Collections	356,700,000
48	Anticipated Reversions	275,000,000
49	Transfers:	
50	Savings Reserve	(184,100,000)
51	Repairs and Renovations Reserve	(125,000,000)

1	Public Safety Improvements Reserve	(100,000,000)
2	Information Technology Infrastructure Reserve	(50,000,000)
3	State Emergency Response & Disaster Relief Reserve Account	(139,500,000)
4		
5	Beginning Unreserved Fund Balance	524,075,581
6		
7	Revenues Based on Existing Tax Structure	22,960,100,000
8		
9	Nontax Revenues	
10	Investment Income	\$ 99,400,000
11	Judicial Fees	232,700,000
12	Disproportionate Share	163,300,000
13	Insurance	82,700,000
14	Master Settlement Agreement	139,400,000
15	Other Nontax Revenues	193,700,000
16		
17	Subtotal Nontax Revenue	911,200,000
18		
19	Total General Fund Availability	23,871,300,000
20		
21	Adjustments to Availability: 2018 Session	
22	Conformity with Federal Tax Cuts and Jobs Act	54,000,000
23	Two-Bracket Personal Income Tax Change	67,600,000
24	Keep Corporate Income Tax Rate at 3%	42,400,000
25	Transfer 25% of Real Estate Conveyance Tax Revenue to Other Funds	(18,700,000)
26	Direct Additional Funds to Golden LEAF Foundation	(5,000,000)
27	Adjustment for Transfer from Treasurer's Office	34,221
28	Adjustment for Transfer from Insurance Regulatory Fund	1,740,254
29		
30	Subtotal Adjustments to Availability	142,074,475
31		
32	Revised General Fund Availability	24,537,450,056
33		
34	Less General Fund Appropriations	(24,537,450,056)
35		
36	Unappropriated Balance Remaining	0
37		

38 **SECTION 2.2.(b)** Notwithstanding the provisions of G.S. 143C-4-3(a), the State
39 Controller shall transfer a total of one hundred twenty-five million dollars (\$125,000,000) from
40 the unreserved fund balance to the Repairs and Renovations Reserve on June 30, 2018. Funds
41 transferred under this section to the Repairs and Renovations Reserve are hereby appropriated
42 for the 2018-2019 fiscal year and shall be used in accordance with G.S. 143C-4-3. This
43 subsection becomes effective June 30, 2018.

44 **SECTION 2.2.(c)** Notwithstanding G.S. 143C-4-2, the State Controller shall transfer
45 a total of one hundred eighty-four million one hundred thousand dollars (\$184,100,000) from the
46 unreserved fund balance to the Savings Reserve Account on June 30, 2018. This transfer is not
47 an "appropriation made by law," as that phrase is used in Section 7(1) of Article V of the North
48 Carolina Constitution. This subsection becomes effective June 30, 2018.

49 **SECTION 2.2.(d)** The State Controller shall transfer a total of twenty-one million
50 four hundred thirty-eight thousand one hundred seventy-one dollars (\$21,438,171) from the
51 Medicaid Contingency Reserve to the Department of Health and Human Services.

1
2 **PART III. CURRENT OPERATIONS/HIGHWAY FUND**
3

4 **CURRENT OPERATIONS AND EXPANSION/HIGHWAY FUND**

5 **SECTION 3.1.** Appropriations from the State Highway Fund for the maintenance
6 and operation of the Department of Transportation and for other purposes as enumerated are
7 adjusted for the fiscal year ending June 30, 2019, according to the following schedule. Amounts
8 set out in parentheses are reductions from the Highway Fund Appropriations for the 2018-2019
9 fiscal year:

10		
11	Current Operations – Highway Fund	FY 2018-2019
12		
13	Department of Transportation	
14	Administration	\$ 0
15		
16	Division of Highways	
17	Administration	0
18	Construction	0
19	Maintenance	(38,994,179)
20	Planning and Research	0
21	OSHA Program	0
22		
23	State Aid to Municipalities	0
24		
25	Intermodal Divisions	
26	Ferry	0
27	Public Transportation	0
28	Aviation	1,600,000
29	Rail	(300,000)
30	Bicycle and Pedestrian	0
31		
32	Governor's Highway Safety	0
33		
34	Division of Motor Vehicles	0
35		
36	Other State Agencies, Reserves, Transfers	10,696,491
37	Capital Improvements	0
38		
39	Total Highway Fund Appropriations	\$ 2,224,500,000

40
41 **HIGHWAY FUND AVAILABILITY STATEMENT**

42 **SECTION 3.2.** Section 3.2 of S.L. 2017-57 is repealed. The Highway Fund
43 availability used in adjusting the 2018-2019 fiscal year budget is shown below:

44		
45	Highway Fund Availability Statement	FY 2018-2019
46	Unreserved Fund Balance	\$ 0
47	Estimated Revenue	2,224,500,000
48	Adjustment to Revenue Availability	0
49		
50	Total Highway Fund Availability	\$ 2,224,500,000
51		

1 **Unappropriated Balance** \$ **0**

2
3 **PART IV. HIGHWAY TRUST FUND APPROPRIATIONS**

4
5 **HIGHWAY TRUST FUND APPROPRIATIONS**

6 **SECTION 4.1.** Appropriations from the State Highway Trust Fund for the
7 maintenance and operation of the Department of Transportation and for other purposes as
8 enumerated are made for the fiscal biennium ending June 30, 2019, according to the following
9 schedule. Amounts set out in parentheses are reductions from the Highway Fund Appropriations
10 for the 2018-2019 fiscal year:

11
12 **Current Operations – Highway Trust Fund** **FY 2018-2019**

13
14 Program Administration \$ 664,054
15 Debt Service 0
16 Turnpike Authority 0
17 State Ports Authority 0
18 Transfer to Highway Fund 0
19 FHWA State Match 0
20 Strategic Prioritization Funding Plan for
21 Transportation Investments (45,988,216)

22
23 **Total Highway Trust Fund Appropriations** **\$ 1,540,500,000**

24
25 **HIGHWAY TRUST FUND AVAILABILITY STATEMENT**

26 **SECTION 4.2.** Section 4.2 of S.L. 2017-57 is repealed. The Highway Fund
27 availability used in adjusting the 2018-2019 fiscal year budget is shown below:

28
29 **Highway Trust Fund Availability** **FY 2018-2019**

30
31 Unreserved Fund Balance \$ 0
32 Estimated Revenue 1,540,500,000
33 Adjustment to Revenue Availability 0

34
35 **Total Highway Trust Fund Availability** **\$ 1,540,500,000**

36
37 **Unappropriated Balance** \$ **0**

38
39 **PART V. OTHER APPROPRIATIONS**

40
41 **EDUCATION LOTTERY FUNDS/CHANGES TO REVENUE**
42 **ALLOCATIONS/NEEDS-BASED PUBLIC SCHOOL CAPITAL FUND**

43 **SECTION 5.1.** Section 5.3(a) of S.L. 2017-57 reads as rewritten:

44 **"SECTION 5.3.(a)** The appropriations made from the Education Lottery Fund for the
45 2017-2019 fiscal biennium are as follows:

46 **FY 2017-2018** **FY 2018-2019**
47
48 Noninstructional Support Personnel \$383,888,897 \$385,914,455
49 Prekindergarten Program 78,252,110 78,252,110
50 Public School Building Capital Fund 100,000,000 100,000,000
51 Needs-Based Public School Capital Fund 30,000,000 75,000,000

1	Scholarships for Needy Students	30,450,000	30,450,000
2	UNC Need-Based Financial Aid	10,744,733	10,744,733
3	LEA Transportation	43,277,192	1,386,090 11,902,152
4	<u>K-3 Class Size Capital Fund</u>		<u>69,000,000</u>

5
6 **TOTAL APPROPRIATION** **\$676,612,932** ~~**\$681,747,388**~~ **\$761,263,450**"

7
8 **K-3 CLASS SIZE CAPITAL FUND**

9 **SECTION 5.3.(a)** There is created the K-3 Class Size Capital Fund to be
10 administered by the State Board of Education. A minimum of seventy-five million dollars
11 (\$75,000,000) shall be transferred from the Education Lottery Fund and Indian Gaming Fund to
12 the K-3 Class Size Capital Fund for the 2018-2019 fiscal year. These funds shall be used to award
13 grants to counties to offset the capital costs associated with K-3 class size reduction required by
14 the 2021-2022 school year in G.S. 115C-301. The State Board of Education shall award grants
15 to counties in accordance with the following priorities:

- 16 (1) Counties with a demonstrated need for additional classrooms in order to
17 comply with G.S. 115C-301 by the 2021-2022 school year.
- 18 (2) Counties with a difficulty complying with G.S. 115C-301 due to a financial
19 hardship.
- 20 (3) Proposals that maximize the class size reduction for the associated cost.

21 **SECTION 5.3.(b)** Funds awarded under this section shall only be used for the
22 following purposes:

- 23 (1) Construction of new K-3 classroom facilities.
- 24 (2) Purchase and installation of mobile classroom facilities.
- 25 (3) Renovation and conversion of existing facilities that result in additional K-3
26 classrooms.

27 **SECTION 5.3.(c)** Funds awarded under this section may not be used for real
28 property acquisition or for operational lease agreements.

29 **SECTION 5.3.(d)** Grant funds awarded under this section shall be subject to a
30 matching requirement, based on county-tier of the recipient county. For purposes of this
31 subsection, development tier area is as defined in G.S. 143B-437.08, and the match requirement
32 is as follows:

- 33 (1) For a county designated as a development tier one area, the grant shall not
34 exceed three dollars (\$3.00) in grant funds for every one dollar (\$1.00)
35 provided by the county.
- 36 (2) For a county designated as a development tier two area, the grant shall not
37 exceed two dollars (\$2.00) in grant funds for every one dollar (\$1.00) provided
38 by the county.
- 39 (3) For a county designated as a development tier three area, the grant shall not
40 exceed one dollar (\$1.00) in grant funds for every one dollar (\$1.00) provided
41 by the county.

42 **SECTION 5.3.(e)** For the purposes of determining matching funds, the following
43 may be utilized by the county for demonstration of non-State match:

- 44 (1) Local funds appropriated by the county for school capital.
- 45 (2) Proceeds of local bonds issued for school capital.
- 46 (3) Any other non-State funds that the local government has used for capital.

47 No funds listed in this subsection may be used for a demonstration of non-State match, if those
48 funds have previously been used as a match for another State funding program.

49 **SECTION 5.3.(f)** On or before April 1 of each year, a grant recipient shall submit to
50 the State Board of Education an annual report for the preceding year that describes the progress

1 of the project for which the grant was received. The grant recipient shall submit a final report to
2 the State Board of Education within three months of the completion of the project.

3 **SECTION 5.3.(g)** On or before May 1 of each year, the State Board of Education
4 shall submit a report to the chairs of the Senate Appropriations Committee on Education/Higher
5 Education, the chairs of the House Appropriations Committee on Education, the Fiscal Research
6 Division, and the Office of State Budget and Management. The report shall contain at least all of
7 the following information for the fiscal year:

- 8 (1) Number and description of projects awarded.
- 9 (2) Total cost of each project and amount supported by the K-3 Class Size Capital
10 Fund.
- 11 (3) Any legislative recommendations for improving the K-3 Class Size Capital
12 Fund.

13 **CIVIL PENALTY AND FORFEITURE FUND**

14 **SECTION 5.4.** Section 5.4(b) of S.L. 2017-57 reads as rewritten:

15 **"SECTION 5.4.(b)** Excess receipts realized in the Civil Penalty and Forfeiture Fund in each
16 year of the 2017-2019 fiscal biennium shall remain unspent until appropriated by a further act of
17 the General Assembly. the 2017-2018 fiscal year shall be allocated to the State Public School
18 Fund in the 2018-2019 fiscal year. Excess receipts realized in the 2018-2019 fiscal year shall
19 remain unspent until appropriated by a further act of the General Assembly."
20

21 **INDIAN GAMING EDUCATION REVENUE FUND**

22 **SECTION 5.5.** Section 5.5 of S.L. 2017-57 reads as rewritten:

23 **"SECTION 5.5.** Notwithstanding G.S. 143C-9-7, the sum of six million dollars (\$6,000,000)
24 in each year of the 2017-2019 fiscal biennium is transferred from the Indian Gaming Education
25 Revenue Fund to the Department of Public Instruction, Textbooks, and Digital Resources
26 Allotment. Allotment and the sum of six million dollars (\$6,000,000) in the 2018-2019 fiscal year
27 is transferred from the Indian Gaming Revenue Fund to the K-3 Class Size Capital Fund."
28

29 **PART VI. GENERAL PROVISIONS**

30 **ESTABLISHING OR INCREASING FEES**

31 **SECTION 6.2.(a)** Notwithstanding G.S. 12-3.1, an agency is not required to consult
32 with the Joint Legislative Commission on Governmental Operations prior to establishing or
33 increasing a fee to the level authorized or anticipated in this act.

34 **SECTION 6.2.(b)** Notwithstanding G.S. 150B-21.1A(a), an agency may adopt an
35 emergency rule in accordance with G.S. 150B-21.1A to establish or increase a fee as authorized
36 by this act if the adoption of a rule would otherwise be required under Article 2A of Chapter
37 150B of the General Statutes.
38

39 **EXPENDITURES OF FUNDS IN RESERVES LIMITED**

40 **SECTION 6.3.** All funds appropriated by this act into reserves may be expended
41 only for the purposes for which the reserves were established.
42

43 **CAP STATE FUNDED PORTION OF NONPROFIT SALARIES**

44 **SECTION 6.4.** No more than one hundred twenty thousand dollars (\$120,000) in
45 State funds may be used for the annual salary of any individual employee of a nonprofit
46 organization receiving State funds. For the purposes of this section, the term "State funds" means
47 funds as defined in G.S. 143C-1-1(d)(25) and any interest earnings that accrue from those funds.
48
49
50

1 **ADVANCING EVIDENCE-BASED POLICY-MAKING AND PERFORMANCE**
2 **MANAGEMENT IN STATE BUDGETING**

3 **SECTION 6.5.(a)** Section 26.3 of S.L. 2017-57 is amended by adding a new
4 subsection to read:

5 "SECTION 26.3.(d) By October 1, 2018, the Office of State Budget and Management, in
6 consultation with Results First partner agencies and the Pew-MacArthur Results First Initiative,
7 shall develop and publish descriptive, formal definitions for tiered levels of evidence. Each
8 definition shall outline the criteria needed to qualify for each tier of evidence. The Office of State
9 Budget and Management shall also identify which program or service areas will be expected to
10 include evidence and research to support budget proposals. The definitions may be periodically
11 updated as needed. The definitions, and any subsequent updates, shall be included in the annual
12 report required by subsection (c) of this section."

13 **SECTION 6.5.(b)** The Office of State Budget and Management shall research best
14 practices in performance management from leading states, academia, and nongovernmental
15 organizations and implement a pilot performance management initiative that is designed to
16 inform the budget process and operational management of State programs. By November 30,
17 2018, the Office of State Budget and Management shall report to the Joint Legislative Oversight
18 Committee on General Government on the progress of implementing the pilot. The report may
19 include recommendations for additional legislation.

20 **SECTION 6.5.(c)** G.S. 143C-1-1(d) is amended by adding a new subdivision to read:

21 "(21a) Performance management. – An on-going process of measuring, evaluating,
22 and adjusting actions to improve outcomes."

23
24 **RESTORE DEBT SERVICE FUNDS FOR WILMINGTON HARBOR**

25 **SECTION 6.6.(a)** The Office of State Budget and Management (OSBM) shall use
26 sixteen million dollars (\$16,000,000) in the 2017-2018 fiscal year year-end reversions to replace
27 the Wilmington Harbor debt repayment funds that reverted to the General Fund in the 2016-2017
28 fiscal year. OSBM may first use any reversions from General Fund debt service before using
29 agency reversions.

30 **SECTION 6.6.(b)** This section becomes effective June 30, 2018.

31
32 **CONTINGENCY AND EMERGENCY FUND LIMITATION AND TRANSFER**

33 **SECTION 6.7.** Section 6.1(a) of S.L. 2017-57 reads as rewritten:

34 **"SECTION 6.1.(a)** Limitation. – For the 2017-2019 fiscal biennium, and notwithstanding
35 the provisions of G.S. 143C-4-4(b), funds appropriated to the Contingency and Emergency Fund
36 may be used only for expenditures required (i) by a court or Industrial Commission order, (ii) to
37 respond to events as authorized under G.S. 166A-19.40(a) of the North Carolina Emergency
38 Management Act, (iii) by the State Treasurer to pay death benefits as authorized under Article
39 12A of Chapter 143 of the General Statutes, (iv) by the Office of the Governor for crime rewards
40 in accordance with G.S. 15-53 and G.S. 15-53.1, (v) by the Industrial Commission for
41 supplemental awards of compensation, or (vi) by the Department of Justice for legal fees. ~~These~~
42 ~~funds shall not be used for other statutorily authorized purposes or for any other contingencies~~
43 ~~and emergencies."~~

44
45 **MSA FUND/INCREASE APPROPRIATION TO GOLDEN L.E.A.F**

46 **SECTION 6.8.** G.S. 143C-9-3(a1), as amended by Section 6.5 of S.L 2017-57, reads
47 as rewritten:

48 "(a1) Each year, the sum of ~~seventeen million five hundred thousand dollars (\$17,500,000)~~
49 twenty-two million five hundred thousand dollars (\$22,500,000) from the Settlement Reserve
50 Fund is appropriated to The Golden L.E.A.F. (Long-Term Economic Advancement Foundation),
51 Inc., a nonprofit corporation, and these funds shall not be subject to G.S. 143C-6-23. The

1 remainder of the funds credited to the Settlement Reserve Fund each fiscal year shall be
2 transferred to the General Fund and included in General Fund availability as nontax revenue."
3

4 **PART VI-A. DISASTER RELIEF FUNDING**

5 **SECTION 6A.1.** This Part shall be known as "The Disaster Recovery Act of 2018."

6 **SECTION 6A.2.(a)** More than 18 months after Hurricane Matthew, there continues
7 to be many unmet needs in the State of North Carolina, and federal and State programs are
8 inadequate to provide relief to individuals, local governments, and businesses in the impacted
9 areas.

10 **SECTION 6A.2.(b)** The State of North Carolina has continued to assess and
11 determine the scope of the unmet needs associated with the damages caused by Hurricane
12 Matthew. The current estimate of unmet needs is at least nine hundred one million dollars
13 (\$901,000,000). The State of North Carolina will continue to work with our federal agencies and
14 appropriators to ensure that the maximum level of funding is secured for reimbursement of State
15 funds for any eligible federal expenditures already incurred as well as additional support for the
16 overall recovery efforts in the State.

17 **SECTION 6A.2.(c)** It is the intent of the General Assembly that the benefits of the
18 projects and programs authorized by this part are for the common good and collective recovery
19 of the people of this State following devastating natural disasters directly affecting a large portion
20 of the State and indirectly affecting the entire State. The entire State faces a major economic loss
21 if the counties that bore the major impact of these disasters are not offered the assistance provided
22 by this act. The purpose of this part is to provide a net public benefit to the State through a
23 successful recovery initiative.

24 **SECTION 6A.2.(d)** The General Assembly finds that the State and federal disaster
25 relief initiatives are intended to assist the affected areas in recovering from the damage caused
26 by Hurricane Matthew.

27 **SECTION 6A.3.** The North Carolina counties that were declared in any of the
28 following:

- 29 (1) Declared a major disaster by the President of the United States under the
30 Stafford Act (P.L. 93-288) as a result of Hurricane Matthew.
- 31 (2) Part of the emergency area set forth in Executive Order No. 107 (October 3,
32 2016).
- 33 (3) Any counties declared in the Type III gubernatorial disaster declaration issued
34 in Executive Order No. 120 (December 9, 2016).

35 **SECTION 6A.4.** Funding. – Of the funds appropriated or transferred to the State
36 Emergency Response and Disaster Relief Fund, the sum of one hundred thirty-nine million five
37 hundred thousand dollars (\$139,500,000) in additional funds shall be used to continue to provide
38 disaster relief to assist the affected areas in recovering from the damage caused by Hurricane
39 Matthew.

40 **SECTION 6A.5.** Disaster Relief. – The Governor shall expend funds appropriated
41 to or otherwise transferred to the State Emergency Response and Disaster Relief Fund to provide
42 for the following programs and activities:

- 43 (1) Housing assistance, which may include, but shall not be limited to, direct
44 housing assistance to homeowners and renters, owner-occupied housing
45 repairs, renter-occupied housing repairs, buyout, elevation, or reconstruction
46 of both owner-occupied and renter-occupied housing, housing counselors,
47 insurance subsidies, public housing repairs, new development of affordable
48 housing complexes, and related housing recovery efforts.
- 49 (2) Infrastructure assistance, which may include, but shall not be limited to,
50 funding for the repair, renovation, and relocation of facilities, sewer line
51 replacements, collection systems, and drainage systems, to include engineered

1 system mapping and documentation; enhancing and expanding the carrying
2 capacity of culverts, curbs, stormwater drains, school projects, and pipes, and
3 relocating utility poles and underwater sewer lines; and removing debris in
4 open channels and public lands. Infrastructure programs may also include
5 allocations to the Golden L.E.A.F. (Long- Term Economic Advancement
6 Foundation), Inc., a nonprofit corporation, to provide grants to local
7 governments and to 501(c)(3) nonprofit corporations for assistance and relief
8 from Hurricane Matthew, the western wildfires, and Tropical Storms Julia and
9 Hermine. For purposes of this subdivision, infrastructure includes
10 nonresidential buildings that serve the public, water, sewer, sidewalks, storm
11 drainage, and other similar projects.

12 (3) Agricultural recovery assistance, including, but not limited to, assistance to
13 the agriculture, aquaculture, and forestry industries due to losses suffered
14 related to livestock, farm equipment, roads, livestock feed, and others.

15 (4) Small business recovery services, which may include, but not limited to,
16 allocations provided to the North Carolina Department of Commerce, for the
17 purpose of providing forgivable loans or related assistance to small businesses
18 and eligible entities in areas affected by Hurricane Matthew, the western
19 wildfires, or Tropical Storms Julia and Hermine. The Department of
20 Commerce is also authorized to budget the residual unobligated balance of
21 two hundred thirty-five thousand eight hundred sixty-four dollars (\$235,864)
22 originally appropriated from Section 4.1(12) of S.L. 2016-124 to support the
23 administration and program activities association with this small business
24 assistance program.

25 (5) Risk Management, including, but not limited to, acquiring high-resolution
26 topography ground elevation, channel geometry, and built environment data;
27 acquiring, installing, and monitoring flood warning systems; conducting flood
28 hazard studies; identifying and mapping urban, impervious flooding hazard
29 areas; and modeling, mapping, and real-time display of inundation zones and
30 impact assessments for dams.

31 (6) Management and Oversight, including, but not limited to, engineering design,
32 contracting, surveying, grants management, program management, project
33 management, outreach, and technical assistance to the 50 disaster-declared
34 counties. The North Carolina Division of Emergency Management is
35 authorized to provide grants-in-aid to support the Princeville Redevelopment
36 Authority and the Town of Fair Bluff.

37 (7) Required Matching Funds for federal Disaster Assistance Programs.

38 **SECTION 6A.6.** Limitations on Fund Use. – Consistent with the provisions of this
39 act, the Governor shall spend monies appropriated to or otherwise transferred to the State
40 Emergency Response and Disaster Relief Fund to assist entities within the counties referenced
41 in this act. Savings shall be effected where the total amount appropriated is not required to
42 implement this act. Savings in one program area may be used to support additional needs in a
43 different program area as referenced in this act. All such savings or reallocations, if required,
44 shall be reported monthly on the required report by the Office of State Budget and Management.

45 **SECTION 6A.7.** Funds Do Not Revert. – G.S. 143C-6-23(f1)(1) shall not apply to
46 funds appropriated in this act.

47 **SECTION 6A.8.(a)** No State funds appropriated in this part may be expended for
48 the construction of any new residence within the 100-year floodplain unless the construction is
49 in an area regulated by a unit of local government pursuant to a floodplain management ordinance
50 and the construction complies with the ordinance. As used in this section, "100-year floodplain"
51 means any area subject to inundation by a 100-year flood, as indicated on the most recent Flood

1 Insurance Rate Map prepared and maintained by the North Carolina Flood Plain Mapping
2 Program under the federal Emergency Management Agency's National Flood Insurance
3 Program.

4 **SECTION 6A.8.(b)** Homeowners in the 100-year floodplain who receive
5 homeowner's housing assistance pursuant to this part shall have in effect federal flood insurance,
6 if available, as a precondition to receipt of State homeowner's housing assistance for losses
7 resulting from future flooding.

8 **SECTION 6A.9.** The Office of State Budget and Management may establish
9 part-time and full-time personnel positions to implement this act. Positions established under this
10 section are time limited and exempt from the State Human Resources Act.

11 **SECTION 6A.10.** It is the intent of the General Assembly that, during this time of
12 rebuilding and relief efforts, each State agency should strive to acquire goods and services from
13 historically underutilized business vendors, whether directly as principal contractors or indirectly
14 as subcontractors or otherwise.

15 **SECTION 6A.11.** The General Assembly finds that the magnitude of the devastation
16 caused by Hurricane Matthew and the urgency of the need for immediate State recovery
17 assistance require expeditious actions by State agencies. Delay could (i) cause serious and
18 unforeseen threats to the public health, safety, or welfare; (ii) result in the loss of federal revenues
19 for the recovery effort; or (iii) increase the likelihood of fraud and abuse in recovery programs.
20 Therefore, every agency, as defined in G.S. 150B-2, may adopt temporary rules necessary to
21 implement the provisions of this act. Except as provided in this section, temporary rules to
22 implement the provisions of this part shall be adopted as provided in G.S. 150B-21.1.
23 Notwithstanding the provisions of G.S. 150B-21.1(a)(2) and 26 NCAC 2C .0102(11), the
24 authority to adopt temporary rules to implement the provisions of this part shall continue in effect
25 until all rules necessary to implement the provisions of this part have become effective as either
26 temporary rules or permanent rules. Notwithstanding the provisions of G.S. 150B-21.1(d), a
27 temporary rule adopted to implement the provisions of this part shall specify the date on which
28 the rule will expire and shall continue in effect until that date. Any agency that adopts a temporary
29 rule to implement the provisions of this part shall report the text of the rule and the agency's
30 written statement of its findings of the need for the rule to the Joint Legislative Administrative
31 Procedure Oversight Committee within 30 days of the adoption of the temporary rule. This
32 section applies to the adoption of temporary rules by the Department of Administration under
33 G.S. 113A-11(a) and to the adoption of temporary rules that establish minimum criteria by any
34 State agency, as defined in G.S. 113A-9, under G.S. 113A-11(b).

35 **SECTION 6A.12.(a)** Each agency disbursing funds or property under this part from
36 the Disaster Relief Reserve Fund for hurricane relief or assistance, other than payments for goods
37 or services provided by the recipient, shall include with the disbursement a written statement of
38 the State and federal income tax treatment of the funds or property disbursed.

39 **SECTION 6A.12.(b)** G.S. 105-153.5(b) is amended by adding a new subdivision to
40 read:

41 "(13) The amount paid to the taxpayer during the taxable year from the State
42 Emergency Response and Disaster Relief Reserve Fund for hurricane relief or
43 assistance, but not including payments for goods or services provided by the
44 taxpayer."

45 **SECTION 6A.12.(c)** G.S. 105-130.5(b) is amended by adding a new subdivision to
46 read:

47 "(29) To the extent included in federal taxable income, the amount paid to the
48 taxpayer during the taxable year from the State Emergency Response and
49 Disaster Relief Reserve Fund for hurricane relief or assistance, but not
50 including payments for goods or services provided by the taxpayer."

1 **SECTION 6A.12.(d)** This section is effective for taxable years beginning on or after
2 January 1, 2017.

3 4 **PART VII. PUBLIC SCHOOLS**

5 6 **FUNDS FOR CHILDREN WITH DISABILITIES**

7 **SECTION 7.1.** Section 7.1(a) of S.L. 2017-57 reads as rewritten:

8 **"SECTION 7.1.(a)** The State Board of Education shall allocate additional funds for children
9 with disabilities on the basis of four thousand one hundred twenty-five dollars and twenty-seven
10 cents (\$4,125.27) per child for fiscal ~~years-year~~ 2017-2018 and four thousand four hundred
11 forty-two dollars and thirty-four cents (\$4,442.34) for fiscal year 2018-2019. Each local school
12 administrative unit shall receive funds for the lesser of (i) all children who are identified as
13 children with disabilities or (ii) twelve and seventy-five hundredths percent (12.75%) of its
14 2017-2018 allocated average daily membership in the local school administrative unit. The dollar
15 amounts allocated under this section for children with disabilities shall also be adjusted in
16 accordance with legislative salary increments, retirement rate adjustments, and health benefit
17 adjustments for personnel who serve children with disabilities."
18

19 **FUNDS FOR ACADEMICALLY GIFTED CHILDREN**

20 **SECTION 7.2.** Section 7.2(a) of S.L. 2017-57 reads as rewritten:

21 **"SECTION 7.2.(a)** The State Board of Education shall allocate additional funds for
22 academically or intellectually gifted children on the basis of one thousand three hundred fourteen
23 dollars and fifty-six cents (\$1,314.56) per child for fiscal ~~years-year~~ 2017-2018 and one thousand
24 three hundred thirty-nine dollars and fourteen cents (\$1,339.14) for fiscal year 2018-2019. A
25 local school administrative unit shall receive funds for a maximum of four percent (4%) of its
26 2017-2018 allocated average daily membership, regardless of the number of children identified
27 as academically or intellectually gifted in the unit. The dollar amounts allocated under this section
28 for academically or intellectually gifted children shall also be adjusted in accordance with
29 legislative salary increments, retirement rate adjustments, and health benefit adjustments for
30 personnel who serve academically or intellectually gifted children."
31

32 **REORGANIZATION OF THE DEPARTMENT OF PUBLIC INSTRUCTION**

33 **SECTION 7.3.(a)** Notwithstanding G.S. 143C-6-4, the State Board of Education and
34 the Department of Public Instruction may, in consultation with the Office of State Budget and
35 Management, reorganize the Department, if necessary, to implement the budget reductions for
36 the 2017-2019 biennium, improve efficiency, and better align fund structure to reflect current
37 programs. Consultation shall occur prior to requesting budgetary and personnel changes through
38 the budget revision process. The State Board of Education and Department of Public Instruction
39 shall provide (i) a current organization chart and the proposed organization chart clearly
40 identifying the changes for the Department and (ii) the current and proposed organization of
41 Purposes and Programs as defined in G.S. 143C-1-1 in the consultation process.

42 **SECTION 7.3.(b)** The State Board of Education and Department of Public
43 Instruction shall report to the Joint Legislative Education Oversight Committee, the House
44 Appropriations Committee on Education, the Senate Appropriations Committee on
45 Education/Higher Education, and the Fiscal Research Division on any reorganization, including
46 any movement of positions and funds between fund codes on a recurring basis.
47

48 **COOPERATIVE INNOVATIVE HIGH SCHOOL FUNDING CHANGES**

49 **SECTION 7.4.** Section 7.22 of S.L. 2017-57 reads as rewritten:

50 **"SECTION 7.22.(a)** Legislative Findings. – The General Assembly finds the following in
51 regard to the State's long-term, ongoing investment in providing high school students with

1 opportunities to obtain postsecondary credit and career credentials at no cost to the student in
2 order to maximize cost savings to students in obtaining a postsecondary education:

3
4 **"SECTION 7.22.(c)** Cooperative Innovative High Schools Located in Tier I Areas. – Of the
5 funds appropriated to the Department of Public Instruction by this act for the 2017-2019 fiscal
6 biennium, the Department shall allocate the sum of two hundred seventy-five thousand dollars
7 (\$275,000) for fiscal year 2017-2018 and two hundred ninety-five thousand dollars (\$295,000)
8 for fiscal year 2018-2019 in recurring funds for each fiscal year from the cooperative innovative
9 high school supplemental allotment to a local school administrative unit located, as of July 1,
10 2017, in a development tier one area as defined in G.S. 143B-437.08, with a cooperative
11 innovative high school that was approved by the State Board of Education under
12 G.S. 115C-238.51A(c), except as follows:

- 13 (1) For a virtual cooperative innovative high school, the Department shall allocate
14 the sum of two hundred thousand dollars (\$200,000) in recurring funds from
15 the cooperative innovative high school supplemental allotment to the local
16 school administrative unit for each fiscal year.
17 (2) For the Northeast Regional School of Biotechnology and Agriscience, the
18 Department shall allocate the sum of three hundred ten thousand dollars
19 (\$310,000) in recurring funds from the regional school supplemental
20 allotment for the school for each fiscal year.

21 **"SECTION 7.22.(d)** Cooperative Innovative High Schools Located in Tier II Areas. – Of
22 the funds appropriated to the Department of Public Instruction by this act for the 2017-2019 fiscal
23 biennium, the Department shall allocate the sum of two hundred thousand dollars (\$200,000) for
24 fiscal year 2017-2018 and two hundred twenty thousand dollars (\$220,000) for fiscal year
25 2018-2019 in recurring funds for each fiscal year from the cooperative innovative high school
26 supplemental allotment to a local school administrative unit located, as of July 1, 2017, in a
27 development tier two area as defined in G.S. 143B-437.08, with a cooperative innovative high
28 school that was approved by the State Board of Education pursuant to G.S. 115C-238.51A(c),
29 including a virtual cooperative innovative high school.

30 **"SECTION 7.22.(e)** Cooperative Innovative High Schools Located in Tier III Areas. – Of
31 the funds appropriated to the Department of Public Instruction by this act for the 2017-2019 fiscal
32 biennium, the Department shall allocate ~~following amounts~~ the sum of one hundred eighty
33 thousand dollars (\$180,000) in recurring funds and twenty thousand dollars (\$20,000) in
34 nonrecurring funds for fiscal year 2017-2018, and the sum of two hundred thousand dollars
35 (\$200,000) in recurring funds for fiscal year 2018-2019 from the cooperative innovative high
36 school supplemental allotment to a local school administrative unit located, as of July 1, 2017,
37 in a development tier three area as defined in G.S. 143B-437.08, with a cooperative innovative
38 high school that was approved by the State Board of Education pursuant to
39 ~~G.S. 115C-238.51A(e);~~ G.S. 115C-238.51A(c).

- 40 (1) ~~For the 2017-2018 fiscal year, the Department shall allocate the sum of one~~
41 ~~hundred eighty thousand dollars (\$180,000) in recurring funds and twenty~~
42 ~~thousand dollars (\$20,000) in nonrecurring funds from the cooperative~~
43 ~~innovative high school supplemental allotment.~~
44 (2) ~~For the 2018-2019 fiscal year, the Department shall allocate the sum of one~~
45 ~~hundred eighty thousand dollars (\$180,000) in recurring funds from the~~
46 ~~cooperative innovative high school supplemental allotment.~~

47 "...."

49 RESIDENTIAL SCHOOLS

50 **SECTION 7.5.** From the funds appropriated in this act to the Department of Public
51 Instruction, the State Board of Education shall allocate up to two million dollars (\$2,000,000) to

1 the North Carolina School for the Deaf, Eastern North Carolina School for the Deaf, and
2 Governor Morehead School. Funds may be used for hard-to-staff positions, equipment,
3 maintenance and repairs, utilities, and position reclassification. The distribution of funds and
4 positions to the three residential schools shall be determined by the State Board of Education.
5

6 **TROOPS TO TEACHERS**

7 **SECTION 7.6.** From the funds appropriated to the Department of Public Instruction,
8 the Department is authorized to use up to two hundred thousand dollars (\$200,000) in support of
9 the Troops to Teachers program if federal funds are not available to support the program.
10

11 **TEACHER PROFESSIONAL DEVELOPMENT ALLOTMENT**

12 **SECTION 7.7.** Of the funds appropriated in this act to the Department of Public
13 Instruction, five million dollars (\$5,000,000) shall fund the new Teacher Professional
14 Development Allotment. Funds shall be used by local administrative units and charter schools
15 for teacher professional development. Funds shall be allotted to local administrative units based
16 on average daily membership. The Department shall determine an appropriate minimum
17 allotment.
18

19 **INSTRUCTIONAL SUPPORT PERSONNEL – CERTIFIED ALLOTMENT**

20 **SECTION 7.8.** Of the funds appropriated in this act to the Department of Public
21 Instruction, forty million dollars (\$40,000,000) shall be used to increase funding for the
22 Instructional Support Personnel – Certified Allotment. These funds shall be used by local
23 administrative units and charter schools for certified school-based instructional support
24 personnel, including nurses, counselors, school psychologists, and social workers. The State
25 Board of Education shall ensure at least one new full-time equivalent position is allotted to each
26 local administrative unit. The remaining additional positions shall be allotted based on average
27 daily membership.
28

29 **EXPANDING OPPORTUNITIES FOR HIGH ACHIEVING STUDENTS GRANT 30 PROGRAM**

31 **SECTION 7.9.(a)** Purpose. – The State Board of Education shall establish a grant
32 program to expand opportunities for the identification of high-achieving students from
33 under-represented populations, such as low-income students, minority students, and English
34 language learners, to be placed in Academically and Intellectually Gifted (AIG) classes and other
35 opportunities for academically advanced students. Grants may include, but are not limited to,
36 carrying out the following:

- 37 (1) Screening of all students in schools or school districts for AIG and/or other
38 advanced academic placement.
- 39 (2) Enhanced instruction and experiential learning opportunities.
- 40 (3) Teacher professional development focused on instruction to high-achieving
41 students from under-represented populations.
- 42 (4) Implementation of programs that increase access to post-secondary education.
- 43 (5) Expanding access to AIG and advanced classes such as eighth grade Math I
44 and Advanced Placement courses.

45 **SECTION 7.9.(b)** Request for Proposal. – By September 1, 2018, the State Board
46 of Education shall issue a Request for Proposal (RFP) for the grant program. Local boards of
47 education shall submit their proposals by November 1, 2018. The RFP shall require that proposals
48 include the following information at a minimum:

- 49 (1) Description of the proposal, including the number of additional students from
50 under-represented populations served.
- 51 (2) Evidence-based research that supports the proposal.

1 (3) Implementation plan.

2 (4) Plans for financial sustainability once grant money is no longer available.

3 **SECTION 7.9.(c)** Grant Awards. – By December 15, 2018, the State Board of
4 Education shall review the proposals submitted by local boards of education and shall select up
5 to 10 local school administrative units for grant awards. The State Board of Education may make
6 grant awards for up to three years. A local school administrative unit may not receive more than
7 five hundred thousand dollars (\$500,000) in a single fiscal year from this grant program.

8 **SECTION 7.9.(d)** Evaluation and Reporting. – Of the funds appropriated by this act,
9 the State Board of Education may use up to three hundred thousand dollars (\$300,000) to contract
10 with an independent research organization to evaluate the impact of this grant program. The
11 independent research organization shall report the results of this evaluation to the Joint
12 Legislative Education Oversight Committee, the Fiscal Research Division of the General
13 Assembly, and the Office of State Budget and Management by September 1, 2021. The
14 Department of Public Instruction shall report annually on the implementation of this grant
15 program beginning on March 1, 2019.

16 **SECTION 7.9.(e)** Carryforward. – Funds unspent in the 2018-2019 fiscal year shall
17 not revert and shall be carried forward to implement this section.

18 **SCHOOL RESOURCE OFFICERS**

19 **SECTION 7.10.(a)** The State Board of Education shall direct the Center for School
20 Safety to conduct an annual census of School Resource Officers located in each local education
21 agency (LEA) across the State. The Center shall submit a report analyzing and summarizing this
22 data to the Joint Legislative Education Oversight Committee and the State Board of Education
23 by March 1 of each year. The report shall include at least all of the following information
24 collected from each LEA:

25 (1) The total number of school resource officers.

26 (2) Demographic information, including gender, age, race/ethnicity, education
27 level, years as a sworn law enforcement officer, and years as a school resource
28 office.

29 (3) School resource officer-specific training and advanced or additional training
30 completed.

31 (4) The school or schools to which the school resource officers are assigned.

32 (5) The funding source for each school resource officer.

33 (6) The school type, including elementary, middle, and high school, early college,
34 special education school, traditional, charter school, and lab school.

35 (7) Whether the resource officer is shared across more than one school.

36 (8) The law enforcement affiliation of each school resource officer.

37 (9) The type of compliance weapon, if any, carried by each school resource
38 officer.

39 **SECTION 7.10.(b)** Of the funds appropriated in this act to the Department of Public
40 Instruction, seven million dollars (\$7,000,000) shall be used to increase funding to the At-Risk
41 Student Services allotment. The sum allotted for School Safety Officers out of this allotment is
42 increased to fifty thousand dollars (\$50,000) for each high school in an LEA that receives a
43 principal allotment. These funds shall be used by local administrative units and charter schools
44 to supplement and not to supplant State, local, and federal funds for school resource officers.

45 **SECTION 7.10.(c)** Section 8.36 of S.L. 2013-360 reads as rewritten:

46 **"SECTION 8.36.** Grants to local school administrative units, regional schools, and charter
47 schools for school resource officers in elementary and middle schools shall be matched on the
48 basis of four dollars (\$4.00) in State funds for every one dollar (\$1.00) in local funds for local
49 school administrative units, regional schools, and charter schools located as of July 1 in a
50 development tier one area as defined in G.S. 143B-437.08; the basis of three dollars (\$3.00) in
51

1 State funds for every one dollar (\$1.00) in local funds for local school administrative units,
 2 regional schools, and charter schools located as of July 1 in a development tier two area as defined
 3 in G.S. 143B-437.08; and the basis of two dollars (\$2.00) in State funds for every one dollar
 4 (\$1.00) in local funds ~~and~~ for local school administrative units, regional schools, and charter
 5 schools located as of July 1 in a development tier three area as defined in G.S. 143B-437.08.
 6 Funds shall be used to supplement and not to supplant State, local, and federal funds for school
 7 resource officers.

8 The State Board of Education shall include need-based considerations in its criteria for
 9 awarding these grants to local school administrative units, regional schools, and charter schools.

10 Local school administrative units, regional schools, and charter schools may use these funds
 11 to employ school resource officers in elementary and middle schools, to train them, or both. Any
 12 such training shall include instruction on research into the social and cognitive development of
 13 elementary school and middle school children."
 14

15 **INSTRUCTIONAL SUPPLIES STIPEND**

16 **SECTION 7.11.(a)** Effective July 1, 2018, any person paid on the State Teacher
 17 Salary Schedule and considered a classroom teacher shall receive, at the beginning of each
 18 academic school year, an annual salary stipend of one hundred fifty dollars (\$150.00) to purchase
 19 classroom supplies. The stipend shall be paid to teachers qualifying under this section who begin
 20 employment part-way through the academic year.

21 **SECTION 7.11.(b)** Notwithstanding G.S. 135-1(7a), the stipends paid under this
 22 section are not compensation under Article 1 of Chapter 135 of the General Statutes, the Teachers'
 23 and State Employees' Retirement System.

