

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2015

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HOUSE BILL 1030
Committee Substitute Favorable 5/17/16
Committee Substitute #2 Favorable 5/18/16
Fourth Edition Engrossed 5/19/16

Short Title: 2016 Appropriations Act.

(Public)

Sponsors:

Referred to:

May 5, 2016

1 A BILL TO BE ENTITLED
2 AN ACT TO MODIFY THE CURRENT OPERATIONS AND CAPITAL IMPROVEMENTS
3 APPROPRIATIONS ACT OF 2015 AND TO MAKE OTHER CHANGES IN THE BUDGET
4 OPERATIONS OF THE STATE.

5 The General Assembly of North Carolina enacts:

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

8
9 **INTRODUCTION**

10 **SECTION 1.1.** The appropriations made in this act are for maximum amounts
11 necessary to provide the services and accomplish the purposes described in the budget. Savings
12 shall be affected where the total amounts appropriated are not required to perform these services
13 and accomplish these purposes, and the savings shall revert to the appropriate fund at the end of
14 each fiscal year, except as otherwise 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 and Capital
18 Improvements Appropriations Act of 2016."

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 departments, institutions, and agencies, and for other purposes as
25 enumerated, are adjusted for the fiscal year ending June 30, 2017, according to the following
26 schedule:

27
28 **Current Operations - General Fund**

FY 2016-17

29
30 **EDUCATION**

31
32 Community Colleges System Office

36,899,293



1	Department of Public Instruction	377,559,450
2		
3	University of North Carolina - Board of Governors	
4	Appalachian State University	
5	East Carolina University	
6	Academic Affairs	
7	Health Affairs	
8	Elizabeth City State University	
9	Fayetteville State University	
10	NC A&T State University	
11	NC Central University	
12	NC State University	
13	Academic Affairs	
14	Agricultural Extension	
15	Agricultural Research	
16	UNC-Asheville	
17	UNC-Chapel Hill	
18	Academic Affairs	
19	Health Affairs	
20	AHEC	
21	UNC-Charlotte	
22	UNC-Greensboro	
23	UNC-Pembroke	
24	UNC-School of the Arts	
25	UNC-Wilmington	
26	Western Carolina University	
27	Winston-Salem State University	
28	General Administration	
29	University Institutional Programs	128,963,081
30	Related Educational Programs	2,000,000
31	NC School of Science & Math	
32	Aid to Private Institutions	11,300,000
33	Total University of North Carolina - Board of Governors	142,263,081
34		
35	HEALTH AND HUMAN SERVICES	
36		
37	Department of Health and Human Services	
38	Division of Central Management and Support	3,676,096
39	Division of Aging and Adult Services	839,433
40	Divisions of Services to the Blind, Deaf, and Hard of Hearing	143,550
41	Division of Child Development and Early Education	3,274,153
42	Division of Health Service Regulation	708,207
43	Division of Medical Assistance	(307,360,849)
44	Division of Mental Health, Developmental Disabilities,	
45	and Substance Abuse Services	73,363,515
46	NC Health Choice	352,285
47	Division of Public Health	16,531,176
48	Division of Social Services	17,270,554
49	Division of Vocational Rehabilitation	660,441
50	Total Health and Human Services	(190,541,439)
51		

1	AGRICULTURE AND NATURAL AND ECONOMIC RESOURCES	
2		
3	Department of Agriculture and Consumer Services	9,446,012
4		
5	Department of Commerce	
6	Commerce	6,868,547
7	Commerce State-Aid	100,000
8		
9	Wildlife Resources Commission	327,719
10		
11	Department of Environmental Quality	4,185,383
12		
13	Department of Labor	497,438
14		
15	Department of Natural and Cultural Resources	10,220,875
16	Department of Natural and Cultural Resources - Roanoke Island	0
17		
18	JUSTICE AND PUBLIC SAFETY	
19		
20	Department of Public Safety	74,144,282
21		
22	Judicial Department	21,897,447
23		
24	Judicial Department - Indigent Defense	2,358,175
25		
26	Department of Justice	5,768,863
27		
28	GENERAL GOVERNMENT	
29		
30	Department of Administration	2,470,762
31		
32	Office of Administrative Hearings	150,332
33		
34	Department of State Auditor	580,567
35		
36	Office of State Controller	522,440
37		
38	State Board of Elections	178,203
39		
40	General Assembly	2,597,332
41		
42	Office of the Governor	157,601
43		
44	Office of the Governor - Special Appropriations	422
45		
46	Office of State Budget and Management	
47	Office of State Budget and Management	229,037
48	OSBM -- Reserve for Special Appropriations	0
49		
50	Housing Finance Agency	0
51		

