

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2009

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SENATE BILL 311
Appropriations/Base Budget Committee Substitute Adopted 6/23/09
House Committee Substitute Favorable 6/25/09
Fourth Edition Engrossed 6/29/09

Short Title: Continuing Budget Authority.

(Public)

Sponsors:

Referred to:

February 26, 2009

A BILL TO BE ENTITLED

AN ACT AUTHORIZING THE DIRECTOR OF THE BUDGET TO CONTINUE EXPENDITURES FOR THE OPERATION OF GOVERNMENT AT A LEVEL NOT TO EXCEED EIGHTY-FIVE PERCENT OF THE LEVEL AT WHICH THOSE OPERATIONS WERE AUTHORIZED IN S.L. 2008-107, AS AMENDED, UNTIL JULY 15, 2009, AT 11:59 P.M.

The General Assembly of North Carolina enacts:

BUDGET CONTINUATION

SECTION 1. The Director of the Budget may continue to allocate funds for expenditure for current operations by State departments, institutions, and agencies at a level not to exceed eighty-five percent (85%) of the level at which those operations were authorized in S.L. 2008-107, as amended.

Vacant positions subject to proposed budget reductions in Senate Bill 202, 3rd edition, Senate Bill 202, 6th edition, or both, shall not be filled after June 30, 2009.

State employees employed in positions subject to elimination in Senate Bill 202, 3rd edition, Senate Bill 202, 6th edition, or both, because of a reduction, in total or in part, in the funds used to support the job or its responsibilities shall, as soon as practicable and in accordance with Reduction in Force policies, be provided written notification of termination of employment 30 days prior to the effective date of the termination.

State agencies shall not make grant awards with funds that are subject to proposed budget reductions in Senate Bill 202, 3rd edition, Senate Bill 202, 6th edition, or both.

Except as otherwise provided by this act, the limitations and directions for the 2008-2009 fiscal year in S.L. 2007-323, as amended, and in S.L. 2008-107, as amended, that applied to appropriations to particular agencies or for particular purposes apply to the funds appropriated and authorized for expenditure under this section.

EMPLOYEE SALARIES

SECTION 2. The salary schedules and specific salaries established for the 2008-2009 fiscal year by or under S.L. 2008-107 and in effect on June 30, 2009, for offices and positions shall remain in effect until the effective date of the Current Operations and Capital Improvements Appropriations Act of 2009.



1 State employees subject to G.S. 7A-102(c), 7A-171.1, or 20-187.3 shall not move
2 up on salary schedules or receive automatic increases, including automatic step increases, until
3 authorized by the General Assembly.

4 Public school employees paid on the teacher salary schedule or the school-based
5 administrator salary schedule and other employees shall not move up on salary schedules or
6 receive automatic step increases, annual, performance, merit, or other increments until
7 authorized by the General Assembly.

8 9 **SALARY-RELATED CONTRIBUTIONS/EMPLOYER**

10 **SECTION 3.(a)** The State's employer contribution rates budgeted for retirement
11 and related benefits for the 2009-2010 fiscal year shall be as provided for in Section 6(b) of
12 S.L. 2009-16.

13 **SECTION 3.(b)** The State's employer contribution rates established by this section
14 are effective until the Current Operations and Capital Improvements Appropriations Act of
15 2009 becomes law and are subject to revision in that act. If the Current Operations and Capital
16 Improvements Appropriations Act of 2009 modifies these rates, the Director of the Budget
17 shall further modify the rates set in that act for the remainder of the 2009-2010 fiscal year so as
18 to compensate for the different amount contributed between July 1, 2009, and the date the
19 Current Operations and Capital Improvements Appropriations Act of 2009 becomes law so that
20 the effective rates for the entire year reflect the rates set in the Current Operations and Capital
21 Improvements Appropriations Act of 2009.

22 23 **FUNDS SHALL NOT REVERT**

24 **SECTION 4.(a)** If the provisions of Senate Bill 202, 3rd edition, Senate Bill 202,
25 6th edition, or both, direct that funds shall not revert, the funds shall not revert on June 30,
26 2009. Unless these funds are encumbered on or before June 30, 2009, these funds shall not be
27 expended after June 30, 2009, except as provided by a law enacted after June 30, 2009.

28 **SECTION 4.(b)** This section becomes effective June 30, 2009.

29 30 **STATE CONTROLLER SHALL NOT TRANSFER FUNDS ON JUNE 30**

31 **SECTION 5.(a)** Notwithstanding G.S. 143-15.3A, for the 2008-2009 fiscal year
32 only, funds shall not be reserved to the Repairs and Renovations Reserve Account, and the
33 State Controller shall not transfer funds from the unreserved credit balance to the Repairs and
34 Renovations Reserve Account on June 30, 2009.

35 **SECTION 5.(b)** Notwithstanding G.S. 143-15.2 and G.S. 143-15.3, for the
36 2008-2009 fiscal year only, funds shall not be reserved to the Savings Reserve Account, and
37 the State Controller shall not transfer funds from the unreserved credit balance to the Savings
38 Reserve Account on June 30, 2009.

39 **SECTION 5.(c)** This section becomes effective June 30, 2009.