24 **SECTION 7.11.(c)** Of the funds appropriated to the Department of Public Instruction
 25 for the purpose of carrying out this section, the Department shall transfer the amount required to
 26 pay the instructional supplies stipend to classroom teachers at schools operated by the
 27 Department of Health and Human Services, the Department of Public Safety, the State Board of
 28 Education, and the School of Science and Mathematics of The University of North Carolina.
 29

30 **PART VIII. COMPENSATION OF PUBLIC SCHOOL EMPLOYEES**

31
 32 **TEACHER SALARY SCHEDULE**

33 **SECTION 8.1.(a)** The following monthly teacher salary schedule shall apply for the
 34 2018-2019 fiscal year to licensed personnel of the public schools who are classified as teachers.
 35 The salary schedule is based on years of teaching experience.

36 **2018-2019 Teacher Monthly Salary Schedule**

Years of Experience	"A" Teachers
0	\$3,550
1	\$3,675
2	\$3,780
3	\$3,855
4	\$3,930
5	\$4,000
6	\$4,100
7	\$4,200
8	\$4,300
9	\$4,400
10	\$4,500
11	\$4,600
12	\$4,700
13	\$4,800

1	14	\$4,900
2	15	\$5,000
3	16	\$5,025
4	17	\$5,050
5	18	\$5,075
6	19	\$5,100
7	20	\$5,125
8	21	\$5,150
9	22	\$5,175
10	23	\$5,200
11	24	\$5,250
12	25	\$5,300
13	26	\$5,390
14	27	\$5,415
15	28	\$5,440
16	29	\$5,465
17	30+	\$5,490

SECTION 8.1.(b) Salary Supplements for Teachers Paid on This Salary Schedule.

- (1) Licensed teachers who have NBPTS certification shall receive a salary supplement each month of twelve percent (12%) of their monthly salary on the "A" salary schedule.
- (2) Licensed teachers who are classified as "M" teachers shall receive a salary supplement each month of ten percent (10%) of their monthly salary on the "A" salary schedule.
- (3) Licensed teachers with licensure based on academic preparation at the six-year degree level shall receive a salary supplement of one hundred twenty-six dollars (\$126.00) per month in addition to the supplement provided to them as "M" teachers.
- (4) Licensed teachers with licensure based on academic preparation at the doctoral degree level shall receive a salary supplement of two hundred fifty-three dollars (\$253.00) per month in addition to the supplement provided to them as "M" teachers.
- (5) Certified school nurses shall receive a salary supplement each month of ten percent (10%) of their monthly salary on the "A" salary schedule.

SECTION 8.1.(c) The first step of the salary schedule for (i) school psychologists, (ii) school speech pathologists who are licensed as speech pathologists at the master's degree level or higher, and (iii) school audiologists who are licensed as audiologists at the master's degree level or higher shall be equivalent to the sixth step of the "A" salary schedule. These employees shall receive a salary supplement each month of ten percent (10%) of their monthly salary and are eligible to receive salary supplements equivalent to those of teachers for academic preparation at the six-year degree level or the doctoral degree level.

SECTION 8.1.(d) The twenty-sixth step of the salary schedule for (i) school psychologists, (ii) school speech pathologists who are licensed as speech pathologists at the master's degree level or higher, and (iii) school audiologists who are licensed as audiologists at the master's degree level or higher shall be one and three-quarters percent (1.75%) higher than the salary received by these same employees on the twenty-fifth step of the salary schedule. The twenty-seventh step of the salary schedule for these employees shall be five percent (5%) higher than the salary received by these same employees on the twenty-sixth step of the salary schedule. Each subsequent step on the salary schedule shall be fifty dollars (\$50.00) per month higher than the salary of the prior step.

1 **SECTION 8.1.(e)** Beginning with the 2014-2015 fiscal year, in lieu of providing
 2 annual longevity payments to teachers paid on the teacher salary schedule, the amounts of those
 3 longevity payments are included in the monthly amounts under the teacher salary schedule.

4 **SECTION 8.1.(f)** A teacher compensated in accordance with this salary schedule for
 5 the 2018-2019 school year shall receive an amount equal to the greater of the following:

- 6 (1) The applicable amount on the salary schedule for the applicable school year.
- 7 (2) For teachers who were eligible for longevity for the 2013-2014 school year,
 8 the sum of the following:
 - 9 a. The salary the teacher received in the 2013-2014 school year pursuant
 10 to Section 35.11 of S.L. 2013-360.
 - 11 b. The longevity that the teacher would have received under the longevity
 12 system in effect for the 2013-2014 school year provided in Section
 13 35.11 of S.L. 2013-360 based on the teacher's current years of service.
 - 14 c. The annual bonus provided in Section 9.1(e) of S.L. 2014-100.
- 15 (3) For teachers who were not eligible for longevity for the 2013-2014 school
 16 year, the sum of the salary and annual bonus the teacher received in the
 17 2014-2015 school year pursuant to Section 9.1 of S.L. 2014-100.

18 **SECTION 8.1.(g)** As used in this section, the term "teacher" shall also include
 19 instructional support personnel.

20 **SECTION 8.1.(h)** Section 8.1 of S.L. 2017-57 is repealed.

21
 22 **PRINCIPAL SALARY SCHEDULE**

23 **SECTION 8.2.(a)** The following annual principal salary schedule is composed of
 24 two elements, the base schedule and the complementary schedule, and shall apply for the
 25 2018-2019 fiscal year, beginning July 1, 2018. The first step of the base schedule is calculated
 26 using an annual rate of pay equivalent to 12 months of the monthly rate of pay for teachers on
 27 the tenth step of the "A" salary schedule, plus twenty-four percent (24%).

28 **2018-2019 Principal Annual Salary Schedule**

29 Base Schedule

30 Years of Experience	31 Annual Salary
32 0	\$66,960
33 1	\$68,299
34 2	\$69,665
35 3	\$71,058
36 4	\$72,124
37 5	\$73,206
38 6	\$74,304
39 7	\$75,233
40 8	\$76,173
41 9	\$77,125
42 10	\$77,896
43 11	\$78,675
44 12	\$79,462
45 13	\$80,058
46 14	\$80,658
47 15	\$81,263
48 16	\$81,669
49 17	\$82,077
50 18	\$82,487
51 19	\$82,899
20+	\$83,313

<u>Complementary Schedule</u>	
Avg. Daily Membership	Annual Supplement
0-400	\$0
401-700	\$1,500
701-1,000	\$3,000
1,001-1,300	\$4,500
1,300+	\$6,000

SECTION 8.2.(b) A principal's placement on the base salary schedule shall be determined by the principal's total number of years of experience as a principal and shall not include years spent as a teacher or assistant principal. A principal's placement on the complementary schedule shall be determined according to the prior year's average daily membership (ADM) of the school supervised by the principal. A principal shall be paid at the highest amount for which the principal qualifies.

SECTION 8.2.(c) Principals with certification based on academic preparation at the six-year degree level shall be paid a salary supplement of one hundred twenty-six dollars (\$126.00) per month, and those at the doctoral degree level shall be paid a salary supplement of two hundred fifty-three dollars (\$253.00) per month.

SECTION 8.2.(d) Beginning with the 2017-2018 fiscal year, in lieu of providing annual longevity payments to principals paid on the principal salary schedule, the amounts of those longevity payments are included in the annual amounts under the principal salary schedule.

SECTION 8.2.(e) A principal compensated in accordance with this section for the 2018-2019 fiscal year shall receive an amount equal to the greater of the following:

- (1) The applicable amount determined pursuant to subsections (a) and (b) of this section.
- (2) For the 2018-2019 fiscal year only, the salary the principal received in the 2017-2018 fiscal year pursuant to Section 8.2 of S.L. 2017-57.
- (3) For principals who were eligible for longevity in the 2016-2017 fiscal year, the sum of the following:
 - a. The salary the principal received in the 2016-2017 fiscal year pursuant to Section 9.2 of S.L. 2016-94.
 - b. The longevity that the principal would have received as provided for State employees under the North Carolina Human Resources Act for the 2016-2017 fiscal year based on the principal's current years of service.
- (4) For principals who were not eligible for longevity in the 2016-2017 school year, the salary the principal received in the 2016-2017 fiscal year pursuant to Section 9.2 of S.L. 2016-94.

SECTION 8.2.(f) Section 8.3 of S.L. 2017-57 is repealed.

PRINCIPAL BONUSES EFFECTIVE JULY 1, 2019

SECTION 8.3.(a) Section 8.4 of S.L. 2017-57 is repealed effective June 30, 2018.

SECTION 8.3.(b) The State Board of Education, in consultation with local superintendents, the Office of State Budget and Management, and stakeholder groups, shall develop a Principal Bonus Program (program) to reward high-performing principals and attract principals to hard-to-staff schools. The State Board of Education may develop one or more bonuses as components of this program. The Department of Public Instruction shall administer the program in accordance with policies developed by the State Board of Education.

1 **SECTION 8.3.(c)** Of the funds appropriated for compensation increases in S.L.
2 2017-57, up to seven million dollars (\$7,000,000) shall be used to fund the Principal Bonus
3 Program.

4 **SECTION 8.3.(d)** In developing the program, the State Board of Education shall:

- 5 (1) Use Education Value-Added Assessment System (EVAAS) growth scores in
6 the development of at least one bonus within the program.
- 7 (2) Develop a bonus that encourages high-performing principals to move to
8 low-performing schools.
- 9 (3) Consider the differing needs and strategic goals of local school administrative
10 units.
- 11 (4) Create an allocation formula for the funds appropriated for the Principal
12 Bonus Program to local school administrative units.
- 13 (5) Define eligibility criteria that principals must meet to be eligible for the
14 program.

15 **SECTION 8.3.(e)** Principals no longer employed as a principal due to resignation,
16 dismissal, reduction in force, death, or retirement, or whose last workday is prior to the start of
17 the fiscal year in which the bonus will be granted, shall not be eligible for any bonuses developed
18 under this section. Principals employed in charter schools, regional schools, and University of
19 North Carolina laboratory schools shall not be eligible for any bonuses developed under this
20 section.

21 **SECTION 8.3.(f)** It is the intent of the General Assembly that funds provided to
22 local school administrative units pursuant to this section will supplement principal compensation
23 and not supplant local funds.

24 **SECTION 8.3.(g)** The State Board of Education shall report on the planned policies
25 and procedures of the Principal Bonus Program to the Joint Legislative Education Oversight
26 Committee and the Fiscal Research Division no later than April 15, 2019.

27 **SECTION 8.3.(h)** The Friday Institute for Educational Innovation at North Carolina
28 State University (Friday Institute) shall study the effect of the bonuses awarded pursuant to this
29 section on principal performance and retention. In developing the evaluation, the Friday Institute
30 shall, to the extent possible, do the following:

- 31 (1) Consider factors such as school size, location, and grade span.
- 32 (2) Consider principal specific factors such as years of experience as a principal,
33 total years of experience in a certified position, and credentials.
- 34 (3) Compare results to similar states without a bonus, with historical North
35 Carolina data prior to any principal bonuses, and to North Carolina data from
36 period with different principal bonus structures.
- 37 (4) Determine the extent to which results can be attributed to bonuses as opposed
38 to other variables.

39 The Friday Institute shall report the results of its findings and the distribution of statewide
40 bonuses to the Joint Legislative Education Oversight Committee, the Fiscal Research Division,
41 and the Office of State Budget and Management by September 1, 2022.

42 43 **ASSISTANT PRINCIPAL SALARIES**

44 **SECTION 8.4.(a)** For the 2018-2019 fiscal year, commencing July 1, 2018, assistant
45 principals shall receive a monthly salary based on the salary schedule for teachers who are
46 classified as "A" teachers plus nineteen percent (19%). Years of experience for an assistant
47 principal on the salary schedule shall be measured by the total number of years the assistant
48 principal has spent as a teacher, an assistant principal, or both. For purposes of this section, an
49 administrator with a one-year provisional assistant principal's certificate shall be considered
50 equivalent to an assistant principal.

1 **SECTION 8.4.(b)** Assistant principals with certification based on academic
 2 preparation at the six-year degree level shall be paid a salary supplement of one hundred
 3 twenty-six dollars (\$126.00) per month and at the doctoral degree level shall be paid a salary
 4 supplement of two hundred fifty-three dollars (\$253.00) per month.

5 **SECTION 8.4.(c)** Participants in an approved full-time master's in-school
 6 administration program shall receive up to a 10-month stipend at the beginning salary of an
 7 assistant principal during the internship period of the master's program. The stipend shall not
 8 exceed the difference between the beginning salary of an assistant principal plus the cost of
 9 tuition, fees, and books and any fellowship funds received by the intern as a full-time student,
 10 including awards of the Principal Fellows Program. The Principal Fellows Program or the school
 11 of education where the intern participates in a full-time master's in-school administration
 12 program shall supply the Department of Public Instruction with certification of eligible full-time
 13 interns.

14 **SECTION 8.4.(d)** Beginning with the 2017-2018 fiscal year, in lieu of providing
 15 annual longevity payments to assistant principals on the assistant principal salary schedule, the
 16 amounts of those longevity payments are included in the monthly amounts provided to assistant
 17 principals pursuant subsection (a) of this section.

18 **SECTION 8.4.(e)** An assistant principal compensated in accordance with this section
 19 for the 2018-2019 fiscal year shall receive an amount equal to the greater of the following:

- 20 (1) The applicable amount determined pursuant to subsections (a) through (c) of
 21 this section.
- 22 (2) For assistant principals who were eligible for longevity in the 2016-2017 fiscal
 23 year, the sum of the following:
 - 24 a. The salary the assistant principal received in the 2016-2017 fiscal year
 25 pursuant to Section 9.2 of S.L. 2016-94.
 - 26 b. The longevity that the assistant principal would have received as
 27 provided for State employees under the North Carolina Human
 28 Resources Act for the 2016-2017 fiscal year based on the assistant
 29 principal's current years of service.
- 30 (3) For assistant principals who were not eligible for longevity in the 2016-2017
 31 fiscal year, the salary the assistant principal received in the 2016-2017 fiscal
 32 year pursuant to Section 9.2 of S.L. 2016-94.

33 **SECTION 8.4.(f)** Section 8.5 of S.L. 2017-57 is repealed.

34
 35 **CENTRAL OFFICE SALARIES**

36 **SECTION 8.5.(a)** The monthly salary ranges that follow apply to assistant
 37 superintendents, associate superintendents, directors/coordinators, supervisors, and finance
 38 officers for the 2018-2019 fiscal year, beginning July 1, 2018:

	2018-2019 Fiscal Year		
	Minimum		Maximum
41 School Administrator I	\$3,629	to	\$6,631
42 School Administrator II	\$3,833	to	\$7,026
43 School Administrator III	\$4,055	to	\$7,446
44 School Administrator IV	\$4,205	to	\$7,737
45 School Administrator V	\$4,369	to	\$8,045
46 School Administrator VI	\$4,621	to	\$8,523
47 School Administrator VII	\$4,797	to	\$8,862.

48 The local board of education shall determine the appropriate category and placement
 49 for each assistant superintendent, associate superintendent, director/coordinator, supervisor, or
 50 finance officer within the salary ranges and within funds appropriated by the General Assembly

1 for central office administrators and superintendents. The category in which an employee is
 2 placed shall be included in the contract of any employee.

3 **SECTION 8.5.(b)** The monthly salary ranges that follow apply to public school
 4 superintendents for the 2018-2019 fiscal year, beginning July 1, 2018:

5 **2018-2019 Fiscal Year**

	Minimum		Maximum
6 Superintendent I	\$5,078	to	\$9,393
7 Superintendent II	\$5,378	to	\$9,953
8 Superintendent III	\$5,698	to	\$10,551
9 Superintendent IV	\$6,039	to	\$11,184
10 Superintendent V	\$6,403	to	\$11,859.

11
 12 The local board of education shall determine the appropriate category and placement
 13 for the superintendent based on the average daily membership of the local school administrative
 14 unit and within funds appropriated by the General Assembly for central office administrators and
 15 superintendents.

16 **SECTION 8.5.(c)** Longevity pay for superintendents, assistant superintendents,
 17 associate superintendents, directors/coordinators, supervisors, and finance officers shall be as
 18 provided for State employees under the North Carolina Human Resources Act.

19 **SECTION 8.5.(d)** Superintendents, assistant superintendents, associate
 20 superintendents, directors/coordinators, supervisors, and finance officers with certification based
 21 on academic preparation at the six-year degree level shall receive a salary supplement of one
 22 hundred twenty-six dollars (\$126.00) per month in addition to the compensation provided
 23 pursuant to this section. Superintendents, assistant superintendents, associate superintendents,
 24 directors/coordinators, supervisors, and finance officers with certification based on academic
 25 preparation at the doctoral degree level shall receive a salary supplement of two hundred
 26 fifty-three dollars (\$253.00) per month in addition to the compensation provided for under this
 27 section.

28 **SECTION 8.5.(e)** The State Board of Education shall not permit local school
 29 administrative units to transfer State funds from other funding categories for salaries for public
 30 school central office administrators.

31 **SECTION 8.5.(f)** Section 8.6 of S.L. 2017-57 is repealed.

32
 33 **NONCERTIFIED PERSONNEL SALARIES**

34 **SECTION 8.6.(a)** For the 2018-2019 fiscal year, the annual salary for noncertified
 35 public school employees whose salaries are supported from State funds shall be increased as
 36 follows:

- 37 (1) For permanent, full-time employees on a 12-month contract, by the greater of
 38 one thousand two hundred fifty dollars (\$1,250) or two percent (2%).
- 39 (2) For the following employees, by a prorated and equitable amount based on the
 40 amount specified in subdivision (1) of this subsection:
 - 41 a. Permanent, full-time employees on a contract for fewer than 12
 42 months.
 - 43 b. Permanent, part-time employees.
 - 44 c. Temporary and permanent, hourly employees.

45 **SECTION 8.6.(b)** Section 8.7 of S.L. 2017-57 is repealed.

46
 47 **STUDENT SUPPORT SERVICES PERSONNEL COMPENSATION AND**
 48 **EMPLOYMENT STUDY**

49 **SECTION 8.7.** The State Board of Education shall study and make
 50 recommendations on the allotment and compensation of school-based personnel for student
 51 support services, including school social workers, counselors, nurses, and psychologists. No later

1 than January 15, 2019, the Department shall submit to the Joint Legislative Education Oversight
 2 Committee, the Fiscal Research Division, and the Office of State Budget and Management a
 3 report containing, at a minimum, the following information:

- 4 (1) A detailed explanation of how student support services personnel are
 5 compensated and employed in public schools, including a review of salary
 6 schedules, funding sources, and allotment categories used to support these
 7 personnel.
- 8 (2) A review of local supplements for these personnel.
- 9 (3) An analysis of optimal staffing per student ratio based on a team approach to
 10 providing a continuum of school mental health services and the impact of that
 11 ratio on allotment ratios.
- 12 (4) The challenges of recruiting and retaining student support services personnel
 13 faced by local school administrative units.
- 14 (5) Recommendations to improve student access to a continuum of school mental
 15 health services.

16
 17 **UPDATE DEFINITION OF DEMOTION**

18 **SECTION 8.8.** G.S. 115C-325.4 reads as rewritten:

19 **"§ 115C-325.4. Dismissal or demotion for cause.**

20 (a) Grounds. – No teacher shall be dismissed, demoted, or reduced to employment on a
 21 part-time basis for disciplinary reasons during the term of the contract except for one or more of
 22 the following:

- 23 (1) Inadequate performance. In determining whether the professional
 24 performance of a teacher is adequate, consideration shall be given to regular
 25 and special evaluation reports prepared in accordance with the published
 26 policy of the employing local school administrative unit and to any published
 27 standards of performance which shall have been adopted by the board.
 28 Inadequate performance for a teacher shall mean (i) the failure to perform at
 29 a proficient level on any standard of the evaluation instrument or (ii) otherwise
 30 performing in a manner that is below standard.
- 31 ...
- 32 (15) A justifiable decrease in average daily membership or the number of positions
 33 due to district reorganization, decreased enrollment, or decreased funding.

34"

35
 36 **TECHNICAL CHANGES TO CERTAIN BONUS PROVISIONS**

37 **SECTION 8.9.(a)** Section 8.8(a) of S.L. 2016-94, as amended by Section 8.8B(a) of
 38 S.L. 2017-57, reads as rewritten:

39 **"SECTION 8.8.(a)** The State Board of Education shall establish the Advanced
 40 Placement/International Baccalaureate/Cambridge AICE Program (program) to reward advanced
 41 course teacher performance and to encourage student learning and improvement. To attain this
 42 goal, the Department of Public Instruction shall administer bonus pay to teachers of advanced
 43 courses in public schools, including charter schools, beginning with data from the 2015-2016
 44 school year, in accordance with the following:

- 45 ...
- 46 (3) Bonuses awarded pursuant to this subsection are payable in January, based on
 47 data from the previous school year, to qualifying teachers who remain
 48 employed teaching in the same local school administrative unit at least from
 49 the school year the data is collected until the ~~corresponding school year date~~
 50 that the bonus is paid."

1 **SECTION 8.9.(b)** Section 8.9(a) of S.L. 2016-94, as amended by Section 8.8B(b) of
2 S.L. 2017-57, reads as rewritten:

3 **"SECTION 8.9.(a)** The State Board of Education, in collaboration with the Department of
4 Commerce, shall establish the Industry Certifications and Credentials Teacher Bonus Program
5 (program) to reward the performance of teachers in public schools, including charter schools,
6 who teach students earning approved industry certifications or credentials consistent with
7 G.S. 115C-156.2 and to encourage student learning and improvement. To attain this goal, the
8 Department of Public Instruction shall administer bonus pay to teachers in public schools,
9 including charter schools, who teach students earning approved industry certifications or
10 credentials, beginning with data from the 2015-2016 school year, in accordance with the
11 following:

12 ...

- 13 (4) Bonuses awarded pursuant to this subsection are payable in January to
14 qualifying teachers who remain employed teaching in the same local school
15 administrative unit at least from the school year the data is collected until the
16 ~~corresponding school year date~~ that the bonus is paid."

17 **SECTION 8.9.(c)** Section 8.8C(a) of S.L. 2017-57 reads as rewritten:

18 **"SECTION 8.8C.(a)** It is the intent of the State to reward teacher performance and
19 encourage student learning and improvement. To attain this goal, the Department of Public
20 Instruction shall administer the Third Grade Read to Achieve Teacher Bonus Program (program)
21 for the 2018-2019 fiscal year to qualifying teachers who have an Education Value-Added
22 Assessment System (EVAAS) student growth index score for third grade reading from the
23 previous school year, as follows:

- 24 (1) For purposes of this section, the following definitions shall apply:

25 ...

- 26 b. Qualifying Teacher. – An eligible teacher who remains teaching in the
27 same local school administrative unit at least from the school year the
28 data for the EVAAS student growth index score for third grade reading
29 is collected until the ~~school year date~~ a bonus provided under this
30 subsection is paid.

31 "

32 33 **PART IX. COMMUNITY COLLEGES**

34 35 **EXTEND TIME LINE FOR REORGANIZATION OF THE COMMUNITY COLLEGES** 36 **SYSTEM OFFICE**

37 **SECTION 9.1.** Section 9.1 of S.L. 2017-57 reads as rewritten:

38 **"SECTION 9.1.(a)** Notwithstanding any other provision of law and consistent with the
39 authority established in G.S. 115D-3, the President of the North Carolina Community College
40 System may reorganize the System Office in accordance with recommendations and plans
41 submitted to and approved by the State Board of Community Colleges.

42 **"SECTION 9.1.(b)** By ~~April 1, 2018, May 1, 2019,~~ the President of the North Carolina
43 Community Colleges shall report any reorganization, including any movement of positions and
44 funds between fund codes on a recurring basis, to the Joint Legislative Education Oversight
45 Committee, the House Appropriations Committee on Education, the Senate Appropriations
46 Committee on Education/Higher Education, and the Fiscal Research Division.

47 **"SECTION 9.1.(c)** Subsection (a) of this section expires June 30, ~~2018-2019.~~"

48 49 **NC JOB READY (WORKFORCE) – NC GETTING READY FOR OPPORTUNITIES IN** 50 **THE WORKFORCE (NC GROW) SCHOLARSHIPS**

1 **SECTION 9.2.(a)** There is established the North Carolina Getting Ready for
2 Opportunities in the Workforce (NC GROW) Scholarship Program to be administered by the
3 North Carolina State Education Assistance Authority (SEAA) in collaboration with the State
4 Board of Community Colleges. The Program is funded by allocations from the NC Job Ready
5 Fund as directed in G.S. 93-6.3.

6 **SECTION 9.2.(b)** The State Board of Community Colleges, in collaboration with
7 the Department of Commerce, shall determine the eligible programs of study for the NC GROW
8 Scholarships. The eligible programs of study shall include programs in Architecture and
9 Construction, Health Sciences, Information Technology, and Manufacturing, and may include
10 other programs to meet local workforce needs.

11 **SECTION 9.2.(c)** The North Carolina Community College System shall contract
12 with SEAA to administer awards under the NC GROW Scholarship Program. SEAA is
13 authorized to administer this program consistent with the manner in which it administers grants
14 to community college students qualifying for the Scholarships for Needy Students under Article
15 35A of Chapter 115C of the General Statutes and the Need-Based Assistance Program under
16 G.S. 115D-40.1, so that no qualifying North Carolina student incurs costs of tuition and selected
17 fees to attend a community college. Of the funds appropriated in fiscal year 2018-2019, up to
18 five hundred thousand dollars (\$500,000) may be used for program administration and outreach.
19 These efforts shall be used to encourage students to pursue coursework in the selected programs
20 of study.

21 **SECTION 9.2.(d)** The State Board of Community Colleges shall establish criteria
22 for initial and continuing eligibility to participate in the NC GROW Scholarship Program. At a
23 minimum, the criteria shall require an eligible student to:

- 24 (1) Be a legal resident of North Carolina for tuition purposes.
- 25 (2) Be enrolled in an eligible program of study in areas of high, in-demand
26 training.
- 27 (3) Have unmet financial need for tuition and selected fees remaining after
28 exhausting eligibility for federal and other State-funded financial aid.
- 29 (4) Maintain a 2.0 or higher grade-point average to remain eligible for this
30 assistance in future years.
- 31 (5) Maintain satisfactory academic progress, as determined by the community
32 college.

33 **SECTION 9.2.(e)** The North Carolina Community College System and SEAA shall
34 report annually on:

- 35 (1) The number of students receiving awards.
- 36 (2) The average award per recipient.
- 37 (3) The enrollment (by headcount and FTE) in each selected program of study.
- 38 (4) The number of graduates produced in each selected program of study.
- 39 (5) The graduation rate of students receiving a scholarship grant under this
40 program.

41 **SECTION 9.2.(f)** Forward Funding. – Funds appropriated for the NC GROW
42 Scholarship Program in the current fiscal year shall not revert and shall be used to make
43 scholarship awards in the following fiscal year.

44 45 **NC JOB READY (WORKFORCE) – NC GROW SCHOLARSHIPS FOR INDUSTRY** 46 **CREDENTIALS**

47 **SECTION 9.3.(a)** From funds appropriated in this act for the NC GROW scholarship
48 program for students pursuing industry credentials, the State Board of Community Colleges shall
49 determine the allocation of awards to students pursuing short-term, noncredit State and industry
50 workforce credentials. The State Board of Community Colleges, in collaboration with the
51 Department of Commerce, shall determine the eligible programs of study for this financial

1 assistance. The eligible programs of study shall include programs in Architecture and
2 Construction, Health Sciences, Information Technology, and Manufacturing, and may include
3 other programs to meet local workforce needs. These funds shall be used to assist students with
4 any education-related costs incurred while in pursuit of these credentials.

5 **SECTION 9.3.(b)** From funds appropriated for the NC GROW scholarship
6 program's financial assistance to students pursuing industry credentials, up to two hundred
7 thousand (\$200,000) dollars may be used to market the financial assistance to prospective
8 recipients.

10 **CLARIFY CAREER- AND COLLEGE-READY GRADUATE PROGRAM**

11 **SECTION 9.4.** Section 10.13 of S.L. 2015-241, as amended by Section 10.5 of S.L.
12 2016-94, reads as rewritten:

13 **"SECTION 10.13.(a)** The State Board of Community Colleges, in consultation with the
14 State Board of Education, shall develop a program for implementation beginning with model
15 programs in the 2016-2017 school year that introduces the college developmental mathematics
16 and developmental reading and English curriculums in the high school senior year and provides
17 opportunities for college remediation for students prior to high school graduation through
18 cooperation with community college partners. Professional development for high school faculty
19 shall begin with the 2018-2019 school year. The program shall be phased in by cohorts developed
20 by the NC Department of Public Instruction beginning with the 2019-2020 school year. The
21 program shall be fully implemented in all high schools statewide beginning with the 2018-2019
22 2020-2021 school year. Students who are enrolled in the Occupational Course of Study to receive
23 their high school diplomas shall not be required to participate in the program or be required to
24 take mandatory remedial courses as provided for in this section, unless a parent specifically
25 requests through the individualized education program (IEP) process that the student participates.
26 The program shall require the following:

- 27 (1) Establishment by the State Board of Community Colleges of measures for
28 determining student readiness and preparation for college coursework by
29 using ACT scores, student grade point averages, or other measures currently
30 used by the State Board of Community Colleges to determine college
31 readiness for entering students.
- 32 (2) Changes in curriculum, policy, and rules as needed by the State Board of
33 Community Colleges and State Board of Education to make remedial courses
34 mandatory for students who do not meet readiness indicators by- their junior
35 year to ensure college readiness prior to high school graduation. These
36 changes shall include the flexibility for students to fulfill senior mathematics
37 and English graduation requirements through enrollment in mandatory
38 remedial courses or to enroll in those courses as electives.
- 39 (3) High schools to use curriculum approved by the State Board of Community
40 Colleges, in consultation with the State Board of Education.
- 41 (4) Determinations by the State Board of Community Colleges on the following:
 - 42 a. Appropriate measures of successful completion of the remedial
43 courses to ensure students are prepared for coursework at a North
44 Carolina community college without need for further remediation in
45 mathematics or reading and English.
 - 46 b. The length of time following high school graduation in which a student
47 who successfully completed high school remedial courses will not be
48 required to enroll in developmental courses at a North Carolina
49 community college.
- 50 (5) Delivery of remedial courses by high school faculty consistent with policies
51 adopted by the State Board of Community Colleges and the State Board of

1 Education. The policies shall include, at a minimum, the following
2 requirements:

- 3 a. High school faculty teaching the approved remedial courses must
4 successfully complete training requirements as determined by the
5 State Board of Community Colleges, in consultation with the State
6 Board of Education.
- 7 b. The North Carolina Community College System shall ~~provide~~
8 ~~oversight of~~ periodically review the remedial courses and professional
9 development requirements to ensure appropriate instructional
10 delivery.

11 **"SECTION 10.13.(b)** The State Board of Community Colleges and the State Board of
12 Education shall report on progress of implementation of the program statewide, including the
13 requirements in subsection (a) of this section, to the Joint Legislative Education Oversight
14 Committee no later than March 15, 2016. The State Board of Community Colleges and the State
15 Board of Education shall jointly report to the Joint Legislative Education Oversight Committee
16 as follows:

- 17 (1) No later than March 15, 2017, on the outcomes of model programs
18 implemented in the 2016-2017 school year and suggested statutory changes
19 to ensure successful implementation of the program statewide.
- 20 (2) No later than March 15, 2018, on implementation and professional
21 development efforts in the 2017-2018 school year and information on final
22 changes in curriculum, policy, and rules to ensure successful implementation
23 of the program statewide in the 2018-2019 school year.
- 24 (2a) No later than March 15, 2019, on implementation and professional
25 development efforts in the 2018-2019 school year and information on final
26 changes in curriculum, policy, and rules to ensure successful implementation
27 of the program statewide.
- 28 (3) No later than October 15, ~~2019, 2020,~~ and annually thereafter, on program
29 outcomes, including impact on remediation ~~rates-rates, by high school,~~ in both
30 mathematics and reading and English for recent high school graduates
31 entering a North Carolina community college or constituent institution of The
32 University of North Carolina."
33

34 CONTINUE WORKFORCE INVESTMENT ACT APPRENTICESHIPNC TRANSFER

35 **SECTION 9.5.** Of the Workforce Investment Act funds awarded to the North
36 Carolina Department of Commerce by the United States Department of Labor, the sum of three
37 hundred fifty thousand dollars (\$350,000) shall be transferred to the Community Colleges System
38 Office for the administration of ApprenticeshipNC on a recurring basis each fiscal year.
39

40 INSTRUCTION IN JAILS

41 **SECTION 9.6.** Section 8.3(b) of S.L. 2010-31 reads as rewritten:

42 **"SECTION 8.3.(b)** Courses in federal prisons ~~or local jails~~ shall not earn regular budget
43 full-time equivalents, but may be offered on a self-supporting basis."
44

45 REMOVE OUTDATED COMMUNITY COLLEGE STATUTORY REFERENCES

46 **SECTION 9.7.(a)** G.S. 115D-42 is repealed.

47 **SECTION 9.7.(b)** The cash balance remaining in the Instructional Trust Fund in
48 Budget Code 66800, Fund Code 6125, shall be returned to the Escheat Fund.

49 **SECTION 9.7.(c)** G.S. 115D-2 reads as rewritten:

50 **"§ 115D-2. Definitions.**

51 As used in this Chapter:

1 ...
 2 (4) The term "regional institution" means an institution whose service area as
 3 assigned by the State Board of Community Colleges includes three or more
 4 ~~provided, however, any institution receiving funds as a regional institution on~~
 5 ~~May 1, 1987, shall continue to receive funds on that basis.~~counties.

6 "
 7 **SECTION 9.7.(d)** G.S. 115D-31(a)(3) is repealed.
 8 **SECTION 9.7.(e)** G.S. 115D-31.2 is repealed.

10 **PART X. UNIVERSITIES**

12 **STUDENT SUCCESS INITIATIVES REPORT**

13 **SECTION 10.1.** No later than September 1, 2019, the President of The University
 14 of North Carolina shall report to the Joint Legislative Education Oversight Committee regarding
 15 the expenditure of State funds used to support various initiatives designed to increase student
 16 retention, graduation rates, and time-to-degree, including funds appropriated by this act for the
 17 Student Success Innovation Lab, Accelerate through Summer Grants, and Adaptive Digital
 18 Learning Courseware pilot. The report shall include allocation methodologies, funding by
 19 constituent institution, descriptions of program activities and accomplishments, data on outcome
 20 measures used to assess program effectiveness, and best practices identified.

22 **REPEAL TUITION SURCHARGE**

23 **SECTION 10.2.** G.S. 116-143.7 is repealed.

25 **MODIFY**

SHARE

26 **REDUCTION-IN-FORCE/REORGANIZATION-THROUGH-REDUCTION-COVE** 27 **RAGE**

28 **SECTION 10.3.** G.S. 126-7.1(j) reads as rewritten:

29 "(j) A department or office listed in G.S. 126-5(d)(1) or (2) and The University of North
 30 Carolina and its constituent institutions may reorganize and restructure its positions through a
 31 voluntary separation process, in accordance with a policy approved by the State Human
 32 Resources Commission and subject to funding and approval by the Office of State Budget and
 33 Management."

35 **NORTH CAROLINA SCHOOL OF SCIENCE AND MATHEMATICS** 36 **OVERREALIZED RECEIPTS**

37 **SECTION 10.4.** G.S. 116-30.3A reads as rewritten:

38 **"§ 116-30.3A. Availability of excess receipts.**

39 Notwithstanding the provisions of Chapter 143C of the General Statutes, receipts within The
 40 University of North Carolina realized in excess of budgeted levels shall be available, up to a
 41 maximum of ten percent (10%) above budgeted levels, for each Budget Code, in addition to
 42 appropriations to support the operations generating the receipts as approved by the Director of
 43 the Budget. Notwithstanding the provisions of Chapter 143C of the General Statutes, receipts
 44 within The University of North Carolina Health Care System and the North Carolina School of
 45 Science and Mathematics realized in excess of budgeted levels shall be available above budgeted
 46 levels, for each Budget Code, in addition to appropriations to support the operations generating
 47 the receipts as approved by the Director of the Budget."

49 **CHANGES TO STATUTORY REFERENCES TO UNC GENERAL ADMINISTRATION**

50 **SECTION 10.5.** In any instances in the General Statutes in which there is a reference
 51 to The University of North Carolina General Administration or a derivative thereof, the Revisor

1 of Statutes may replace that reference with a reference to The University of North Carolina
2 System Office, as appropriate.

3
4 **UNC CARRYFORWARD INCREASE/MUST BE USED FOR REPAIRS AND**
5 **RENOVATIONS**

6 **SECTION 10.6.** G.S. 116-30.3 reads as rewritten:

7 "**§ 116-30.3. Reversions.**

8 (a) Of the General Fund current operations appropriations credit balance remaining at the
9 end of each fiscal year in each of the budget codes listed in this subsection, any amount of the
10 General Fund appropriation for that budget code for that fiscal year (i) may be carried forward
11 to the next fiscal year in that budget code, (ii) is appropriated in that budget code, and (iii) may
12 be used for any of the purposes set out in subsection (f) of this section. However, the amount
13 carried forward in each budget code under this subsection shall not exceed ~~two and one-half~~
14 percent (2.5%) five percent (5%) of the General Fund appropriation in that budget code. The
15 Director of the Budget, under the authority set forth in G.S. 143C-6-2, shall establish the General
16 Fund current operations credit balance remaining in each budget code.

17 The budget codes that may carry forward a General Fund current operations appropriations
18 credit balance remaining at the end of each fiscal year pursuant to this section are the budget
19 codes for each of the following:

20 ...

21 (f) Funds carried forward pursuant to subsection (a) of this section up to two and one-half
22 percent (2.5%) of the General Fund appropriation in that budget code may be used for one-time
23 expenditures, provided, however, that the expenditures shall not impose additional financial
24 obligations on the State and shall not be used to support positions. Funds carried forward in
25 excess of two and one-half percent (2.5%) of the General Fund appropriation in that budget code
26 shall be used only for projects that are eligible to receive funds from the Repairs and Renovations
27 Reserve under G.S. 143C-4-3(b)."

28
29 **FINISH LINE GRANTS**

30 **SECTION 10.7.(a)** The State Board of Community Colleges, the Board of
31 Governors of The University of North Carolina, and the President of The North Carolina
32 Independent Colleges and Universities shall develop program guidelines and shall determine the
33 allocation of funds appropriated in this act for the student Finish Line Grants for their respective
34 systems. Funding for Finish Line Grants in each system is supported by the NC Job Ready Fund
35 via allocations directed in G.S. 93-6.3.

36 **SECTION 10.7.(b)** Students may receive grants of up to one thousand dollars
37 (\$1,000) per semester for documented financial emergencies that threaten their ability to remain
38 enrolled to complete their program of study. To be eligible to receive an award, students must be
39 North Carolina residents, have a minimum cumulative grade point average of 2.0, and must be
40 within 15 credit hours of earning an associate's degree or within 30 credit hours of earning a
41 four-year degree.

42 **SECTION 10.7.(c)** The State Board of Community Colleges, the Board of
43 Governors of The University of North Carolina, and the President of The North Carolina
44 Independent Colleges and Universities shall report annually on:

- 45 (1) The number of applicants.
- 46 (2) The type of emergency cited by the applicant.
- 47 (3) The number of students receiving awards.
- 48 (4) The average award per recipient.
- 49 (5) The number of recipients who have completed within one year of receiving
50 aid.

1 **NORTH CAROLINA SCHOOL OF SCIENCE AND MATHEMATICS TUITION**
2 **GRANT**

3 **SECTION 10.8.** Article 29 of Chapter 116 of the General Statutes is amended by
4 adding a new section to read:

5 **"§ 116-239. Full tuition grant for graduates who attend a State university.**

6 (a) There is granted to each State resident who graduates from the North Carolina School
7 of Science and Mathematics and who enrolls as a full-time student in a constituent institution of
8 The University of North Carolina a sum to be determined by the General Assembly as a tuition
9 grant. The tuition grant shall be for four consecutive academic years and shall cover the tuition
10 cost at the constituent institution in which the student is enrolled. The tuition grant shall be
11 distributed to the student as provided by this section.

12 (b) The tuition grants provided for in this section shall be administered by the State
13 Education Assistance Authority pursuant to rules adopted by the State Education Assistance
14 Authority not inconsistent with this section. The State Education Assistance Authority shall not
15 approve any grant until it receives proper certification from the appropriate constituent institution
16 that the student applying for the grant is an eligible student. Upon receipt of the certification, the
17 State Education Assistance Authority shall remit at the times it prescribes the grant to the
18 constituent institution on behalf, and to the credit, of the student.

19 (c) In the event a student on whose behalf a grant has been paid is not enrolled and
20 carrying a minimum academic load as of the tenth classroom day following the beginning of the
21 school term for which the grant was paid, the institution shall refund the full amount of the grant
22 to the State Education Assistance Authority.

23 (d) In the event there are not sufficient funds to provide each eligible student with a full
24 grant:

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

29 (2) Each eligible student shall receive a pro rata share of funds then available for
30 the remainder of the academic year within the fiscal period covered by the
31 current appropriation.

32 (e) The State Education Assistance Authority may use up to five percent (5%) of the
33 funds appropriated in each fiscal year for administrative costs of the program. Any funds
34 remaining after the award of grants and administration shall revert to the General Fund.

35 (f) Notwithstanding any other provision of this section, no tuition grant awarded to a
36 student under this section shall exceed the cost of attendance at the constituent institution at
37 which the student is enrolled. If a student, who is eligible for a tuition grant under this subsection,
38 also receives a scholarship or other grant covering the cost of attendance at the constituent
39 institution for which the tuition grant is awarded, then the amount of the tuition grant shall be
40 reduced by an appropriate amount determined by the State Education Assistance Authority. The
41 State Education Assistance Authority shall reduce the amount of the tuition grant so that the sum
42 of all grants and scholarship aid covering the cost of attendance received by the student, including
43 the tuition grant under this section, shall not exceed the cost of attendance for the constituent
44 institution at which the student is enrolled. The cost of attendance, as used in this subsection,
45 shall be determined by the State Education Assistance Authority for each constituent institution."
46

47 **WAIVE TUITION FOR DEPENDENTS OF FALLEN CORRECTIONAL OFFICERS**

48 **SECTION 10.9.(a)** G.S. 115B-1 reads as rewritten:

49 **"§ 115B-1. Definitions.**

50 The following definitions apply in this Chapter:

51 ...

1 (4) Permanently and totally disabled as a direct result of a traumatic injury
 2 sustained in the line of duty. – A person: (i) who as a law enforcement officer,
 3 firefighter, volunteer firefighter, ~~or~~–rescue squad ~~worker~~–worker, or
 4 correctional officer suffered a disabling injury while in active service or
 5 training for active service, (ii) who at the time of active service or training was
 6 a North Carolina resident, and (iii) who has been determined to be
 7 permanently and totally disabled for compensation purposes by the North
 8 Carolina Industrial Commission.