1	Department of Insurance	1,998,034
2		
3	Office of Lieutenant Governor	32,057
4		
5	Department of Military and Veterans Affairs	175,556
6		
7	Department of Revenue	2,731,297
8		
9	Department of Secretary of State	401,386
10		
11	Department of State Treasurer	
12	State Treasurer	338,828
13	Fire Rescue National Guard Pensions & LDD Benefits	5,197,982
14		
15	TRANSPORTATION	
16	Department of Transportation	
17		
18	Department of Information Technology	43,282,187
19		
20	RESERVES, ADJUSTMENTS AND DEBT SERVICE	
21	Contingency and Emergency Fund	0
22	Salary Adjustment Reserve	0
23	OSHR Minimum of Market Adjustment	(12,000,000)
24	Reserve for Future Benefit Needs	(71,000,000)
25	Workers' Compensation Reserve	0
26	Information Technology Reserve	(21,320,843)
27	Information Technology Fund	(21,681,854)
28	One North Carolina Fund	(417,883)
29	Job Development Investment Grants (JDIG)	(10,000,000)
30	Film and Entertainment Grant Fund	0
31	Pending Legislation Reserve	2,775,063
32	Reserve Connect NC Bond Administration	1,142,267
33	Public Schools Average Daily Membership (ADM)	(107,000,000)
34	UNC System Enrollment Growth Reserve	(31,000,000)
35		
36	Debt Service	
37	General Debt Service	1,253,023
38	Federal Reimbursement	2,723,000
39		
40	TOTAL CURRENT OPERATIONS - GENERAL FUND	296,511,922

GENERAL FUND AVAILABILITY STATEMENT

SECTION 2.2.(a) The General Fund availability statement set out in Section 2.2(a) of S.L. 2015-241 applies to the 2015-2016 fiscal year only. The General Fund availability used in adjusting the 2016-2017 budget is shown below:

	FY 2016-17	
47		
48	Unappropriated Balance	175,488,544
49	Over Collections FY 2015-16	330,200,000
50	Reversions FY 2015-16	323,339,524
51	Earmarkings of Year End Fund Balance:	

1	Savings Reserve	(300,000,000)
2	Repairs and Renovations	(164,023,000)
3	Beginning Unreserved Fund Balance	365,005,068
4		
5	Revenues Based on Existing Tax Structure	21,417,800,000
6		
7	Non-tax Revenues	
8	Investment Income	37,500,000
9	Judicial Fees	242,600,000
10	Disproportionate Share	147,000,000
11	Insurance	77,000,000
12	Master Settlement Agreement	127,400,000
13	Other Non-Tax Revenues	178,700,000
14	Subtotal Non-tax Revenues	810,200,000
15		
16	Adjustment for Medicaid Transformation Fund (S.L. 2015-241)	(150,000,000)
17		
18	Total General Fund Availability	22,443,005,068
19		
20	Adjustments to Availability: 2016 Session	
21		
22	Increase the Individual Income Tax Standard Deduction	(25,000,000)
23	Finance Reserve	(15,500,000)
24	Repeal Mill Machinery (1%/\$80) Tax, exempt purchases from the Sales Tax	(51,500,000)
25	Adjustment of Transfer from Treasurer's Office	537,692
26	Adjustment of Transfer from Insurance Regulatory Fund	1,998,034
27		
28	Subtotal Adjustments to Availability: 2016 Session	(89,464,274)
29		
30	Revised General Fund Availability	22,353,540,794
31		
32	Less General Fund Appropriations	(22,225,000,000)
33		
34	Unappropriated Balance Remaining	128,540,794
35		

36 **SECTION 2.2.(b)** Notwithstanding the provisions of G.S. 143C-4-3(a), the State
37 Controller shall transfer a total of one hundred sixty-four million twenty-three thousand dollars
38 (\$164,023,000) from the unreserved fund balance to the Repairs and Renovations Reserve on June
39 30, 2016. This subsection becomes effective June 30, 2016.

40 **SECTION 2.2.(c)** Notwithstanding G.S. 143C-4-2, the State Controller shall transfer
41 a total of three hundred million dollars (\$300,000,000) from the unreserved fund balance to the
42 Savings Reserve Account on June 30, 2016. This transfer is not an "appropriation made by law,"
43 as that phrase is used in Section 7(1) of Article V of the North Carolina Constitution. This
44 subsection becomes effective June 30, 2016.