40 41 **APPROPRIATION OF ARRA FUNDS**

42 **SECTION 6.(a)** Appropriation Funds. – Funds received under the American
43 Recovery and Reinvestment Act of 2009, P.L. 111-5 (ARRA), are hereby appropriated in the
44 amounts provided in the notification of award from the federal government or any entity acting
45 on behalf of the federal government to administer federal ARRA funds. The Office of State
46 Budget and Management and affected State agencies shall report the notification of award to
47 the Joint Legislative Commission on Governmental Operations.

48 **SECTION 6.(b)** Limitation of Use of Funds. – State agencies shall not allocate or
49 otherwise obligate any ARRA funds appropriated in this act (i) for a purpose or program not
50 authorized by the General Assembly for the 2007-2009 fiscal biennium, or (ii) to expand the
51 scope of a purpose or program authorized by the General Assembly for the 2007-2009 fiscal

1 biennium, unless the federal government has issued rules or formal guidance stipulating that a
2 state's lack of allocation or obligation would jeopardize the receipt of ARRA funds.

3 **SECTION 6.(c)** Guidance. – The Office of State Budget and Management shall
4 work with the recipient State agencies to budget federal receipts awarded according to the
5 annual program needs and within the parameters of the respective granting entities and to
6 incorporate federal funds into the certified budgets of the recipient State agency. State agencies
7 shall not use federal ARRA funds for recurring purposes unless provided for in this section.
8 However, depending on the nature of the award, additional State personnel may be employed
9 on a temporary or time-limited basis.

10 **SECTION 6.(d)** Of the funds appropriated in subsection (a) of this section, the
11 State Office of Economic Investment and Recovery may use up to one million dollars
12 (\$1,000,000) during fiscal year 2009-2010 for operating expenses.

13 **SECTION 6.(e)** Effective Date. – This section is effective when it becomes law.
14

15 **APPROPRIATION FROM THE SAVINGS RESERVE ACCOUNT FOR 2008-2009**

16 **SECTION 7.(a)** G.S. 143C-4-2(b) prohibits the Director of the Budget from using
17 funds in the Savings Reserve Account unless the use has been approved by an act of the
18 General Assembly. The General Assembly hereby authorizes the Director of the Budget to use
19 funds that were credited to the Savings Reserve Account on or before June 30, 2009, to the
20 extent necessary to balance the State budget for the 2008-2009 fiscal year, and funds are hereby
21 appropriated from the Savings Reserve Account for this purpose.

22 **SECTION 7.(b)** This section is effective when it becomes law.
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24 **MEDICAID STATE PLAN AMENDMENTS**

25 **SECTION 8.** To achieve the proposed budget reductions for the 2009-2011 fiscal
26 biennium, the Department of Health and Human Services shall prepare and submit the
27 necessary State Plan amendments to the Centers for Medicare and Medicaid Services that
28 reflect the Medicaid reduction items in Senate Bill 202, 3rd edition, Senate Bill 202, 6th
29 edition, or both. The Department shall amend or withdraw any unnecessary State Plan
30 amendments when reductions enacted in the Current Operations and Capital Improvements
31 Appropriations Act of 2009 become law.
32

33 **ACCELERATED DHHS PROCUREMENT PROCESS TO ACHIEVE BUDGET** 34 **REDUCTIONS**

35 **SECTION 8A.(a)** Notwithstanding any other provision of law to the contrary, the
36 Department of Health and Human Services may modify or extend existing contracts or as
37 necessary enter into sole source contracts to timely achieve savings. Any such modifications or
38 contract extensions or sole source contracts must be approved by the Governor and reported to
39 the Senate Appropriations Committee on Health and Human Services, the House of
40 Representatives Appropriations Subcommittee on Health and Human Services, the Fiscal
41 Research Division, and the Office of State Budget and Management. This subsection applies to
42 the following activities and shall expire six months from the date of enactment of this act:

- 43 (1) Acquisition of medical equipment, supplies, and appliances;
- 44 (2) Maximizing technology to increase third-party recovery, increase cost
45 avoidance activities, identify provider overbilling and other abuse or
46 program integrity activities;
- 47 (3) Implementing prior authorization efforts in imaging and other high-cost
48 services;
- 49 (4) Providing technical assistance to enhance care coordination, analysis, and
50 reports to assess provider compliance and performance;
- 51 (5) Conducting independent assessments; and

(6) Providing technology services to establish physician/provider online attestation reporting and assist CCNC in care management activities.

SECTION 8A.(b) The Department shall report on the activities conducted under this section to the House Appropriations Subcommittee on Health and Human Services, the Senate Appropriations Committee on Health and Human Services, and the Fiscal Research Division on or before April 1, 2010.

COMMUNITY COLLEGE TUITION INCREASE

SECTION 9.(a) The in-state tuition rate for community college students shall be fifty dollars (\$50.00) per credit hour. The out-of-state tuition rate shall be \$241.30 per credit hour.

SECTION 9.(b) The fees charged for community college continuing education courses shall be based on the number of hours of class time. The fees shall be:

<u>Class Hours</u>	<u>Cost</u>
1-24	\$65.00;
25-50	\$120.00;
51+	\$175.00.

SECTION 9.(c) This section expires December 31, 2009.

EFFECTIVE DATE

SECTION 10. Except as otherwise provided, this act becomes effective July 1, 2009, and expires July 15, 2009, at 11:59 P.M.