9 ...
 10 (6) Survivor. – Any person whose parent, legal guardian, legal custodian, or
 11 spouse: (i) was a law enforcement officer, a firefighter, a volunteer firefighter,
 12 ~~or~~–a rescue squad worker, or a correctional officer, (ii) was killed while in
 13 active service or training for active service or died as a result of a
 14 service-connected disability, and (iii) at the time of active service or training
 15 was a North Carolina resident. The term does not include the widow or
 16 widower of a law enforcement officer, firefighter, volunteer firefighter, ~~or~~–a
 17 rescue squad ~~worker~~–worker, or a correctional officer if the widow or widower
 18 has remarried.

19 "...."

20 **SECTION 10.9.(b)** G.S. 115B-2(a) reads as rewritten:

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

- 24 (1) Repealed by Session Laws 2009-451, s. 8.11(a), effective July 1, 2009.
 25 (2) Any person who is the survivor of a law enforcement officer, firefighter,
 26 volunteer firefighter, ~~or~~–rescue squad ~~worker~~–worker, or correctional officer
 27 killed as a direct result of a traumatic injury sustained in the line of duty.
 28 (3) The spouse of a law enforcement officer, firefighter, volunteer firefighter, ~~or~~
 29 rescue squad ~~worker~~–worker, or correctional officer who is permanently and
 30 totally disabled as a direct result of a traumatic injury sustained in the line of
 31 duty.
 32 (4) Any child, if the child is at least 17 years old but not yet 24 years old, whose
 33 parent, legal guardian, or legal custodian is a law enforcement officer,
 34 firefighter, volunteer firefighter, ~~or~~–rescue squad ~~worker~~–worker, or
 35 correctional officer who is permanently and totally disabled as a direct result
 36 of a traumatic injury sustained in the line of duty. However, a child's eligibility
 37 for a waiver of tuition under this Chapter shall not exceed: (i) 54 months, if
 38 the child is seeking a baccalaureate degree, or (ii) if the child is not seeking a
 39 baccalaureate degree, the number of months required to complete the
 40 educational program to which the child is applying.
 41 (5) Any child, if the child (i) is at least 17 years old but not yet 24 years old, (ii)
 42 is a ward of North Carolina or was a ward of the State at the time the child
 43 reached the age of 18, (iii) is a resident of the State; and (iv) is eligible for
 44 services under the Chaffee Education and Training Vouchers Program; but the
 45 waiver shall only be to the extent that there is any tuition still payable after
 46 receipt of other financial aid received by the student.
 47 (6) Any child enrolled in a regional school established pursuant to Part 10 of
 48 Article 16 of Chapter 115C of the General Statutes who enrolls in classes at a
 49 constituent institution or community college which has a written agreement
 50 with the regional school."

51 **SECTION 10.9.(c)** G.S. 115B-5(b) reads as rewritten:

1 "(b) The officials of the institutions charged with administration of this Chapter shall
2 require the following proof to insure that a person applying to the institution and who requests a
3 tuition waiver under G.S. 115B-2(a)(2), (3), or (4) is eligible for the benefits provided by this
4 Chapter.

- 5 (1) The parent-child relationship shall be verified by a birth certificate, legal
6 adoption papers, or other documentary evidence deemed appropriate by the
7 institution.
8 (1a) The legal guardian-child relationship shall be verified by an order from a court
9 proceeding that established the legal guardianship.
10 (1b) The legal custodian-child relationship shall be verified by an order from a
11 court proceeding that established the legal custodianship.
12 (2) The marital relationship shall be verified by a marriage certificate or other
13 documentary evidence deemed appropriate by the institution.
14 (3) The cause of death of the law enforcement officer, firefighter, volunteer
15 firefighter, ~~or~~-rescue squad ~~worker~~-worker, or correctional officer shall be
16 verified by certification from the records of the Department of State Treasurer,
17 the appropriate city or county law enforcement agency that employed the
18 deceased, the administrative agency for the fire department or fire protection
19 district recognized for funding under the Department of State Auditor, or the
20 administrative agency having jurisdiction over any paid firefighters of all
21 counties and cities.
22 (4) The permanent and total disability shall be verified by documentation deemed
23 necessary by the institution from the North Carolina Industrial Commission."
24

25 **SUBPART X-A. UNIVERSITY/STATE EDUCATION ASSISTANCE AUTHORITY**

26 **NORTH CAROLINA TEACHING FELLOWS**

27 **SECTION 10A.1.(a)** G.S. 116-209.60 reads as rewritten:

28 **"§ 116-209.60. Definitions.**

29 The following definitions apply in this Part:

- 30 (1) Commission. – The North Carolina Teaching Fellows Commission.
31 (2) Director. – The Director of the North Carolina Teaching Fellows Program.
32 (3) Forgivable loan. – A forgivable loan made under the Program.
33 (4) Program. – The North Carolina Teaching Fellows Program.
34 (5) Public school. – An elementary or secondary school located in North Carolina
35 that is governed by a local board of education, charter school board of
36 directors, regional school board of directors, or University of North Carolina
37 laboratory school board of trustees.
38 ~~(6) STEM. — Science, technology, engineering, and mathematics.~~
39 (7) Trust Fund. – The North Carolina Teaching Fellows Program Trust Fund."
40

41 **SECTION 10A.1.(b)** G.S. 116-209.62 reads as rewritten:

42 **"§ 116-209.62. North Carolina Teaching Fellows Program established; administration.**

43 (a) Program. – There is established the North Carolina Teaching Fellows Program to be
44 administered by the General Administration of The University of North Carolina, in conjunction
45 with the Authority and the Commission. The purpose of the Program is to recruit, prepare, and
46 support students residing in or attending institutions of higher education located in North
47 Carolina for preparation as highly effective ~~STEM or special education~~ teachers in the State's
48 public schools. The Program shall be used to provide a forgivable loan to individuals interested
49 in preparing to teach in the public schools of the ~~State in STEM or special education licensure~~
50 areas-State.

1 (b) Trust Fund. – There is established the North Carolina Teaching Fellows Program
2 Trust Fund to be administered by the Authority, in conjunction with the General Administration
3 of The University of North Carolina. All funds (i) appropriated to, or otherwise received by, the
4 Program for forgivable loans, (ii) received as repayment of forgivable loans, and (iii) earned as
5 interest on these funds shall be placed in the Trust Fund. The purpose of the Trust Fund is to
6 provide financial assistance to qualified students for completion of teacher education and
7 licensure programs to fill ~~STEM or special education licensure areas teaching positions~~ in the
8 public schools of the State.

9 (c) Uses of Monies in the Trust Fund. – The monies in the Trust Fund may be used only
10 for (i) forgivable loans granted under the Program, (ii) administrative costs associated with the
11 Program, including recruitment and recovery of funds advanced under the Program, and (iii)
12 extracurricular enhancement activities of the Program. The At the beginning of each fiscal year,
13 the Authority may use up to six hundred thousand dollars (\$600,000) shall transfer the greater of
14 three hundred fifty thousand dollars (\$350,000) or six percent (6%) of available funds from the
15 Trust Fund in each fiscal year for its to The University of North Carolina System Office for the
16 Program's administrative costs, the salary of the Director of the Program, Program and other
17 Program staff, expenses of the Commission, and to provide the Commission with funds to use
18 for the extracurricular enhancement activities of the Program. The Authority may retain the
19 greater of four percent (4%) of the funds appropriated or two hundred fifty thousand dollars
20 (\$250,000) each fiscal year for administrative costs associated with the scholarship grant
21 program.

22 (d) Director of the Program. – The Board of Governors of The University of North
23 Carolina shall appoint a Director of the Program. The Director shall appoint staff to the
24 Commission and shall be responsible for recruitment and coordination of the Program, including
25 proactive, aggressive, and strategic recruitment of potential recipients. Recruitment activities
26 shall include (i) targeting regions of the State with the highest teacher attrition rates and teacher
27 recruitment ~~challenges, challenges and~~ (ii) actively engaging with educators, business leaders,
28 experts in human resources, elected officials, and other community leaders throughout the ~~State,~~
29 ~~and (iii) attracting candidates in STEM and special education licensure areas to the Program.~~
30 State. The Director shall report to the President of The University of North Carolina. The
31 Authority shall provide office space and clerical support staff, as necessary, to the Director for
32 the Program.

33 (e) Student Selection Criteria for Forgivable Loans. – The Commission shall adopt
34 stringent standards for awarding forgivable loans based on multiple measures to ensure that only
35 the strongest applicants receive them, including the following:

- 36 (1) Grade point averages.
- 37 (2) Performance on relevant career and college readiness assessments.
- 38 (3) Experience, accomplishments, and other criteria demonstrating qualities
39 positively correlated with highly effective teachers, including excellent verbal
40 and communication skills.
- 41 (4) Demonstrated commitment to serve in a STEM or special education licensure
42 area in North Carolina public schools.

43 (f) Program Selection Criteria. – The Authority shall administer the Program in
44 cooperation with ~~five institutions any institution~~ of higher education with ~~approved a State Board~~
45 ~~of Education-approved~~ educator preparation ~~programs program~~ selected by the Commission that
46 represent both postsecondary constituent institutions of The University of North Carolina and
47 private postsecondary institutions operating in the State. ~~The Commission shall adopt stringent~~
48 ~~standards for selection of the most effective educator preparation programs, including the~~
49 ~~following:~~

- 50 (1) ~~Demonstrates high rates of educator effectiveness on value added models and~~
51 ~~teacher evaluations, including using performance based, subject specific~~

1 assessment and support systems, such as edTPA or other metrics of evaluating
2 candidate effectiveness that have predictive validity.

3 ~~(2) Demonstrates measurable impact of prior graduates on student learning,
4 including impact of graduates teaching in STEM or special education
5 licensure areas.~~

6 ~~(3) Demonstrates high rates of graduates passing exams required for teacher
7 licensure.~~

8 ~~(4) Provides curricular and co-curricular enhancements in leadership, facilitates
9 learning for diverse learners, and promotes community engagement,
10 classroom management, and reflection and assessment.~~

11 ~~(5) Requires at least a minor concentration of study in the subject area that the
12 candidate may teach.~~

13 ~~(6) Provides early and frequent internship or practical experiences, including the
14 opportunity for participants to perform practicums in diverse school
15 environments.~~

16 ~~(7) Is approved by the State Board of Education as an educator preparation
17 program.~~

18 (g) Awards of Forgivable Loans. – The Program shall provide forgivable loans to selected
19 students to be used at the ~~five~~ selected institutions for completion of a program leading to initial
20 teacher licensure as follows:

21 (1) North Carolina high school seniors. – Forgivable loans of up to eight thousand
22 two hundred fifty dollars (\$8,250) per year for up to ~~four years~~ eight
23 semesters.

24 (2) Students applying for transfer to a selected educator preparation program at
25 an institution of higher education. – Forgivable loans of up to eight thousand
26 two hundred fifty dollars (\$8,250) per year for up to ~~three years~~ six semesters.

27 (3) Individuals currently holding a bachelor's degree seeking preparation for
28 teacher licensure. – Forgivable loans of up to eight thousand two hundred fifty
29 dollars (\$8,250) per year for up to ~~two years~~ four semesters.

30 (4) Students matriculating at institutions of higher education who are changing to
31 enrollment in a selected educator preparation program. – Forgivable loans of
32 up to eight thousand two hundred fifty dollars (\$8,250) per year for up to ~~two~~
33 years four semesters.

34 Forgivable loans may be used for tuition, fees, ~~and the cost of books~~ books, and other
35 qualified expenses as defined by the Authority.

36 ~~(h) Identification of STEM and Special Education Licensure Areas. – The Superintendent
37 of Public Instruction shall identify and provide to the Commission and the Authority a list of
38 STEM and special education licensure areas and shall annually provide to the Commission the
39 number of available positions in each licensure area relative to the number of current and
40 anticipated teachers in that area of licensure. The Commission shall make the list of STEM and
41 special education licensure areas readily available to applicants.~~

42 (i) Administration of Forgivable Loan Awards. – Upon the naming of recipients of the
43 forgivable loans by the Commission, the Commission shall transfer to the Authority its decisions.
44 The Authority, in coordination with the Director, shall perform all of the administrative functions
45 necessary to implement this Part, which functions shall include rule making, disseminating
46 information, acting as a liaison with participating institutions of higher education, implementing
47 forgivable loan agreements, loan monitoring, loan cancelling through service and collection,
48 determining the acceptability of service repayment agreements, enforcing the agreements, and
49 all other functions necessary for the execution, payment, and enforcement of promissory notes
50 required under this Part.

1 (j) Annual Report. – The Commission, in coordination with the Authority, the
 2 Department of Public Instruction, and participating educator preparation programs, shall report
 3 no later than January 1, 2019, and annually thereafter, to the Joint Legislative Education
 4 Oversight Committee regarding the following:

5 (1) Forgivable loans awarded from the Trust Fund, including the following:

- 6 a. Demographic information regarding recipients.
 7 b. Number of recipients by institution of higher education and program.
 8 c. Information on number of recipients by anticipated ~~STEM and special~~
 9 ~~education~~-licensure area.

10 (2) Placement and repayment rates, including the following:

- 11 a. Number of graduates who have been employed in a ~~STEM or special~~
 12 ~~education~~-North Carolina public school by licensure area within two
 13 years of program completion.
 14 b. Number of graduates who accepted employment at a low-performing
 15 school identified under G.S. 115C-105.37 as part of their years of
 16 service.
 17 c. Number of graduates who have elected to do loan repayment and their
 18 years of service, if any, prior to beginning loan repayment.
 19 d. Number of graduates employed ~~in a STEM or special education by~~
 20 ~~licensure area~~ who have received an overall rating of at least
 21 accomplished and have met expected growth on applicable standards
 22 of the teacher evaluation instrument.
 23 e. Aggregate information on student growth and proficiency in courses
 24 taught by graduates who have fulfilled service ~~requirements through~~
 25 ~~employment in a STEM or special education licensure~~
 26 ~~area requirements.~~

27 (3) Selected school outcomes by program, including the following:

- 28 a. Turnover rate for forgivable loan graduates.
 29 b. Aggregate information on student growth and proficiency as provided
 30 annually by the State Board of Education to the Commission in courses
 31 taught by forgivable loan graduates.
 32 c. Fulfillment rate of forgivable loan graduates."

33 **SECTION 10A.1.(c)** G.S. 116-209.63 reads as rewritten:

34 "**§ 116-209.63. Terms of forgivable loans; receipt and disbursement of funds.**

35 (a) Notes. – All forgivable loans shall be evidenced by notes made payable to the
 36 Authority that bear interest at a rate not to exceed ten percent (10%) per year as set by the
 37 Authority and beginning on the first day of September after the completion of the program
 38 leading to initial teacher licensure or 90 days after ~~termination of the forgivable loan, whichever~~
 39 ~~is earlier.~~ graduation, whichever is later. Notwithstanding the previous sentence, if the forgivable
 40 loan is terminated, the note shall be made payable to the Authority within 90 days after the
 41 termination of the forgivable loan. The forgivable loan may be terminated upon the recipient's
 42 withdrawal from ~~school~~ the Program or by the recipient's failure to meet the standards set by the
 43 Commission.

44 (b) Forgiveness. – The Authority shall forgive the loan and any interest accrued on the
 45 loan if, within 10 years after graduation from a program leading to initial teacher licensure,
 46 exclusive of any authorized deferment for extenuating circumstances, the recipient serves as a
 47 ~~teacher in a STEM or special education licensure area, as provided in G.S. 116-209.62(h),~~ teacher
 48 for every year the teacher was awarded the forgivable loan, in any combination of the following:

- 49 (1) One year at a North Carolina public school identified as low-performing under
 50 G.S. 115C-105.37 at the time the teacher accepts employment at the school

1 or, if the teacher changes employment during this period, at another school
2 identified as low-performing.

- 3 (2) Two years at a North Carolina public school not identified as low-performing
4 under G.S. 115C-105.37.

5 The Authority shall also forgive the loan if it finds that it is impossible for the recipient to
6 work for up to eight years, within 10 years after completion of the program leading to initial
7 teacher licensure, at a North Carolina public school because of the death or permanent disability
8 of the recipient. If the recipient repays the forgivable loan by cash payments, all indebtedness
9 shall be repaid within 10 years after completion of the program leading to initial teacher licensure
10 supported by the forgivable loan. If the recipient completes a program leading to initial teacher
11 licensure, payment of principal and interest shall begin no later than the first day of September
12 after the completion of the program. Should a recipient present extenuating circumstances, the
13 Authority may extend the period to repay the loan in cash to no more than a total of 12 years."
14

15 NORTH CAROLINA PRINCIPAL FELLOWS ADMINISTRATION

16 SECTION 10A.2. G.S. 116-74.43 reads as rewritten:

17 "§ 116-74.43. Terms of loans; receipt and disbursement of funds.

18 ...

19 (c) All funds appropriated to, or otherwise received by, the Principal Fellows Program
20 for scholarships, all funds received as repayment of scholarship loans, and all interest earned on
21 these funds, shall be placed in a university trust fund. ~~This university trust fund may be used only
22 for scholarship loans granted under the Principal Fellows Program and administrative costs
23 associated with the recovery of funds advanced under the program. The monies in the Trust Fund
24 may be used only for (i) scholarship loans granted under the Principal Fellows Program; (ii)
25 administrative costs associated with the Program, including recovery of funds advanced under
26 the Program; and (iii) data collection, evaluation, and extracurricular enhancement activities
27 associated with the Program. The Authority may use up to three hundred fifty thousand dollars
28 (\$350,000) or ten percent (10%) of available funds from the Trust Fund in each fiscal year for its
29 administrative costs, the salary of the Director of the Program, expenses of the Commission, data
30 collection and evaluation, and extracurricular enhancement activities."~~
31

32 OPPORTUNITY SCHOLARSHIPS/ELIMINATE STATUTORY INCREASE/PROVIDE 33 FOR ASSESSMENTS OF STUDENT LEARNING

34 SECTION 10A.3.(a) G.S. 115C-562.8(b) is repealed.

35 SECTION 10A.3.(b) G.S. 115C-562.8(c) reads as rewritten:

36 "(c) Of the funds allocated to the Authority to award scholarship grants under this Part,
37 the Authority may retain ~~the lesser of up to four percent (4%) of the funds appropriated or one
38 million five hundred thousand dollars (\$1,500,000) two million dollars (\$2,000,000) each fiscal
39 year for administrative costs associated with the scholarship grant program-program and the costs
40 of evaluating gains and losses in student learning as required by G.S. 115C-562.7(c)(1)."~~
41

42 SECTION 10A.3.(c) G.S. 115C-562.5(a)(4) reads as rewritten:

- 43 "(4) ~~Administer, at least once in each school year, a nationally standardized test or
44 other nationally standardized equivalent measurement selected by the chief
45 administrative officer of the nonpublic school Administer annually the tests
46 and assessments required in Article 10A of Chapter 115C of the General
47 Statutes to all eligible students whose tuition and fees are paid in whole or in
48 part with a scholarship grant enrolled in grades three and higher. The
49 nationally standardized test or other equivalent measurement selected must
50 measure achievement in the areas of English grammar, reading, spelling, and
51 mathematics. Test performance data shall be submitted to the Authority by
July 15 of each year. Test performance data reported to the Authority under~~

1 this subdivision is not a public record under Chapter 132 of the General
2 Statutes."

3 **SECTION 10A.3.(d)** The State Education Assistance Authority shall not award
4 scholarship funds to new recipients pursuant to Part 2A of Article 39 of Subchapter X of Chapter
5 115C of the General Statutes after the 2018-2019 academic year.

6

7 **PART XI. DEPARTMENT OF HEALTH AND HUMAN SERVICES**

8

9 **SUBPART XI-A. CENTRAL MANAGEMENT AND SUPPORT**

10

11 **MAXIMIZE THE USE OF TRANSITIONS TO COMMUNITY LIVING FUNDING FOR** 12 **REQUIRED SERVICES**

13 **SECTION 11A.1.** G.S. 122E-3.1(b) reads as rewritten:

14 "(b) Creation and Source of Funds. – The Community Living Housing Fund is established
15 within the Housing Finance Agency to pay for the transition of individuals diagnosed with severe
16 mental illness or severe and persistent mental illness as defined in G.S. 122C-20.5 from
17 institutional settings to integrated, community-based supported housing and to increase the
18 percentage of targeted housing units available to individuals with disabilities for use in the North
19 Carolina Supportive Housing Program under Article 1B of Chapter 122C of the General Statutes.
20 Beginning with fiscal year 2013-2014, any unexpended, unencumbered balance of the amount
21 appropriated to the Transitions to Community Living Fund established pursuant to Section
22 10.23A(d) of S.L. 2012-142 at the end of each fiscal year shall not revert but shall be transferred
23 and made available to the Community Living Housing Fund. Effective July 1, 2018, the amount
24 of the unexpended, unencumbered funds available for transfer to the Housing Finance Agency at
25 the end of the State fiscal year shall not be determined prior to the end of the second quarter of
26 the new State fiscal year or on December 31."

27

28 **SUBPART XI-B. DIVISION OF CHILD DEVELOPMENT AND EARLY EDUCATION**

29

30 **ADDITIONAL CHILD CARE SUBSIDY MARKET RATE INCREASES/CERTAIN AGE** 31 **GROUPS AND COUNTIES**

32 **SECTION 11B.1.** Section 11B.4 of S.L. 2017-57 is amended by adding a new
33 subsection to read:

34 "**SECTION 11B.4.(b1)** Beginning October 1, 2018, the Department of Health and Human
35 Services, Division of Child Development and Early Education (Division), shall increase the child
36 care subsidy market rates to the rates recommended by the 2015 Child Care Market Rate Study
37 from age three through five years and for school-aged children in three-, four-, and five-star-rated
38 child care centers and homes in tier three counties."

39

40 **MODERNIZE COUNTY CHILD CARE FORMULA TO ALLOW FLEXIBILITY AND** 41 **APPROPRIATE PLANNING AND USE OF INCREASED RESOURCES**

42 **SECTION 11B.2.** Section 11B.5(c) of S.L. 2017-57 reads as rewritten:

43 "**SECTION 11B.5.(c)** ~~When implementing the formula under subsection (a) of this section,~~
44 ~~the Division shall include the market rate increase in the formula process rather than calculating~~
45 ~~the increases outside of the formula process.~~ When implementing the formula under subsection
46 (a) of this section, the Division shall apply market rate increases to counties outside of the
47 formula process according to projected cost for the first year of implementation. For the second
48 year of implementation and thereafter, the Division shall include the market rate increase in the
49 formula process, rather than calculating the increases outside of the formula process.
50 Additionally, the Department shall do the following:

(1) Implement the final one third change in a county's allocation beginning fiscal year 2018-2019. A county's initial allocation shall be the county's expenditure in the previous fiscal year or a prorated share of the county's previous fiscal year expenditures if sufficient funds are not available. With the exception of market rate increases consistent with any increases approved by the General Assembly, a county whose spending coefficient is less than ninety two percent (92%) in the previous fiscal year shall receive its prior year's expenditure as its allocation and shall not receive an increase in its allocation in the following year. A county whose spending coefficient is at least ninety two percent (92%) in the previous fiscal year shall receive, at a minimum, the amount it expended in the previous fiscal year and may receive additional funding, if available. The Division may waive this requirement and allow an increase if the spending coefficient is below ~~ninety two~~ ninety-two percent (92%) due to extraordinary circumstances, such as a State or federal disaster declaration in the affected ~~county~~ county, or in situations where enforcement of this requirement would be detrimental to expanding services to children. By October 1 of each year, the Division shall report to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division the counties that received a waiver pursuant to this subdivision and the reasons for the waiver.

...."

SUBPART XI-C. DIVISION OF SOCIAL SERVICES

CRIMINAL RECORD CHECKS OF APPLICANTS AND CURRENT EMPLOYEES WHO ACCESS FEDERAL TAX INFORMATION UNDER FEDERAL LAW

SECTION 11C.1. Subpart D of Part 4 of Article 13 of Chapter 143B of the General Statutes is amended by adding a new section to read:

"§ 143B-935.1. Criminal record checks of applicants and of current employees who access federal tax information.

(a) The Department of Public Safety may, upon request, provide to the Department of Health and Human Services, Division of Social Services, the Department of Health and Human Services, Division of Medical Assistance, or a county agency, the criminal history from the State and National Repositories of Criminal Histories of the following individuals if the individual is permitted, or will be permitted, to access federal tax information:

- (1) An applicant for employment.
- (2) A current employee.
- (3) A contractual employee or applicant.
- (4) An employee of a contractor.

(b) Along with the request, the requesting agency shall provide the following to the Department of Public Safety:

- (1) The fingerprints of the person who is the subject of the record check.
- (2) A form signed by the person who is the subject of the record check consenting to:
 - a. The criminal record check.
 - b. The use of fingerprints.
 - c. Any other identifying information required by the State and National Repositories.
 - d. Any additional information required by the Department of Public Safety.

1 (c) The fingerprints shall be forwarded to the State Bureau of Investigation for a search
2 of the State's criminal history record file, and the State Bureau of Investigation shall forward a
3 set of fingerprints to the Federal Bureau of Investigation for a national criminal history record
4 check.

5 (d) The requesting agency shall keep all information obtained pursuant to this section
6 confidential.

7 (e) The Department of Public Safety may charge a fee to offset the cost incurred by it to
8 conduct a criminal record check under this section. The fee shall not exceed the actual cost of
9 locating, editing, researching, and retrieving the information."

11 **ADDRESSING FEDERAL CHILD SUPPORT FEE CHANGE REQUIRED UNDER** 12 **FEDERAL LAW**

13 **SECTION 11C.2.** G.S. 110-130.1(a) reads as rewritten:

14 "(a) All child support collection and paternity determination services provided under this
15 Article to recipients of public assistance shall be made available to any individual not receiving
16 public assistance in accordance with federal law and as contractually authorized by the
17 nonrecipient, upon proper application and payment of a nonrefundable application fee of
18 twenty-five dollars (\$25.00). The fee shall be reduced to ten dollars (\$10.00) if the individual
19 applying for the services is indigent. An indigent individual is an individual whose gross income
20 does not exceed one hundred percent (100%) of the federal poverty guidelines issued each year
21 in the Federal Register by the U.S. Department of Health and Human Services. For the purposes
22 of this subsection, the term "gross income" has the same meaning as defined in G.S. 105-134.1.

23 In the case of an individual who has never received assistance under a State program funded
24 pursuant to Title IV-A of the Social Security Act and for whom the State has collected and
25 disbursed to the family in a federal fiscal year at least ~~five hundred dollars (\$500.00)~~ five hundred
26 fifty dollars (\$550.00) of support, the State shall impose an annual fee of ~~twenty-five dollars~~
27 ~~(\$25.00)~~ thirty-five dollars (\$35.00) for each case in which services are furnished. The child
28 support agency shall retain the fee from support collected on behalf of the individual. However,
29 the child support agency shall not retain the fee from the first ~~five hundred dollars (\$500.00)~~ five
30 hundred fifty dollars (\$550.00) collected. The child support agency shall use the fee to support
31 the ongoing operation of the program."

33 **SUBPART XI-D. DIVISION OF AGING AND ADULT SERVICES [RESERVED]**

35 **SUBPART XI-E. DIVISION OF PUBLIC HEALTH**

37 **ALIGNING TREATMENT OF LOCAL HEALTH DEPARTMENT GRANTS WITH** 38 **OTHER DHHS PROGRAMS**

39 **SECTION 11E.1.** Section 11E.3(b) of S.L. 2017-57 reads as rewritten:

40 "**SECTION 11E.3.(b)** The plan for administering the competitive grant process shall include
41 at least all of the following components:

42 ...

43 (4) Allows grants to be awarded to local health departments for up to ~~two~~ three
44 years."

46 **SUBPART XI-F. DIVISION OF MH/DD/SAS AND STATE-OPERATED HEALTH** 47 **CARE FACILITIES**

49 **CORRECTIONS-BASED MENTAL HEALTH CAPACITY RESTORATION PILOT** 50 **PROGRAM**

1 **SECTION 11F.1.(a)** Purpose. – The Department of Health and Human Services
2 shall establish a pilot program for a corrections-based mental health capacity restoration program
3 (CRP). The purpose of the pilot program is to expand the provision of capacity restoration
4 programming at locations in addition to the three State Psychiatric Hospitals (SPHs). The pilot
5 program shall run for five years, beginning July 1, 2018, and ending with June 30, 2023.

6 **SECTION 11F.1.(b)** By December 31, 2018, the Department of Health and Human
7 Services and the Department of Public Safety shall release a Request for Information (RFI) to
8 solicit interest from counties that may be interested in providing space for the corrections-based
9 CRP. DHHS, in consultation with Department of Public Safety and other stakeholders, shall
10 release a Request for Proposals (RFP) for a corrections-based CRP program based on the
11 information received during the RFI process. If there was not sufficient initial interest solicited
12 via the RFI, finding a location for the CRP would be included as part of the RFP criteria. The
13 RFP shall request that interested vendors meets at least the following criteria:

- 14 (1) To initiate the pilot in the most time-efficient manner, with a start date set
15 within six months of contract award date.
- 16 (2) The pilot should be conducted in a county jail that sends a high number of
17 individuals with ITP status to the SPH. This could include the highest utilizer
18 counties or counties that respond during the RFI process that can work
19 collaboratively with these counties to address the need.
- 20 (3) Establish and monitor metrics that determine whether the program is
21 successful; this might include, but would in no way be limited to, readmissions
22 to the hospital.

23 **SECTION 11F.1.(c)** By June 30, 2019, the Department of Health and Human
24 Services shall select a location to participate in the pilot program that represent the best location
25 to meet the needs of the State of North Carolina to the extent possible from the pool of applicants.

26 **SECTION 11F.1.(d)** After 18 months of operation, the program should be evaluated
27 according to metrics identified in the RFP and a determination should be made to expand the
28 CRP to other correctional facilities, continue with the existing CRP, modify the existing CRP for
29 additional assessment, or terminate the CRP.

30 **SECTION 11F.1.(e)** Pilot Evaluation. – The Department of Health and Human
31 Services may award the RFP contract directly to a provider of CRP services or a single or
32 multicounty correctional facility with whom the CRP provider is a subcontractor. The pilot
33 program shall be evaluated for the duration of the pilot program to evaluate the implementation
34 and success of the pilot program, including at least the following:

- 35 (1) The use of funds by the vendor awarded the RFP to provide CRP services
36 during the pilot.
- 37 (2) Outcome data.
- 38 (3) Numbers of individuals served at the corrections-based CRP, including
39 number of individuals that would have received CRP services at one of the
40 three SPH, if the corrections-based CRP was not available.
- 41 (4) Other information the Department deems necessary.

42 **SECTION 11F.1.(f)** DHHS shall report by June 30 of each year, beginning with the
43 initial report by June 30, 2019, and ending with a final report by June 30, 2023, to the Joint
44 Legislative Oversight Committees for Health and Human Services and Public Safety on all
45 aspects of the pilot program as listed in subsection (e) of this section. The Department of Health
46 and Human Services shall include in the final report, the evaluation of the pilot program, as well
47 as, any legislative recommendations for continuing or expanding the pilot program.

48 **NC COMMUNITY-BASED PSYCHIATRIC STEP-DOWN PILOT**

49 **SECTION 11F.2.(a)** Of the funds appropriated to the Department of Health and
50 Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse
51

1 Services, the sum of three million two hundred eleven thousand eight hundred sixty-seven dollars
2 (\$3,211,867) in nonrecurring funds for the 2018-2019 fiscal year shall be used to establish a
3 community-based Residential Intensive Support Team (RIST) model of step-down care for
4 individuals exiting State-operated psychiatric hospitals to support reintegration back into their
5 communities by providing less costly, more clinically appropriate services and bridge the gap
6 that exists in the State's behavioral health continuum of services. The pilot shall be for two years.

7 **SECTION 11F.2.(b)** In order to initiate the pilot, the Department of Health and
8 Human Services shall develop a Request for Application (RFA) to develop a Community-Based
9 Psychiatric Stepdown program that demonstrates how services and supports will be provided in
10 a holistic manner such that it enables individuals diagnosed with a serious mental illness to
11 develop the skills necessary to become fully integrated into their communities, particularly in the
12 areas of housing, employment, and community integration. The RFA shall, at a minimum,
13 include the following:

- 14 (1) A supportive housing, or bridge housing model that is "consumer-centered,"
15 based on an individual consumer's self-identified strengths, needs, and goals.
- 16 (2) Use of evidence-based practices, such as motivational interviewing
17 techniques, illness management and recovery, and stages of change principles
18 to engage individuals into service.
- 19 (3) Use of the RIST model established by the State of New Jersey to employ
20 supportive services necessary to maintain housing, achieve identified wellness
21 and recovery goals, as well as case management approaches to assure that
22 consumers access the full array of other clinical, medical, vocational,
23 educational, and supportive services needed to successfully function within
24 the community.

25 **SECTION 11F.2.(c)** By April 1, 2019, the Department of Health and Human
26 Services shall submit a progress report on the development and implementation of the pilot
27 program authorized by this section to the Joint Legislative Oversight Committee on Health and
28 Human Services and the Fiscal Research Division. At a minimum, the report shall include all of
29 the following:

- 30 (1) The number and outcome of patients served.
- 31 (2) A breakdown of expenditures.
- 32 (3) An estimate of the cost and number to be served for the second year of the
33 pilot.
- 34 (4) An estimate of savings of State funds in State-operated psychiatric hospitals
35 as a result of reducing the number of psychiatric hospital bed days for people
36 who do not need that level of care by implementing this model.

37
38 **TECHNICAL CORRECTION TO CORRECT THE AMOUNT OF AVAILABLE FUNDS**
39 **FOR LOCAL INPATIENT PSYCHIATRIC BEDS OR BED DAYS**

40 **SECTION 11F.3.** Section 11F.3(a) of S.L. 2017-57 reads as rewritten:

41 **"SECTION 11F.3.(a)** Use of Funds – Of the funds appropriated to the Department of Health
42 and Human Services, Division of Mental Health, Developmental Disabilities, and Substance
43 Abuse Services, for crisis services, the sum of forty-one million three hundred fifty-one thousand
44 six hundred forty-four dollars (\$41,351,644) in recurring funds and the sum of ~~forty-one million~~
45 ~~three hundred fifty one thousand six hundred forty four dollars (\$41,351,644) in recurring funds~~
46 forty million six hundred twenty-one thousand six hundred forty-four dollars (\$40,621,644) for
47 the 2018-2019 fiscal year shall be used to purchase additional new or existing local inpatient
48 psychiatric beds or bed days not currently funded by or through LME/MCOs. The Department
49 shall continue to implement a two-tiered system of payment for purchasing these local inpatient
50 psychiatric beds or bed days based on acuity level with an enhanced rate of payment for inpatient
51 psychiatric beds or bed days for individuals with higher acuity levels, as defined by the

1 Department. The enhanced rate of payment for inpatient psychiatric beds or bed days for
2 individuals with higher acuity levels shall not exceed the lowest average cost per patient bed day
3 among the State psychiatric hospitals. In addition, at the discretion of the Secretary of Health and
4 Human Services, existing funds allocated to LME/MCOs for community-based mental health,
5 developmental disabilities, and substance abuse services may be used to purchase additional local
6 inpatient psychiatric beds or bed days. Funds designated in this subsection for the purchase of
7 local inpatient psychiatric beds or bed days shall not be used to supplant other funds appropriated
8 or otherwise available to the Department for the purchase of inpatient psychiatric services
9 through contracts with local hospitals."

10
11 **USE OF DOROTHEA DIX HOSPITAL PROPERTY FUNDS FOR SUBSTANCE ABUSE**
12 **RESIDENTIAL TREATMENT FACILITIES**

13 **SECTION 11F.4.(a)** Funds for the Establishment of Substance Abuse Residential
14 Treatment Facilities. – The remainder of funds appropriated from the Dorothea Dix Hospital
15 Property Fund established under G.S. 143C-9-2(b1) to the Department of Health and Human
16 Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services,
17 shall be used to pay for any renovation or building costs associated with (i) the construction of
18 substance abuse treatment facilities, (ii) the conversion of existing facilities into substance abuse
19 treatment facilities, or (iii) a combination of these options as follows:

- 20 (1) Six million dollars (\$6,000,000) in nonrecurring funds shall be used to pay for
21 any renovation or building costs associated with the construction of new
22 substance abuse treatment facility by Triangle Residential Options for
23 Substance Abuse (TROSAs), Inc.
24 (2) The remainder of funds shall be used to create a substance abuse residential
25 facility grant program for the purpose of renovation or building costs to create
26 new substance abuse treatment capacity throughout the State.

27 Any facility or other location constructed or converted with funds allocated under this
28 subsection for substance abuse shall be named in honor of Dorothea Dix.

29 **SECTION 11F.4.(b)** Substance Abuse Residential Treatment Facility Grant
30 Program. – There is created a substance abuse residential facility grant program within the
31 Department of Health and Human Services, Division of Mental Health, Developmental
32 Disabilities, and Substance Abuse Services, for the provision of new substance abuse residential
33 treatment capacity throughout the State. Funds in the grant program shall only be available to
34 nonprofit corporations and local governments for any of the following eligible activities:

- 35 (1) Acquisition of real property within a total project to create new substance
36 abuse residential treatment capacity.
37 (2) Renovation of existing real property to create new substance abuse residential
38 treatment capacity.
39 (3) Construction of a new facility to create new substance abuse residential
40 treatment capacity.
41 (4) Acquisition of personal property solely for the purpose of providing treatment
42 for substance abuse in a newly constructed, acquired, or renovated substance
43 abuse residential treatment facility.

44 **SECTION 11F.4.(c)** Certificate of Need Exemption for Certain Facilities. –
45 Notwithstanding the State Medical Facilities Plan, Article 9 of Chapter 131E of the General
46 Statutes, or any other provision of law to the contrary, funds allocated under subsection (a) of
47 this section are exempt from certificate of need review for the establishment or expansion of
48 outpatient therapy services or substance use disorder treatment services, or both.

49 **SECTION 11F.4.(d)** Applicability of Licensure Laws. – The establishment or
50 expansion of behavioral health services, including any of the items described in subsection (b)
51 of this section, are subject to existing licensure laws and requirements.

1 **SECTION 11F.4.(e)** Reservation of Beds for State Use. – As a condition of receiving
2 these funds, providers shall reserve at least fifty percent (50%) of the beds constructed or
3 converted with funds allocated under subsection (a) of this section for individuals who are
4 indigent or Medicaid recipients.

5 **SECTION 11F.4.(f)** Report on the Substance Abuse Residential Facility Grant
6 Program. – Beginning November 1, 2019, the Department of Health and Human Services shall
7 report to the Joint Legislative Oversight Committee on Health and Human Services, Office of
8 State Budget and Management, and the Fiscal Research Division on grants awarded under
9 subdivision (2) of subsection (a) of this section. The report shall include the following:

- 10 (1) The amount of grants awarded.
- 11 (2) The grant recipient and location.
- 12 (3) The total cost and description of the project receiving funds.
- 13 (4) The expected number of individuals to be treated by the program.
- 14 (5) The total number of applicants and the methodology used by the Department
15 to award grants.

16 **SECTION 11F.4.(g)** Unspent Funds for 2018-2019 Fiscal Year. – Any funds
17 allocated to the Department of Health and Human Services, Division of Mental Health,
18 Developmental Disabilities, and Substance Abuse Services, from the Dorothea Dix Hospital
19 Property Fund established under G.S. 143C-9-2(b1) pursuant to this section for the 2018-2019
20 fiscal year that are not expended or encumbered as of June 30, 2019, shall remain in the Dorothea
21 Dix Hospital Property Fund.

22 23 **ENSURE ENFORCEMENT OF TOBACCO LAWS/PREVENTION OF SALES TO** 24 **YOUTH**

25 **SECTION 11F.5.(a)** G.S. 143B-928 is amended by adding a new subsection to read:
26 "(d) Primary responsibility to enforce tobacco laws is under the jurisdiction of the Alcohol
27 Law Enforcement Branch to include underage tobacco enforcement."

28 **SECTION 11F.5.(b)** G.S. 18B-500(b) reads as rewritten:

29 "(b) Subject Matter Jurisdiction. – After taking the oath prescribed for a peace officer, an
30 alcohol law-enforcement agent shall have authority to arrest and take other investigatory and
31 enforcement actions for any criminal offense. The primary responsibility of an agent shall be
32 enforcement of the ~~ABC and lottery ABC, lottery, and tobacco~~ laws."

33 **SECTION 11F.5.(c)** Of the funds appropriated to the Department of Health and
34 Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse
35 Services, the sum of three hundred thousand dollars (\$300,000) in recurring funds for the
36 2018-2019 fiscal year shall be used to provide enforcement compliance checks, through the
37 designated statewide entity with jurisdiction (Alcohol Law Enforcement).

38 39 **SUBPART XI-G. DIVISION OF HEALTH SERVICE REGULATION [RESERVED]**

40 41 **SUBPART XI-H. DIVISION OF MEDICAL ASSISTANCE**

42 43 **MEDICAID EXPANSION**

44 **SECTION 11H.1.** Section 11H.1(b) of S.L. 2017-57 reads as rewritten:

45 "**SECTION 11H.1.(b)** For the following Medicaid eligibility classifications for which the
46 federal poverty guidelines are used as income limits for eligibility determinations, the income
47 limits will be updated each April 1 immediately following publication of federal poverty
48 guidelines. The Department of Health and Human Services, Division of Medical Assistance, shall
49 provide Medicaid coverage to the following:

50 ...

1 (6) All people who have incomes equal to or less than one hundred thirty-eight
2 percent (138%) of the federal poverty guidelines, effective January 1, 2019.

3 The Department of Health and Human Services, Division of Medical Assistance, shall also
4 provide family planning services to men and women of childbearing age with family incomes
5 equal to or less than one hundred ninety-five percent (195%) of the federal poverty guidelines
6 and without regard to resources."
7

8 **ACCOUNTING FOR MEDICAID RECEIVABLES AS NONTAX REVENUE**

9 **SECTION 11H.2.** Section 11H.5(b) of S.L. 2017-57 reads as rewritten:

10 "**SECTION 11H.5.(b)** For the 2017-2018 fiscal year, the Department of Health and Human
11 Services shall deposit from its revenues one hundred sixty-four million seven hundred thousand
12 dollars (\$164,700,000) with the Department of State Treasurer to be accounted for as nontax
13 revenue. For the 2018-2019 fiscal year, the Department of Health and Human Services shall
14 deposit from its revenues ~~one hundred forty nine million six hundred thousand dollars~~
15 ~~(\$149,600,000)~~ one hundred sixty-three million three hundred thousand dollars (\$163,300,000)
16 with the Department of State Treasurer to be accounted for as nontax revenue. These deposits
17 shall represent the return of General Fund appropriations, nonfederal revenue, fund balances, or
18 other resources from State-owned and State-operated hospitals that are used to provide indigent
19 and nonindigent care services. The return from State-owned and State-operated hospitals to
20 DHHS will be made from nonfederal resources in an amount equal to the amount of the payments
21 from the Division of Medical Assistance for uncompensated care. The treatment of any revenue
22 derived from federal programs shall be in accordance with the requirements specified in the Code
23 of Federal Regulations, Title 2, Part 225."
24

25 **ALIGNING MEDICAID EXPEDITED APPEALS PROCESS WITH FEDERAL LAW**

26 **SECTION 11H.3.** G.S. 108A-70.9A reads as rewritten:

27 "**§ 108A-70.9A. Appeals by Medicaid recipients.**

28 (a) Definitions. – The following definitions apply in this Part, unless the context clearly
29 requires otherwise.