45 **SECTION 2.2.(d)** There is appropriated from the General Fund to the Office of
46 Indigent Defense Services the sum of five million one hundred thousand dollars (\$5,100,000) for
47 the 2015-2016 fiscal year to compensate private assigned counsel who have represented indigent
48 defendants. Any of these funds that are not needed to pay private assigned counsel bills received
49 by the Office of Indigent Defense Services by June 30, 2016, shall revert to the General Fund.
50 This subsection becomes effective June 30, 2016.

51

PART III. CURRENT OPERATIONS/HIGHWAY FUND**CURRENT OPERATIONS AND EXPANSION/HIGHWAY FUND**

SECTION 3.1. Appropriations from the State Highway Fund for the maintenance and operation of the Department of Transportation and for other purposes as enumerated are adjusted for the fiscal year ending June 30, 2017, according to the following schedule. Amounts set out in parentheses are reductions from Highway Fund Appropriations for the 2016-2017 fiscal year.

Current Operations – Highway Fund**2016-2017**

Department of Transportation

Administration

\$ 0

Division of Highways

Administration

0

Construction

2,500,000

Maintenance

28,423,340

Planning and Research

0

OSHA Program

0

State Aid to Municipalities

0

Intermodal Divisions

Ferry

13,010,090

Public Transportation

4,000,000

Aviation

0

Rail

0

Bicycle and Pedestrian

0

Governor's Highway Safety

0

Division of Motor Vehicles

6,021,906

Other State Agencies, Reserves, Transfers

5,133,515

Capital Improvements

0

Total Highway Fund Appropriations**\$ 2,048,690,000****HIGHWAY FUND AVAILABILITY STATEMENT**

SECTION 3.2. Section 3.2 of S.L. 2015-241 is repealed. The Highway Fund availability used in adjusting the 2016-2017 fiscal year budget is shown below:

Highway Fund Availability Statement**2016-2017**

Unreserved Fund Balance

\$ 0

Estimated Revenue

2,048,910,000

Adjustment to Revenue Availability:

Vehicle Registration Fees (Permanent Plates)

(220,000)

Total Highway Fund Availability**\$ 2,048,690,000**

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

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

5
6 **CURRENT OPERATIONS/HIGHWAY TRUST FUND**

7 **SECTION 4.1.** Appropriations from the State Highway Trust Fund for the
8 maintenance and operation of the Department of Transportation and for other purposes as
9 enumerated are adjusted for the fiscal year ending June 30, 2017, according to the following
10 schedule. Amounts set out in parentheses are reductions from Highway Trust Fund Appropriations
11 for the 2016-2017 fiscal year.

12

Current Operations – Highway Trust Fund	2016-2017
13 Program Administration	\$ 0
14 Turnpike Authority	0
15 Transfer to Highway Fund	0
16 Debt Service	0
17 Strategic Prioritization Funding Plan for Transportation Investments	32,045,000
18	
19 Total Highway Trust Fund Appropriations	\$ 1,371,280,000

20
21
22 **HIGHWAY TRUST FUND AVAILABILITY STATEMENT**

23 **SECTION 4.2.** Section 4.2 of S.L. 2015-241 is repealed. The Highway Trust Fund
24 availability used in adjusting the 2016-2017 fiscal year budget is shown below:

25
26

Highway Trust Fund Availability Statement	2016-2017
27 Unreserved Fund Balance	\$ 0
28 Estimated Revenue	1,370,080,000
29 Adjustment to Revenue Availability:	
30 Title Fees (Mercury Switch Removal)	1,200,000
31	
32 Total Highway Trust Fund Availability	\$ 1,371,280,000
33	
34 Unappropriated Balance	\$ 0

35
36
37 **PART V. OTHER APPROPRIATIONS**

38
39 **EDUCATION LOTTERY FUNDS/UNCLAIMED PRIZES**

40 **SECTION 5.1.(a)** Section 5.2 of S.L. 2015-241 reads as rewritten:
41
42 **"SECTION 5.2.(a)** The appropriations made from the Education Lottery Fund for the
43 2015-2017 fiscal biennium are as follows:

44

	FY 2015-2016	FY 2016-2017
45 Noninstructional Support Personnel	\$ 310,455,157	\$ 314,950,482 \$ 372,266,860
46 Prekindergarten Program	78,252,110	78,252,110
47 Public School Building Capital Fund	100,000,000	100,000,000
48 Scholarships for Needy Students	30,450,000	30,450,000
49 UNC Need-Based Financial Aid	10,744,733	10,744,733
50 TOTAL	\$ 529,902,000	\$ 534,397,325 \$ 591,713,703

51

1 "SECTION 5.2.(b) Notwithstanding G.S. 18C-164, the Office of State Budget and
 2 Management shall not transfer funds to the Education Lottery Reserve Fund for either year of the
 3 ~~2015-2017 fiscal biennium.~~ G.S. 18C-164(b), the net revenues deposited in the Education Lottery
 4 Fund from the 2015-2016 fiscal year that are in excess of the amounts appropriated in subsection
 5 (a) of this section for the 2015-2016 fiscal year shall be transferred to the Lottery Reserve Fund.

6"

7 SECTION 5.1.(b) G.S. 18C-162(c) reads as rewritten:

8 "(c) Unclaimed prize money shall be held separate and apart from the other revenues and
 9 allocated as follows:

- 10 (1) ~~Fifty percent (50%) to enhance prizes under subdivision (a)(1) of this section.~~
- 11 (2) ~~Fifty percent (50%) to the Education Lottery Fund to be allocated in accordance~~
 12 ~~with G.S. 18C-164(c)."~~

13
 14 **CIVIL PENALTY AND FORFEITURE FUND/REVISIONS**

15 SECTION 5.2. Section 5.3 of S.L. 2015-241 reads as rewritten:

16 "SECTION 5.3.(a) Appropriations are made from the Civil Penalty and Forfeiture Fund for
 17 the fiscal biennium ending June 30, 2017, as follows:

	FY 2015-2016	FY 2016-2017
19 School Technology Fund	\$18,000,000	\$18,000,000
20 Drivers Education	0	27,393,768
21 State Public School Fund	132,320,490	128,341,640
		<u>129,099,877</u>
24 Total Appropriation	\$150,320,490	\$173,735,408
		<u>\$174,493,645</u>

25
 26
 27
 28 "SECTION 5.3.(b) Excess receipts realized in the Civil Penalty and Forfeiture Fund in each
 29 year of the 2015-2017 fiscal biennium shall be allocated to the School Technology Fund.

30 "SECTION 5.3.(c) The clear proceeds of the newly established motor vehicle registration late
 31 fee charged pursuant to G.S. 20-88.03, as enacted by this act, shall be used to provide a dedicated
 32 source of revenue for the drivers education program administered by the Department of Public
 33 Instruction in accordance with G.S. 115C-215 and shall be appropriated by the General Assembly
 34 for this purpose for the 2016-2017 ~~and 2017-2018 fiscal years.~~ fiscal year and subsequent fiscal
 35 years thereafter."

36
 37 **INTENT TO PROVIDE FUNDING FOR SBI AIRPLANE**

38 SECTION 5.3. Intent. – It is the intent of the General Assembly to provide future
 39 funding for the acquisition or construction of an airplane to be used by the State Bureau of
 40 Investigation.

41
 42 **PART VI. GENERAL PROVISIONS**

43
 44 **ESTABLISHING OR INCREASING FEES**

45 SECTION 6.1.(a) Notwithstanding G.S. 12-3.1, an agency is not required to consult
 46 with the Joint Legislative Commission on Governmental Operations prior to establishing or
 47 increasing a fee to the level authorized or anticipated in this act.

48 SECTION 6.1.(b) Notwithstanding G.S. 150B-21.1A(a), an agency may adopt an
 49 emergency rule in accordance with G.S. 150B-21.1A to establish or increase a fee as authorized by
 50 this act if the adoption of a rule would otherwise be required under Article 2A of Chapter 150B of
 51 the General Statutes.