30 (1) Adverse determination. A determination by the Department to deny,
31 terminate, suspend, or reduce a new or continuing Medicaid service or an
32 authorization for a Medicaid service. A denial of an expedited appeal request
33 under 42 C.F.R. § 431.22(b) is not an adverse determination.
34

34 ...

35 (d) Appeals. – Except as provided by this section and G.S. 108A-70.9B, a request for a
36 hearing to appeal an adverse determination of the Department under this section is a contested
37 case subject to the provisions of Article 3 of Chapter 150B of the General Statutes. The recipient
38 shall request a hearing within 30 days of the mailing of the notice required by subsection (c) of
39 this section by sending an appeal request form to OAH and the Department. Where a request for
40 hearing concerns the reduction, modification, or termination of Medicaid services, including the
41 failure to act upon a timely request for reauthorization with reasonable promptness, upon the
42 receipt of a timely appeal, the Department shall reinstate the services to the level or manner prior
43 to action by the Department as permitted by federal law or regulation. ~~The Department shall~~
44 ~~immediately forward a copy of the notice to OAH electronically.~~ The information contained in
45 the notice is confidential unless the recipient appeals. OAH may dispose of the records after one
46 year. The Department may not influence, limit, or interfere with the recipient's decision to request
47 a hearing.
48

48 ...

49 (e1) A recipient may request an expedited appeal under 42 C.F.R. § 413.224(b) by
50 requesting an expedited appeal on the appeal request form described in subsection (e) of this
51 section and by submitting the appeal request form with additional documentation, not duplicative

1 of the original service request, in support of the request for an expedited appeal. For expedited
2 appeal requests, the mediation procedure set forth in G.S. 108A-70.9B(c) shall not be applicable
3 unless the Department denies the request for an expedited hearing.

4"

5
6 **PROTECTING MEDICAID CASH FLOWS BY ALIGNING COST SETTLEMENT**
7 **RECOUPMENT PROCESS WITH FEDERAL LAW**

8 **SECTION 11H.4.(a)** G.S. 108C-2 is amended by adding a new subdivision to read:

9 **"§ 108C-2. Definitions.**

10 The following definitions apply in this Chapter:

11 ...

12 (12) Notice of Program Reimbursement. – The written notice reflecting the
13 Department's final determination of the total amount of reimbursement, if any,
14 due to either the provider or the Department following receipt of a provider's
15 annual Medicaid or Health Choice cost report, or amended Medicaid or Health
16 Choice cost report where permitted or required."

17 **SECTION 11H.4.(b)** Chapter 108C of the General Statutes is amended by adding a
18 new section to read:

19 **"§ 108C-15. Notice of Program Reimbursement as basis for recoupment of overpayments.**

20 Notwithstanding any other provisions of law, upon issuance of the Notice of Program
21 Reimbursement, the Department shall take immediate action to recoup the amount of
22 reimbursement owed by the provider to the Department. Recoupment shall be made
23 notwithstanding any request by the provider for a reconsideration review by the Department or a
24 contested case hearing under Chapter 150B of the General Statutes."

25
26 **SUBPART XI-I. DIVISION OF HEALTH BENEFITS**

27
28 **APPROPRIATION OF FEDERAL FUNDS FOR MEDICAID TRANSFORMATION**

29 **SECTION 11I.1.** Section 11I.1 of S.L. 2017-57 is repealed.

30
31 **SUBPART XI-J. MISCELLANEOUS [RESERVED]**

32
33 **SUBPART XI-K. DIVISION OF VOCATIONAL REHABILITATION, SERVICES FOR**
34 **THE BLIND, AND SERVICES FOR THE DEAF AND HARD OF HEARING**
35 **[RESERVED]**

36
37 **SUBPART XI-L. DHHS BLOCK GRANTS**

38
39 **DHHS BLOCK GRANTS**

40 **SECTION 11L.1.** Section 11L.1 of S.L. 2017-57 reads as rewritten:

41 **"DHHS BLOCK GRANTS**

42 **"SECTION 11L.1.(a)** Except as otherwise provided, appropriations from federal block grant
43 funds are made for each year of the fiscal biennium ending June 30, 2019, according to the
44 following schedule:

45
46 **TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF) FUNDS** **FY 2017-2018** **FY 2018-2019**

47
48
49 **Local Program Expenditures**

50
51 **Division of Social Services**

1			
2	01. Work First Family Assistance	\$49,479,444	\$49,479,444 <u>\$41,722,815</u>
3			
4	02. Work First County Block Grants	80,093,566	80,093,566
5			
6	03. Work First Electing Counties	2,378,213	2,378,213
7			
8	04. Adoption Services – Special Children		
9	Adoption Fund	2,026,877	2,026,877
10			
11	05. Child Protective Services – Child Welfare		
12	Workers for Local DSS	9,412,391	9,412,391 <u>10,912,391</u>
13			
14	06. Child Welfare Program Improvement Plan	775,176	775,176
15			
16	07. Child Welfare Collaborative	400,000	400,000
17			
18	08. Child Welfare Initiatives	1,400,000	1,400,000
19			
20	<u>08A. Evidence-Based Programs for Children</u>		
21	<u>and Families in Support of School Safety</u>		
22	<u>and Youth Mental Health Child Abuse and</u>		
23	<u>Child Abuse and Neglect Prevention Services</u>	<u>0</u>	<u>10,200,000</u>
24			
25			
26	Division of Child Development and Early Education		
27			
28	09. Subsidized Child Care Program	53,605,680	58,112,735 <u>34,184,030</u>
29			
30	10. NC Pre-K Services	6,000,000	12,200,000 <u>37,094,607</u>
31			
32	10A. Swap Child Care Subsidy	392,420	294,697
33			
34	Division of Public Health		
35			
36	11. Teen Pregnancy Prevention Initiatives	2,950,000	2,950,000
37			
38	<u>11A. SHIFT NC</u>	<u>0</u>	<u>500,000</u>
39			
40	DHHS Administration		
41			
42	12. Division of Social Services	2,482,260	2,482,260
43			
44	<u>12A. Division of Social Services – WIOA</u>	<u>0</u>	<u>93,216</u>
45			
46	13. Office of the Secretary	34,042	34,042
47			
48	14. Eligibility Systems – Operations and		
49	Maintenance	2,908,598	2,765,192
50			
51	15. NC FAST Implementation	48,495	875,264 <u>1,560,070</u>

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Transfers to Other Block Grants

Division of Child Development and Early Education

16. Transfer to the Child Care and Development Fund	71,773,001	71,773,001
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Division of Social Services

17. Transfer to Social Services Block Grant for Child Protective Services – Training	1,300,000	1,300,000
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18. Transfer to Social Services Block Grant for Child Protective Services	5,040,000	5,040,000
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19. Transfer to Social Services Block Grant for County Departments of Social Services for Children's Services	7,500,000	7,500,000 <u>13,097,783</u>
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20. Transfer to Social Services Block Grant – Foster Care Services	1,385,152	1,385,152
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TOTAL TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF) FUNDS	\$301,385,315	
	\$312,678,010 <u>\$324,463,088</u>	

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

Local Program Expenditures

Division of Child Development and Early Education

01. Subsidized Child Care	\$28,600,000	\$28,600,000 <u>\$25,036,470</u>
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02. Swap for Subsidized Child Care	3,304,255	0
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TOTAL TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF) EMERGENCY CONTINGENCY FUNDS	\$31,904,255	\$28,600,000 <u>\$25,036,470</u>
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SOCIAL SERVICES BLOCK GRANT

Local Program Expenditures

Divisions of Social Services and Aging and Adult Services

01. County Departments of Social Services (Transfer From TANF \$7,500,000 <u>\$13,097,783</u>)	\$32,971,498	\$33,003,632
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1			
2	02. EBCI Tribal Public Health and Human Services	244,740	244,740
3			
4	03. Child Protective Services		
5	(Transfer From TANF)	5,040,000	5,040,000
6			
7	04. State In-Home Services Fund	1,943,950	1,943,950
8			
9	05. Adult Protective Services	1,245,363	1,245,363 2,163,605
10			
11	06. State Adult Day Care Fund	1,994,084	1,994,084
12			
13	07. Child Protective Services/CPS		
14	Investigative Services – Child Medical		
15	Evaluation Program	901,868	901,868
16			
17	08. Special Children Adoption Incentive Fund	462,600	462,600
18			
19	09. Child Protective Services – Child		
20	Welfare Training for Counties		
21	(Transfer From TANF)	1,300,000	1,300,000
22			
23	10. Child Protective Services – Child		
24	Welfare Training for Counties	737,067	737,067
25			
26	11. Home and Community Care Block		
27	Grant (HCCBG)	1,696,888	1,696,888
28			
29	12. Child Advocacy Centers	582,000	582,000
30			
31	13. Guardianship – Division of Social Services	815,362	815,362
32			
33	14. Foster Care Services		
34	(Transfer From TANF)	1,385,152	1,385,152
35			
36	Division of Central Management and Support		
37			
38	15. DHHS Competitive Block Grants		
39	for Nonprofits	4,524,525	4,524,525
40			
41	Division of Mental Health, Developmental Disabilities, and Substance Abuse Services		
42			
43	16. Mental Health Services – Adult and		
44	Child/Developmental Disabilities Program/		
45	Substance Abuse Services – Adult	4,181,729	4,149,595
46			
47	DHHS Program Expenditures		
48			
49	Division of Services for the Blind		
50			
51	17. Independent Living Program	3,361,323	3,361,323 3,447,247

1			
2	Division of Health Service Regulation		
3			
4	18. Adult Care Licensure Program	381,087	381,087
5			
6	19. Mental Health Licensure and		
7	Certification Program	190,284	190,284
8			
9	Division of Aging and Adult Services		
10			
11	20. Guardianship	3,825,443	3,825,443
12			
13	DHHS Administration		
14			
15	21. Division of Aging and Adult Services	577,745	577,745
16			
17	22. Division of Social Services	634,680	634,680
18			
19	<u>22A. Division of Social Services – Adult</u>		
20	<u>Protective Services</u>	<u>0</u>	<u>81,758</u>
21			
22			
23	23. Office of the Secretary/Controller's Office	127,731	127,731
24			
25	24. Legislative Increases/Fringe Benefits	236,278	236,278
26			
27	25. Division of Child Development and		
28	Early Education	13,878	13,878
29			
30	26. Division of Mental Health, Developmental		
31	Disabilities, and Substance Abuse Services	27,446	27,446
32			
33	27. Division of Health Service Regulation	118,946	118,946
34			
35	TOTAL SOCIAL SERVICES BLOCK GRANT	\$69,521,667	\$69,521,667 <u>\$70,607,591</u>
36			
37	LOW-INCOME ENERGY ASSISTANCE BLOCK GRANT		
38			
39	Local Program Expenditures		
40			
41	Division of Social Services		
42			
43	01. Low-Income Energy Assistance		
44	Program (LIEAP)	\$36,402,610	\$35,419,272 <u>\$42,406,793</u>
45			
46	02. Crisis Intervention Program (CIP)	36,402,610	35,419,272 <u>42,406,793</u>
47			
48	Local Administration		
49			
50	Division of Social Services		
51			

1	03. County DSS Administration	5,978,512	<u>5,817,014</u>	<u>964,596</u>
2				
3	DHHS Administration			
4				
5	Division of Central Management and Support			
6				
7	04. Division of Social Services	10,000		10,000
8				
9	05. Office of the Secretary/DIRM	252,603		128,954
10				
11	06. Office of the Secretary/Controller's Office	18,378		18,378
12				
13	07. NC FAST Development	139,991	2,468,390	<u>2,287,188</u>
14				
15	08. NC FAST Operations and Maintenance	2,135,701		2,539,033
16				
17	Transfers to Other State Agencies			
18				
19	Department of Environmental Quality			
20				
21	09. Weatherization Program	10,716,043	40,426,573	<u>12,483,529</u>
22				
23	10. Heating Air Repair and Replacement Program (HARRP)	5,701,752	5,547,732	<u>6,642,190</u>
24				
25				
26	11. Local Residential Energy Efficiency Service Providers – Weatherization	439,982	428,097	<u>512,552</u>
27				
28				
29	12. Local Residential Energy Efficiency Service Providers – HARRP	234,105	227,781	<u>272,718</u>
30				
31				
32	13. DENR – Weatherization Administration	439,982	428,097	<u>512,552</u>
33				
34	14. DENR – HARRP Administration	234,105	227,781	<u>272,718</u>
35				
36	Department of Administration			
37				
38	15. N.C. Commission on Indian Affairs	87,736		87,736
39				
40	TOTAL LOW-INCOME ENERGY			
41	ASSISTANCE BLOCK GRANT	\$99,194,110	\$99,194,110	<u>\$117,545,730</u>
42				
43	CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT			
44				
45	Local Program Expenditures			
46				
47	Division of Child Development and Early Education			
48				
49	01. Child Care Services			
50	(Smart Start \$7,000,000)	\$152,923,849	\$152,416,794	<u>\$252,669,029</u>
51				

1	02. Transfer from TANF Block Grant		
2	for Child Care Subsidies	71,773,001	71,773,001
3			
4	03. Quality and Availability Initiatives		
5	(TEACH Program \$3,800,000)	45,761,678	45,761,678 <u>60,046,756</u>
6			
7	DHHS Administration		
8			
9	Division of Child Development and Early Education		
10			
11	04. DCDEE Administrative Expenses	9,042,159	8,929,324 <u>9,723,308</u>
12			
13	Division of Social Services		
14			
15	05. Local Subsidized Child Care		
16	Services Support	16,436,361	16,436,361 <u>18,750,761</u>
17			
18	06. Direct Deposit for Child Care Payments	505,100	505,100
19			
20	Division of Central Management and Support		
21			
22	07. NC FAST Development	24,237	427,865 <u>396,999</u>
23			
24	08. NC FAST Operations and Maintenance	2,758,389	2,581,225
25			
26	09. DHHS Central Administration – DIRM		
27	Technical Services	645,162	645,162
28			
29	10. Central Regional Maintenance	287,854	287,854
30			
31	11. DHHS Central Administration	7,346	7,346 <u>500,000</u>
32			
33	Division of Public Health		
34			
35	12. Child Care Health Consultation Contracts	62,205	62,205
36			
37	TOTAL CHILD CARE AND DEVELOPMENT		
38	FUND BLOCK		
39	GRANT \$300,227,341	\$299,833,915 <u>\$417,941,400</u>	
40			
41	MENTAL HEALTH SERVICES BLOCK GRANT		
42			
43	Local Program Expenditures		
44			
45	01. Mental Health Services – Child	\$3,619,833	\$3,619,833 <u>\$4,884,116</u>
46			
47	02. Mental Health Services – Adult/Child	10,967,792	10,967,792 <u>13,172,084</u>
48			
49	03. Crisis Solutions Initiative – Critical		
50	Time Intervention	750,000	750,000 <u>0</u>
51			

1	04. Mental Health Services – First		
2	Psychotic Symptom Treatment	1,430,851	1,430,851 <u>2,302,929</u>
3			
4	<u>04A. Training to Increase School Safety</u>	<u>0</u>	<u>2,659,600</u>
5			
6	DHHS Administration		
7			
8	Division of Mental Health, Developmental Disabilities, and Substance Abuse Services		
9			
10	05. Administration	200,000	200,000
11			
12	TOTAL MENTAL HEALTH SERVICES		
13	BLOCK GRANT	\$16,968,476	\$16,968,476 <u>\$23,218,729</u>
14			
15	SUBSTANCE ABUSE PREVENTION AND TREATMENT BLOCK GRANT		
16			
17	Local Program Expenditures		
18			
19	Division of Mental Health, Developmental Disabilities, and Substance Abuse Services		
20			
21	01. Substance Abuse – HIV and IV Drug	\$3,919,723	\$3,919,723
22			
23	02. Substance Abuse Prevention	8,998,382	8,998,382
24			
25	03. Substance Abuse Services – Treatment for		
26	Children/Adults (Medication-Assisted		
27	Opioid Use Disorder Treatment Pilot		
28	Program \$500,000; First Step Farm of		
29	WNC, Inc. \$100,000)	27,722,717	27,621,286 <u>30,285,676</u>
30			
31	04. Crisis Solutions Initiatives – Walk-In		
32	Crisis Centers	420,000	420,000 <u>0</u>
33			
34	05. Crisis Solutions Initiatives – Collegiate		
35	Wellness/Addiction Recovery	1,085,000	1,085,000
36			
37	06. Crisis Solutions Initiatives – Community		
38	Paramedic Mobile Crisis Management	60,000	60,000
39			
40	07. Crisis Solutions Initiatives – Innovative		
41	Technologies	41,000	41,000 <u>0</u>
42			
43	<u>07A. Crisis Solutions Initiatives – Veteran's Crisis</u>	<u>0</u>	<u>250,000</u>
44			
45	DHHS Program Expenditures		
46			
47	Division of Central Management and Support		
48			
49	08. Competitive Block Grant	1,600,000	1,600,000
50			
51	DHHS Administration		

1
2 **Division of Mental Health, Developmental Disabilities, and Substance Abuse Services**

3
4 09. Administration 454,000 454,000 1,200,426

5
6 10. Controlled Substance Reporting System
7 Enhancement 326,224 427,655

8
9 **Division of Public Health**

10
11 11. HIV Testing for Individuals in Substance
12 Abuse Treatment 965,949 965,949 241,488

13
14 **Transfers to Other State Agencies**

15
16 **Department of Military and Veterans Affairs**

17
18 12. Crisis Solutions Initiative – Veteran's Crisis 250,000 250,000

19
20 **TOTAL SUBSTANCE ABUSE PREVENTION
21 AND TREATMENT BLOCK GRANT**

22
23 **\$45,842,995 \$45,842,995** \$48,068,350

24
25 **MATERNAL AND CHILD HEALTH BLOCK GRANT**

26
27 **Local Program Expenditures**

28
29 **Division of Public Health**

30 01. Women and Children's Health Services
31 (Safe Sleep Campaign \$45,000; Sickle Cell
32 Centers \$100,000; Prevent Blindness \$575,000;
33 March of Dimes \$350,000; Teen Pregnancy
34 Prevention Initiatives \$650,000;
35 17P Project \$52,000; Nurse-Family
36 Partnership \$550,000; Carolina Pregnancy
37 Care Fellowship \$400,000; Perinatal & Neonatal
38 Outreach Coordinator Contracts \$440,000) \$11,802,435 \$11,802,435 \$12,232,974

39 02. Oral Health 48,227 48,227

40
41 03. Evidence-Based Programs in Counties
42 With Highest Infant Mortality Rates 1,575,000 1,575,000

43
44 03A. Every Week Counts 2,200,000 2,200,000

45
46 **DHHS Program Expenditures**

47
48 04. Children's Health Services 1,427,323 1,427,323 1,593,084

49
50 05. Women's Health – Maternal Health 169,864 169,864 229,574

1	06. Women and Children's Health – Perinatal		
2	Strategic Plan Support Position	68,245	68,245
3			
4	07. State Center for Health Statistics	158,583	158,583
5			
6	08. Health Promotion – Injury and		
7	Violence Prevention	87,271	87,271
8			
9	DHHS Administration		
10			
11	09. Division of Public Health Administration	552,571	552,571
12			
13	TOTAL MATERNAL AND CHILD		
14	HEALTH BLOCK GRANT	\$18,089,519	\$18,089,519 <u>\$18,745,529</u>
15			
16	PREVENTIVE HEALTH SERVICES BLOCK GRANT		
17			
18	Local Program Expenditures		
19			
20	01. Physical Activity and Prevention	\$3,545,093	\$3,545,093
21			
22	02. Injury and Violence Prevention		
23	(Services to Rape Victims – Set-Aside)	180,778	180,778
24			
25	DHHS Program Expenditures		
26			
27	Division of Public Health		
28			
29	03. HIV/STD Prevention and		
30	Community Planning	145,819	145,819
31			
32	04. Oral Health Preventive Services	451,809	451,809
33			
34	05. Laboratory Services – Testing,		
35	Training, and Consultation	21,012	21,012
36			
37	06. Injury and Violence Prevention		
38	(Services to Rape Victims – Set-Aside)	192,315	192,315
39			
40	07. State Laboratory Services – Testing,		
41	Training, and Consultation	199,634	199,634
42			
43	08. Performance Improvement and		
44	Accountability	1,104,455	1,104,455
45			
46	09. State Center for Health Statistics	107,291	107,291
47			
48	DHHS Administration		
49			
50	Division of Public Health		
51			

1	10. Division of Public Health	172,820	172,820
2			
3	TOTAL PREVENTIVE HEALTH		
4	SERVICES BLOCK GRANT	\$6,121,026	\$6,121,026
5			
6	COMMUNITY SERVICES BLOCK GRANT		
7			
8	01. Community Action Agencies	\$24,187,142	\$24,187,142 \$17,196,466
9			
10	02. Limited Purpose Agencies	1,343,730	1,343,730 1,780,434
11			
12	03. Office of Economic Opportunity	1,343,730	1,343,730 801,021
13			
14	<u>03A. Office of Economic Opportunity –</u>		
15	<u>Allocation of One-Stop Center Infrastructure</u>	<u>0</u>	<u>60,000</u>
16			
17	TOTAL COMMUNITY SERVICES		
18	BLOCK GRANT	\$26,874,602	\$26,874,602 \$19,837,921
19			

"GENERAL PROVISIONS

"SECTION 11L.1.(b) Information to Be Included in Block Grant Plans. – The Department of Health and Human Services shall submit a separate plan for each Block Grant received and administered by the Department, and each plan shall include the following:

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

"SECTION 11L.1.(c) Changes in Federal Fund Availability. – If the Congress of the United States increases the federal fund availability for any of the Block Grants or contingency funds and other grants related to existing Block Grants administered by the Department of Health and Human Services from the amounts appropriated in this section, the Department shall allocate the increase proportionally across the program and activity appropriations identified for that Block Grant in this section. In allocating an increase in federal fund availability, the Office of State Budget and Management shall not approve funding for new programs or activities not appropriated in this section.

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

Notwithstanding the provisions of this subsection, for fiscal years 2017-2018 and 2018-2019, increases in the federal fund availability for the Temporary Assistance to Needy Families (TANF) Block Grant shall be used only for the North Carolina Child Care Subsidy program to pay for child care in four- or five-star rated facilities for four-year-old children and shall not be used to supplant State funds.

1 Prior to allocating the change in federal fund availability, the proposed allocation must be
2 approved by the Office of State Budget and Management. If the Department adjusts the allocation
3 of any Block Grant due to changes in federal fund availability, then a report shall be made to the
4 Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research
5 Division.

6 **"SECTION 11L.1.(d)** Except as otherwise provided, appropriations from federal Block
7 Grant funds are made for each year of the fiscal biennium ending June 30, 2019, according to the
8 schedule enacted for State fiscal years 2017-2018 and 2018-2019 or until a new schedule is
9 enacted by the General Assembly.

10 **"SECTION 11L.1.(e)** All changes to the budgeted allocations to the Block Grants or
11 contingency funds and other grants related to existing Block Grants administered by the
12 Department of Health and Human Services that are not specifically addressed in this section shall
13 be approved by the Office of State Budget and Management, and the Office of State Budget and
14 Management shall consult with the Joint Legislative Oversight Committee on Health and Human
15 Services for review prior to implementing the changes. The report shall include an itemized
16 listing of affected programs, including associated changes in budgeted allocations. All changes
17 to the budgeted allocations to the Block Grants shall be reported immediately to the Joint
18 Legislative Oversight Committee on Health and Human Services and the Fiscal Research
19 Division. This subsection does not apply to Block Grant changes caused by legislative salary
20 increases and benefit adjustments.

21 **"SECTION 11L.1.(f)** Except as otherwise provided, the Department of Health and Human
22 Services shall have flexibility to transfer funding between the Temporary Assistance for Needy
23 Families (TANF) Block Grant and the TANF Emergency Contingency Funds Block Grant so
24 long as the total allocation for the line items within those block grants remains the same.
25

26 **"TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF) FUNDS**

27 **"SECTION 11L.1.(g)** The sum of eighty million ninety-three thousand five hundred
28 sixty-six dollars (\$80,093,566) for each year of the 2017-2019 fiscal biennium appropriated in
29 this section in TANF funds to the Department of Health and Human Services, Division of Social
30 Services, shall be used for Work First County Block Grants. The Division shall certify these
31 funds in the appropriate State-level services based on prior year actual expenditures. The Division
32 has the authority to realign the authorized budget for these funds among the State-level services
33 based on current year actual expenditures. The Division shall also have the authority to realign
34 appropriated funds from Work First Family Assistance for electing counties to the Work First
35 County Block Grant for electing counties based on current year expenditures so long as the
36 electing counties meet Maintenance of Effort requirements.

37 **"SECTION 11L.1.(h)** The sum of nine million four hundred twelve thousand three hundred
38 ninety-one dollars (\$9,412,391) for the 2017-2018 fiscal year and the sum of ten million nine
39 hundred twelve thousand three hundred ninety-one (\$10,912,391) for the 2018-2019 fiscal year
40 appropriated in this section to the Department of Health and Human Services, Division of Social
41 Services, in TANF funds for each fiscal year of the 2017-2019 fiscal biennium for child welfare
42 improvements shall be allocated to the county departments of social services for hiring or
43 contracting staff to investigate and provide services in Child Protective Services cases; to provide
44 foster care and support services; to recruit, train, license, and support prospective foster and
45 adoptive families; and to provide interstate and post-adoption services for eligible families.

46 Counties shall maintain their level of expenditures in local funds for Child Protective Services
47 workers. Of the Block Grant funds appropriated for Child Protective Services workers, the total
48 expenditures from State and local funds for fiscal years 2017-2018 and 2018-2019 shall not be
49 less than the total expended from State and local funds for the 2012-2013 fiscal year.

50 **"SECTION 11L.1.(i)** The sum of two million twenty-six thousand eight hundred
51 seventy-seven dollars (\$2,026,877) appropriated in this section in TANF funds to the Department

1 of Health and Human Services, Special Children Adoption Fund, for each fiscal year of the
2 2017-2019 fiscal biennium shall be used in accordance with G.S. 108A-50.2. The Division of
3 Social Services, in consultation with the North Carolina Association of County Directors of
4 Social Services and representatives of licensed private adoption agencies, shall develop
5 guidelines for the awarding of funds to licensed public and private adoption agencies upon the
6 adoption of children described in G.S. 108A-50 and in foster care. Payments received from the
7 Special Children Adoption Fund by participating agencies shall be used exclusively to enhance
8 the adoption services program. No local match shall be required as a condition for receipt of these
9 funds.

10 **"SECTION 11L.1.(j)** The sum of one million four hundred thousand dollars (\$1,400,000)
11 appropriated in this section in TANF funds to the Department of Health and Human Services,
12 Division of Social Services, for each fiscal year of the 2017-2019 fiscal biennium shall be used
13 for child welfare initiatives to (i) enhance the skills of social workers to improve the outcomes
14 for families and children involved in child welfare and (ii) enhance the provision of services to
15 families in their homes in the least restrictive setting.

16 **"SECTION 11L.1.(j1)** The sum of ten million two hundred thousand dollars (\$10,200,000)
17 appropriated in this section in TANF funds to the Department of Health and Human Services,
18 Division of Social Services, for the 2018-2019 fiscal year shall be used to implement and provide
19 options for evidenced-based home visiting programs, including, but not limited to, Child First,
20 Family Connects, as well as, other early childhood mental health interventions to address child
21 abuse and neglect prevention necessary to affect school safety and youth mental health. As a part
22 of this continuum, TANF will be used to implement Community Response Programs in 100
23 counties over the course of the next three years. The Strengthening Families Framework is an
24 intentional focus on family development and optimal child development that identifies five
25 protective factors that are relevant for the continuum of child welfare services:

- 26 (1) Parental resilience.
- 27 (2) Social connections.
- 28 (3) Knowledge of parenting and child development.
- 29 (4) Concrete support in times of need.
- 30 (5) Children's social and emotional development.

31 The North Carolina Community Response Program will support cross-agency collaborative,
32 community-based initiatives to provide outreach, support, and services to individuals and
33 families identified as being at risk of compromised health and safety to eliminate or reduce those
34 risks by promoting protective factors that strengthen and support families.

35 **"SECTION 11L.1.(j2)** The sum of five hundred thousand dollars (\$500,000) appropriated
36 in this section in TANF funds to the Department of Health and Human Services, Division of
37 Public Health, for the 2018-2019 fiscal year shall provide funding to SHIFT NC (statewide
38 nonprofit in North Carolina working to improve adolescent and young adult health) to continue
39 their efforts with eight continuing and up to three new local Departments of Social
40 Services/LINKS programs to implement teen pregnancy prevention, evidence-based curricula
41 with youth in foster care. SHIFT NC has worked with DSS/LINKS using this model since 2015,
42 with strong outcomes related to abstinence, pregnancy prevention, and increased connections to
43 health care and social support. SHIFT NC will provide ongoing training and technical assistance
44 to help local agencies use trauma-informed, evidence-based, and sustainable programming for
45 teen pregnancy prevention with this vulnerable population of youth.

46 **"SOCIAL SERVICES BLOCK GRANT**

47 **"SECTION 11L.1.(k)** The sum of thirty-two million nine hundred seventy-one thousand
48 four hundred ninety-eight dollars (\$32,971,498) for the 2017-2018 fiscal year and the sum of
49 thirty-three million three thousand six hundred thirty-two dollars (\$33,003,632) for the
50 2018-2019 fiscal year appropriated in this section in the Social Services Block Grant to the
51

1 Department of Health and Human Services, Division of Social Services, shall be used for county
2 block grants. The Division shall certify these funds in the appropriate State-level services based
3 on prior year actual expenditures. The Division has the authority to realign the authorized budget
4 for these funds, as well as State Social Services Block Grant funds, among the State-level services
5 based on current year actual expenditures.

6 Of the funds appropriated in this subsection for each year of the 2017-2019 fiscal biennium
7 for county block grants, three million dollars (\$3,000,000) shall be used to assist counties in the
8 implementation of Project 4, Child Services, in North Carolina Families Accessing Services
9 Through Technology (NC FAST). These funds shall be available in each fiscal year of the fiscal
10 biennium for this purpose.

11 **"SECTION 11L.1.(j)** The sum of one million three hundred thousand dollars (\$1,300,000)
12 appropriated in this section in the Social Services Block Grant to the Department of Health and
13 Human Services, Division of Social Services, for each fiscal year of the 2017-2019 fiscal
14 biennium shall be used to support various child welfare training projects as follows:

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

18 **"SECTION 11L.1.(m)** The Department of Health and Human Services is authorized, subject
19 to the approval of the Office of State Budget and Management, to transfer Social Services Block
20 Grant funding allocated for departmental administration between divisions that have received
21 administrative allocations from the Social Services Block Grant.

22 **"SECTION 11L.1.(n)** Social Services Block Grant funds appropriated for the Special
23 Children Adoption Incentive Fund shall require a fifty percent (50%) local match.

24 **"SECTION 11L.1.(o)** The sum of five million forty thousand dollars (\$5,040,000)
25 appropriated in this section in the Social Services Block Grant for each fiscal year of the
26 2017-2019 fiscal biennium shall be allocated to the Department of Health and Human Services,
27 Division of Social Services. The Division shall allocate these funds to local departments of social
28 services to replace the loss of Child Protective Services State funds that are currently used by
29 county governments to pay for Child Protective Services staff at the local level. These funds shall
30 be used to maintain the number of Child Protective Services workers throughout the State. These
31 Social Services Block Grant funds shall be used to pay for salaries and related expenses only and
32 are exempt from 10A NCAC 71R .0201(3) requiring a local match of twenty-five percent (25%).

33 **"SECTION 11L.1.(p)** The sum of four million five hundred twenty-four thousand five
34 hundred twenty-five dollars (\$4,524,525) for each year of the 2017-2019 fiscal biennium
35 appropriated in this section in the Social Services Block Grant to the Department of Health and
36 Human Services (DHHS), Division of Central Management and Support, shall be used for DHHS
37 competitive block grants pursuant to Section 11A.14 of this act. These funds are exempt from
38 the provisions of 10A NCAC 71R .0201(3).

39 **"SECTION 11L.1.(q)** The sum of five hundred eighty-two thousand dollars (\$582,000)
40 appropriated in this section in the Social Services Block Grant for each fiscal year of the
41 2017-2019 fiscal biennium to the Department of Health and Human Services, Division of Social
42 Services, shall be used to continue support for the Child Advocacy Centers, and the funds are
43 exempt from the provisions of 10A NCAC 71R .0201(3).

44 **"SECTION 11L.1.(r)** The sum of three million eight hundred twenty-five thousand four
45 hundred forty-three dollars (\$3,825,443) for each fiscal year of the 2017-2019 fiscal biennium
46 appropriated in this section in the Social Services Block Grant to the Department of Health and
47 Human Services, Divisions of Social Services and Aging and Adult Services, shall be used for
48 guardianship services pursuant to Chapter 35A of the General Statutes. The Department may
49 expend funds appropriated in this section to support existing corporate guardianship contracts
50 during the 2017-2018 and 2018-2019 fiscal years.

1 "SECTION 11L.1.(s) The sum of seven hundred thirty-seven thousand sixty-seven dollars
2 (\$737,067) appropriated in this section in the Social Services Block Grant for each fiscal year of
3 the 2017-2019 fiscal biennium shall be allocated to the Department of Health and Human
4 Services, Division of Social Services. These funds shall be used to assist with training needs for
5 county child welfare training staff and shall not be used to supplant any other source of funding
6 for staff. County departments of social services are exempt from 10A NCAC 71R .0201(3)
7 requiring a local match of twenty-five percent (25%).

8 "SECTION 11L.1.(s1) The sum of eighty-one thousand seven hundred fifty-eight dollars
9 (\$81,758) appropriated in this section from the Social Services Block Grant to the Department
10 of Health and Human Services, Divisions of Social Services and Aging and Adult Services, for
11 the 2018-2019 fiscal year shall be used to establish a State-level position to support oversight
12 and monitoring of expanded Adult Protective Services (APS) to local departments of Social
13 Services. These Social Services Block Grant funds shall be used to pay for salary and related
14 expenses only and are exempt from 10A NCAC 71R .0201(3) requiring a local match of
15 twenty-five percent (25%).

16 17 "LOW-INCOME ENERGY ASSISTANCE BLOCK GRANT

18 "SECTION 11L.1.(t) Additional emergency contingency funds received may be allocated
19 for Energy Assistance Payments or Crisis Intervention Payments without prior consultation with
20 the Joint Legislative Oversight Committee on Health and Human Services. Additional funds
21 received shall be reported to the Joint Legislative Oversight Committee on Health and Human
22 Services and the Fiscal Research Division upon notification of the award. The Department of
23 Health and Human Services shall not allocate funds for any activities, including increasing
24 administration, other than assistance payments, without prior consultation with the Joint
25 Legislative Oversight Committee on Health and Human Services.

26 "SECTION 11L.1.(u) The sum of thirty-six million four hundred two thousand six hundred
27 ten dollars (\$36,402,610) for the 2017-2018 fiscal year and the sum of ~~thirty-five million four~~
28 ~~hundred nineteen thousand two hundred seventy-two dollars (\$35,419,272)~~ forty-two million
29 four hundred six thousand seven hundred ninety-three dollars (\$42,406,793) for the 2018-2019
30 fiscal year appropriated in this section in the Low-Income Energy Assistance Block Grant to the
31 Department of Health and Human Services, Division of Social Services, shall be used for Energy
32 Assistance Payments for the households of (i) elderly persons age 60 and above with income up
33 to one hundred thirty percent (130%) of the federal poverty level and (ii) disabled persons eligible
34 for services funded through the Division of Aging and Adult Services.

35 County departments of social services shall submit to the Division of Social Services an
36 outreach plan for targeting households with 60-year-old household members no later than August
37 1 of each year. The outreach plan shall comply with the following:

- 38 (1) Ensure that eligible households are made aware of the available assistance,
39 with particular attention paid to the elderly population age 60 and above and
40 disabled persons receiving services through the Division of Aging and Adult
41 Services.
- 42 (2) Include efforts by the county department of social services to contact other
43 State and local governmental entities and community-based organizations to
44 (i) offer the opportunity to provide outreach and (ii) receive applications for
45 energy assistance.
- 46 (3) Be approved by the local board of social services or human services board
47 prior to submission.

48 49 "CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT

1 "SECTION 11L.1.(v) Payment for subsidized child care services provided with federal
2 TANF funds shall comply with all regulations and policies issued by the Division of Child
3 Development and Early Education for the subsidized child care program.

4 "SECTION 11L.1.(w) If funds appropriated through the Child Care and Development Fund
5 Block Grant for any program cannot be obligated or spent in that program within the obligation
6 or liquidation periods allowed by the federal grants, the Department may move funds to child
7 care subsidies, unless otherwise prohibited by federal requirements of the grant, in order to use
8 the federal funds fully.

9 10 "MENTAL HEALTH SERVICES BLOCK GRANT

11 "SECTION 11L.1.(x) The sum of one million four hundred thirty thousand eight hundred
12 fifty-one dollars (\$1,430,851) for the 2017-2018 fiscal year and the sum of two million three
13 hundred two thousand nine hundred twenty-nine dollars (\$2,302,929) for the 2018-2019 fiscal
14 year appropriated in this section in the Mental Health Services Block Grant to the Department of
15 Health and Human Services, Division of Mental Health, Developmental Disabilities, and
16 Substance Abuse Services, ~~for each fiscal year of the 2017-2019 fiscal biennium~~ is allocated for
17 Mental Health Services – First Psychotic Symptom Treatment. The Division shall report on (i)
18 the specific evidence-based treatment and services provided, (ii) the number of persons treated,
19 and (iii) the measured outcomes or impact on the participants served. The Division shall report
20 to the House of Representatives Appropriations Committee on Health and Human Services, the
21 Senate Appropriations Committee on Health and Human Services, and the Fiscal Research
22 Division no later than December 31 of each year.

23 "SECTION 11L.1.(x1) The sum of two million six hundred fifty-nine thousand six hundred
24 dollars (\$2,659,600) appropriated in this section in the Mental Health Services Block Grant to
25 the Department of Health and Human Services, Division of Mental Health, Developmental
26 Disabilities, and Substance Abuse Services, is allocated to support evidenced-based training
27 programs and initiatives for school personnel, mental health clinicians, and practitioners to
28 improve school safety and youth mental health.

29 30 "SUBSTANCE ABUSE PREVENTION AND TREATMENT BLOCK GRANT

31 "SECTION 11L.1.(y) The sum of two hundred fifty thousand dollars (\$250,000)
32 appropriated in this section in the Substance Abuse Prevention and Treatment Block Grant to the
33 Department of Health and Human Services, Division of Mental Health, Developmental
34 Disabilities, and Substance Abuse Services, for each fiscal year of the 2017-2019 fiscal biennium
35 shall be allocated to the Department of Military and Veterans Affairs, for the call-in center
36 established to assist veterans in locating service benefits and crisis services. The call-in center
37 shall be staffed by certified veteran peers within the Department of Military and Veterans Affairs
38 and trained by the Division of Mental Health, Developmental Disabilities, and Substance Abuse
39 Services.

40 "SECTION 11L.1.(z) The sum of five hundred thousand dollars (\$500,000) allocated in this
41 section in the Substance Abuse Prevention and Treatment Block Grant to the Department of
42 Health and Human Services, Division of Mental Health, Developmental Disabilities, and
43 Substance Abuse Services, for each fiscal year of the 2017-2019 fiscal biennium shall be used
44 for a medication-assisted opioid use disorder treatment pilot program.

45 46 "MATERNAL AND CHILD HEALTH BLOCK GRANT

47 "SECTION 11L.1.(aa) If federal funds are received under the Maternal and Child Health
48 Block Grant for abstinence education, pursuant to section 912 of Public Law 104-193 (42 U.S.C.
49 § 710), for the 2017-2018 fiscal year or the 2018-2019 fiscal year, then those funds shall be
50 transferred to the State Board of Education to be administered by the Department of Public
51 Instruction. The Department of Public Instruction shall use the funds to establish an abstinence

1 until marriage education program and shall delegate to one or more persons the responsibility of
2 implementing the program and G.S. 115C-81(e1)(4) and (4a). The Department of Public
3 Instruction shall carefully and strictly follow federal guidelines in implementing and
4 administering the abstinence education grant funds.

5 **"SECTION 11L.1.(bb)** The sum of one million five hundred seventy-five thousand dollars
6 (\$1,575,000) appropriated in this section in the Maternal and Child Health Block Grant to the
7 Department of Health and Human Services, Division of Public Health, for each fiscal year of the
8 2017-2019 fiscal biennium shall be used for evidence-based programs in counties with the
9 highest infant mortality rates. The Division shall report on (i) the counties selected to receive the
10 allocation, (ii) the specific evidence-based services provided, (iii) the number of women served,
11 and (iv) any impact on the counties' infant mortality rate. The Division shall report its findings
12 to the House of Representatives Appropriations Committee on Health and Human Services, the
13 Senate Appropriations Committee on Health and Human Services, and the Fiscal Research
14 Division no later than December 31 of each year.

15 **"SECTION 11L.1.(cc)** No more than fifteen percent (15%) of the funds provided in this
16 section in the Maternal and Child Health Block Grant to Carolina Pregnancy Care Fellowship
17 shall be used for administrative purposes. The balance of those funds shall be used for direct
18 services.

19 **"SECTION 11L.1.(dd)** The sum of sixty-eight thousand two hundred forty-five dollars
20 (\$68,245) allocated in this section in the Maternal and Child Health Block Grant to the
21 Department of Health and Human Services, Division of Public Health, Women and Children's
22 Health Section, for each fiscal year of the 2017-2019 fiscal biennium shall not be used to supplant
23 existing State or federal funds. This allocation shall be used for a Public Health Program
24 Consultant position assigned full-time to manage the North Carolina Perinatal Health Strategic
25 Plan and provide staff support for the stakeholder work group.

26 **"SECTION 11L.1.(ee)** The sum of one hundred thousand dollars (\$100,000) allocated in
27 this section in the Maternal and Child Health Block Grant to the Department of Health and
28 Human Services, Division of Public Health, for each year of the 2017-2019 fiscal biennium for
29 community-based sickle cell centers shall not be used to supplant existing State or federal funds."
30

31 **PART XII. DEPARTMENT OF AGRICULTURE AND CONSUMER SERVICES** 32 **[RESERVED]**

33 **PART XIII. DEPARTMENT OF ENVIRONMENTAL QUALITY**

34 **COMBUSTION RESIDUALS SURFACE IMPOUNDMENTS REGULATORY FEE**

35 **SECTION 13.1.** G.S. 62-302.1(b) reads as rewritten:

36 **"(b)** Rate. – The combustion residuals surface impoundment fee shall be ~~twenty-two~~
37 ~~thousandths of one percent (0.022%)~~ three-hundredths of one percent (0.03%) of the North
38 ~~Carolina jurisdictional revenues of each public utility with a coal combustion residuals surface~~
39 ~~impoundment. For the purposes of this section, the term "North Carolina jurisdictional revenues"~~
40 ~~has the same meaning as in G.S. 62-302."~~
41
42
43

44 **SHALLOW DRAFT NAVIGATION CHANNEL DREDGING AND AQUATIC WEED** 45 **FUND**

46 **SECTION 13.2.** G.S. 143-215.73F(b)(2) reads as rewritten:

47 **"(2)** For aquatic weed control projects in waters of the State under Article 15 of
48 Chapter 113A of the General Statutes. Funding for aquatic weed control
49 projects is limited to ~~five hundred thousand dollars (\$500,000)~~ one million
50 dollars (\$1,000,000) in each fiscal year."
51

ANNUAL MINE OPERATING FEE/DUE DATE CHANGE

SECTION 13.3. G.S. 74-55 reads as rewritten:

"§ 74-55. Reclamation report.

(a) By July 1 of each year, the operator shall file a report of activities completed during the preceding year on a form prescribed by the Department, which includes all of the following:

- (1) Identify the mine, the operator and the permit number.
- (2) State acreage disturbed by mining in the last 12-month period.
- (3) State and describe amount and type of reclamation carried out in the last 12-month period.
- (4) Estimate acreage to be newly disturbed by mining in the next 12-month period.
- (5) Provide such maps as may be specifically requested by the Department.
- (6) Include the annual operating fee pursuant to G.S. 74-54.1(a1).

(b) When filing the annual report, the permittee shall pay the annual operating fee for the permit to the Department by September 1 of each year until the permit has been terminated by the Department. The Department may assess and collect a monthly penalty for each annual report or annual operating fee not filed by ~~July 31~~ September 30 of each year until the annual report and annual operating fee are filed with the Department. If the required annual report and operating fee, including any late payment penalties, are not filed by ~~December 31~~ February 28 of each year, the Department shall give written notice to the operator and shall then initiate permit revocation proceedings in accordance with G.S. 74-58."

SUBPART XIII-A. WILDLIFE RESOURCES COMMISSION [RESERVED]**PART XIV. DEPARTMENT OF NATURAL AND CULTURAL RESOURCES****ESTABLISH STATE PARKS FUNDS AS A SPECIAL REVENUE FUND**

SECTION 14.1. Article 2 of Chapter 143B of the General Statutes is amended by adding a new section to read:

"§ 143B-135.204. Establish State Parks Fund as a special revenue fund.

(a) Fund. – The State Parks Fund is hereby created as a special revenue fund. The State Parks Fund shall be used for the following types of projects with respect to the State Parks System:

- (1) Repair, renovation, maintenance, and educational exhibit construction. Funds used for repair, renovation, and expansion projects may be transferred to a capital projects fund to account for use of the funds for each project.
- (2) Preservation, development, and expansion of an individual park, State recreational area, State natural area, State lake, State river, or State trail.
- (3) The acquisition, maintenance, or replacement of vehicles and other transportation equipment as required to maintain adequate service to the public.
- (4) Matching of private funds that are raised for these purposes.
- (5) Marketing of the State parks.

(b) Disposition of Receipts. – All receipts derived from the lease or rental of property or facilities; disposition of structures or products of the land; private donations; and camping, activity, and service fees collected shall be credited to the Division of Parks and Recreation's General Fund operating budget. At the end of each fiscal year, the Secretary may transfer from the Division of Parks and Recreation's General Fund operating budget to the State Parks Fund an amount not to exceed the sum of two million dollars (\$2,000,000) and any donations, gifts, grants, and devises received by the Division of Parks and Recreation.

1 (c) Approval. – The Secretary may approve the use of the State Parks Fund for repair and
2 renovation projects at the Division of Parks and Recreation that comply with the following:

3 (1) The total project cost is less than five hundred thousand dollars (\$500,000).

4 (2) The project meets the requirements of G.S. 143C-4-3(b).

5 (d) Report. – The Department shall submit to the Joint Legislative Oversight Committee
6 on Agriculture and Natural and Economic Resources and the Fiscal Research Division by
7 September 30 of each year a report on the State Parks Fund that shall include the source and
8 amounts of all funds credited to the Fund and the purpose and amounts of all expenditures from
9 the Fund during the prior fiscal year."

11 **ADD DNCR TO CRIMINAL JUSTICE TRAINING AND STANDARDS ACT**

12 **SECTION 14.2.** G.S. 143-166.13(a) is amended by adding a new subdivision to
13 read:

14 "(a) The following persons who are subject to the Criminal Justice Training and Standards
15 Act are entitled to benefits under this Article:

16 ...

17 (21) Sworn State Law-Enforcement Officers with the power of arrest, Department
18 of Natural and Cultural Resources."

20 **ADD MARKETING PROJECTS TO THE NORTH CAROLINA ZOO FUND**

21 **SECTION 14.3.** G.S. 143B-135.209(a) is amended by adding a new subdivision to
22 read:

23 "(a) Fund. – The North Carolina Zoo Fund is created as a special fund. The North Carolina
24 Zoo Fund shall be used for the following types of projects at the North Carolina Zoological Park
25 and to match private funds raised for these types of projects:

26 (1) Repair, renovation, expansion, maintenance, and educational exhibit
27 construction.

28 (2) Renovations of exhibits in habitat clusters, visitor services facilities, and
29 support facilities (including greenhouses and temporary animal holding
30 areas).

31 (3) The acquisition, maintenance, or replacement of tram equipment as required
32 to maintain adequate service to the public.

33 (4) Marketing the zoo."

35 **CLARIFY AND EXTEND HISTORIC PRESERVATION TAX CREDIT**

36 **SECTION 14.4.(a)** G.S. 105-129.106(b) reads as rewritten:

37 "(b) Limitations. – The amount of credit allowed under this section with respect to
38 rehabilitation expenses for a non-income-producing certified historic structure may not exceed
39 twenty-two thousand five hundred dollars (\$22,500) per discrete property parcel. In the event
40 that the taxpayer is the transferee of a State-certified historic structure for which rehabilitation
41 expenses were made, the taxpayer as transferee is allowed a credit under this section for the
42 rehabilitation expenses made by the transferor only if the transfer takes place before the structure
43 is placed in service. In this event, the transferor must provide the transferee with documentation
44 detailing the amount of rehabilitation expenses and credit. No other taxpayer may claim such
45 credit. A taxpayer ~~is allowed to~~ may claim a credit per discrete property parcel under this
46 section no more than once in any five-year period, carryovers notwithstanding."

47 **SECTION 14.4.(b)** G.S. 105-129.110 reads as rewritten:

48 "**§ 105-129.110. Sunset.**

49 This Article expires for qualified rehabilitation expenditures and rehabilitation expenses
50 incurred on or after January 1, ~~2020~~ 2030."

NATURAL HERITAGE PROGRAM ADMINISTRATION AND FUND CORRECTION

SECTION 14.5.(a) Part 42 of Article 2 of Chapter 143B of the General Statutes is amended by adding a new section to read:

"§ 143B-135.372. Administration of the Conservation Tax Credit Program.

All authority, power, and responsibility related to Conservation Tax Credits, the Conservation Tax Credit Program, and properties for which tax credits were granted for tax years beginning before January 1, 2014, previously given to the Department of Environmental Quality or its predecessors under G.S. 105-130.34 and G.S. 105-151.12, prior to the adoption of S.L. 2013-316, and G.S. 113A-231, and prior to the adoption of S.L. 2014-3, are given to the Department of Natural and Cultural Resources which may exercise the same through the Natural Heritage Program."

SECTION 14.5.(b) G.S. 143B-135.272(b) reads as rewritten:

"(b) Fees collected under this section are receipts of the Department of Natural and Cultural Resources and shall be deposited in ~~the Clean Water Management Trust Fund~~ a special fund for the purpose of supporting the operations of the Natural Heritage Program."

NATURAL HERITAGE PROGRAM REDUCE OR WAIVE FEES FLEXIBILITY

SECTION 14.6. G.S. 143B-135.272 reads as rewritten:

"§ 143B-135.272. Access to information; fees.

(a) The Secretary may establish fees to defray the costs associated with any of the following:

- (1) Responding to inquiries requiring customized environmental review services ~~or the costs associated with developing, improving, or maintaining~~ technology that supports an online interface for external users to access Natural Heritage Program data. ~~The Secretary may reduce or waive the fee established under this subsection if the Secretary determines that a waiver of reduction of the fee is in the public interest.~~

...

(c) The Secretary may reduce or waive fees established under this section if the Secretary determines that a reduction or waiver of the fees is in the public interest or serves the purposes declared in the Nature Preserves Act, Part 42 of Article 2 of Chapter 143B of the General Statutes."

PART XV. DEPARTMENT OF COMMERCE**INCREASE AWARDS CAP FOR ONE NORTH CAROLINA FUND**

SECTION 15.1. G.S. 143B-437.71(b1) reads as rewritten:

"(b1) Awards. – The amounts committed in Governor's Letters issued in a single fiscal biennium may not exceed ~~twenty-eight million dollars (\$28,000,000)~~ forty-four million dollars (\$44,000,000)."

COMMUNITY INNOVATION FUND

SECTION 15.2.(a) Fund. – The North Carolina Community Innovation Fund (CIF) is established as a special revenue fund in the Department of Commerce (Department). The Office of Science, Technology & Innovation within the Department shall be responsible for administering the program.

SECTION 15.2.(b) Purposes. – Moneys in the CIF shall be allocated pursuant to this subsection. The Department shall make grants from the CIF to "micropolitan" communities and majority-minority communities within metro areas that have seen systemic under investment across North Carolina to stimulate small business growth, foster vibrant local innovation ecosystems, and help small- to medium-sized communities across the State transition to a

1 knowledge-based economy. A "micropolitan community" is one or more adjacent counties or
2 county equivalents that have at least one urban core area of at least 10,000 population but less
3 than 50,000, plus adjacent territory that has a high degree of social and economic integration with
4 the core as measured by commuting ties. An "innovation ecosystem" is defined as a collection of
5 people, organizations, cultures, policies, and programs that creates innovative ideas and
6 discoveries and translates those ideas into innovative products, services, and business models to
7 improve economic well-being and quality of life. Moneys in the CIF shall be used for projects
8 that will target, but not be limited to, the following outcomes:

- 9 (1) Strengthening internal networks among local entrepreneurs and the broader
10 business community, as well as the connection between the local micropolitan
11 innovation ecosystem and proximate metro innovation ecosystems.
- 12 (2) Attracting more capital investment into the local innovation ecosystem.
- 13 (3) Growing the number of locally owned small businesses in the community.
- 14 (4) Increasing employment opportunities within the knowledge-based economy.
- 15 (5) Fostering more enterprises led and owned by women and entrepreneurs of
16 color.
- 17 (6) Contributing to increased business activity and density in underdeveloped
18 commercial corridors.
- 19 (7) Increasing media visibility for these efforts locally, statewide, and, ultimately,
20 nationally.

21 **SECTION 15.2.(c) Cap and Matching Funds.** – The Department may require a
22 participating community to provide matching funds for a grant from the CIF.

23 **SECTION 15.2.(d) Administrative Expenses.** – Of the funds appropriated to the CIF,
24 the Department may use up to sixty thousand dollars (\$60,000), if necessary, to cover the
25 Department's expenses in administering the CIF.

26 **SECTION 15.2.(e) CIF Advisory Committee.** – The Department may establish an
27 advisory committee to assist in the development of the specific selection criteria and the
28 grant-making process of the CIF.

29 **SECTION 15.2.(f) Agreements Required.** – Funds may be disbursed from the CIF
30 only in accordance with agreements entered into between the Department and an eligible grantee.
31 Eligible grantees are nonprofit organizations, councils of government, and local governments.

32 **SECTION 15.2.(g) Program Guidelines.** – The Department shall develop guidelines
33 related to the administration of this program. At least 20 days before the effective date of any
34 guidelines or nontechnical amendments to the guidelines, the Department shall publish the
35 proposed guidelines on the Department's Web site and provide notice to persons who have
36 requested notice of proposed guidelines. In addition, the Department must accept oral and written
37 comments on the proposed guidelines during the 15 business days beginning on the first day that
38 the Department has completed these notifications. Guidelines adopted under this section shall
39 not be subject to the requirements of Article 2A of Chapter 150B of the General Statutes.
40

41 **RENAME ONE NORTH CAROLINA SMALL BUSINESS FUND**

42 **SECTION 15.3.(a) G.S. 143B-437.71 reads as rewritten:**

43 **"§ 143B-437.71. One North Carolina Fund established as a special revenue fund.**

44 ...

45 (b) **Purposes.** – Moneys in the One North Carolina Fund may only be allocated pursuant
46 to this subsection. Moneys may be allocated to local governments for use in connection with
47 securing commitments for the recruitment, expansion, or retention of new and existing businesses
48 and to the ~~One North Carolina Small Business Account~~ Small Business Technology
49 Commercialization Program created pursuant to subsection (c) of this section in an amount not
50 to exceed three million dollars (\$3,000,000). Moneys in the One North Carolina Fund allocated
51 to local governments shall be used for the following purposes only:

- 1 (1) Installation or purchase of equipment.
- 2 (2) Structural repairs, improvements, or renovations to existing buildings to be
- 3 used for expansion.
- 4 (3) Construction of or improvements to new or existing water, sewer, gas, or
- 5 electric utility distribution lines or equipment for existing buildings.
- 6 (4) Construction of or improvements to new or existing water, sewer, gas, or
- 7 electric utility distribution lines or equipment for new or proposed buildings
- 8 to be used for manufacturing and industrial operations.
- 9 (5) Any other purposes specifically provided by an act of the General Assembly.

10 ...
 11 (c) There is created in the One North Carolina Fund a special account, the ~~One North~~
 12 ~~Carolina Small Business Account, Small Business Technology Commercialization Program,~~ to
 13 be used for the North Carolina SBIR/STTR Incentive Program and the North Carolina
 14 SBIR/STTR Matching Funds Program, as specified in Part 2I of Article 10 of Chapter 143B of
 15 the General Statutes."

16 **SECTION 15.3.(b)** G.S. 143B-437.80(a) reads as rewritten:

17 "(a) Program. – There is established the North Carolina SBIR/STTR Incentive Program
 18 to be administered by the North Carolina Board of Science, Technology, and Innovation. In order
 19 to foster job creation and economic development in the State, the Board may provide grants to
 20 eligible businesses to offset costs associated with applying to the United States Small Business
 21 Administration for Small Business Innovative Research (SBIR) grants or Small Business
 22 Technology Transfer Research (STTR) grants. The grants shall be paid from the ~~One North~~
 23 ~~Carolina Small Business Account Small Business Technology Commercialization Program~~
 24 established in G.S. 143B-437.71."
 25

26 NC JOB READY FUND

27 **SECTION 15.4.(a)** Article 2 of Chapter 96 of the General Statutes is amended by
 28 adding a new section to read:

29 "**§ 96-6.3. NC Job Ready Fund.**

30 (a) NC Job Ready Fund. – There is established in the Department of Commerce an NC
 31 Job Ready Fund for the purposes of providing job training, employment-related services, and
 32 economic development services to North Carolina job seekers and employers in order to address
 33 workforce skills gaps. The Fund consists of the revenues derived from the Unemployment
 34 Insurance Reserve Fund Surtax imposed under G.S. 96-9.7.

35 (b) Allocation of Funds. – The Department of Commerce shall allocate monies in the
 36 fund on the following basis:

- 37 (1) Thirty million dollars (\$30,000,000) shall be allocated to the North Carolina
 38 Getting Ready for Opportunities in the Workforce (NC GROW) scholarship
 39 program in The North Carolina Community College System.
- 40 (2) Ten million dollars (\$10,000,000) shall be allocated to the Finish Line Grants
 41 program in The University of North Carolina System.
- 42 (3) Five million dollars (\$5,000,000) shall be allocated to the Finish Line Grants
 43 program in The North Carolina Community College System.
- 44 (4) Five million dollars (\$5,000,000) shall be allocated to the Finish Line Grants
 45 program administered by the North Carolina Independent Colleges and
 46 Universities.
- 47 (5) Ten million dollars (\$10,000,000) shall be allocated to the Employer Training
 48 Fund in the North Carolina Department of Commerce, Division of Workforce
 49 Solutions.

1 In the event revenues from the surtax imposed under G.S. 96-9.7 are insufficient to support
 2 this allocation or are in excess of these amounts, the Secretary of the Department of Commerce
 3 may allocate funds to the programs listed in this subsection on a pro rata basis."

4 **SECTION 15.4.(b)** G.S. 96-9.2(c) reads as rewritten:

5 "(c) Contribution Rate for Experience-Rated Employer. – The contribution rate for an
 6 experience-rated employer who does not qualify as a beginning employer under subsection (b)
 7 of this section is determined in accordance with the table set out below and then rounded to the
 8 nearest one-hundredth percent (0.01%), subject to the minimum and maximum contribution
 9 rates. The minimum contribution rate is six-hundredths of one percent (0.06%). The maximum
 10 contribution rate is five and seventy-six hundredths percent (5.76%). "Total insured wages" are
 11 the total wages reported by all insured employers for the 12-month period ending on June 30
 12 preceding the computation date. The calculations in the table set out below are applied as of
 13 September 1 following the computation date. An employer's experience rating is computed as a
 14 reserve ratio in accordance with G.S. 96-9.4. An employer's reserve ratio percentage (ERRP) is
 15 the employer's reserve ratio multiplied by sixty-eight hundredths. A positive ERRP produces a
 16 lower contribution rate, and a negative ERRP produces a higher contribution rate.

17 **UI Trust Fund Balance**

18 **as Percentage of Total**

19 **Insured Wages**

Contribution Rate

20 Less than or equal to 1%

2.9% minus ERRP

21 Greater than 1% but less

22 than or equal to 1.25%

2.4% minus ERRP

23 Greater than 1.25%

1.9% 1.4% minus ERRP"

24 **SECTION 15.4.(c)** G.S. 96-9.7 reads as rewritten:

25 **"§ 96-9.7. Surtax for the Unemployment Insurance Reserve Fund.**

26 (a) Surtax Imposed. – A surtax is imposed on an employer who is required to make a
 27 contribution to the Unemployment Insurance Fund equal to twenty percent (20%) of the
 28 contribution due under G.S. 96-9.2. ~~Except as provided in this section, the surtax is collected and~~
 29 ~~administered in the same manner as contributions.~~ Surtaxes collected under this section must be
 30 credited to the ~~Unemployment Insurance Reserve Fund established under G.S. 96-6.2.~~ NC Job
 31 Ready Fund established under G.S. 96-6.3. Interest and penalties collected on unpaid surtaxes
 32 imposed by this section must be credited to the Supplemental Employment Security
 33 Administration Fund. Penalties collected on unpaid surtaxes imposed by this section must be
 34 transferred to the Civil Penalty and Forfeiture Fund established in G.S. 115C-457.1. Of the
 35 revenues derived from the surtax, the Department of Commerce may retain funds equal to the
 36 administrative costs associated with collection.

37 (b) ~~Suspension of Tax. – The tax does not apply in a calendar year if, as of the preceding~~
 38 ~~August 1 computation date, the amount in the State's account in the Unemployment Trust Fund~~
 39 ~~equals or exceeds one billion dollars (\$1,000,000,000)."~~

40 **SECTION 15.4.(d)** Subsection (b) of this section becomes effective August 1, 2018.
 41 Subsections (a) and (c) of this section become effective July 1, 2018.

42
 43 **EMPLOYER TRAINING FUND**

44 **SECTION 15.5.** Article 2 of Chapter 96 of the General Statutes is amended by
 45 adding a new section to read:

46 **"§ 96-6.4. Employer Training Fund.**

47 (a) The Employer Training Fund is established as a special revenue fund in the
 48 Department of Commerce, Division of Workforce Solutions, for the purposes of supporting
 49 collaboration with and assistance to employers in addressing workforce training needs and
 50 employee skill gaps. The Fund consists of allocations from the NC Job Ready Fund as directed
 51 in G.S. 93-6.3. The Department of Commerce, Division of Workforce Solutions, may award

1 grants or contract with organizations to support a variety of work-based learning initiatives,
2 including, but not limited to, the establishment or expansion of registered Apprenticeship
3 programs, training for incumbent workers, and paid employment opportunities for students.
4 Grants may include, but are not limited to, carrying out the following:

5 (1) Upskilling existing entry- to mid-level employees through additional training
6 while creating newly open positions that may be backfilled with entry-level
7 hires.

8 (2) Increasing opportunities for flexible, paid internship and employment
9 opportunities for high school and postsecondary students.

10 (3) Establishing or expanding registered Apprenticeship programs.

11 (b) The Department of Commerce, Division of Workforce Solutions, shall collaborate
12 with the North Carolina Community College System, Workforce Development Boards,
13 employers, and other appropriate entities to design and implement the Employer Training Fund.
14 The Department of Commerce shall issue a Request for Proposal (RFP) for the Employer
15 Training Fund. The RFP shall require that proposals include the following information, at a
16 minimum:

17 (1) Description of how funds will be used to carry out the proposed activities,
18 including the number of people served.

19 (2) Documentation of expenses where proposals request reimbursement of costs
20 to carry out the proposed activities.

21 (3) Plans for financial sustainability once grant funds have been expended.

22 (c) By November 1, 2019, and annually thereafter, the Department of Commerce shall
23 submit a report to the Governor, the Office of State Budget and Management, the Joint
24 Legislative Oversight Committee on Agriculture and Natural, and Economic Resources, and the
25 Fiscal Research Division on the use and outcomes of the Employer Training Fund."

26 27 **SUBPART XV-A. COMMERCE – STATE AID [RESERVED]**

28 29 **SUBPART XV-B. DEPARTMENT OF LABOR**

30 31 **CERTAIN FEES SHALL NOT REVERT**

32 **SECTION 15B.1.** G.S. 95-108 reads as rewritten:

33 **"§ 95-108. Disposition of fees.**

34 All fees collected by the Department of Labor pursuant to G.S. 95-69.11, 95-110.5, 95-111.4
35 and 95-120 shall be deposited with the State Treasurer and shall be used exclusively for
36 inspection and certification purposes. All fees collected pursuant to this section that have not yet
37 been expended or encumbered at the end of each fiscal year shall not revert but shall remain
38 available for expenditure in the subsequent fiscal year."

39 40 **PART XVI. DEPARTMENT OF PUBLIC SAFETY**

41 42 **SUBPART XVI-A. GENERAL PROVISIONS**

43 44 **DEPARTMENT OF PUBLIC SAFETY BUDGET FLEXIBILITY**

45 **SECTION 16A.1.** Notwithstanding G.S. 143C-6-4, for the fiscal year 2018-2019,
46 the Department of Public Safety, with the approval of the Director of the Budget, may adjust the
47 authorized budget to realign line items across purposes and programs of the Department to fund
48 nonrecurring expenses associated with projects designed to enhance the safety and security of
49 their employees and the prison and juvenile facilities to which they are assigned.

50 51 **SUBPART XVI-B. DIVISION OF LAW ENFORCEMENT [RESERVED]**

1
2 **SUBPART XVI-C. DIVISION OF ADULT CORRECTION**

3
4 **EXTEND REENTRY COUNCIL CONTRACTS**

5 **SECTION 16C.1.** Section 16C.11D of S.L. 2017-57 reads as rewritten:

6 **"SECTION 16C.11D.** For the ~~2017-2018 fiscal year~~, 2017-2019 fiscal biennium, the
7 Department of Public Safety may use existing Treatment for Effective Community Supervision
8 funds to continue support for Local Reentry Councils in the following five pilot sites:

- 9 (1) Hoke/Scotland/Robeson Counties – Robeson County Manager's Office.
10 (2) Nash/Edgecombe/Wilson Counties – NC Community Action Association.
11 (3) Pitt County – Life of NC, Inc., dba STRIVE.
12 (4) Buncombe County – Buncombe County Health & Human Services/RHA.
13 (5) Mecklenburg County – Mecklenburg Criminal Justice Services, Mecklenburg
14 County Manager's Office."
15

16 **SUBPART XVI-D. DIVISION OF JUVENILE JUSTICE [RESERVED]**

17
18 **SUBPART XVI-E. EMERGENCY MANAGEMENT AND NATIONAL GUARD**

19
20 **CREATE HAZARDOUS MATERIALS FACILITY FUND**

21 **SECTION 16E.1.** G.S. 166A-29.1 reads as rewritten:

22 **"§ 166A-29.1. Hazardous materials facility fee.**

23 ...

24 (b) Annual Fee Shall Be Charged. – A person or business required under Section 302 or
25 312 of EPCRA to submit a notification or an annual inventory form to the Division shall be
26 required to pay to the Department an annual fee in the amount set forth in subsection (c) of this
27 section.

28 (b1) The Hazardous Materials Facility Fund is established as a special fund within the
29 Department. All fees collected under this section shall be credited to the fund and shall be used
30 to support the hazardous materials response programs established pursuant to subsection (f) of
31 this section.

32 ...

33 (f) Use of Fee Proceeds. – The proceeds of fees assessed pursuant to this section shall be
34 used for the following:

- 35 (1) To offset costs associated with the establishment and maintenance of a
36 hazardous materials database and a hazardous materials response application.
37 (2) To offset costs associated with the operations of the regional response
38 program for hazardous materials emergencies and terrorist incidents.
39 (3) To provide grants to counties for hazardous materials emergency response
40 planning, training, equipment, and related exercises.
41 (4) To offset Division costs that directly support hazardous materials emergency
42 preparedness and response."
43

44 **RADIOLOGICAL EMERGENCY PLANNING**

45 **SECTION 16E.2.** G.S. 166A-29 reads as rewritten:

46 **"§ 166A-29. Emergency planning; charge.**

47 (a) Every person, firm, corporation or municipality who is licensed to construct or who
48 is operating a fixed nuclear facility for the production of electricity shall pay to the Department
49 of Public Safety an annual fee of at least thirty thousand dollars (\$30,000) for each fixed nuclear
50 facility which is located within this State or has a Plume Exposure Pathway Emergency Planning
51 Zone of which any part is located within this State. This fee is to be applied to the costs of

1 planning and implementing emergency response activities as are required by the Federal
2 Emergency Management Agency for the operation of nuclear facilities. Said fee is to be paid ~~no~~
3 ~~later than July 31 of each year on a schedule set by the Department of Public Safety.~~ This
4 minimum fee may be increased from time to time as the costs of such planning and
5 implementation increase. Such increases shall be by agreement between the State and the
6 licensees or operators of the fixed nuclear facilities.

7 (b) Every person, firm, corporation or municipality who is licensed to construct or who
8 is operating a fixed nuclear facility for the production of electricity shall pay to the Department
9 of Public Safety, for the use of the Radiation Protection Section of the Division of ~~Public Health~~
10 Health Service Regulation of the Department of Health and Human Services, an annual fee of at
11 least thirty-six thousand dollars (\$36,000) for each fixed nuclear facility that is located within
12 this State or that has a Plume Exposure Pathway Emergency Planning Zone any part of which is
13 located within this State. This fee shall be applied only to the costs of planning and implementing
14 emergency response activities as required by the Federal Emergency Management Agency for
15 the operation of nuclear facilities. This fee is to be paid ~~no later than July 31 of each year on a~~
16 schedule set by the Department of Public Safety.

17 (c) The fees imposed by this section do not revert at the end of a fiscal year. The amount
18 of fees carried forward from one fiscal year to the next shall be taken into consideration in
19 determining the fee to be assessed each fixed nuclear facility under subsection (a) in that fiscal
20 year."

21 PART XVII. DEPARTMENT OF JUSTICE

22 23 24 SEXUAL ASSAULT EVIDENCE COLLECTION KIT TRACKING AND 25 ACCOUNTABILITY

26 SECTION 17.1.(a) Article 9 of Chapter 114 of the General Statutes is amended by
27 adding a new section to read:

28 "§ 114-65. Statewide Sexual Assault Evidence Collection Kit Tracking System and Annual 29 Report.

30 (a) Establishment. – There shall be established a Statewide Sexual Assault Evidence
31 Collection Kit Tracking System, hereinafter referred to as the System. All sexual assault evidence
32 collection kits purchased or distributed under G.S. 143B-2101 on or after October 1, 2018, shall
33 be trackable and shall comply with the requirements of the System. The Director of the State
34 Crime Laboratory (Director) shall implement protocols and administer the System and the
35 Secretary of the Department of Public Safety (Secretary) shall adopt rules and guidelines for
36 agencies required to participate in the System under this section. The Director shall ensure that
37 the System protects victim information against disclosure to nonparticipating agencies. Except
38 as otherwise required for reporting under subsection (e) of this section, information maintained
39 in the System is confidential and not a public record as defined in G.S. 132-1.

40 (b) Required Participation. – All medical providers, law enforcement agencies, forensic
41 laboratories, or other persons or entities having custody or use of any sexual assault evidence
42 collection kit in the State shall participate in the System and comply with the established
43 protocols, rules, and guidelines. A participating entity shall be permitted to access the entity's
44 tracking information through the System.

45 (c) Victim's Access to View Status of Kit. – It is the policy of the State to ensure that
46 victims of sexual assault or attempted sexual assault is able to track the location of the sexual
47 assault evidence collection kit used to conduct the victim's forensic medical examination and that
48 the victim is also able to determine whether forensic testing of the kit has been completed.

49 (d) Tracking of Previously Untested Kits. – The Director shall implement protocols and
50 the Secretary shall adopt rules and guidelines to ensure that previously untested sexual assault
51 evidence collection kits are trackable and are entered into the System. Any law enforcement

1 agency, medical provider, or forensic laboratory that has in its custody a previously untested
2 sexual assault evidence collection kit used for a forensic medical examination shall comply with
3 the established protocols, rules, and guidelines with respect to all untested kits.

4 For purposes of this subsection, a "previously untested sexual assault evidence collection kit"
5 means any kit that has not undergone forensic testing and was identified and included in the 2017
6 statewide inventory of kits in law enforcement custody pursuant to Section 17.7 of S.L. 2017-57.
7 To the extent practicable, and consistent with protecting victim confidentiality for unreported
8 sexual assaults, a law enforcement agency having custody of a kit governed by this subsection
9 shall take reasonable measures to provide appropriate tracking information to the affected victim.

10 (e) Annual Report to the General Assembly. – Beginning on December 1, 2019, and
11 yearly thereafter, the State Crime Laboratory shall report to the Joint Legislative Oversight
12 Committee on Justice and Public Safety the following information for the previous fiscal year:

13 (1) The number of tracking-enabled kits which have been shipped to medical
14 facilities/providers.

15 (2) The number of tracking-enabled kits which have been used by medical
16 facilities/providers to conduct forensic medical examinations of sexual assault
17 victims.

18 (3) Of the tracking-enabled kits used by medical facilities or medical providers to
19 conduct forensic medical examinations, the number of kits for which a sexual
20 assault has been reported to law enforcement, sorted by law enforcement
21 agency.

22 (4) Of the tracking-enabled kits generated for reported cases, the number of kits
23 which have been submitted to a laboratory for forensic testing.

24 (5) Of the tracking-enabled kits submitted for forensic testing, the number of kits
25 for which forensic testing has been completed.

26 (6) The number of tracking-enabled kits for which a sexual assault has not been
27 reported, including the total submitted to local law enforcement and the total
28 submitted to Department of Public Safety, Law Enforcement Support
29 Services.

30 (7) Information regarding efforts to track and test previously untested kits
31 described in subsection (d) of this section."

32 **SECTION 17.1.(b)** G.S. 143B-1201 reads as rewritten:

33 **"§ 143B-1201. Restitution; actions.**

34 (a) The Program shall be an eligible recipient for restitution or reparation under
35 G.S. 15A-1021, 15A-1343, 148-33.1, 148-33.2, 148-57.1, and any other applicable statutes.

36 (b) When any victim who:

37 (1) Has received assistance under this Part;

38 (2) Brings an action for damages arising out of the rape, attempted rape, sexual
39 offense, or attempted sexual offense for which she received that assistance;
40 and

41 (3) Recovers damages including the expenses for which she was awarded
42 assistance, the court shall make as part of its judgment an order for
43 reimbursement to the Program of the amount of any assistance awarded less
44 reasonable expenses allocated by the court to that recovery.

45 (c) Funds appropriated to the Department of Public Safety for this program may be used
46 to purchase and distribute sexual assault evidence collection kits approved by the ~~State Bureau~~
47 ~~of Investigation~~ Director of the State Crime Laboratory.

48 (d) The Secretary, in consultation with the State Crime Laboratory, shall require that all
49 program kits produced for use on or after October 1, 2018, are compatible with the Statewide
50 Sexual Assault Evidence Collection Kit Tracking System, as administered by the State Crime
51 Laboratory under G.S. 114-65."

1 **SECTION 17.1.(c)** The North Carolina Forensic Science Advisory Board shall
2 convene a working group to make recommendations regarding the testing priority of untested
3 sexual assault kits identified in the 2017 Sexual Assault Evidence Collection Kit Law
4 Enforcement Report made pursuant to Section 17.7 of S.L. 2017-57. The working group shall
5 include representatives from law enforcement, victims' advocates such as the North Carolina
6 Victim Assistance Network (NCVAN) and the North Carolina Coalition Against Sexual Assault
7 (NCCASA), RTI International, the North Carolina Department of Justice, prosecutors, and
8 criminal defense attorneys. The working group shall develop findings and recommendations,
9 including a strategic plan, that identifies which untested sexual assault evidence collection kits
10 can be tested, the priority order for testing the kits, and a statewide protocol for testing future
11 sexual assault evidence collection kits. The Secretary shall submit the findings and
12 recommendations of the working group to the Joint Legislative Oversight Committee on Justice
13 and Public Safety by December 1, 2018.

14
15 **REPEAL ATTORNEY GENERAL'S OFFICE MANAGEMENT FLEXIBILITY**
16 **REDUCTION**

17 **SECTION 17.2.** Section 17.5 of S.L. 2017-57 is repealed.

18
19 **PART XVIII. JUDICIAL DEPARTMENT [RESERVED]**

20
21 **SUBPART XVIII-A. OFFICE OF INDIGENT DEFENSE SERVICES [RESERVED]**

22
23 **SUBPART XVIII-B. ADMINISTRATIVE OFFICE OF THE COURTS [RESERVED]**

24
25 **PART XIX. DEPARTMENT OF MILITARY AND VETERANS AFFAIRS [RESERVED]**

26
27 **PART XX. OFFICE OF ADMINISTRATIVE HEARINGS [RESERVED]**

28
29 **PART XXI. TREASURER [RESERVED]**

30
31 **PART XXII. DEPARTMENT OF INSURANCE**

32
33 **INSURANCE REGULATORY CHARGE**

34 **SECTION 22.1.** The percentage rate to be used in calculating the insurance
35 regulatory charge under G.S. 58-6-25 is six and one-half percent (6.5%) for the 2019 calendar
36 year.

37
38 **PART XXIII. STATE BOARD OF ELECTIONS [RESERVED]**

39
40 **PART XXIV. GENERAL ASSEMBLY [RESERVED]**

41
42 **PART XXV. OFFICE OF GOVERNOR [RESERVED]**

43
44 **PART XXVI. OFFICE OF STATE BUDGET AND MANAGEMENT [RESERVED]**

45
46 **PART XXVII. STATE AUDITOR [RESERVED]**

47
48 **PART XXVIII. HOUSING FINANCE AGENCY [RESERVED]**

49
50 **PART XXIX. DEPARTMENT OF THE SECRETARY OF STATE [RESERVED]**

PART XXX. OFFICE OF LT. GOVERNOR [RESERVED]**PART XXXI. DEPARTMENT OF ADMINISTRATION****LICENSE TO GIVE TRUST FUND COMMISSION**

SECTION 31.1.(a) G.S. 20-7.5(a) reads as rewritten:

"(a) There is established the License to Give Trust Fund Commission. The Commission shall be located in the Department of Administration for budgetary and administrative purposes only. Administration. The Commission may allocate funds from the License to Give Trust Fund for the purposes authorized in G.S. 20-7.4. The Commission shall have 15 members, appointed as follows:

- (1) Four members by the General Assembly, upon the recommendation of the President Pro Tempore of the Senate:
 - a. One representative of Carolina Donor Services.
 - b. One representative of LifeShare of The Carolinas.
 - c. Two members who have demonstrated an interest in organ and tissue donation and education.
- (2) Four members by the General Assembly, upon the recommendation of the Speaker of the House of Representatives:
 - a. One representative of The North Carolina Eye Bank, Inc.
 - b. One representative of The Carolinas Center for Hospice and End-of-Life Care.
 - c. Two members who have demonstrated an interest in promoting advance care planning education.
- (3) Seven members by the Governor:
 - a. Three members representing organ, tissue, and eye recipients, families of recipients, or families of donors. Of these three, one each from the mountain, heartland, and coastal regions of the State.
 - b. One member who is a transplant physician licensed to practice medicine in this State.
 - c. One member who has demonstrated an interest in organ and tissue donation and education.
 - d. One member who has demonstrated an interest in promoting advance care planning education.
 - e. A representative of the North Carolina Department of Transportation."

SECTION 31.1.(b) G.S. 20-7.6 reads as rewritten:

"§ 20-7.6. Powers and duties of the License to Give Trust Fund Commission.

The License to Give Trust Fund Commission has the following powers and duties:

- (1) Establish general policies and guidelines for awarding grants-in-aid to nonprofit entities to conduct education and awareness activities on organ and tissue donation and advance care planning.
- (2) Accept gifts or grants from other sources to further the purposes of the License to Give Trust Fund. Such gifts or grants shall be transmitted to the State Treasurer for credit to the Fund.
- ~~(3) Hire staff or contract for other expertise for the administration of the Fund. Expenses related to staffing shall be paid from the License to Give Trust Fund."~~

SIMPLIFYING PROCUREMENT THROUGH COMMON SENSE GOVERNMENT

SECTION 31.2.(a) G.S. 116-31.10 reads as rewritten:

"§ 116-31.10. Powers of Board regarding certain purchasing contracts.

1 (a) Notwithstanding G.S. 143-53.1 or G.S. 143-53(a)(2), the expenditure benchmark for
 2 the President of The University of North Carolina or special responsibility constituent institution
 3 with regard to competitive bid procedures and the bid value benchmark shall be an amount not
 4 greater than ~~five hundred thousand dollars (\$500,000)~~. one million dollars (\$1,000,000). The
 5 Board shall set the benchmark for the President and each institution from time to time. In setting
 6 the President's or an institution's benchmark in accordance with this section, the Board shall
 7 consider the President's administrative staff's or institution's overall capabilities including staff
 8 resources, purchasing compliance reviews, and audit reports. The Board shall also consult with
 9 the Director of the Division of Purchase and Contract and the Director of the Budget prior to
 10 setting the benchmark.

11 (b) ~~Each institution with an expenditure benchmark greater than two hundred fifty~~
 12 ~~thousand dollars (\$250,000) shall comply with this subsection for any purchase greater than the~~
 13 ~~institution's benchmark set by the Board but not greater than five hundred thousand dollars~~
 14 ~~(\$500,000). This institution shall submit to the Division of Purchase and Contract for that~~
 15 ~~Division's approval or other action deemed necessary by the Division a copy of all offers received~~
 16 ~~and the institution's recommendation of award or other action. Notice of the Division's decision~~
 17 ~~shall be sent to that institution. The institution shall then proceed with the award of contract or~~
 18 ~~other action recommended by the Division."~~

19 **SECTION 31.2.(b)** G.S. 115D-58.14(c) reads as rewritten:

20 "(c) The State Board of Community Colleges, in consultation with the Department of
 21 Administration, shall review the purchasing process for community colleges and may increase
 22 or decrease the purchasing/delegation benchmark for each community college based on the
 23 college's overall capabilities, including staff resources, purchasing compliance reviews, and audit
 24 reports. The State Board may, in its discretion, reduce a community college's
 25 purchasing/delegation benchmark at anytime. The State Board shall not increase a community
 26 college's purchasing/delegation benchmark by more than fifteen percent (15%) in any calendar
 27 year without the concurrence of the Department of Administration within 60 days of submission.
 28 The maximum purchasing/delegation benchmark for a community college shall be ~~one hundred~~
 29 ~~thousand dollars (\$100,000)~~. two hundred thousand dollars (\$200,000)."

30 **SECTION 31.2.(c)** G.S. 143-49 reads as rewritten:

31 "**§ 143-49. Powers and duties of Secretary.**

32 The Secretary of Administration has the power and authority, and it is the Secretary's duty,
 33 subject to the provisions of this Article:

34 ...

35 (15) To work in conjunction with the Office of State Human Resources, the
 36 Division of Purchase and Contract, and ~~the~~ The University of North Carolina
 37 ~~School of Government System~~ to develop a rigorous ~~contract management~~
 38 procurement training and certification program for State employees. State
 39 agencies that are subject to the requirements of this Article shall be required
 40 to complete periodic training and education as prescribed by the Division of
 41 Purchase and Contract. The program shall be administered by the ~~Office of~~
 42 State Human Resources. Division of Purchase and Contract.

43"

44 **SECTION 31.2.(d)** G.S. 143-53(a) reads as rewritten:

45 "(a) The Secretary of Administration may adopt rules governing the following:

46 (1) Prescribing the routine and procedures to be followed in canvassing bids and
 47 awarding contracts, and for reviewing decisions made pursuant thereto, and
 48 the decision of the reviewing body shall be the final administrative review.
 49 The Division of Purchase and Contract shall review and decide a protest on a
 50 contract valued at ~~twenty five thousand dollars (\$25,000) or more~~. above the
 51 State agency's delegation or benchmark level. The Secretary shall adopt rules

1 or criteria governing the review of and decision on a protest on a contract of
 2 less than ~~twenty five thousand dollars (\$25,000)~~ by the State agency's
 3 delegation or benchmark level for the agency that awarded the contract.

4 ...
 5 (5) Prescribing conditions under which purchases and contracts for the purchase,
 6 installment or lease-purchase, rental or lease of goods and services may be
 7 entered into by means other than competitive bidding, including, but not
 8 limited to, negotiation, reverse auctions, and acceptance of electronic bids.
 9 Notwithstanding the provisions of subsections (a) and (b) of this section, any
 10 waiver of competition for the purchase, rental, or lease of goods and services
 11 is subject to prior review by the Secretary, if the expenditure exceeds ~~ten~~
 12 ~~thousand dollars (\$10,000)~~ an agency's delegation or benchmark level. The
 13 Division may levy a fee, not to exceed one dollar (\$1.00), for review of each
 14 waiver application.

15"

16 **SECTION 31.2.(e)** G.S. 143-57 reads as rewritten:

17 **"§ 143-57. Purchases of articles in certain emergencies.**

18 In case of any emergency or pressing need arising from unforeseen causes including but not
 19 limited to delay by contractors, delay in transportation, breakdown in machinery, or unanticipated
 20 volume of work, the Secretary of Administration shall have power to obtain or authorize
 21 obtaining in the open market any necessary supplies, materials, equipment, printing or services
 22 for immediate delivery to any department, institution or agency of the State government. A report
 23 on the circumstances of such emergency or need and the transactions thereunder shall be made a
 24 matter of record promptly thereafter. If the expenditure exceeds ~~ten thousand dollars (\$10,000)~~,
 25 the agency delegation or benchmark, the report shall also be made promptly thereafter to the
 26 Division of Purchase and Contract."

27
 28 **PART XXXII. DEPARTMENT OF REVENUE**

29
 30 **DOR/REMAINING ITAS BUDGET USED FOR OPERATIONS AND MAINTENANCE**
 31 **FOR TAX SYSTEM**

32 **SECTION 32.1.** All remaining funds in Budget Code 24708 (Revenue-IT Projects)
 33 for the Integrated Tax Administration System (ITAS) replacement project are hereby
 34 appropriated to support Portfolio Warehouse, Modernize eFile, and tax systems operations and
 35 maintenance upgrades.

36
 37 **PART XXXIII. OFFICE OF STATE CONTROLLER [RESERVED]**

38
 39 **PART XXXIV. DEPARTMENT OF TRANSPORTATION**

40
 41 **CASH FLOW HIGHWAY FUND AND HIGHWAY TRUST FUND APPROPRIATIONS**

42 **SECTION 34.1.** Subsections (b) and (c) of Section 34.1 of S.L. 2017-57 read as
 43 rewritten:

44 **"SECTION 34.1.(b)** The General Assembly authorizes and certifies anticipated revenues
 45 for the Highway Fund as follows:

46	For Fiscal Year 2019-2020	\$ 2,277.7 million <u>\$ 2,288.5 million</u>
47	For Fiscal Year 2020-2021	\$ 2,374.9 million <u>\$ 2,376.7 million</u>
48	For Fiscal Year 2021-2022	\$ 2,403.4 million <u>\$ 2,415.6 million</u>
49	For Fiscal Year 2022-2023	\$ 2,427.3 million <u>\$ 2,449.6 million</u>

50 **"SECTION 34.1.(c)** The General Assembly authorizes and certifies anticipated revenues for
 51 the Highway Trust Fund as follows:

1	For Fiscal Year 2019-2020	\$ 1,619.9 million <u>\$ 1,576.4 million</u>
2	For Fiscal Year 2020-2021	\$ 1,654.6 million <u>\$ 1,604.1 million</u>
3	For Fiscal Year 2021-2022	\$ 1,675.6 million <u>\$ 1,631.5 million</u>
4	For Fiscal Year 2022-2023	\$ 1,701.8 million <u>\$ 1,669.4 million"</u>

PART XXXV. SALARIES AND BENEFITS

ELIGIBLE STATE-FUNDED EMPLOYEES AWARDED COST-OF-LIVING ADJUSTMENT/ LEGISLATIVE INCREASES/EFFECTIVE JULY 1, 2017

SECTION 35.1.(a) Except as provided by subsection (b) of this section, a person (i) whose salary is set by this part, pursuant to the North Carolina Human Resources Act or as otherwise authorized in this act and (ii) who is employed in a State-funded position on June 30, 2018, is awarded a cost-of-living adjustment as follows:

- (1) The greater of one thousand two hundred fifty dollars (\$1,250) or two percent (2%) effective July 1, 2018.
- (2) As otherwise allowed or provided by law.

SECTION 35.1.(b) Teachers, principals, and assistant principals paid pursuant to a salary schedule or pay plan enacted in this act are not eligible to receive the legislative salary increases provided by subsection (a) of this section.

SECTION 35.1.(c) Certified law enforcement officers and certain public safety and mental health employees within the Department of Health and Human Services and the Department of Public Safety who are employed in a State-funded position on June 30, 2018, are awarded a legislative increase of one thousand dollars (\$1,000) in addition to the cost-of-living adjustment authorized in subsection (a) of this section.

SECTION 35.1.(d) Part-time employees shall receive the increase authorized by this section on a prorated and equitable basis.

GOVERNOR AND COUNCIL OF STATE

SECTION 35.2.(a) The salary of the Governor, as provided by G.S. 147-11(a), shall remain unchanged.

SECTION 35.2.(b) The annual salaries for members of the Council of State, payable monthly, for the 2018-2019 fiscal year are as follows:

<u>Council of State</u>	<u>Annual Salary</u>
Lieutenant Governor	\$130,112
Attorney General	130,112
Secretary of State	130,112
State Treasurer	130,112
State Auditor	130,112
Superintendent of Public Instruction	130,112
Agriculture Commissioner	130,112
Insurance Commissioner	130,112
Labor Commissioner	130,112

CERTAIN EXECUTIVE BRANCH OFFICIALS

SECTION 35.3. The annual salaries, payable monthly, for the following executive branch officials for the 2018-2019 fiscal year are as follows:

<u>Executive Branch Officials</u>	<u>Annual Salary</u> <u>2018-2019</u>
Chairman, Alcoholic Beverage Control Commission	\$116,837
State Controller	162,691

1	Commissioner of Banks	131,132
2	Chair, Board of Review, Division	
3	of Employment Security	128,626
4	Members, Board of Review,	
5	Division of Employment Security	127,054
6	Chairman, Parole Commission	128,626
7	Full-Time Members of the Parole Commission	118,927
8	Chairman, Utilities Commission	145,806
9	Members of the Utilities Commission	131,132
10	Executive Director, North Carolina	
11	Agricultural Finance Authority	113,780

JUDICIAL BRANCH

SECTION 35.4.(a) The annual salaries, payable monthly, for the following judicial branch officials for the 2018-2019 fiscal year are as follows:

	<u>Annual Salary</u>
<u>Judicial Branch Officials</u>	<u>2018-2019</u>
18 Chief Justice, Supreme Court	\$153,088
19 Associate Justice, Supreme Court	149,115
20 Chief Judge, Court of Appeals	146,756
21 Judge, Court of Appeals	142,947
22 Judge, Senior Regular Resident Superior Court	139,091
23 Judge, Superior Court	135,236
24 Chief Judge, District Court	122,900
25 Judge, District Court	119,044
26 Chief Administrative Law Judge	120,064
27 District Attorney	130,779
28 Assistant Administrative Officer of the Courts	125,938
29 Public Defender	130,779
30 Director of Indigent Defense Services	134,788

SECTION 35.4.(b) The district attorney or public defender of a judicial district, with the approval of the Administrative Officer of the Courts or the Commission on Indigent Defense Services, respectively, shall set the salaries of assistant district attorneys or assistant public defenders, respectively, in that district such that the average salaries of assistant district attorneys or assistant public defenders in that district, for the 2018-2019 fiscal year, do not exceed seventy-eight thousand six hundred and fourteen dollars (\$78,614) and the minimum salary of any assistant district attorney or assistant public defender is at least forty-two thousand six hundred sixteen dollars (\$42,616), effective July 1, 2018.

CLERKS OF SUPERIOR COURT

SECTION 35.4A. Effective July 1, 2018, G.S. 7A-101(a) reads as rewritten:

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

Population	Annual Salary
46 Less than 100,000	\$89,188 <u>\$90,972</u>
47 100,000 to 149,999	99,834 <u>101,831</u>
48 150,000 to 249,999	110,480 <u>112,690</u>
49 250,000 and above	121,131 <u>123,554</u>

When a county changes from one population group to another, the salary of the clerk shall be changed, on July 1 of the fiscal year for which the change is reported, to the salary appropriate

1 for the new population group, except that the salary of an incumbent clerk shall not be decreased
 2 by any change in population group during his continuance in office."
 3

4 **ASSISTANT AND DEPUTY CLERKS OF SUPERIOR COURT**

5 **SECTION 35.4B.** Effective July 1, 2018, G.S. 7A-102(c1) reads as rewritten:

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

9	Assistant Clerks and Head Bookkeeper	Annual Salary
10	Minimum	\$34,098 <u>\$35,348</u>
11	Maximum	59,963 <u>61,213</u>
12	Deputy Clerks	Annual Salary
13	Minimum	29,646 <u>30,896</u>
14	Maximum	47,092 <u>48,342.</u>

15
 16 **MAGISTRATES**

17 **SECTION 35.4C.** Effective July 1, 2017, G.S. 7A-171.1 reads as rewritten:

18 **"§ 7A-171.1. Duty hours, salary, and travel expenses within county.**

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

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

30 Table of Salaries of Full-Time Magistrates

31	Step Level	Annual Salary	
32		<u>Minimum</u>	<u>Maximum</u>
33	Entry Rate		\$37,862 <u>\$39,112</u>
34	Step 1	\$39,519 <u>\$40,769</u>	40,658 <u>41,908</u>
35	Step 2	42,448 <u>43,698</u>	43,673 <u>44,923</u>
36	Step 3	45,548 <u>46,798</u>	46,865 <u>48,115</u>
37	Step 4	49,263 <u>50,513</u>	50,690 <u>51,940</u>
38	Step 5	53,739 <u>54,989</u>	55,298 <u>56,548</u>
39	Step 6	58,754 <u>60,004</u>	60,461 <u>61,711.</u>

40 ...

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

43 (1) The minimum and maximum salaries of magistrates who, on June 30, 1994,
 44 were paid at a salary level of less than five years of service under the table in
 45 effect that date shall be as follows:

46		Minimum	Maximum
47	Less than 1 year		
48	of service		\$30,099 <u>\$31,349</u>
49	1 or more but less		
50	than 3 years of service	\$30,288 <u>\$31,538</u>	– 31,333 <u>32,583</u>
51	3 or more but less		

1 than 5 years of service 32,77334,023 – 33,81835,068
 2 Upon completion of five years of service, those magistrates shall receive
 3 the salary set as the Entry Rate in the table in subsection (a).
 4 (2) The salaries of magistrates who on June 30, 1994, were paid at a salary level
 5 of five or more years of service shall be based on the rates set out in subsection
 6 (a) as follows:

7 Salary Level	8 Salary Level
9 on June 30, 1994	10 on July 1, 1994
11 5 or more but less than 7 years of service	12 Entry Rate
13 7 or more but less than 9 years of service	14 Step 1
15 9 or more but less than 11 years of service	16 Step 2
17 11 or more years of service	18 Step 3

19 Thereafter, their salaries shall be set in accordance with the provisions in
 20 subsection (a).
 21 (3) The salaries of magistrates who are licensed to practice law in North Carolina
 22 shall be adjusted to the annual salary provided in the table in subsection (a) as
 23 Step 4, and, thereafter, their salaries shall be set in accordance with the
 24 provisions in subsection (a).
 25 (4) The salaries of "part-time magistrates" shall be set under the formula set out
 26 in subdivision (2) of subsection (a) but according to the rates set out in this
 27 subsection.
 28"

LEGISLATIVE EMPLOYEES

29 **SECTION 35.5.(a)** Effective July 1, 2018, the annual salaries of the Legislative
 30 Services Officer and of nonelected employees of the General Assembly in effect on June 30,
 31 2018, shall be legislatively increased by the greater of one thousand two hundred fifty dollars
 32 (\$1,250) or two percent (2%).

33 **SECTION 35.5.(b)** Nothing in this act limits any of the provisions of G.S. 120-32.

GENERAL ASSEMBLY PRINCIPAL CLERKS

34 **SECTION 35.6.** Effective July 1, 2018, G.S. 120-37(c) reads as rewritten:

35 "(c) The principal clerks shall be full-time officers. Each principal clerk shall be entitled
 36 to other benefits available to permanent legislative employees and shall be paid an annual salary
 37 of ~~one hundred eight thousand nine hundred twenty eight dollars (\$108,928)~~, one hundred eleven
 38 thousand one hundred seven dollars (\$111,107), payable monthly. Each principal clerk shall also
 39 receive such additional compensation as approved by the Speaker of the House of
 40 Representatives or the President Pro Tempore of the Senate, respectively, for additional
 41 employment duties beyond those provided by the rules of their House. The Legislative Services
 42 Commission shall review the salary of the principal clerks prior to submission of the proposed
 43 operating budget of the General Assembly to the Governor and shall make appropriate
 44 recommendations for changes in those salaries. Any changes enacted by the General Assembly
 45 shall be by amendment to this paragraph."

SERGEANTS-AT-ARMS AND READING CLERKS

46 **SECTION 35.7.** Effective July 1, 2018, G.S. 120-37(b) reads as rewritten:

47 "(b) The sergeant-at-arms and the reading clerk in each house shall be paid a salary of ~~four~~
 48 ~~hundred twenty nine dollars (\$429.00)~~ four hundred fifty-three dollars (\$453.00) per week plus
 49 subsistence at the same daily rate provided for members of the General Assembly, plus mileage
 50 at the rate provided for members of the General Assembly for one round trip only from their
 51 homes to Raleigh and return. The sergeants-at-arms shall serve during sessions of the General

1 Assembly and at such time prior to the convening of, and subsequent to adjournment or recess
 2 of, sessions as may be authorized by the Legislative Services Commission. The reading clerks
 3 shall serve during sessions only."
 4

5 **COMMUNITY COLLEGES**

6 **SECTION 35.8.(a)** Effective for the 2018-2019 fiscal year:

- 7 (1) The State Board of Community Colleges may provide community college
 8 personnel salary increases in accordance with policies adopted by the Board.
 9 Funds appropriated for these compensation increases under Section 35.1 of
 10 this act may be used for any one or more of the following purposes: (i) merit
 11 pay, (ii) across-the-board increases, (iii) recruitment bonuses, (iv) retention
 12 increases, and (v) any other compensation increase pursuant to those policies.
- 13 (2) Funds appropriated for community college faculty bonuses shall be awarded
 14 pursuant to policies adopted by the State Board of Community Colleges.
 15 Notwithstanding G.S. 135-1(7a), the bonus awarded under this section is not
 16 compensation under Article 1 of Chapter 135 of the General Statutes.
- 17 (3) The State Board of Community Colleges shall make a report on the use of
 18 compensation increase and faculty bonus funds to the Fiscal Research
 19 Division no later than March 1, 2019.

20 **SECTION 35.8.(b)** The minimum salaries for nine-month, full-time curriculum
 21 community college faculty for the 2018-2019 fiscal year are as follows:

<u>Education Level</u>	<u>Minimum Salary</u>
	<u>2017-2018</u>
Vocational Diploma/Certificate or Less	\$38,094
Associate Degree or Equivalent	38,606
Bachelor's Degree	40,829
Master's Degree or Education Specialist	42,801
Doctoral Degree	45,644

29 No full-time faculty member shall earn less than the minimum salary for his or her
 30 education level.

31 The pro rata hourly rate of the minimum salary for each education level shall be used
 32 to determine the minimum salary for part-time faculty members.
 33

34 **UNIVERSITY OF NORTH CAROLINA SYSTEM**

35 **SECTION 35.9.(a)** Effective for the 2018-2019 fiscal year, the annual salaries of
 36 University of North Carolina SHRA employees shall be increased as provided by Section 35.1
 37 of this act.

38 **SECTION 35.9.(b)** For the 2018-19 fiscal year, the Board of Governors of The
 39 University of North Carolina may provide EHRA employees a salary increase pursuant to the
 40 policies adopted by the Board. Funds for EHRA compensation increases may be used for any
 41 one or more of the following purposes: (i) merit pay, (ii) across the board increases, (iii)
 42 recruitment bonuses, (iv) retention increases, and (v) any other compensation increase pursuant
 43 to those policies.

44 **SECTION 35.9.(c)** Funds appropriated for faculty bonuses shall be awarded
 45 pursuant to policies adopted by the Board of Governors of The University of North Carolina may
 46 provide. Notwithstanding G.S. 135-1(7a), the bonus awarded under this section is not
 47 compensation under Article 1 of Chapter 135 of the General Statutes.

48 **SECTION 35.9.(d)** The Board of Governors of The University of North Carolina
 49 shall make a report on the use of compensation increase and bonus funds to the General Assembly
 50 by no later than March 1, 2019.
 51

STATE AGENCY TEACHERS

SECTION 35.10.(a) Employees of schools operated by the Department of Health and Human Services, the Department of Public Safety, and the State Board of Education who are paid on the Teacher Salary Schedule shall be paid as authorized by Section 8.1 of this act.

SECTION 35.10.(b) Employees of the School of Science and Mathematics of The University of North Carolina who are paid pursuant to a salary schedule adopted by the North Carolina School of Science and Math Board of Trustees shall be paid in accordance with the schedule adopted by the Board.

ALL STATE-SUPPORTED PERSONNEL

SECTION 35.11.(a) Salaries and related benefits for positions that are funded:

- (1) Partially from the General Fund or Highway Fund and partially from sources other than the General Fund or Highway Fund shall be increased from the General Fund or Highway Fund appropriation only to the extent of the proportionate part of the salaries paid from the General Fund or Highway Fund.
- (2) Fully from sources other than the General Fund or Highway Fund shall be increased as provided by this act. The Director of the Budget may increase expenditures of receipts from these sources by the amount necessary to provide the legislative increase to receipt-supported personnel in the certified budget.

The Director of the Budget may increase expenditures of receipts from these sources in the certified budget by the amount necessary to provide the increases authorized by this part to receipt-supported personnel. Nothing in this act authorizes the transfer of funds between the General Fund and the Highway Fund for salary increases.

SECTION 35.11.(b) The legislative salary increases provided in this act for the 2018-2019 fiscal year do not apply to persons separated from service due to resignation, dismissal, reduction in force, death, or retirement or whose last workday is prior to July 1, 2018. With respect to the legislative increases awarded in this part, payroll checks issued to employees after July 1 of each year that represent payment of services provided prior to July 1 of each year shall not be eligible for salary increases provided for in this act.

SECTION 35.11.(c) This section applies to all employees paid from State funds, whether or not subject to or exempt from the North Carolina Human Resources Act, including employees of public schools, community colleges, and The University of North Carolina.

MOST STATE EMPLOYEES

SECTION 35.12. Unless otherwise expressly provided by this part, the annual salaries in effect for the following persons on June 30, 2018, shall be legislatively increased as provided by Section 35.1 of this act:

- (1) Permanent, full-time State officials and persons whose salaries are set in accordance with the State Human Resources Act.
- (2) Permanent, full-time State officials and persons in positions exempt from the State Human Resources Act.
- (3) Permanent, part-time State employees.
- (4) Temporary and permanent hourly State employees.

CODIFY SALARY ADJUSTMENT FUND

SECTION 35.13.(a) Article 4 of Chapter 143C of the General Statutes is amended by adding a new section to read:

"§ 143C-4-10. Salary Adjustment Fund.

1 (a) Creation. – The Salary Adjustment Fund is established within the General Fund. The
2 General Assembly shall appropriate in the Current Operations Appropriations Act, or other
3 appropriations act, a specific amount to this reserve for salary adjustments in the executive,
4 judicial, and legislative branches.

5 (b) Authorized Uses. – The Salary Adjustment Fund shall be used to provide salary
6 adjustments using allowable human resource practices, including in-range adjustments, salary
7 range revisions, allowances/geographic site differentials, and reclassifications, as follows:

8 (1) To address recruitment and retention of hard-to-staff, high-turnover positions.

9 (2) To address salaries relative to market rates.

10 (3) To provide adjustments for employees with qualifications, including
11 specialized skills, certifications, education, or experience, that significantly
12 exceeds minimum qualifications.

13 Adjustments must be documented through data collection and analysis according to accepted
14 human resource professional practices and standards. Further, funds may only be used for salary
15 adjustments for the stated purposes that comply with the laws and adopted policies of the
16 appropriate governing entity.

17 (c) Report. – The Director of the Budget may transfer to General Fund budget codes from
18 the Salary Adjustment Fund amounts required to support salary adjustments authorized by this
19 section. The Director of the Budget shall report to the Joint Legislative Commission on
20 Governmental Operations within 30 days of allocation of the funds."

21 **SECTION 35.13.(b)** Section 35.14 of S.L. 2017-57 is repealed.

22
23 **USE OF FUNDS APPROPRIATED FOR COST-OF-LIVING**
24 **ADJUSTMENT/LEGISLATIVE INCREASES**

25 **SECTION 35.14.(a)** The appropriations set forth in Section 2.1 of this act include
26 appropriations for cost-of-living adjustments and legislatively mandated employee benefit
27 increases. The Office of State Budget and Management shall ensure that those funds are used
28 only for the purposes of salary increases and employee benefits.

29 **SECTION 35.14.(b)** If the Director of the Budget determines that funds appropriated
30 to a State agency for legislatively mandated salary increases and employee benefits exceed the
31 amount required by that agency for those purposes, the Director may reallocate those funds to
32 other State agencies that received insufficient funds for required cost-of-living and benefit
33 increases.

34 **SECTION 35.14.(c)** Any funds appropriated for cost-of-living adjustment and
35 legislatively mandated benefits increases in excess of the amounts required to implement the
36 increases shall be used as follows:

37 (1) Up to five hundred thousand dollars (\$500,000) may be used to fund sign-on
38 and referral bonuses with the Department of Public Safety, if funds in excess
39 of those appropriated in this act are needed.

40 (2) All remaining funds shall be credited to the Pay Plan Reserve established in
41 G.S. 143C-4-8.

42 **SECTION 35.14.(d)** Section 35.15 of S.L. 2017-57 is repealed.

43
44 **REQUIRE SUBMISSION OF PAY PLAN DESIGN**

45 **SECTION 35.15.** G.S. 143C-4-9 reads as rewritten:

46 "**§ 143C-4-9. Pay Plan Reserve.**

47 ...

48 (c) Request for Allocation. – After January 1 of each fiscal year, an agency may request
49 an allocation from the Pay Plan Reserve by ~~submitting proof~~ submitting:

1 (1) A detailed description of the pay plan design, including the salary or salary
2 range at each step within the pay plan and the criteria for movement between
3 steps of the pay plan.

4 (2) Proof to the Office of State Budget and Management (OSBM) that the agency
5 has exhausted or is projected to exhaust funds appropriated for statutory or
6 scheduled salary and benefit expenses.

7 The OSBM must certify the need for any allocation before disbursing funds from the reserve.
8 The OSBM shall report to Fiscal Research Division on or before April 1 of each year on any
9 disbursements made from the reserve and regarding projected recurring appropriations necessary
10 to fully fund positions eligible for funding in the next fiscal year. Funds from the reserve may be
11 allocated and reallocated only as expressly provided by this section."
12

13 **DPS SIGN-ON AND REFERRAL BONUSES**

14 **SECTION 35.16.(a)** Notwithstanding G.S. 126-18, the Department of Public Safety
15 shall develop a referral bonus programs for hard-to-fill positions. Referral bonuses shall provide
16 one-time bonuses to any Department of Public Safety employee who refers an applicant who is
17 hired into a hard-to-fill position. Bonuses paid through this program shall not exceed five hundred
18 dollars (\$500) in total. The Department shall develop additional program guidelines and policies
19 for the referral bonuses in consultation with the Office of State Budget and Management and the
20 Office of State Human Resources.

21 **SECTION 35.16.(b)** Sign-on bonuses, authorized by the State Human Resources
22 Commission in April 2018, shall provide one-time bonuses to applicants hired into a hard-to-fill
23 position who complete a probationary period to be determined by the department. Bonuses paid
24 through this program shall not exceed one thousand five hundred dollars (\$1,500) in total. The
25 Department shall develop additional program guidelines and policies for sign-on bonuses in
26 consultation with the Office of State Budget and Management and the Office of State Human
27 Resources.

28 **SECTION 35.16.(c)** Notwithstanding G.S. 135-1(7a), bonuses awarded through the
29 sign-on and referral bonus programs are not compensation under Article 1 of Chapter 135 of the
30 General Statutes.

31 **SECTION 35.16.(d)** The Department of Public Safety shall submit a report to the
32 Joint Legislative Oversight Committee on Justice and Public Safety, the Fiscal Research
33 Division, and the Office of State Budget and Management on the sign-on and referral bonuses
34 by April 1, 2019. The report shall include:

- 35 (1) A detailed description of the sign-on and referral bonus programs developed,
36 including positions eligible for the program and criteria used to determine
37 eligibility.
- 38 (2) Information on the number of total referrals, number of hired referrals, and
39 number of sign-on and referral bonuses paid.
- 40 (3) Total expenditures on sign-on and referral bonuses paid.
- 41 (4) An analysis of changes in vacancy rates, time-to-fill, and turnover for
42 positions eligible for sign-on and referral bonuses.
- 43

44 **STUDY DPS USE OF CERTIFICATION/COMPENSATION AND BENEFITS OF** 45 **CERTIFIED EMPLOYEES**

46 **SECTION 35.17.(a)** The Department of Public Safety, in consultation with the
47 Office of State Human Resources and the Office of State Budget and Management, shall study
48 the compensation and benefits provided to all Department personnel certified by the Criminal
49 Justice Training and Standards Division of the Department of Justice. The study shall include an
50 analysis of the criteria used to determine which positions are certified; a comparison of the
51 compensation and benefits of certified personnel within the Department, in other states, and

1 across units of government; and recommendations for compensation and benefit changes to
2 standardize benefits across certified positions.

3 **SECTION 35.17.(b)** The Department may use up to twenty-five thousand dollars
4 (\$25,000) of funds available to the Department to contract for research and analysis on the use
5 of certified personnel and the compensation and benefits of certified personnel across other states
6 and units of government.

7 **SECTION 35.17.(c)** The Department shall report on its findings and
8 recommendations, including cost projections, to the Joint Legislative Oversight Committee on
9 Justice and Public Safety, the Fiscal Research Division, and the Office of State Budget and
10 Management no later than February 1, 2019.

11 12 **EXTEND REORGANIZATION THROUGH REDUCTION TO UNC SYSTEM**

13 **SECTION 35.18.** G.S. 126-7.1 reads as rewritten:

14 "**§ 126-7.1. Posting requirement; State employees receive priority consideration;
15 reduction-in-force; Work First hiring; reorganization through reduction.**

16 ...

17 (j) A department or office listed in G.S. 126-5(d)(1) or (2) and The University of North
18 Carolina and its constituent institutions may reorganize and restructure its positions through a
19 voluntary separation process, in accordance with a policy approved by the State Human
20 Resources Commission and subject to funding and approval by the Office of State Budget and
21 Management."

22 23 **SALARY DETERMINATIONS FOR CERTAIN LICENSED HEALTH 24 PROFESSIONALS**

25 **SECTION 35.19.** Part 35 of S.L. 2017-57 is amended by adding a new section to
26 read:

27 "**SALARY DETERMINATIONS FOR CERTAIN LICENSED HEALTH
28 PROFESSIONALS**

29 "**SECTION 35.18D.** State agencies, departments, and institutions shall have salary
30 administration flexibility for licensed physicians, dentists, nurses, physician assistants,
31 pharmacists, and other allied health professionals and may exercise the flexibility within existing
32 resources. No salary determination made under this section may exceed the maximum of the
33 applicable salary range established by the Office of State Human Resources under Chapter 126
34 of the General Statutes. On or before September 1, and annually, the Office of State Human
35 Resources shall report to the Joint Legislative Commission on Governmental Operations and to
36 the Fiscal Research Division on the salary actions taken under this section."

37 38 **SPECIAL ANNUAL LEAVE BONUS**

39 **SECTION 35.20.(a)** Any person who is (i) a full-time, permanent employee of the
40 State, a community college, or a local board of education on July 1, 2018, and (ii) eligible to earn
41 annual leave shall have a one-time, additional five days of annual leave credited on July 1, 2018.

42 **SECTION 35.20.(b)** The additional leave shall be accounted for separately with the
43 leave provided by Section 28.3A of S.L. 2002-126, by Section 30.12B(a) of S.L. 2003-284, by
44 Section 29.14A of S.L. 2005-276, by Section 35.10A of S.L. 2014-100, and by Section 35.18A
45 of S.L. 2017-57. The leave shall remain available until used, notwithstanding any other limitation
46 on the total number of days of annual leave that may be carried forward. Part-time permanent
47 employees shall receive a pro rata amount of the five days.

48 49 **SALARY-RELATED CONTRIBUTIONS**

50 **SECTION 35.21.(a)** Section 35.19(c) of S.L. 2017-57 is repealed.

SECTION 35.21.(b) Effective July 1, 2018, the State's employer contribution rates budgeted for retirement and related benefits as a percentage of covered salaries for the 2018-2019 fiscal year for teachers and State employees, State law enforcement officers (LEOs), the University and Community Colleges Optional Retirement Programs (ORPs), the Consolidated Judicial Retirement System (CJRS), and the Legislative Retirement System (LRS) are as set forth below:

	Teachers and State Employees	State LEOs	ORPs	CJRS	LRS
Retirement	12.41%	12.41%	6.84%	34.06%	22.49%
Disability	0.14%	0.14%	0.14%	0.00%	0.00%
Death	0.16%	0.16%	0.00%	0.00%	0.00%
Retiree Health	6.27%	6.27%	6.27%	6.27%	6.27%
NC 401(k)	0.00%	5.00%	0.00%	0.00%	0.00%
Total Contribution Rate	18.98%	23.98%	13.25%	40.63%	29.06%

The rate for teachers and State employees and State law enforcement officers includes one one-hundredth percent (0.01%) for the Qualified Excess Benefit Arrangement.

PROVIDE COST-OF-LIVING ADJUSTMENT FOR RETIREES OF THE TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM, THE CONSOLIDATED JUDICIAL RETIREMENT SYSTEM, AND THE LEGISLATIVE RETIREMENT SYSTEM

SECTION 35.22.(a) G.S. 135-5 is amended by adding a new subsection to read:
 "(www) From and after July 1, 2018, the retirement allowance to or on account of beneficiaries whose retirement commenced on or before July 1, 2017, shall be increased by one percent (1%) of the allowance payable on June 1, 2018, in accordance with subsection (o) of this section. Furthermore, from and after July 1, 2018, the retirement allowance to or on account of beneficiaries whose retirement commenced after July 1, 2017, but before June 30, 2018, shall be increased by a prorated amount of one percent (1%) of the allowance payable as determined by the Board of Trustees based upon the number of months that a retirement allowance was paid between July 1, 2017, and June 30, 2018."

SECTION 35.22.(b) G.S. 135-65 is amended by adding a new subsection to read:
 "(hh) From and after July 1, 2018, the retirement allowance to or on account of beneficiaries whose retirement commenced on or before July 1, 2017, shall be increased by one percent (1%) of the allowance payable on June 1, 2018. Furthermore, from and after July 1, 2018, the retirement allowance to or on account of beneficiaries whose retirement commenced after July 1, 2017, but before June 30, 2018, shall be increased by a prorated amount of one percent (1%) of the allowance payable as determined by the Board of Trustees based upon the number of months that a retirement allowance was paid between July 1, 2017, and June 30, 2018."

SECTION 35.22.(c) G.S. 120-4.22A is amended by adding a new subsection to read:
 "(bb) In accordance with subsection (a) of this section, from and after July 1, 2018, the retirement allowance to or on account of beneficiaries whose retirement commenced on or before January 1, 2018, shall be increased by one percent (1%) of the allowance payable on June 1, 2018. Furthermore, from and after July 1, 2018, the retirement allowance to or on account of beneficiaries whose retirement commenced after January 1, 2018, but before June 30, 2018, shall be increased by a prorated amount of one percent (1%) of the allowance payable as determined by the Board of Trustees based upon the number of months that a retirement allowance was paid between January 1, 2018, and June 30, 2018."

457 CONTRIBUTIONS FOR CERTIFIED CUSTODY OFFICERS

SECTION 35.23.(a) Pursuant to G.S. 147-9.4, the Department of Public Safety (Department), in consultation with the Department of State Treasurer, the Criminal Justice Education and Training Standards Commission within the Department of Justice (Commission), and the Office of State Budget and Management, shall develop a plan to make employer contributions to the North Carolina Public Employee Deferred Compensation Plan (NC 457) for departmental employees certified by the Commission as State Correctional Officers. The plan for employer contributions to the NC 457 shall include:

- (1) Auto-enrollment for eligible employees as authorized in subsection (d) of this section.
- (2) Annual contributions to each eligible employee's NC 457 on their anniversary date.
- (3) A contribution plan based on years of service in a position certified by the Commission as State Correctional Officers.
- (4) An analysis showing that expected costs for fiscal year 2018-2019 do not exceed ten million (\$10,000,000) per year over a five-year period.

SECTION 35.23.(b) The Department shall make no contributions for service prior to July 1, 2018, though service prior to July 1, 2018, may be considered in the development of contribution rates and in contributions made to certified employees. Contributions for fiscal year 2018-2019 shall begin January 1, 2019, and shall be retroactive to July 1, 2018.

SECTION 35.23.(c) The Office of the State Controller shall work with the Department and the Commission to update the Integrated HR/Payroll system to track length of service in a certified position. This update shall be completed prior to January 1, 2019.

SECTION 35.23.(d) G.S. 143B-426.24 reads as rewritten:

"§ 143B-426.24. North Carolina Public Employee Deferred Compensation Plan.

...

(h1) Notwithstanding any other law, provision of law to the contrary, an employee of any county or municipality, an employee of the North Carolina Community College System, or an employee of any political subdivision of the State may participate in any 457 Plan adopted by the State, with the consent of the Supplemental Retirement Board and with the consent of the proper governing authority of such county, municipality, community college, or political subdivision of the State where such employee is employed. Furthermore, notwithstanding any provision of law to the contrary, the governing body of a county or municipality, the North Carolina Community College System, or a political subdivision of the State, or in the case of the State (or any department or agency of the State), by the General Assembly, may automatically enroll employees in the Plan. The contributions made on behalf of such an employee, whether deferrals from the employee's compensation or otherwise, shall be in the amounts established by the applicable governing body or, if not established by such governing body, the Supplemental Retirement Board, unless otherwise selected by the employee. The contributions of an automatically enrolled employee shall be invested in a default investment option, as determined by the Supplemental Retirement Board, unless otherwise selected by the employee. An employee who is automatically enrolled in the Plan must be notified by the employer and permitted to withdraw from the Plan at least 90 days prior to any contribution to the Plan on behalf of the employee.

...."

SECTION 35.23.(e) The Department shall report the final contribution plan and eligibility criteria to the Joint Legislative Committee on Justice and Public Safety on or before December 1, 2018.

SECTION 35.23.(f) NC 457 contributions shall be subject to future legislative change or revision, and no member of the fund, or any person, is deemed to have acquired any vested right to a contribution or other payment provided by this section.

1
2 **PART XXXVI. CAPITAL APPROPRIATIONS**

3
4 **CAPITAL APPROPRIATIONS/GENERAL FUND**

5 **SECTION 36.1.** Section 36.2(a) of S.L. 2017-57 reads as rewritten:

6 "SECTION 36.2.(a) There is appropriated from the General Fund for the 2017-2019 fiscal
7 biennium the following amounts for capital improvements:

8	9 Capital Improvements – General Fund	10 2017-2018	11 2018-2019
12	<u>Department of Administration</u>		
13	<u>Capital Master Plan Update</u>		<u>\$1,000,000</u>
14	Department of Environment and Natural Resources		
15	<u>Department of Environmental Quality</u>		
16	Water Resources Development	\$15,648,000	<u>\$12,056,000</u>
17	<u>West Bay Vessel Replacement</u>		<u>1,500,000</u>
18	<u>Reedy Creek Lab Renovation and</u>		
19	<u>Expansion Planning</u>		<u>1,500,000</u>
20			
21	<u>Department of Public Safety</u>		
22	Greenville Office Building & Garage	2,000,000	\$1,917,993
23	National Guard – Joint Forces HQ Helipad	1,000,000	–
24	Youth Development Center in Rockingham County	13,200,000	–
25	Stonewall Jackson Youth Development Center fence	200,000	–
26	National Guard – DuPont Forest		
27	Joint Training Center	100,000	–
28	<u>Western Readiness Center Annex</u>		<u>809,000</u>
29			
30	<u>Department of Justice</u>		
31	<u>Memorial for Fallen Law Enforcement</u>		
32	<u>Officers Planning</u>		<u>\$50,000</u>
33			
34	<u>Department of Natural and Cultural Resources</u>		
35	Fort Fisher Museum and Visitor Center	5,000,000	–
36	Fayetteville Civil War Museum project	5,000,000	–
37	<u>State Capitol African American Monument</u>		<u>\$1,800,000</u>
38	<u>Dinosaur Laboratory and Exhibit</u>		<u>1,800,000</u>
39	<u>Graveyard of the Atlantic Renovation</u>		<u>1,000,000</u>
40	<u>Museum of History Expansion Planning</u>		<u>1,000,000</u>
41			
42			
43	<u>Department of Health and Human Services</u>		
44	<u>New Maintenance Facility – Cherry Hospital</u>		<u>\$4,300,000</u>
45			
46	<u>Fayetteville State University</u>		
47	Health & Wellness Facility	5,500,000	–
48			
49	<u>Department of Agriculture and Consumer Services</u>		
50	Emergency Programs Warehouse	500,000	–
51	<u>Eddy Building Renovation and Expansion</u>		<u>\$760,000</u>

1			
2	<u>Office of State Budget and Management</u>		
3	<u>Department of Health and Human Services</u>		
4	<u>Relocation</u>		<u>\$2,000,000</u>
5			
6	Cleveland Community College		
7	Center for Advanced Manufacturing	5,000,000	–
8			
9	Brunswick Community College		
10	Gym renovations	60,000	–
11			
12	Stanly Community College		
13	Culinary Arts facility	500,000	–
14			
15	University of North Carolina-Chapel Hill		
16	New Business School building	1,000,000	–
17			
18	TOTAL CAPITAL IMPROVEMENTS –		
19	GENERAL FUND	\$54,708,000	\$1,917,993<u>\$31,492,993</u>
20			

WATER RESOURCES DEVELOPMENT PROJECTS

SECTION 36.2.(a) The Department of Environmental Quality shall allocate funds for water resources development projects in accordance with the schedule that follows. The amounts set forth in the schedule include funds appropriated in this act for water resources development projects and funds carried forward from previous fiscal years in accordance with subsection (b) of this section. These funds will provide a State match for an estimated fifty-seven million seven hundred eighty-eight thousand dollars (\$57,788,000) in federal funds.

	Name of Project	2018-2019
29		
30		
31	(1) Wilmington Harbor DA Maintenance	\$3,192,000
32	(2) Morehead City Maintenance	1,500,000
33	(3) Princeville Flood Damage Reduction	431,000
34	(3) Masonboro Island Sand Migration	6,500,000
35	(4) Carolina Beach Coastal Storm Damage Reduction	1,836,000
36	(5) Kure Beach Coastal Storm Risk Management	2,855,000
37	(6) Planning Assistance to Communities	38,000
38	(7) Bogue Banks Coastal Storm Risk Management	202,000
39	(8) Surf City/North Topsail Beach Coastal Storm Risk Management	255,000
40	(9) West Onslow Coast Storm Risk Management	220,000
41	(10) Neuse River Goldsboro Section 1135 CAP	333,000
42	(11) NRCS EQIP	3,857,000
43	(12) State-Local Projects	2,873,000
44	(13) Eastern NC Storm Debris Removal	1,500,000
45	(14) Concord Streams, Section 206 CAP	1,023,000
46	(15) Manteo Old House Channel, Section 204 CAP	2,219,000
47	(16) Lumberton 205 CAP, Flood Damage Reduction	125,000
48	(17) B. Everette Jordan Reservoir Water Supply	148,000
49	(18) Kunz Farm Park Riverwalk	250,000
50	(19) Brunswick Town Fort Anderson Cape Fear Streamline Restoration	487,000
51	(20) Wrightsville Beach Coastal Storm Damage Reduction	2,215,000

1	(21) New River Storm Damage Reduction	2,000,000
2	(22) Cape Fear Lock and Dam #2 and #3 Fish Ramp	840,000
3	(23) Town of Rutherfordton Stream Restoration	500,000
4	(24) Ararat River Greenway/Stream Restoration	500,000
5	(25) Ocean Isle Coastal Storm Damage Restoration	65,000
6		
7	TOTALS	\$37,064,000

8
9 **SECTION 36.2.(b)** It is the intent of the General Assembly that funds carried
10 forward from previous fiscal years be used to supplement the fifteen million six hundred
11 forty-eight thousand dollars (\$15,648,000) appropriated for water resources development
12 projects in this section. Therefore, the following funds carried forward from previous fiscal years
13 shall be used for the following projects:

14	Name of Project	2018-2019
15	(1) Wilmington Harbor DA Maintenance	\$763,000
16	(2) Morehead City Maintenance	1,500,000
17	(3) Princeville Flood Damage Reduction	431,000
18	(4) Carolina Beach Coastal Storm Damage Reduction	1,836,000
19	(5) Kure Beach Coastal Storm Risk Management	731,000
20	(6) Planning Assistance to Communities	25,000
21	(7) Bogue Banks Coastal Storm Risk Management	15,000
22	(8) Surf City/North Topsail Beach Coastal Storm Risk Management	255,000
23	(9) West Onslow Coast Storm Risk Management	220,000
24	(10) Neuse River Goldsboro Section 1135 CAP	25,000
25	(11) NRCS EQIP	3,857,000
26	(12) State-Local Projects	2,873,000
27	(13) Eastern NC Storm Debris Removal	1,500,000
28	(14) Concord Streams, Section 206 CAP	1,023,000
29	(15) Manteo Old House Channel, Section 204 CAP	2,219,000
30	(17) B. Everette Jordan Reservoir Water Supply	148,000
31	(18) Kunz Farm Park Riverwalk	250,000
32	(20) Wrightsville Beach Coastal Storm Damage Reduction	2,215,000
33	(21) New River Storm Damage Reduction	2,000,000
34	(22) Cape Fear Lock and Dam #2 and #3 Fish Ramp	840,000
35	(23) Town of Rutherfordton Stream Restoration	500,000
36	(24) Ararat River Greenway/Stream Restoration	500,000
37	(25) Ocean Isle Coastal Storm Damage Restoration	65,000
38		
39	TOTALS	\$25,008,000

40
41
42
43 **SECTION 36.2.(c)** Where the actual costs are different from the estimated costs
44 under subsection (a) of this section, the Department may adjust the allocations among projects
45 as needed. If any projects funded under subsection (a) of this section are delayed and the budgeted
46 State funds cannot be used during the 2018-2019 fiscal year, or if the projects funded under
47 subsection (a) of this section are accomplished at a lower cost, the Department may use the
48 resulting fund availability to fund any of the following:

- 49 (1) U.S. Army Corps of Engineers project feasibility studies.
50 (2) U.S. Army Corps of Engineers projects whose schedules have advanced and
51 require State-matching funds in the 2018-2019 fiscal year.

(3) State-local water resources development projects.
 Funds subject to this subsection that are not expended or encumbered for the purposes set forth in subdivisions (1) through (3) of this subsection shall revert to the General Fund at the end of the 2018-2019 fiscal year.

SECTION 36.2.(d) The Department shall submit semiannual reports on the use of these funds to the Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources, the Fiscal Research Division, and the Office of State Budget and Management on or before March 1 and September 1. Each report shall include all of the following:

- (1) All projects listed in this section.
- (2) The estimated cost of each project.
- (3) The date that work on each project began or is expected to begin.
- (4) The date that work on each project was completed or is expected to be completed.
- (5) The actual cost of the project.

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

NON-GENERAL FUND CAPITAL IMPROVEMENT AUTHORIZATIONS

SECTION 36.3. Section 36.4(a) of S.L. 2017-57 reads as rewritten:

"SECTION 36.4.(a) The General Assembly authorizes the following capital projects to be funded with receipts or from other non-General Fund sources available to the appropriate department:

Name of Project	Amount of Non-General Fund Funding Authorized	
	FY 2017-2018	FY 2018-2019
<u>Department of Military and Veterans Affairs</u>		
<u>New State Veterans Home – Triangle Region</u>		\$38,890,000
<u>New State Veterans Home – Triad Region</u>		38,890,000
<u>Cemetery Expansion</u>		9,614,483
<u>Repairs and Renovations of State Veterans Homes</u>		2,800,000
<u>Department of Natural and Cultural Resources</u>		
Museum of Art- New Park and Pavilion Building	915,300	–
<u>Roanoke Island Aquarium Generator Building</u>		480,000
<u>Tryon Palace Garden Cottage</u>		500,000
<u>Wildlife Resources Commission</u>		
Land Acquisition	7,000,000	3,000,000
Infrastructure Repair/Renovation	1,500,000	–
Setzer Hatchery Building Replacement	750,000	–
Boating Access	900,000	900,000
Setzer Hatchery Raceways Replacement	4,500,000	–
Outer Banks Education Center Air Handlers	–	300,000
Burnsville Depot	500,000	–
Butner Lab & Storage Building	500,000	–
Bolivia Depot	750,000	–
New Shooting Ranges	1,000,000	1,000,000
<u>Department of Public Safety</u>		
Nash Correctional Institution		
Field Ministry Program Facility	3,800,000	–
<u>Chase Laundry Air Handling Units Replacements</u>		950,000

1	<u>Chase Laundry Roof Replacement</u>	<u>742,000</u>
2	<u>Security Cameras and Systems</u>	<u>400,000</u>
3		
4	TOTAL AMOUNT OF NON-GENERAL	
5	FUND CAPITAL PROJECTS	
6	AUTHORIZED	\$22,115,300 \$5,200,000 <u>\$98,468,083"</u>

REPAIRS AND RENOVATIONS RESERVE ALLOCATION

SECTION 36.4. Section 36.5 of S.L. 2017-57 reads as rewritten:

"**SECTION 36.5.(a)** Of the funds in the Reserve for Repairs and Renovations for the ~~2017-2018 fiscal year, 2017-2019 fiscal biennium,~~ the following allocations shall be made to the following agencies for repairs and renovations pursuant to G.S. 143C-4-3:

- (1) One-half of the funds shall be allocated to the Board of Governors of The University of North Carolina.
- (2) One-half of the funds shall be allocated to the Office of State Budget and Management.

The Office of State Budget and Management shall consult with or report to the Joint Legislative Commission on Governmental Operations, as appropriate, in accordance with G.S. 143C-4-3(d). The Board of Governors shall report to the Joint Legislative Commission on Governmental Operations in accordance with G.S. 143C-4-3(d).

"**SECTION 36.5.(b)** Notwithstanding G.S. 143C-4-3(d), of the funds allocated to the Board of Governors of The University of North Carolina in subsection (a) of this section, a portion shall be used each fiscal year by the Board of Governors for the installation of fire sprinklers in University residence halls. This portion shall be in addition to funds otherwise appropriated in this act for the same purpose. Such funds shall be allocated among the University's constituent institutions by the President of The University of North Carolina, who shall consider the following factors when allocating those funds:

- (1) The safety and well-being of the residents of campus housing programs.
- (2) The current level of housing rents charged to students and how that compares to an institution's public peers and other UNC institutions.
- (3) The level of previous authorizations to constituent institutions for the construction or renovation of residence halls funded from the General Fund or from bonds or certificates of participation supported by the General Fund since 1996.
- (4) The financial status of each constituent institution's housing system, including debt capacity, debt coverage ratios, credit rankings, required reserves, the planned use of cash balances for other housing system improvements, and the constituent institution's ability to pay for the installation of fire sprinklers in all residence halls.
- (5) The total cost of each proposed project, including the cost of installing fire sprinklers and the cost of other construction, such as asbestos removal and additional water supply needs.

The Board of Governors shall submit progress reports to the Joint Legislative Commission on Governmental Operations. Reports shall include the status of completed, current, and planned projects. Reports also shall include information on the financial status of each constituent institution's housing system, the constituent institution's ability to pay for fire protection in residence halls, and the timing of installation of fire sprinklers. Reports shall be submitted on January 1 and July 1 until all residence halls have fire sprinklers.

"**SECTION 36.5.(c)** Notwithstanding G.S. 143C-4-3(d), of the funds allocated to the Board of Governors of The University of North Carolina in subsection (a) of this section, a portion shall

1 be used each fiscal year by the Board of Governors for campus public safety improvements
2 allowable under G.S. 143C-4-3(b).

3 **"SECTION 36.5.(d)** In making campus allocations of funds allocated to the Board of
4 Governors of The University of North Carolina in subsection (a) of this section, the Board of
5 Governors shall negatively weight the availability of non-State resources and carryforward funds
6 available for repair and renovations and shall include information about the manner in which this
7 subsection was complied within any report submitted pursuant to G.S. 143C-4-3(d).

8 **"SECTION 36.5.(e)** Notwithstanding G.S. 143C-4-3, of the funds allocated from the
9 Reserve for Repairs and Renovations for the 2017-2018 fiscal year, the following sums shall be
10 allocated for the following projects:

- 11 (1) One million seven hundred fifty thousand dollars (\$1,750,000) shall be
12 allocated to the Department of Public Safety to be provided to the North
13 Carolina National Guard for the demolition of Western Youth Correctional
14 Facility.
- 15 (2) Two million dollars (\$2,000,000) shall be allocated to the Department of
16 Natural and Cultural Resources for the repairs and renovation projects
17 involving the U.S.S. North Carolina Battleship.
- 18 (3) Three hundred thousand dollars (\$300,000) shall be allocated to weatherproof
19 Goodwin Hall and Joiner Hall at the North Carolina School for the Deaf in
20 Morganton.
- 21 (4) Ten million dollars (\$10,000,000) shall be allocated for the comprehensive
22 renovation and repurposing of West Hall at the University of North Carolina
23 at Pembroke.
- 24 (5) Two million five hundred thousand dollars (\$2,500,000) shall be allocated to
25 the Department of Natural and Cultural Resources, Division of Parks and
26 Recreation, for repair and renovation projects at Morrow Mountain State Park
27 in Stanly County.
- 28 (6) Four million five hundred thousand dollars (\$4,500,000) shall be allocated to
29 the Department of Natural and Cultural Resources for repair and renovation
30 projects at the North Carolina Zoological Park.
- 31 (7) Two million two hundred thousand dollars (\$2,200,000) shall be allocated to
32 the Department of Public Safety to renovate ~~the Swannanoa Correctional~~
33 ~~Center for Women~~ the former North Piedmont Correctional Center for
34 Women to allow for portions to be used for a female Confinement Response
35 to Violation (CRV) facility.
- 36 (8) Seven hundred fifty thousand dollars (\$750,000) shall be allocated for the
37 energy production facility replacement project at Western Carolina
38 University."

39 40 **RESERVE FOR PUBLIC SAFETY IMPROVEMENTS AT STATE AND LOCAL** 41 **FACILITIES**

42 **SECTION 36.5.(a)** Creation and Source of Funds. – The Reserve for Public Safety
43 Improvements at State and Local Facilities is established as a statewide reserve. Any reserve
44 funds for capital improvements and renovation projects will be moved to a capital fund once the
45 funds have been distributed to the agency. All other uses will be administered out of the agency's
46 general fund.

47 **SECTION 36.5.(b)** The funds shall be allocated in the following manner:

- 48 (1) Twenty-five million dollars (\$25,000,000) shall be allocated to the State
49 Board of Education for public safety improvements at local administrative
50 units, regional schools, charter schools, and laboratory schools.

1 (2) Twenty million dollars (\$20,000,000) shall be allocated to The University of
2 North Carolina Board of Governors for public safety improvements at
3 constituent institutions.

4 (3) Twenty million dollars (\$20,000,000) shall be allocated to the State Board of
5 Community Colleges for public safety improvements at community colleges.

6 (4) Twenty-five million dollars (\$25,000,000) shall be allocated to the
7 Department of Public Safety for public safety improvements at correctional
8 institutions and for improvements to the Voice Interoperability Plan for
9 Emergency Responders.

10 (5) Ten million dollars (\$10,000,000) shall be allocated to the Office of State
11 Budget and Management for public safety improvements at State Agencies.

12 **SECTION 36.5.(c)** Use of Funds. – The funds in the Reserve for Public Safety
13 Improvements at State and Local Facilities may be used for the following types of public safety
14 improvements:

15 (1) Improvements and expansion of existing capital facilities to provide increased
16 protection, improved notification, and reduced risk from external harm.
17 Examples of such improvements include, but are not limited to, improved
18 doors and windows, guard stations, fencing, and renovations to support items
19 in subdivision (2) of this subsection.

20 (2) Purchase of equipment to provide increased monitoring of facilities,
21 notification to emergency responders, and improved response to life
22 threatening events. Examples of such equipment include, but are not limited
23 to, panic buttons, worn devices that can create an emergency notification,
24 cameras, and monitors.

25 (3) Improvements to communications and data systems to provide improved
26 response and coordination in the event of a public safety disturbance at a State
27 or local facility. Examples of such communications improvements include,
28 but are not limited to, Voice Interoperability Plan for Emergency Responders
29 improvements, security alarms and notification systems, telephone systems,
30 and alert notification systems.

31 (4) Development of security master plans and procedures.

32 (5) Training of personnel regarding best practices and procedures for emergency
33 response, public safety risk identification, and related items.

34 **SECTION 36.5.(d)** Application Process. – Each entity receiving funds in subsection
35 (b) of this section shall request applications from relevant recipients.

36 The State Board of Education shall include need-based considerations in its criteria
37 for awarding these funds to local school administrative units, regional schools, charter schools,
38 and laboratory schools.

39 **SECTION 36.5.(e)** Non-Supplant of Funds. – Funds shall be used to supplement and
40 not to supplant State, local, and federal funds for public safety improvements.

41 **SECTION 36.5.(f)** On or before May 1 of each year, each entity receiving funds in
42 subsection (b) of this section shall submit a report to the Joint Legislative Commission on
43 Governmental Operations. The report shall contain the following:

44 (1) Number and description of projects awarded.

45 (2) Total cost of each project awarded.

46 (3) Number of applications received.

47 (4) The basis on which the projects were evaluated.

48 (5) If applications received subject to subsection (d) of this section were more
49 than the funds available to the entity, the basis on which projects were selected
50 to receive funding.
51

1 **REALLOCATION OF CONNECT NC BONDS FOR COMPLETED STATE PARK**
2 **PROJECTS**

3 **SECTION 36.6.** Section 1(f)(2) of S.L. 2015-280 is amended by adding a new
4 sub-subdivision to read:

5 "(2) Special Allocation Provisions. – In determining the use of the proceeds of
6 public improvement bonds and notes, including premium thereon, if any, set
7 forth in subdivision (1) of this subsection, the following special allocation
8 provisions apply:

9 a. The proceeds of public improvement bonds and notes, including
10 premium thereon, if any, for Statewide capital repairs and renovations
11 for The University of North Carolina, as provided in subdivision (1)
12 of this subsection, shall be used for projects that are eligible to receive
13 funds from the Repairs and Renovations Reserve under
14 G.S. 143C-4-3(b). Any items purchased with such proceeds and
15 installed or replaced as part of a renovation or rehabilitation must have
16 a useful life of at least 10 years or must extend the life of the facility
17 by at least 10 years once renovated or rehabilitated. Such proceeds (i)
18 shall be prioritized to constituent institutions not otherwise specified
19 as receiving proceeds under subdivision (1) of this subsection and (ii)
20 shall not be used to increase any amount to a constituent institution
21 otherwise specified as receiving proceeds under subdivision (1) of this
22 subsection.

23 b. The proceeds of public improvement bonds and notes, including
24 premium thereon, if any, for NC Community Colleges, as provided in
25 subdivision (1) of this subsection, shall be used for new construction
26 or rehabilitation of existing facilities and repairs and renovations. Any
27 items purchased with such proceeds and installed or replaced as part
28 of a renovation or rehabilitation must have a useful life of at least 10
29 years or must extend the life of the facility by at least 10 years once
30 renovated or rehabilitated. In order to receive the proceeds under this
31 sub-subdivision for projects for new construction, the community
32 college receiving the proceeds shall provide local matching funds from
33 county funds, other non-State funds, or a combination of these sources
34 for such proceeds. The amount of matching funds shall be (i) one
35 dollar (\$1.00) of local matching funds for every three dollars (\$3.00)
36 of such proceeds for a community college with a main campus located
37 in a development tier one area, as defined in G.S. 143B-437.08, (ii)
38 one dollar (\$1.00) of local matching funds for every two dollars
39 (\$2.00) of such proceeds for a community college with a main campus
40 located in a development tier two area, as defined in
41 G.S. 143B-437.08, and (iii) one dollar (\$1.00) of local matching funds
42 for every one dollar (\$1.00) of such proceeds for a community college
43 with a main campus located in a development tier three area, as defined
44 in G.S. 143B-437.08. Community colleges are not required to match
45 bond proceeds allocated in this section for rehabilitation of existing
46 facilities and repairs and renovations.

47 c. The proceeds of public improvement bonds and notes, including
48 premium thereon, if any, for the Department of Environment and
49 Natural Resources for Statewide Children With Disabilities and
50 Veterans With Disabilities Local Parks (Matching Grants), as
51 provided in subdivision (1) of this subsection, shall be allocated to the

1 Parks and Recreation Trust Fund established in G.S. 113-44.15 and
2 shall be used exclusively for grants to local government units or public
3 authorities, as defined in G.S. 159-7, for construction of special
4 facilities or adaptation of existing facilities that meet the unique needs
5 of children with physical and developmental disabilities and veterans
6 with physical and developmental disabilities and enable them to
7 participate in recreational and sporting activities, regardless of their
8 abilities. In order to receive such proceeds under this sub-subdivision,
9 a local government unit or public authority shall provide matching
10 funds in the amount of one dollar (\$1.00) of local funds for every four
11 dollars (\$4.00) of such proceeds. Grants made using such proceeds
12 under this sub-subdivision shall not exceed five hundred thousand
13 dollars (\$500,000) per project.

14 d. The proceeds of public improvement bonds and notes, including
15 premium thereon, if any, for the Department of Environmental Quality
16 for Statewide Water/Sewer Loans and Grants, as provided in
17 subdivision (1) of this subsection, shall be allocated to the Water
18 Infrastructure Fund established in G.S. 159G-22. One hundred million
19 dollars (\$100,000,000) shall be used for grants, and the remainder shall
20 be used for low-interest loans. The proceeds for loans and the proceeds
21 for grants shall be allocated in equal proportion to the Drinking Water
22 Reserve and the Wastewater Reserve and shall be subject to the
23 following:

- 24 1. If the availability of loan funds exceeds project demand, the
25 limits contained in G.S. 159G-36 applicable to a loan may be
26 exceeded for the purpose of ensuring that all available loan
27 funds are utilized for projects prioritized pursuant to
28 G.S. 159G-23.
- 29 2. Loan and grant applications for projects shall be funded first if
30 both of the following criteria are met: (i) the project is required
31 to be completed due to an EPA administrative order or consent
32 decree and (ii) the application for the project is deemed
33 complete by the Division and meets the minimum
34 requirements for the program from which it is seeking funding.
- 35 3. A grant application to be funded from the Wastewater Reserve
36 and required to be prioritized under sub-sub-subdivision 2. of
37 this sub-subdivision shall be awarded a grant equal to fifty
38 percent (50%) of the project costs that are reasonably necessary
39 to comply with the EPA administrative order or consent
40 decree, notwithstanding limits otherwise applicable pursuant
41 to G.S. 159G-36; provided that, the cumulative amount of all
42 grants received by an applicant under this sub-subdivision does
43 not exceed one-third of the amount of bond proceeds for grants
44 allocated to the Wastewater Reserve.
- 45 4. A loan application to be funded from the Wastewater Reserve
46 and required to be prioritized under sub-sub-subdivision 2. of
47 this sub-subdivision shall receive a loan equal to the amount
48 sufficient to cover all project costs that are reasonably
49 necessary to comply with the EPA administrative order or
50 consent decree minus the amount of any grant awarded under
51 sub-sub-subdivision 3. of this sub-subdivision; provided that,

- 1 the cumulative amount of all loans received by an applicant
 2 under this sub-subdivision does not exceed fifteen million
 3 dollars (\$15,000,000).
- 4 e. The proceeds of public improvement bonds and notes, including
 5 premium thereon, if any, for National Guard, as provided in
 6 subdivision (1) of this subsection, shall be used by the Adjutant
 7 General of the North Carolina National Guard for capital
 8 improvements, as defined in G.S. 143C-1-1(d)(5), for readiness
 9 centers located in Guilford, Burke, and Wilkes Counties.
- 10 f. The proceeds of public improvement bonds and notes, including
 11 premium thereon, if any, for the North Carolina Zoological Park, as
 12 provided in subdivision (1) of this subsection, shall be used for capital
 13 improvements, as defined in G.S. 143C-1-1(d)(5). Any items
 14 purchased with such proceeds and installed or replaced as part of a
 15 renovation or rehabilitation must have a useful life of at least 10 years
 16 or must extend the life of the facility by at least 10 years once
 17 renovated or rehabilitated.
- 18 g. The proceeds of public improvement bonds and notes, including
 19 premium thereon, if any, for the North Carolina State Parks, as
 20 provided in this subdivision may be allocated to another State Park,
 21 provided the following conditions are met:
- 22 1. The Park project to which the original allocation was made has
 23 been completed.
 - 24 2. The Park project receiving funds in sub-sub-subdivision 1. of
 25 this sub-subdivision has experienced a cost overrun for which
 26 additional funds are required.
 - 27 3. The Office of State Budget and Management will report any
 28 reallocations made under this subdivision to the Joint
 29 Legislative Oversight Committee on Capital Improvements."

31 NATIONAL GUARD PROJECTS

32 **SECTION 36.7.** Section 36.11(c) of S.L. 2013-360 reads as rewritten:

33 **"SECTION 36.11.(c)** Where the actual costs are different from the estimated costs under
 34 subsection (a) of this section, the Adjutant General of the National Guard may adjust the
 35 allocations among projects as needed. However, State funds shall not be allocated to a project in
 36 excess of the maximum amount of State funds authorized to be allocated to the project under
 37 subsection (a) of this section. If any projects funded under subsection (a) of this section are
 38 delayed and the budgeted State funds cannot be used during the 2013-2015 fiscal biennium, or if
 39 the projects funded under subsection (a) of this section are accomplished at a lower cost, the
 40 Department may use the resulting fund availability to fund any of the following:

- 41 (1) Future project feasibility studies.
- 42 (2) Survey, testing, and permitting.
- 43 (3) Planning and execution for reversion of facilities no longer in use.
- 44 (4) Repair, renovation, and expansion of an existing armory."

46 AUTHORIZE STATE AGENCIES TO UNDERTAKE SMALL REPAIRS AND 47 RENOVATIONS PROJECTS WITH FUNDS AVAILABLE

48 **SECTION 36.8.** G.S. 143C-8-7 reads as rewritten:

49 **"§ 143C-8-7. When a State agency may begin a capital improvement project.**

50 (a) No State agency may expend funds for the construction or renovation of any capital
 51 improvement project except as needed to comply with this Article or otherwise authorized by the

1 General Assembly. Funds that become available by gifts, excess patient receipts above those
2 budgeted at the University of North Carolina Hospitals at Chapel Hill, federal or private grants,
3 receipts becoming a part of special funds by act of the General Assembly, or any other funds
4 available to a State agency or institution may be utilized for advanced planning through the
5 working drawing phase of capital improvement projects, upon approval of the Director of the
6 Budget.

7 (b) A State agency may undertake repairs and renovations projects so long as each project
8 satisfies the following requirements:

9 (1) Total project costs do not exceed the informal project limit set by the State
10 Building Commission.

11 (2) The project is one of the types set forth in G.S. 143C-4-3(b)(1) through (13),
12 regardless of whether the relevant State facilities and related infrastructure are
13 supported from the General Fund.

14 (3) The project is paid for with funds available to the agency.

15 (c) Projects undertaken pursuant to this section shall be reported to the Fiscal Research
16 Division on a quarterly basis. A report under this subsection shall include information about all
17 of the following for each project:

18 (1) The facility at which the project is being undertaken.

19 (2) The nature and scope of the project.

20 (3) The source of funds for the project.

21 (4) The category of projects set forth in G.S. 143C-4-3(b) that the project falls
22 within."

23

24 **DEFINE CAPITAL PROJECTS**

25 **SECTION 36.9.** G.S. 143C-1-1(d)(5) reads as rewritten:

26 "(5) Capital improvement. – A term that includes real property acquisition, new
27 construction or rehabilitation of existing facilities, and repairs and
28 ~~renovations~~renovations over one hundred thousand dollars (\$100,000) in
29 value."
30

31 **REPEAL STATE CAPITAL AND INFRASTRUCTURE FUND**

32 **SECTION 36.10.** Section 36.12 of S.L. 2017-57 is repealed.
33

34 **ELIMINATE NON-STATE FUNDED ADVANCE PLANNING REQUIREMENT** 35 **BEFORE REQUESTING LEGISLATIVE SUPPORTS**

36 **SECTION 36.11.** G.S. 143C-3-3(b)(2) is repealed.
37

38 **ALLOCATION OF NET PROCEEDS FROM WAKE COUNTY PROPERTY** 39 **DISPOSITIONS**

40 **SECTION 36.12.** Article 7 of Chapter 146 of the General Statutes is amended by
41 adding a new section to read:

42 "§ 146-30.2. Application of net proceeds from disposition of property allocated to the
43 department of administration in Wake County.

44 (a) Limitation. – Notwithstanding G.S. 146-30 or any other provision of law, and subject
45 to the limitations contained in any applicable deed, the net proceeds of any disposition of, use of,
46 or activity on real property located in Wake County and allocated to the Department of
47 Administration shall be used solely to repair and renovate real property located in Wake County
48 and allocated to the Department of Administration. These funds shall only be used to fund
49 projects listed in G.S. 143C-4-3(b), subject to the approval of the Director of the Budget.

50 (b) Definition of Net Proceeds. – For purposes of this section, the term "net proceeds"
51 shall have the same meaning as in G.S. 146-30.

1 (c) Appropriation. – Net proceeds received on or after July 1, 2017, are hereby
2 appropriated for the uses contained in subsection (a) of this section.

3 (d) Report. – The Director of the Budget shall report annually on July 1 on projects
4 funded under this section to the Joint Legislative Oversight Committee on Capital
5 Improvements."

7 **FOOD SERVICE WITHIN THE CAPITOL COMPLEX**

8 **SECTION 36.13.(a)** Article 3 of Chapter 111 of the General Statutes is amended by
9 adding a new section to read:

10 **"§ 111-47.4A. Food service within the Capitol Complex.**

11 Notwithstanding any other provision of this Article, the Department of Health and Human
12 Services may operate or contract for the operation of food or vending services at State property
13 or State facilities allocated to the Department of Administration. The net proceeds of revenue
14 generated by food and vending services at the State property or State facilities by the agency or
15 a vendor with whom the agency has contracted with shall be credited to the Division of Services
16 for the Blind of the Department and Health and Human Services for the purposes specified in
17 G.S. 111-43. Nothing in this section shall be construed to remove an exemption granted under
18 State law for State property or State buildings, as defined in G.S. 111-42(c)."

19 **SECTION 36.13.(b)** G.S. 66-58(c)(4) reads as rewritten:

20 "(4) ~~The operation of lunch counters by the Department of Health and Human~~
21 ~~Services as blind enterprises of the type operated on January 1, 1951 in State~~
22 ~~buildings in the City of Raleigh food and vending services pursuant to Article~~
23 ~~3 of Chapter 111 of the General Statutes."~~

24 **SECTION 36.13.(c)** G.S. 146-29.1 is amended by adding a new subsection to read:

25 "(i) This section shall not apply to leases entered into by the Department of Health and
26 Human Services for food and vending services pursuant to Article 3 of Chapter 111 of the
27 General Statutes."

29 **REPAIR, MAINTENANCE, AND SELF-CONSTRUCTION TO STATE PROPERTY**

30 **SECTION 36.14.(a)** Article 8 of Chapter 143 of the General Statutes is amended by
31 adding a new section to read:

32 **"§ 143-135.10. Repair, maintenance, and self-construction to State property.**

33 Notwithstanding any other provision of law, an employee of a State agency or institution may
34 perform work involving the installation, construction, maintenance, or repair of any buildings,
35 wiring, piping, devices, appliances, or equipment located in or constituting improvements located
36 on State-owned land without the requirement of licensure under Chapter 87 of the General
37 Statutes if the work is performed by an employee who is employed by the State agency or
38 institution and either the work performed is valued at less than one hundred thousand dollars
39 (\$100,000), or all work is performed as force-account work otherwise authorized by law up to
40 the value authorized. The Office of State Construction may regulate work performed pursuant to
41 this section to ensure compliance with building and safety codes. Nothing in this section shall be
42 construed to allow an employee of a State agency or institution to engage in any activities
43 described in this section privately or outside the employee's scope of employment without
44 meeting all licensure requirements otherwise required by law."

45 **SECTION 36.14.(b)** Section 36.15 of S.L. 2015-360 is repealed.

47 **TWO-THIRDS BONDS ACT OF 2018**

48 **SECTION 36.15.(a)** Short Title. – This section may be cited as the "Two-Thirds
49 Bonds Act of 2018."

1 **SECTION 36.15.(b)** Findings and Determinations. – It is the intent and purpose of
2 the General Assembly by this section to provide for the issuance of general obligation bonds or
3 notes of the State in order to provide funds for the cost of State capital facilities.

4 **SECTION 36.15.(c)** Definitions. – The following definitions apply in this section,
5 unless the context otherwise requires:

6 (1) Bonds. – Bonds issued under this section.

7 (2) Cost. – The term includes all of the following:

8 a. The cost of constructing, reconstructing, renovating, repairing,
9 enlarging, acquiring, and improving State capital facilities, including
10 the acquisition of land, rights-of-way, easements, franchises,
11 equipment, machinery, furnishings, and other interests in real or
12 personal property acquired or used in connection with a State capital
13 facility.

14 b. The cost of engineering, architectural, and other consulting services as
15 may be required.

16 c. Administrative expenses and charges.

17 d. The cost of providing personnel to ensure effective project
18 management.

19 e. The cost of bond insurance, investment contracts, credit enhancement
20 and liquidity facilities, interest-rate swap agreements or other
21 derivative products, financial and legal consultants, and related costs
22 of bond and note issuance, to the extent and as determined by the State
23 Treasurer.

24 f. Finance charges, reserves for debt service, and other types of reserves
25 required pursuant to the terms of any bond or note or related
26 documents, interest before and during construction or acquisition of a
27 State capital facility and, if considered advisable by the State
28 Treasurer, for a period not exceeding two years after the estimated date
29 of completion of construction or acquisition.

30 g. The cost of bond insurance, investment contracts, credit enhancement
31 facilities and liquidity facilities, interest-rate swap agreements or other
32 derivative products, financial and legal consultants, and related costs
33 of the incurrence or issuance of any bond or note.

34 h. The cost of reimbursing the State for any payments made for any cost
35 described in this subdivision.

36 i. Any other costs and expenses necessary or incidental to the purposes
37 of this section.

38 (3) Credit facility. – An agreement entered into by the State Treasurer on behalf
39 of the State with a bank, savings and loan association, or other banking
40 institution, an insurance company, reinsurance company, surety company or
41 other insurance institution, a corporation, investment banking firm, or other
42 investment institution, or any financial institution or other similar provider of
43 a credit facility, which provider may be located within or without the United
44 States, such agreement providing for prompt payment of all or any part of the
45 principal or purchase price (whether at maturity, presentment or tender for
46 purchase, redemption, or acceleration), redemption premium, if any, and
47 interest on any bonds or notes payable on demand or tender by the owner, in
48 consideration of the State agreeing to repay the provider of the credit facility
49 in accordance with the terms and provisions of such agreement.

50 (4) Notes. – Notes issued under this section.

- 1 (5) Par formula. – A provision or formula adopted by the State to provide for the
2 adjustment, from time to time, of the interest rate or rates borne by any bonds
3 or notes, including the following:
4 a. A provision providing for such adjustment so that the purchase price
5 of such bonds or notes in the open market would be as close to par as
6 possible.
7 b. A provision providing for such adjustment based upon a percentage or
8 percentages of a prime rate or base rate, which percentage or
9 percentages may vary or be applied for different periods of time.
10 c. Such other provision as the State Treasurer may determine to be
11 consistent with this act and will not materially and adversely affect the
12 financial position of the State and the marketing of bonds or notes at a
13 reasonable interest cost to the State.
- 14 (6) State. – The State of North Carolina, including any State agency.
15 (7) State agency. – Any agency, institution, board, commission, bureau, council,
16 department, division, officer, or employee of the State. The term does not
17 include counties, municipal corporations, political subdivisions, local boards
18 of education, or other local public bodies.

19 **SECTION 36.15.(d)** Authorization of Bonds and Notes. – The State Treasurer is
20 authorized by, and with the consent of the Council of State, to issue and sell at one time or from
21 time to time, general obligation bonds of the State to be designated "State of North Carolina
22 General Obligation Bonds," with any additional designations as may be determined, or notes of
23 the State, in the aggregate principal amount of up to eighty million eight hundred forty-two
24 thousand dollars (\$80,842,000), this amount being not in excess of two-thirds of the amount by
25 which the State's outstanding indebtedness was reduced during the fiscal biennium that ended
26 June 30, 2017, for the purpose of providing funds, with any other available funds, for the purposes
27 authorized by this section.

28 **SECTION 36.15.(e)** Uses of Bond and Note Proceeds. – The proceeds of bonds and
29 notes shall be used for financing the cost of State capital facilities as provided in this section.
30 Any additional moneys which may be received by grant from the United States of America or
31 any agency or department thereof or from any other source to aid in financing the cost of any
32 State capital facilities authorized by this section may be placed by the State Treasurer in a
33 separate fund or funds and shall be disbursed, to the extent permitted by the terms of the grant,
34 without regard to any limitations imposed by this section.

35 The proceeds of bonds and notes may be used with any other moneys made available
36 by the General Assembly for the cost of State capital facilities, including the proceeds of any
37 other State bond or special indebtedness issues, whether heretofore made available or which may
38 be made available at the session of the General Assembly at which this section is ratified or any
39 subsequent sessions. The proceeds of bonds and notes shall be expended and disbursed under the
40 direction and supervision of the Director of the Budget. The funds provided by this section shall
41 be disbursed for the purposes provided in this section upon warrants drawn on the State Treasurer
42 by the State Controller, which warrants shall not be drawn until requisition has been approved
43 by the Director of the Budget and which requisition shall be approved only after full compliance
44 with the State Budget Act, Chapter 143C of the General Statutes.

45 The Office of State Budget and Management shall provide semiannual reports to the
46 chairs of the Senate Appropriations Committees and the House Appropriations Subcommittees
47 and to the Fiscal Research Division on the expenditure of moneys authorized by this section. The
48 reports shall continue until the completion of the projects provided for in this section.

49 **SECTION 36.15.(f)** Allocation of Proceeds. – The proceeds of bonds and notes shall
50 be allocated and expended as follows:

- 1 (1) A maximum aggregate principal amount of thirteen million dollars
2 (\$13,000,000) to finance the capital facility costs of completing the
3 Veterinary/Food/Drug/Motor Fuels Lab.
- 4 (2) A maximum aggregate principal amount of seventeen million two hundred
5 sixty-three thousand dollars (\$17,263,000) for completing the Austrailasia
6 exhibit complex.
- 7 (3) A maximum aggregate principal amount of four million three hundred
8 sixty-nine thousand dollars (\$4,369,000) to finance the capital facility costs of
9 a Department of Public Safety Samarcand Training Facility.
- 10 (4) A maximum aggregate principal amount of fourteen million four hundred
11 twenty-three thousand dollars (\$14,423,000) to finance the capital facility
12 costs of completing three National Guard Readiness Centers in Burke and
13 Wilkes Counties.
- 14 (5) A maximum aggregate principal amount of seven million one hundred
15 eighty-seven thousand dollars (\$7,187,000) to finance the capital facility costs
16 of completing a new Youth Development Center in Rockingham County.
- 17 (6) A maximum aggregate principal amount of eight million six hundred thousand
18 dollars (\$8,600,000) to finance the capital facility costs of completing the New
19 School of Business at North Carolina Central University.
- 20 (7) A maximum aggregate principal amount of ten million dollars (\$10,000,000)
21 to finance the capital facility costs of completing the North Carolina School
22 of Technology and Engineering.
- 23 (8) A maximum aggregate principal amount of six million dollars (\$6,000,000)
24 to finance the capital facility costs of completing the University of North
25 Carolina Pembroke New School of Business.

26 **SECTION 36.15.(g)** Variable Rate Demand Bonds and Notes. – In fixing the details
27 of bonds and notes, the State Treasurer may provide that any of the bonds or notes may:

- 28 (1) Be made payable from time to time on demand or tender for purchase by the
29 owner, if a credit facility supports the bonds or notes, unless the State
30 Treasurer specifically determines that a credit facility is not required upon a
31 finding and determination by the State Treasurer that the absence of a credit
32 facility will not materially and adversely affect the financial position of the
33 State and the marketing of the bonds or notes at a reasonable interest cost to
34 the State.
- 35 (2) Be additionally supported by a credit facility.
- 36 (3) Be made subject to redemption or a mandatory tender for purchase prior to
37 maturity.
- 38 (4) Bear interest at a rate or rates that may vary for any period of time, as may be
39 provided in the proceedings providing for the issuance of the bonds or notes,
40 including, without limitation, such variations as may be permitted pursuant to
41 a par formula.
- 42 (5) Be made the subject of a remarketing agreement whereby an attempt is made
43 to remarket bonds or notes to new purchasers prior to their presentment for
44 payment to the provider of the credit facility or to the State.

45 If the aggregate principal amount payable by the State under a credit facility is in
46 excess of the aggregate principal amount of bonds or notes secured by the credit facility, whether
47 as a result of the inclusion in the credit facility of a provision for the payment of interest for a
48 limited period of time or the payment of a redemption premium or for any other reason, then the
49 amount of authorized but unissued bonds or notes during the term of such credit facility shall not
50 be less than the amount of such excess, unless the payment of such excess is otherwise provided
51 for by agreement of the State executed by the State Treasurer.

SECTION 36.15.(h) Issuance of Bonds and Notes. –

- 1
2 (1) Terms and conditions. – Bonds or notes may bear a date or dates, may be serial
3 or term bonds or notes, or any combination thereof, may mature in such
4 amounts and at such time or times, not exceeding 40 years from their date or
5 dates, may be payable at such place or places, either within or without the
6 United States of America, in such coin or currency of the United States of
7 America as at the time of payment is legal tender for payment of public and
8 private debts, may bear interest at such rate or rates, which may vary from
9 time to time, and may be made redeemable before maturity, at the option of
10 the State or otherwise as may be provided by the State, at such price or prices,
11 including a price less than or greater than the face amount of the bonds or
12 notes, and under such terms and conditions, all as may be determined by the
13 State Treasurer, by and with the consent of the Council of State.
- 14 (2) Signatures; form and denomination; registration. – Bonds or notes may be
15 issued in certificated or uncertificated form. If issued in certificated form,
16 bonds or notes shall be signed on behalf of the State by the Governor or shall
17 bear the Governor's facsimile signature, shall be signed by the State Treasurer
18 or shall bear the State Treasurer's facsimile signature, and shall bear the Great
19 Seal of the State, or a facsimile of the Seal shall be impressed or imprinted
20 thereon. If bonds or notes bear the facsimile signatures of the Governor and
21 the State Treasurer, the bonds or notes shall also bear a manual signature
22 which may be that of a bond registrar, trustee, paying agent, or designated
23 assistant of the State Treasurer. Should any officer whose signature or
24 facsimile signature appears on bonds or notes cease to be such officer before
25 the delivery of the bonds or notes, the signature or facsimile signature shall
26 nevertheless have the same validity for all purposes as if the officer had
27 remained in office until delivery. Bonds or notes may bear the facsimile
28 signatures of persons, who at the actual time of the execution of the bonds or
29 notes shall be the proper officers to sign any bond or note, although at the date
30 of the bond or note such persons may not have been such officers. The form
31 and denomination of bonds or notes, including the provisions with respect to
32 registration of the bonds or notes and any system for their registration, shall
33 be as the State Treasurer may determine in conformity with this section.
- 34 (3) Manner of sale; expenses. – Subject to the approval by the Council of State as
35 to the manner in which bonds or notes shall be offered for sale, whether at
36 public or private sale, whether within or without the United States, and
37 whether by publishing notices in certain newspapers and financial journals,
38 mailing notices, inviting bids by correspondence, negotiating contracts of
39 purchase, or otherwise, the State Treasurer is authorized to sell bonds or notes
40 at one time or from time to time at any rates of interest, which may vary from
41 time to time, and at any prices, including a price less than or greater than the
42 face amount of the bonds or notes, as the State Treasurer may determine. All
43 expenses incurred in the preparation, sale, and issuance of bonds or notes shall
44 be paid by the State Treasurer from the proceeds of bonds or notes or other
45 available moneys.
- 46 (4) Notes; repayment. –
47 a. By and with the consent of the Council of State, the State Treasurer is
48 hereby authorized to borrow money and to execute and issue notes of
49 the State for the same, but only in the following circumstances and
50 under the following conditions:

- 1 1. For anticipating the sale of bonds, the issuance of which the
2 Council of State has approved, if the State Treasurer considers
3 it advisable to postpone the issuance of the bonds.
- 4 2. For the payment of interest on or any installment of principal
5 of any bonds then outstanding, if there are not sufficient funds
6 in the State treasury with which to pay the interest or
7 installment of principal as they respectively become due.
- 8 3. For the renewal of any loan evidenced by notes authorized in
9 this section.
- 10 4. For the purposes authorized in this section.
- 11 5. For refunding bonds or notes as authorized in this section.
- 12 b. Funds derived from the sale of bonds or notes may be used in the
13 payment of any bond anticipation notes issued under this section.
14 Funds provided by the General Assembly for the payment of interest
15 on or principal of bonds shall be used in paying the interest on or
16 principal of any notes and any renewals thereof, the proceeds of which
17 shall have been used in paying interest on or principal of the bonds.
- 18 (5) Refunding bonds and notes. – By and with the consent of the Council of State,
19 the State Treasurer is authorized to issue and sell refunding bonds and notes
20 pursuant to the provisions of the State Refunding Bond Act for the purpose of
21 refunding bonds or notes issued pursuant to this section. The refunding bonds
22 and notes may be combined with any other issues of State bonds and notes
23 similarly secured. Refunding bonds or notes may be issued at any time prior
24 to the final maturity of the debt obligation to be refunded. The proceeds from
25 the sale of any refunding bonds or notes shall be applied to the immediate
26 payment and retirement of the bonds or notes being refunded or, if not required
27 for the immediate payment of the bonds or notes being refunded, the proceeds
28 shall be deposited in trust to provide for the payment and retirement of the
29 bonds or notes being refunded and to pay any expenses incurred in connection
30 with the refunding. Money in a trust fund may be invested in (i) direct
31 obligations of the United States government, (ii) obligations the principal of
32 and interest on which are guaranteed by the United States government, (iii)
33 obligations of any agency or instrumentality of the United States government
34 if the timely payment of principal and interest on the obligations is
35 unconditionally guaranteed by the United States government, or (iv)
36 certificates of deposit issued by a bank or trust company located in the State
37 if the certificates are secured by a pledge of any of the obligations described
38 in (i), (ii), or (iii) above having an aggregate market value, exclusive of
39 accrued interest, equal at least to the principal amount of the certificates so
40 secured. This section does not limit the duration of any deposit in trust for the
41 retirement of bonds or notes being refunded but that have not matured and are
42 not presently redeemable, or if presently redeemable, have not been called for
43 redemption.
- 44 (6) Tax exemption. – Bonds and notes shall at all times be free from taxation by
45 the State or any political subdivision or any of their agencies, excepting estate,
46 inheritance, or gift taxes, income taxes on the gain from the transfer of bonds
47 or notes, and franchise taxes. The interest on bonds or notes is not subject to
48 taxation as income.
- 49 (7) Investment eligibility. – Bonds and notes are securities in which all of the
50 following may invest, including capital in their control or belonging to them:
51 public officers, agencies, and public bodies of the State and its political

subdivisions, all insurance companies, trust companies, investment companies, banks, savings banks, savings and loan associations, credit unions, pension or retirement funds, other financial institutions engaged in business in the State, executors, administrators, trustees, and other fiduciaries. Bonds and notes are hereby made securities which may properly and legally be deposited with and received by any officer or agency of the State or political subdivision of the State for any purpose for which the deposit of bonds, notes, or obligations of the State or any political subdivision is now or may hereafter be authorized by law.

- (8) Faith and credit. – The faith and credit and taxing power of the State are hereby pledged for the payment of the principal of and the interest on bonds and notes. The State expressly reserves the right to amend any provision of this section to the extent it does not impair any contractual right of a bond owner.
- (9) Other agreements. – The State Treasurer may authorize, execute, obtain, or otherwise provide for bond insurance, investment contracts, credit and liquidity facilities, interest-rate swap agreements and other derivative products, and any other related instruments and matters the State Treasurer determines are desirable in connection with issuance, incurrence, carrying, or securing of bonds or notes. The State Treasurer is authorized to employ and designate any financial consultants, underwriters, and bond attorneys to be associated with any bond or note issue under this section as the State Treasurer considers necessary.

SECTION 36.15.(i) Interpretation of Section. –

- (1) Additional method. – The foregoing subsections of this section shall be deemed to provide an additional and alternative method for the doing of the things authorized under it and shall be regarded as supplemental and additional to powers conferred by other laws and shall not be regarded as in derogation of any powers now existing.
- (2) Statutory references. – References in this section to specific sections or Chapters of the General Statutes or to specific acts are intended to be references to such sections, Chapters, or acts as they may be amended from time to time by the General Assembly.
- (3) Broad construction. – This section, being necessary for the health and welfare of the people of the State, shall be broadly construed to effect the purposes thereof.
- (4) Inconsistent provisions. – Insofar as the provisions of this section are inconsistent with the provisions of any general, special, or local laws, or parts thereof, the provisions of this section shall be controlling.
- (5) Severability. – If any provision of this section or the application thereof to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of the section which can be given effect without the invalid provision or application, and, to this end, the provisions of this section are declared to be severable.

SECTION 36.15.(j) This section is effective when it becomes law.

PART XXXVII. DEPARTMENT OF INFORMATION TECHNOLOGY

INFORMATION TECHNOLOGY INTERNAL SERVICE FUND/RATES

SECTION 37.1. Section 37.5(a) of S.L. 2017-57 reads as rewritten:

"SECTION 37.5.(a) During the 2017-2019 fiscal biennium:

- 1 (1) Information Technology Internal Service Fund receipts for the 2017-2018
2 fiscal year shall not exceed two hundred five million dollars (\$205,000,000).
3 (2) Information Technology Internal Service Fund receipts for the 2018-2019
4 fiscal year shall ~~not exceed two hundred five million dollars~~
5 ~~(\$205,000,000)~~ be based on projected receipts as calculated in subsection (c)
6 of this section.
7 (3) Receipts for the Internal Service Fund shall also include the total receipts for
8 existing services transferred from the following participating agencies to the
9 Department of Information Technology under the State agency information
10 technology consolidation:
11 a. Department of Administration.
12 b. Department of Environmental Quality.
13 c. Department of Military and Veterans Affairs.
14 d. Department of Transportation.
15 e. Office of State Budget and Management.
16 f. Office of State Human Resources.
17 (4) Receipts for the Internal Service Fund shall include receipts for any existing
18 services transferred to the Department of Information Technology under the
19 State agency information technology consolidation during the 2018-2019
20 fiscal year.

21 Rates approved by the Office of State Budget and Management during the 2017-2019 fiscal
22 biennium to support the Information Technology Internal Service Fund shall be based on the
23 fund limit set in this section.

24 Information Technology Internal Service Fund receipts may be increased for specific
25 purposes only after consultation with the Joint Legislative Commission on Governmental
26 Operations each time a requirement necessitating an increase is identified."

27 **SECTION 37.2.** G.S. 143B-1333(a) reads as rewritten:

28 "(a) The Internal Service Fund is established within the Department as a fund to provide
29 goods and services to State agencies on a cost-recovery basis. The Department shall establish
30 fees for subscriptions and chargebacks for consumption-based services. The Information
31 Technology Strategic Sourcing Office shall be funded through a combination of administrative
32 fees as part of the IT Supplemental Staffing contract, as well as fees charged to agencies using
33 their services. For each fiscal biennium, the State CIO shall establish and annually update
34 consistent, fully transparent, easily understandable fees and rates that reflect industry standards
35 for any good or service for which an agency is charged. These fees and rates shall be prepared
36 by October 1 of each even-numbered year and shall be approved by the Office of State Budget
37 and Management. ~~The~~ These rates shall remain in effect for the fiscal biennium and the Office
38 of State Budget and Management shall ensure that State agencies have the opportunity to adjust
39 their budgets based on any rate or fee changes prior to submission of those budget
40 recommendations to the General Assembly. Reductions in rates may be made by the State CIO
41 at any time upon consultation with the Office of State Budget and Management. Rates for new
42 services may be approved by the Office of State Budget and Management if funds are available
43 and deemed in the best interest of the State. The approved Information Technology Internal
44 Service Fund budget and associated rates shall be included in the Governor's budget
45 recommendations to the General Assembly."
46

47 **RESERVE FOR ENTERPRISE RESOURCE PLANNING SOLUTIONS**

48 **SECTION 37.3.** Creation and Source of Funds. – The Reserve for Enterprise
49 Resource Planning (ERP) Solutions is established at the Office of State Budget and Management
50 (OSBM) as a special fund.

1 **SECTION 37.4.** Of the amount in the Reserve for Enterprise Resource Planning
2 Solutions, the funds shall be allocated in the following manner:

3 (1) The sum of twenty-seven million dollars (\$27,000,000) shall be allocated to
4 the Department of Information Technology for development of a consolidated
5 statewide ERP bringing the total amount allocated to forty million dollars
6 (\$40,000,000).

7 (2) The sum of twenty three million dollars (\$23,000,000) shall be allocated to
8 the North Carolina Community College System for the planning and
9 implementation of a modernized ERP for the State's 58 community colleges.

10 a. The North Carolina Community College System shall use these funds
11 to (i) ensure that all community colleges have the capacity to access
12 and operate a cloud-based ERP system, (ii) promote industry
13 utilization and student enhancement of "career credit" opportunities
14 that build and strengthen North Carolina's workforce, and (iii) design
15 a replacement for the human resources and payroll systems used by all
16 58 community colleges.

17 b. Funds allocated under sub-subdivision a. of this subdivision to
18 enhance capacity at rural colleges shall be used to upgrade equipment
19 and connectivity at these colleges. Funds shall not be used to renovate
20 or construct new facilities.

21 **SECTION 37.5.** Use of Funds. – The funds in the Reserve for Enterprise Resource
22 Planning shall only be used for approved ERP projects. OSBM shall release funding as required
23 upon consultation with the respective agency and the State CIO.

24 **SECTION 37.6.** On or before January 1 of each year, each entity receiving funds in
25 Section 37.4 of this act shall report to the Joint Legislative Committee on Information
26 Technology and the Fiscal Research Division. The report shall contain the following:

27 (1) Status of the ERP project regarding time line and spending.

28 (2) Status of contract awards.

29 (3) Status of any outstanding requests for proposal.

30 (4) Total cost of each awarded contract.

31 The North Carolina Community College System shall report by March 1, 2019, and
32 semi-annually thereafter, on the expenditures of all funds related to their ERP to the Joint
33 Legislative Education Oversight Committee.

34 35 **GRANT TO ENHANCE BROADBAND ACCESS IN UNSERVED AREAS**

36 **SECTION 37.7.** The Department of Information Technology is authorized to
37 establish and administer the rural broadband access grant program. The program shall support
38 high-speed Internet connectivity to locations lacking broadband service to facilitate public safety,
39 education, health care, government services, and economic development. Grants shall incentivize
40 private investment in locations where market forces are not attracting spending. The program
41 shall complement and support Department of Commerce rural initiatives, Department of Health
42 and Humans Services rural initiatives, and other federal initiatives or grant programs.

43 Funds appropriated in this act for the implementation of the grant program shall be
44 allocated in the following manner:

45 (1) Seventeen million five hundred thousand dollars (\$17,500,000) to establish
46 broadband deployment grants for the purpose of promoting the deployment
47 and adoption of broadband Internet access services.

48 (2) Grants must be awarded to promote the deployment and adoption of
49 broadband infrastructure and services with minimum download speeds of 10
50 Megabits per second (10Mbps) and a minimum of upload speeds of one

1 Megabit per second (1Mbps) to locations without broadband services at these
2 minimum speeds.

3 (3) Grants must be awarded pursuant to criteria developed by the Department of
4 Information Technology, Broadband Infrastructure Office, with priority given
5 to projects that:

6 a. Serve locations not receiving a minimum download and upload speed
7 of 10Mbps/1Mbps;

8 b. Propose to install infrastructure that supports broadband services
9 scalable to higher download and upload speeds;

10 c. Have not received funds or have not been designated to receive funds
11 through other State or federal grant programs designed for broadband
12 deployment or expansion to locations without broadband services at a
13 minimum download and upload speed of 10Mbps/1Mbps;

14 d. Shall provide higher download and upload speeds to locations than the
15 minimum threshold referenced herein;

16 e. Serve locations with demonstrated community support and
17 documented support from the political subdivision being served; and

18 f. Provide an affordable service offering for qualifying low-income
19 households.

20 (4) Funds may reimburse investments in infrastructure, equipment, construction
21 costs, or other investments required to deliver last-mile service to unserved
22 areas, for wired or fixed wireless broadband technologies.

23 Of the funds appropriated, no more than two percent (2%) may be used to support the
24 planning, administration, and management of the broadband grant program, including broadband
25 coverage data verification.

26 **SECTION 37.8.** The Broadband Infrastructure Office shall collect data on the social
27 and economic impact of the Broadband Grants program. Specific data shall include the following:

28 (1) The amount of the grant allocation.

29 (2) Number of households impacted.

30 (3) Number of businesses impacted.

31 (4) Cost or cost range of services.

32 (5) Number of jobs created or affected by broadband installation projects.

33 (6) The installation project time period.

34 **SECTION 37.9.** On or before January 1 of each year, the Broadband Infrastructure
35 Office shall report to the Joint Legislative Committee on Information Technology and the Fiscal
36 Research Division. The report shall contain the following:

37 (1) Status of the Broadband Grant Program.

38 (2) Status of grant awards.

39 (3) The impact of the Broadband Grant Program on specific communities.
40

41 **HOMEWORK GAP INITIATIVE**

42 **SECTION 37.10.** The Department of Information Technology, in consultation with
43 the Department of Public Instruction, is authorized to establish and administer a pilot Homework
44 Gap Grants program for the purpose of providing Internet access to students who do not have, or
45 who cannot afford, home Internet service. The Department of Information Technology's
46 Broadband Infrastructure Office shall work with the Department of Public Instruction to initiate
47 a one-year pilot grant program that will serve as the foundation for a long-term solution for
48 students who lack broadband service. Grants shall be provided to Local Education Agencies for
49 the purchase of equipment and services for individual student use, and to provide WiFi on school
50 buses.

1 Funds appropriated in this act for the implementation of the grant program shall be
2 allocated in the following manner:

- 3 (1) Two million dollars (\$2,000,000) to establish grants to Local Education
4 Agencies for the purchase of mobile hotspot devices, service for the hotspots,
5 and equipment and mobile service to provide WiFi on school buses.
- 6 (2) One hundred twenty-five thousand dollars (\$125,000) to administer the grant
7 program and conduct research on the size and scope of the homework gap.
- 8 (3) Two hundred fifty thousand dollars (\$250,000) for a third-party evaluation of
9 the pilot year and progress made toward closing the homework gap.
- 10 (4) One hundred twenty-five thousand dollars (\$125,000) for mobile service
11 testing to ensure mobile hotspot devices can provide adequate access for
12 at-home educational needs.

13 Upon approval of a Local Education Agency's grant request, funding will be
14 transferred to the Department of Public Instruction for distribution.

15 **SECTION 37.11.** The Broadband Infrastructure Office shall develop a strategy to
16 support the affordability of broadband service, including potential partnerships and private
17 sources of funding to support the effort. The Department of Information Technology shall
18 negotiate with wireless providers to lower monthly subscription rates for mobile hotspots and
19 establish convenience contracts where Local Education Agencies shall purchase equipment and
20 services.

21 **SECTION 37.12.** The Broadband Infrastructure Office, in consultation with the
22 Department of Public Instruction, shall establish qualifying grant criteria that includes a
23 district-wide survey measuring the homework gap and demonstrated progress toward the NC
24 Digital Learning Plan. Implementation should begin no later than the 2019-2020 school year.

25 **SECTION 37.13.** The Broadband Infrastructure Office shall collect data on the
26 impact of the Homework Grants program. Specific data shall include the following:

- 27 (1) Number of students impacted.
- 28 (2) Number of buses equipped.
- 29 (3) Cost or cost range of services.

30 **SECTION 37.14.** On or before March 1, 2019, the Broadband Infrastructure Office
31 shall submit a report to the Joint Legislative Committee on Information Technology and the Joint
32 Legislative Committee on Education. The report shall contain at least the following:

- 33 (1) Status of the Homework Gap Grants Program.
- 34 (2) Number and amounts of grants awarded.
- 35 (3) Number of students impacted.

36 **SECTION 37.15.** On or before March 1, 2020, the State CIO, in conjunction with
37 the Department of Public Instruction and the third-party evaluator, shall prepare a plan to bridge
38 the homework gap that includes the following:

- 39 (1) Information regarding the size and scope of the homework gap throughout the
40 State.
- 41 (2) A strategy to provide affordable broadband access for students falling within
42 the homework gap, including the exploration of additional outside sources of
43 funding to support the effort.
- 44 (3) Analysis of means, methods, and best practices to achieve statewide universal
45 access for students.

46 **BROADBAND SERVICE DEFINITION**

47 **SECTION 37.16.** G.S. 62-3 reads as rewritten:

48 **"§ 62-3. Definitions.**

49 As used in this Chapter, unless the context otherwise requires, the term:
50

(1) "Broadband service" means any service that consists of or includes a high-speed access capability to transmit at a rate of not less than ~~200 kilobits per second in either the upstream or downstream direction~~ the current threshold for broadband service established by the Federal Communications Commission and either (i) is used to provide access to the Internet, or (ii) provides computer processing, information storage, information content, or protocol conversion, including any service applications or information service provided over such high-speed access service. "Broadband service" does not include intrastate service that was tariffed by the Commission and in effect as of the effective date of this subdivision.

...."

AUTHORIZATION TO PROVIDE GRANTS

SECTION 37.17. G.S. 153A-349.60 reads as rewritten:

"§ 153A-349.60. Authorization to provide grants.

(a) A county may provide grants to unaffiliated qualified private providers of highspeed Internet access service, as that term is defined in G.S. 160A-340(4), for the purpose of expanding service ~~in unserved areas for economic development~~ in the county. The grants shall be awarded on a technology neutral basis, shall be open to qualified applicants, and may require matching funds by the private provider. A county shall seek and consider request for proposals from qualified private providers within the county prior to awarding a broadband grant and shall use reasonable means to ensure that potential applicants are made aware of the grant, including, at a minimum, compliance with the notice procedures set forth in G.S. 160A-340.6(c). The county shall use only unrestricted general fund revenue or State or federal grants or loans for the grants. For the purposes of this section, a qualified private provider is a private provider of high-speed Internet access service in the State prior to the issuance of the grant proposal.

...."

SECURITY COST ESTIMATION REPORTING CHANGE

SECTION 37.18. G.S. 143B-1378 reads as rewritten:

"§ 143B-1378. Assessment of agency compliance with security standards.

At a minimum, the State CIO shall annually assess the ability of each State agency, and each agency's contracted vendors, to comply with the current security enterprise-wide set of standards established pursuant to this section. The assessment shall include, at a minimum, the rate of compliance with the enterprise-wide security standards and an assessment of security organization, security practices, security information standards, network security architecture, and current expenditures of State funds for information technology security. The assessment of a State agency shall also estimate the initial cost to implement the security measures needed for agencies to fully comply with the standards. ~~standards, as well as the costs over the lifecycle of the State agency information system.~~ Each State agency shall submit information required by the State CIO for purposes of this assessment. The State CIO shall include the information obtained from the assessment in the State Information Technology Plan."

PART XXXVIII. FINANCE PROVISIONS

PERSONAL INCOME TAX RATE BRACKETS

SECTION 38.1.(a) Section 38.1 of S.L. 2017-57 is repealed.

SECTION 38.1.(b) G.S. 105-153.7(a) reads as rewritten:

"(a) Tax. – A tax is imposed for each taxable year on the North Carolina taxable income of every individual. The tax shall be levied, collected, and paid annually. The tax ~~is five and four~~

ninety-nine thousandths percent (5.499%) shall be computed at the following percentages of the taxpayer's North Carolina taxable income:

<u>Filing Status</u>	<u>Taxable Income</u>	<u>Tax Rate</u>
<u>Married, filing jointly</u>	<u>Up to \$200,000</u>	<u>5.25%</u>
	<u>Over \$200,000</u>	<u>5.499%</u>
<u>Head of Household</u>	<u>Up to \$150,000</u>	<u>5.25%</u>
	<u>Over \$150,000</u>	<u>5.499%</u>
<u>Single</u>	<u>Up to \$100,000</u>	<u>5.25%</u>
	<u>Over \$100,000</u>	<u>5.499%</u>
<u>Married, filing separately</u>	<u>Up to \$100,000</u>	<u>5.25%</u>
	<u>Over \$100,000</u>	<u>5.499%</u>
<u>Surviving Spouse</u>	<u>Up to \$200,000</u>	<u>5.25%</u>
	<u>Over \$200,000</u>	<u>5.499%."</u>

SECTION 38.1.(c) This section is effective for taxable years beginning on or after January 1, 2019.

CORPORATE INCOME TAX RATE FREEZE

SECTION 38.2.(a) Section 38.5(b) of S.L. 2017-57 is repealed.

SECTION 38.2.(b) Section 38.5(d) of S.L. 2017-57 reads as rewritten:

"SECTION 38.5.(d) Subsection (a) of this section is effective for taxable years beginning on or after January 1, 2017. ~~Subsection (b) of this section is effective for taxable years beginning on or after January 1, 2019. The remainder of this section is effective when this act becomes law."~~

TELEVISION AND FILM REBATE AND GRANT PROGRAMS

SECTION 38.3.(a) G.S. 143B-437.02A reads as rewritten:

"§ 143B-437.02A. The Film and Entertainment Grant Fund.

(a) Creation and Purpose of Fund. – There is created in the Department of Commerce a special, nonreverting account to be known as the Film and Entertainment Grant Fund to provide funds to encourage the production of motion pictures, television shows, movies for television, productions intended for on-line distribution, and commercials and to develop the filmmaking industry within the State. The Department of Commerce shall adopt guidelines providing for the administration of the program. Those guidelines may provide for the Secretary to award the grant proceeds over a period of time, not to exceed three years. Those guidelines shall include the following provisions, which shall apply to each grant from the account:

- (1) The funds are reserved for a production on which the production company has qualifying expenses of at least ~~the following~~:
 - a. ~~For a feature length film, five million dollars (\$5,000,000).~~
 - b. ~~For a television series, one million dollars (\$1,000,000) per episode.~~
 - c. ~~For a commercial for theatrical or television viewing or on-line distribution, two hundred fifty thousand dollars (\$250,000).~~
- (2) The funds are not used to provide a grant in excess of any of the following:
 - a. An amount more than twenty-five percent (25%) of the qualifying expenses for the production.
 - b. An amount more than ~~five million dollars (\$5,000,000) for a feature-length film, more than nine million dollars (\$9,000,000) for a single season of a television series, or two hundred fifty thousand dollars (\$250,000) for a commercial for theatrical or television viewing or on-line distribution.~~ per production.
- (3) The funds are not used to provide a grant to more than one production company for a single production.

- 1 (4) The funds are not used to provide a grant for a production that meets one or
 2 more of the following:
 3 a. It contains material that is "obscene," as defined in G.S. 14-190.1, or
 4 that is "harmful to minors," as defined in G.S. 14-190.13.
 5 b. It has the primary purpose of political advertising, fundraising, or
 6 marketing, other than by commercial, a-product, or service.
 7 c. ~~News programming. It is a production of a news program, including~~
 8 ~~weather, financial market, and current events reporting reports.~~
 9 d. ~~Live It is a live sporting event programming, event, including~~
 10 ~~pre-event and post-event coverage and scripted sports entertainment.~~
 11 For purposes of this exception, a live sporting event is a scheduled
 12 sporting competition, game, or race that is originated solely by an
 13 amateur, collegiate, or professional organization, institution, or
 14 association for live or tape-delayed television or satellite broadcast.
 15 The term does not include commercial advertising, an episodic
 16 television series, a television pilot, a music video, a motion picture, or
 17 a documentary production in which sporting events are presented
 18 through archived historical footage or similar footage taken at least 30
 19 days before it is used.
 20 e. ~~Radio productions. It is a radio production.~~
 21 f. It is a talk, game, or awards show or other gala event. For purposes of
 22 this exception, an awards show is television programming involving
 23 the filming of a ceremony in which individuals, groups, or
 24 organizations are given an award.
 25 g. It fails to contain, in the end credits of the production, a statement that
 26 the production was "Filmed in North Carolina," a logo provided by the
 27 North Carolina Film Office, and an acknowledgement of the regional
 28 film office responsible for the geographic area in which the filming of
 29 the production occurred. Additionally, the production company will
 30 offer marketing opportunities to be evaluated by the North Carolina
 31 Film Office to ensure that they offer promotional value to the State.
 32 (5) Priority for the use of funds shall be given to productions that are reasonably
 33 anticipated to maximize the benefit to the State, in consideration of at least the
 34 following factors:
 35 a. Percentage of employees that are permanent residents in the State.
 36 b. The extent to which the production features identifiable attractions or
 37 State locales in a manner that would be reasonably expected to induce
 38 visitation by nonresidents of the State to the attraction or locale.
 39 c. The extent to which the production invests in permanent
 40 improvements to open public spaces, commercial districts, traditional
 41 downtown areas, public landmarks, residential areas, or similar
 42 properties or areas.
 43 d. The extent to which the production will be filmed in an economically
 44 distressed county or area of the State.
 45 e. The duration of production activities in the State.

46"

47 **SECTION 38.3.(b)** G.S. 105-130.47 is reenacted as it existed immediately before it
 48 was repealed and reads as rewritten:

49 **"§ 105-130.47. Credit-Film and Entertainment Rebate Program for qualifying expenses of**
 50 **a production company.**

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

- 1 (1) Awards show. – An awards show is television programming involving the
2 filming of a ceremony in which individuals, groups, or organizations are given
3 an award.
- 4 (2) Employee. – A person who is employed for consideration and whose wages
5 are subject to withholding tax under Article 4A of Chapter 105 of the General
6 Statutes.
- 7 (3) Highly compensated individual. – An individual who directly or indirectly
8 receives compensation in excess of one million dollars (\$1,000,000) for
9 personal services with respect to a single production. An individual receives
10 compensation indirectly when a production company pays a personal service
11 company or an employee leasing company that pays the individual.
- 12 ~~(2)~~(4) Live sporting event. – A scheduled sporting competition, game, or race that is
13 not originated by a production company, but originated solely by an amateur,
14 collegiate, or professional organization, institution, or association for live or
15 tape-delayed television or satellite broadcast. A live sporting event does not
16 include commercial advertising, an episodic television series, a television
17 pilot, a music video, a motion picture, or a documentary production in which
18 sporting events are presented through archived historical footage or similar
19 footage taken at least 30 days before it is used.
- 20 (5) Loan-out company. – A personal service corporation that employs an
21 individual who is hired by a film or digital media production company.
- 22 (6) Production. – Any of the following:
- 23 a. A motion picture intended for commercial distribution to a motion
24 picture theater or directly to the consumer viewing market that has a
25 running time of at least 75 minutes.
- 26 b. A television series for theatrical or television viewing,
27 made-for-television movie, or production intended for online
28 distribution. For video and television series, one production is all of
29 the episodes of the series produced for a single season.
- 30 ~~(3)~~(7) Production company. – Defined in G.S. 105-164.3.
- 31 ~~(4)~~(8) Qualifying expenses. – The sum of the following amounts spent in this State
32 by a production company in connection with a production, less the amount in
33 excess of one million dollars (\$1,000,000) paid to a highly compensated
34 individual:
- 35 a. Goods and services leased or purchased. For goods with a purchase
36 price of twenty-five thousand dollars (\$25,000) or more, the amount
37 included in qualifying expenses is the purchase price less the fair
38 market value of the good at the time the production is completed.
39 Goods and services includes the costs of tangible and intangible
40 property used for, and services performed primarily and customarily
41 in, production, including preproduction and postproduction and other
42 direct costs of producing the project in accordance with generally
43 accepted entertainment industry practices. Goods and services exclude
44 costs for development, marketing, and distribution; costs of financing
45 for the production, of bonding related to the production, of
46 production-related insurance coverage obtained on the production; and
47 expenses for insurance coverage purchased from a related member.
- 48 b. Compensation and wages on which withholding payments are remitted
49 to the Department of Revenue under Article 4A of this Chapter.
50 Payments made to a loan-out company for services provided in North

Carolina shall be subject to gross income withholding tax at the applicable rate under the Article 4 of this Chapter.

- e. ~~The cost of production-related insurance coverage obtained on the production. Expenses for insurance coverage purchased from a related member are not qualifying expenses.~~
- d. Employee fringe contributions, including health, pension, and welfare contributions.
- e. Per diems, stipends, and living allowances paid for work being performed in this State.

~~(5)~~(9) Related member. – Defined in G.S. 105-130.7A.

(b) Credit. – A taxpayer that is a production company and has qualifying expenses of at least ~~two hundred fifty thousand dollars (\$250,000)~~ one million dollars (\$1,000,000) with respect to a production is allowed a credit against the taxes imposed by this Part equal to twenty-five percent (25%) of the production company's qualifying expenses. ~~For the purposes of this section, in the case of an episodic television series, an entire season of episodes is one production.~~ The credit is computed based on all of the taxpayer's qualifying expenses incurred with respect to the production, not just the qualifying expenses incurred during the taxable year.

(b1) Repealed by Session Laws 2009-529, s. 1, effective January 1, 2011.

(c) Pass-Through Entity. – Notwithstanding the provisions of G.S. 105-131.8 and G.S. 105-269.15, a pass-through entity that qualifies for a credit provided in this section does not distribute the credit among any of its owners. The pass-through entity is considered the taxpayer for purposes of claiming a credit allowed by this section. If a return filed by a pass-through entity indicates that the entity is paying tax on behalf of the owners of the entity, a credit allowed under this section does not affect the entity's payment of tax on behalf of its owners.

(d) Return. – A taxpayer may claim a credit allowed by this section on a return filed for the taxable year in which the production activities are completed. The return must state the name of the production, and the taxpayer must provide a description of the production, production and a detailed accounting of the qualifying expenses with respect to which a credit is claimed. The qualifying expenses are subject to audit by the Secretary before the credit is allowed.

(e) Credit Refundable. – If a credit allowed by this section exceeds the amount of tax imposed by this Part for the taxable year reduced by the sum of all credits allowable, the Secretary must refund the excess to the taxpayer. The refundable excess is governed by the provisions governing a refund of an overpayment by the taxpayer of the tax imposed in this Part. In computing the amount of tax against which multiple credits are allowed, nonrefundable credits are subtracted before refundable credits.

(f) Limitations. – The amount of credit allowed under this section ~~with respect to a per production that is a feature film may not exceed twenty million dollars (\$20,000,000).~~ shall not exceed the following amounts:

- (1) For a feature-length film, five million dollars (\$5,000,000).
- (2) For a television series, fifteen million dollars (\$15,000,000) per season.

No credit is allowed under this section for any production that satisfies one or more of the following conditions:

- (1) It is ~~has the primary purpose of political advertising, advertising, fund-raising, or marketing a product or service.~~
- (2) It is a ~~television production of a news program or live sporting event program, including weather, financial market, and current events reports.~~
- (3) It is a live sporting event, including pre-event and post-event coverage and scripted sports entertainment.
- (4) It is a talk, game, or awards show or other gala event.

1 (5) It contains material that is ~~obscene,~~ "obscene," as defined in ~~G.S.~~
2 14-190.1.G.S. 14-190.1, or that is "harmful to minors," as defined in
3 G.S. 14-190.13.

4 ~~(4)(6)~~ It is a radio production.

5 (7) It fails to contain in the end credits of the production a statement that the
6 production was "Filmed in North Carolina," a logo provided by the North
7 Carolina Film Office, and an acknowledgement of the regional film office
8 responsible for the geographic area in which the filming of the production
9 occurred. Additionally, the production company will offer marketing
10 opportunities to be evaluated by the North Carolina Film Office to ensure that
11 they offer promotional value to the State.

12 (8) It has received a grant from the Film and Entertainment Grant Fund set out in
13 G.S. 143B-437.02A.

14 (g) Substantiation. – A taxpayer allowed a credit under this section must maintain and
15 make available for inspection any information or records required by the Secretary of Revenue.
16 The taxpayer has the burden of proving eligibility for a credit and the amount of the credit. The
17 Secretary may consult with the North Carolina Film Office ~~of the Department of Commerce~~
18 within the Economic Development Partnership of North Carolina and the regional film
19 commissions in order to determine the amount of qualifying expenses.

20 (h) Report. – The Department must include in the economic incentives report required by
21 G.S. 105-256 the following information, itemized by taxpayer:

22 (1) The location of sites used in a production for which a credit was taken.

23 (2) The qualifying expenses for which a credit was taken, classified by whether
24 the expenses were for goods, services, or compensation paid by the production
25 company.

26 (3) The number of people employed in the State with respect to credits taken.

27 (4) The total cost to the General Fund of the credits taken.

28 (i) Repealed by Session Laws 2006-220, s. 2, effective for taxable years beginning on or
29 after January 1, 2007.

30 ~~(j) NC Film Office Notification. – To claim a credit under this section, a taxpayer must~~
31 ~~notify the Department of Commerce North Carolina Film Office within the Economic~~
32 ~~Development Partnership of North Carolina of the taxpayer's intent to claim the production tax~~
33 ~~credit. The notification must include the title of the production, the name of the production~~
34 ~~company, a financial contact for the production company, the proposed dates on which the~~
35 ~~production company plans to begin filming the production, and any other information required~~
36 ~~by the Department. For productions that have production credits, a taxpayer claiming a credit~~
37 ~~under this section must acknowledge in the production credits both the North Carolina Film~~
38 ~~Office and the regional film office responsible for the geographic area in which the filming of~~
39 ~~the production occurred.~~

40 (k) Sunset. – This section is repealed for qualifying expenses occurring on or after
41 January 1, ~~2015-2022.~~"

42 **SECTION 38.3.**(c) G.S. 105-151.29 is reenacted as it existed immediately before it
43 was repealed and reads as rewritten:

44 "**§ 105-151.29. Credit Film and Entertainment Rebate Program for qualifying expenses of**
45 **a production company.**

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

47 (1) Awards show. – An awards show is television programming involving the
48 filming of a ceremony in which individuals, groups, or organizations are given
49 an award.

- 1 (2) Employee. – A person who is employed for consideration and whose wages
2 are subject to withholding under Article 4A of Chapter 105 of the General
3 Statutes.
- 4 (3) Highly compensated individual. – An individual who directly or indirectly
5 receives compensation in excess of one million dollars (\$1,000,000) for
6 personal services with respect to a single production. An individual receives
7 compensation indirectly when a production company pays a personal service
8 company or an employee leasing company that pays the individual.
- 9 ~~(2)~~(4) Live sporting event. – A scheduled sporting competition, game, or race that is
10 not originated by a production company, but originated solely by an amateur,
11 collegiate, or professional organization, institution, or association for live or
12 tape-delayed television or satellite broadcast. A live sporting event does not
13 include commercial advertising, an episodic television series, a television
14 pilot, a music video, a motion picture, or a documentary production in which
15 sporting events are presented through archived historical footage or similar
16 footage taken at least 30 days before it is used.
- 17 (5) Loan-out company. – A personal service corporation that employs an
18 individual who is hired by a film or digital media production company.
- 19 (6) Production. – Any of the following:
20 a. A motion picture intended for commercial distribution to a motion
21 picture theater or directly to the consumer viewing market that has a
22 running time of at least 75 minutes.
23 b. A television series for theatrical or television viewing,
24 made-for-television movie, or production intended for online
25 distribution. For video and television series, one production is all of
26 the episodes of the series produced for a single season.
- 27 ~~(3)~~(7) Production company. – Defined in G.S. 105-164.3.
- 28 ~~(4)~~(8) Qualifying expenses. – The sum of the following amounts spent in this State
29 by a production company in connection with a production, less the amount
30 paid in excess of one million dollars (\$1,000,000) to a highly compensated
31 individual:
32 a. Goods and services leased or purchased. For goods with a purchase
33 price of twenty-five thousand dollars (\$25,000) or more, the amount
34 included in qualifying expenses is the purchase price less the fair
35 market value of the good at the time the production is completed.
36 Goods and services includes the costs of tangible and intangible
37 property used for, and services performed primarily and customarily
38 in, production, including preproduction and postproduction and other
39 direct costs of producing the project in accordance with generally
40 accepted entertainment industry practices. Goods and services exclude
41 costs for development, marketing, and distribution; costs of financing
42 for the production, of bonding related to the production, of
43 production-related insurance coverage obtained on the production; and
44 expenses for insurance coverage purchased from a related member.
45 b. Compensation and wages on which withholding payments are remitted
46 to the Department of Revenue under Article 4A of this Chapter.
47 Payments made to a loan-out company for services provided in North
48 Carolina shall be subject to gross income withholding tax at the
49 applicable rate under the Article 4 of this Chapter.

1 e. ~~The cost of production-related insurance coverage obtained on the~~
 2 ~~production. Expenses for insurance coverage purchased from a related~~
 3 ~~member are not qualifying expenses.~~

4 ~~d.c.~~ Employee fringe contributions, including health, pension, and welfare
 5 contributions.

6 ~~e.d.~~ Per diems, stipends, and living allowances paid for work being
 7 performed in this State.

8 ~~(5)(9)~~ Related member. – Defined in G.S. 105-130.7A.

9 (b) Credit. – A taxpayer that is a production company and has qualifying expenses of at
 10 least ~~two hundred fifty thousand dollars (\$250,000)~~ one million dollars (\$1,000,000) with respect
 11 to a production is allowed a credit against the taxes imposed by this Part equal to twenty-five
 12 percent (25%) of the production company's qualifying expenses. ~~For the purposes of this section,~~
 13 ~~in the case of an episodic television series, an entire season of episodes is one production.~~ The
 14 credit is computed based on all of the taxpayer's qualifying expenses incurred with respect to the
 15 production, not just the qualifying expenses incurred during the taxable year.

16 (b1) Repealed by Session Laws 2009-529, s. 2, effective January 1, 2011.

17 (c) Pass-Through Entity. – Notwithstanding the provisions of G.S. 105-131.8 and
 18 G.S. 105-269.15, a pass-through entity that qualifies for a credit provided in this section does not
 19 distribute the credit among any of its owners. The pass-through entity is considered the taxpayer
 20 for purposes of claiming a credit allowed by this section. If a return filed by a pass-through entity
 21 indicates that the entity is paying tax on behalf of the owners of the entity, a credit allowed under
 22 this section does not affect the entity's payment of tax on behalf of its owners.

23 (d) Return. – A taxpayer may claim a credit allowed by this section on a return filed for
 24 the taxable year in which the production activities are completed. The return must state the name
 25 of the production, and the taxpayer must provide a description of the production, ~~production~~ and
 26 a detailed accounting of the qualifying expenses with respect to which a credit is claimed. The
 27 qualifying expenses are subject to audit by the Secretary before the credit is allowed.

28 (e) Credit Refundable. – If a credit allowed by this section exceeds the amount of tax
 29 imposed by this Part for the taxable year reduced by the sum of all credits allowable, the Secretary
 30 must refund the excess to the taxpayer. The refundable excess is governed by the provisions
 31 governing a refund of an overpayment by the taxpayer of the tax imposed in this Part. In
 32 computing the amount of tax against which multiple credits are allowed, nonrefundable credits
 33 are subtracted before refundable credits.

34 (f) Limitations. – The amount of credit allowed under this section ~~with respect to a per~~
 35 ~~production that is a feature film may not exceed twenty million dollars (\$20,000,000).~~ shall not
 36 exceed the following amounts:

37 (1) For a feature-length film, five million dollars (\$5,000,000).

38 (2) For a television series, fifteen million dollars (\$15,000,000) per season.

39 No credit is allowed under this section for any production that satisfies one or more of the
 40 following conditions:

41 (1) It is ~~is~~ has the primary purpose of political advertising, advertising, fund-raising,
 42 or marketing a product or service.

43 (2) It is a ~~television~~ production of a news program or live sporting event program,
 44 including weather, financial market, and current event reports.

45 (3) It is a live sporting event, including pre-event and post-event coverage and
 46 scripted sports entertainment.

47 (4) It is a talk, game, or awards show or other gala event.

48 (5) It contains material that is ~~obscene,~~ "obscene," as defined in G.S.
 49 14-190.1. G.S. 14-190.1, or that is "harmful to minors," as defined in
 50 G.S. 14-190.13.

51 (4)(6) It is a radio production.

1 (7) It fails to contain in the end credits of the production a statement that the
2 production was "Filmed in North Carolina," a logo provided by the North
3 Carolina Film Office, and an acknowledgement of the regional film office
4 responsible for the geographic area in which the filming of the production
5 occurred. Additionally, the production company will offer marketing
6 opportunities to be evaluated by the North Carolina Film Office to ensure that
7 they offer promotional value to the State.

8 (8) It has received a grant from the Film and Entertainment Grant Fund set out in
9 G.S. 143B-437.02A.

10 (g) Substantiation. – A taxpayer allowed a credit under this section must maintain and
11 make available for inspection any information or records required by the Secretary of Revenue.
12 The taxpayer has the burden of proving eligibility for a credit and the amount of the credit. The
13 Secretary may consult with the North Carolina Film Office ~~of the Department of Commerce~~
14 within the Economic Development Partnership of North Carolina and the regional film
15 commissions in order to determine the amount of qualifying expenses.

16 (h) Report. – The Department must include in the economic incentives report required by
17 G.S. 105-256 the following information itemized by taxpayer:

18 (1) The location of sites used in a production for which a credit was taken.

19 (2) The qualifying expenses for which a credit was taken, classified by whether
20 the expenses were for goods, services, or compensation paid by the production
21 company.

22 (3) The number of people employed in the State with respect to credits taken.

23 (4) The total cost to the General Fund of the credits taken.

24 (i) Repealed by Session Laws 2006-220, s. 4, effective for taxable years beginning on
25 and after January 1, 2007.

26 (j) ~~NC Film Office Notification.~~ – To claim a credit under this section, a taxpayer must
27 notify the ~~Department of Commerce~~ North Carolina Film Office within the Economic
28 Development Partnership of North Carolina of the taxpayer's intent to claim the production tax
29 credit. The notification must include the title of the production, the name of the production
30 company, a financial contact for the production company, the proposed dates on which the
31 production company plans to begin filming the production, and any other information required
32 by the Department. ~~For productions that have production credits, a taxpayer claiming a credit~~
33 ~~under this section must acknowledge in the production credits both the North Carolina Film~~
34 ~~Office and the regional film office responsible for the geographic area in which the filming of~~
35 ~~the production occurred.~~

36 (k) Sunset. – This section is repealed for qualifying expenses occurring on or after
37 January 1, ~~2015-2022.~~"

38 **SECTION 38.3.(d)** This section becomes effective January 1, 2019, and applies to
39 productions with qualifying expenses occurring on or after January 1, 2019.

40 41 **DEED STAMP PROCEEDS**

42 **SECTION 38.4.(a)** G.S. 105-228.30(b) reads as rewritten:

43 "(b) The register of deeds of each county must remit the proceeds of the tax levied by this
44 section to the county finance officer. The finance officer of each county must credit one-half of
45 the proceeds to the county's general fund and remit the remaining one-half of the proceeds, less
46 taxes refunded and the county's allowance for administrative expenses, to the Department of
47 Revenue on a monthly basis. A county may retain two percent (2%) of the amount of tax proceeds
48 allocated for remittance to the Department of Revenue as compensation for the county's cost in
49 collecting and remitting the State's share of the tax. The Department of Revenue shall credit
50 seventy-five percent (75%) of the funds remitted to the Department of Revenue under this
51 subsection to the General Fund. Of the remaining twenty-five percent (25%) of the funds remitted

1 to it pursuant to this section, the Department of Revenue shall credit thirty-five percent (35%) to
2 the Clean Water Management Trust Fund, thirty-five percent (35%) to the Parks and Recreation
3 Trust Fund, fifteen percent (15%) to the North Carolina Agricultural Development and Farmland
4 Preservation Trust Fund established under G.S. 106-744, and fifteen percent (15%) to the North
5 Carolina Housing Trust Fund established under G.S. 122E-3."

6 **SECTION 38.4.(b)** G.S. 143B-135.234(a) reads as rewritten:

7 "(a) Fund Established. – The Clean Water Management Trust Fund is established as a
8 special revenue fund to be administered by the Department of Environmental Quality. The Fund
9 receives revenue from the following sources and may receive revenue from other sources:

- 10 (1) Annual appropriations.
- 11 (2) Special registration plates under G.S. 20-81.12.
- 12 (3) Other special registration plates under G.S. 20-79.7.
- 13 (4) The excise tax on conveyances levied pursuant to Article 8E of Chapter 105
14 of the General Statutes."

15 **SECTION 38.4.(c)** G.S. 143B-135.56(a) reads as rewritten:

16 "(a) Fund Created. – There is established a Parks and Recreation Trust Fund in the State
17 Treasurer's Office. The Trust Fund shall be a special revenue fund consisting of gifts and grants
18 to the Trust Fund, monies credited to the Trust Fund pursuant to G.S. 105-288.30(b), and
19 other monies appropriated to the Trust Fund by the General Assembly."

20 **SECTION 38.4.(d)** G.S. 106-744(c) reads as rewritten:

21 "(c) There is established a "North Carolina Agricultural Development and Farmland
22 Preservation Trust Fund" to be administered by the Commissioner of Agriculture. The Trust Fund
23 shall consist of all monies received for the purpose of purchasing agricultural conservation
24 easements or funding programs that promote the development and sustainability of farming and
25 assist in the transition of existing farms to new farm families, or monies transferred from counties
26 or private sources, or monies credited to the Trust Fund pursuant to G.S. 105-288.30(b).
27 The Trust Fund shall be invested as provided in G.S. 147-69.2 and G.S. 147-69.3. The
28 Commissioner shall use Trust Fund monies for any of the following purposes:

29 "...."

30 **SECTION 38.4.(e)** G.S. 122E-3(b) reads as rewritten:

31 "(b) The Fund shall consist of monies received under this act, monies credited to the
32 Fund pursuant to G.S. 105-288.30(b), and any other sources of revenue, public or private,
33 dedicated for inclusion in the Fund."

34 **SECTION 38.4.(f)** This section is effective for tax proceeds from the excise tax on
35 conveyances received by the Department of Revenue on or after July 1, 2018.

37 EVALUATION OF SAVINGS RESERVE

38 **SECTION 38.5.** G.S. 143C-4-2(f) reads as rewritten:

39 "(f) Evaluation of Savings Reserve. – The Office of State Budget and Management and
40 the Fiscal Research Division of the General Assembly shall jointly develop and annually produce
41 an evaluation of the adequacy of the Savings Reserve based on the volatility of North Carolina's
42 General Fund tax structure, which shall take into consideration relevant statistical and economic
43 literature. After completing the evaluation, these entities may revise the methodology as needed
44 to estimate the target for the Savings Reserve balance, which shall be calculated so as to be
45 sufficient to cover two years of need for ~~nine~~nine out of 10 scenarios involving a decline in
46 General Fund revenue from one fiscal year to the next fiscal year. The recommended balance
47 shall be expressed as a percentage of the prior year General Fund operating budget
48 appropriations, excluding departmental receipts. The Office of State Budget and Management
49 shall report this percentage to the Chairs of the House of Representatives and Senate
50 Appropriations and Finance Committees no later than February 1 of each year."

PART XXXIX. MISCELLANEOUS PROVISIONS**STATE BUDGET ACT APPLIES**

SECTION 39.1. The provisions of the State Budget Act, Chapter 143C of the General Statutes, are reenacted and shall remain in full force and effect and are incorporated in this act by reference.

MOST TEXT APPLIES TO THE 2018-2019 FISCAL YEAR

SECTION 39.2. Except for statutory changes or other provisions that clearly indicate an intention to have effects beyond the 2018-2019 fiscal year, the textual provisions of this act apply only to funds appropriated for, and activities occurring during, the 2018-2019 fiscal year.

EFFECT OF HEADINGS

SECTION 39.3. The headings to the parts, subparts, and sections of this act are a convenience to the reader and are for reference only. The headings do not expand, limit, or define the text of this act, except for effective dates referring to a part or subpart.

SEVERABILITY

SECTION 39.4. If any section or provision of this act is declared unconstitutional or invalid by the courts, it does not affect the validity of this act as a whole or any part other than the part so declared to be unconstitutional or invalid.

EFFECTIVE DATE

SECTION 39.5. Except as otherwise provided, this act becomes effective July 1, 2018.