EXPENDITURES OF FUNDS IN RESERVES LIMITED

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

PART VII. DEPARTMENT OF INFORMATION TECHNOLOGY

INFORMATION TECHNOLOGY FUND

SECTION 7.1. Section 7.1 of S.L. 2015-241 reads as rewritten:

"SECTION 7.1. The availability used to support appropriations made in this act from the Information Technology Fund established in G.S. 147-33.72H is as follows:

	FY 2015-2016	FY 2016-2017
General Fund Appropriation for IT Fund	\$21,755,191	\$21,681,854 <u>\$21,975,001</u>

Appropriations are made from the Information Technology Fund for the 2015-2017 fiscal biennium as follows:

Criminal Justice Information Network	\$193,085	\$193,085
Center for Geographic Information and Analysis	\$503,810	\$503,810
Enterprise Security Risk Management	\$871,497	\$871,497 <u>\$1,021,497</u>
Staffing and Strategic Projects	\$7,873,903	\$7,873,903 <u>\$7,846,385</u>
First Net (State Match)	\$140,000	\$140,000
Enterprise Project Management Office	\$1,501,234	\$1,501,234
IT Strategy and Standards	\$865,326	\$865,326
State Portal	\$233,510	\$233,510
Process Management	\$398,234	\$398,234
IT Consolidation	-	-
Government Data Analytics Center	\$9,101,255	\$9,101,255 <u>\$9,771,920</u>
Compensation Reserve	\$73,337	

Unless a change is approved by the State Chief Information Officer after consultation with the Office of State Budget and Management, funds appropriated to the Information Technology Fund shall be spent only as specified in this section. Changes shall not result in any degradation to the information technology operations or projects listed in this section for which the funds were originally appropriated.

Any changes to the specified uses shall be reported in writing to the chairs of the Joint Legislative Oversight Committee on Information Technology, the chair and cochair of the House Appropriations Committee on Information Technology, and the Fiscal Research Division."

INFORMATION TECHNOLOGY RESERVE

SECTION 7.2. Section 7.3(a) of S.L. 2015-241, as amended by Section 2.1 of S.L. 2015-268, reads as rewritten:

"SECTION 7.3.(a) The appropriations for the Information Technology Reserve Fund for the 2015-2017 fiscal biennium are as follows:

	FY 2015-2016	FY 2016-2017
Government Data Analytics Center	\$8,100,000	\$8,100,000
Improve Efficiency and Customer Service through IT Modernization	\$8,127,991	\$8,061,512 <u>\$8,061,512</u>

1	IT Restructuring	\$2,775,184	\$2,978,812	<u>\$2,563,334</u>
2	Economic Modeling Initiative	\$500,000		\$500,000
3	Maintenance Management System Replacement	\$173,180		\$129,901
4	NC Connect	\$593,899	\$788,503	<u>\$736,899</u>
5	E-Forms/Digital Signatures	\$762,115	\$762,115	<u>\$436,050</u>
6	Law Enforcement Information Exchange	\$288,474		0"

ESTABLISH GENERAL FUND BUDGET

SECTION 7.3.(a) Notwithstanding G.S. 143C-6-4, the Office of State Budget and Management shall transfer the IT Fund fund codes (27xx) from budget code 24667 to budget code 14660 in order to establish the Department of Information Technology's operating budget. The Office of State Budget and Management shall also establish a reserve in budget code 14660 for the transfer of IT Reserve appropriation to budget code 24667. The changes authorized by this section shall be completed by September 30, 2016, but are effective from July 1, 2016, and shall be reflected in the base budget for the 2017-2019 fiscal biennium.

SECTION 7.3.(b) It is the intent of the General Assembly to appropriate funds during the 2017 Regular Session for Department of Information Technology internal service fund overhead costs upon removal of agency costs from the service rate structure, thereby eliminating the use of a subscription fee to agencies.

IT REPORTING CHANGES

SECTION 7.4.(b) G.S. 143B-1355(c) reads as rewritten:

"§ 143B-1355. Award review.

...

(c) The State CIO shall provide a report of all contract awards approved through the Statewide Procurement Office as indicated below. The report shall include the amount of the award, the contract term, the award recipient, the using agency, and a short description of the nature of the award, as follows:

- (1) For contract awards greater than twenty-five thousand dollars (\$25,000), to the cochairs of the Joint Legislative Oversight Committee on Information Technology and the Fiscal Research Division ~~on a monthly basis as requested.~~
- (2) For all contract awards outside the established purchasing system, to the Department of Administration, Joint Legislative Oversight Committee on Information Technology, and the Fiscal Research Division ~~on a quarterly basis.~~ March 1 and September 1 of each year."

SECTION 7.4.(c) G.S. 143B-1360 reads as rewritten:

"§ 143B-1360. Data on reliability and other issues; report.

The Department of Information Technology shall maintain data on equipment reliability, potential cost savings, and any issues associated with the refurbished computer equipment initiative and shall report the results of the initiative to the Joint Legislative Oversight Committee on Information Technology and the Fiscal Research Division by March 1, 2016, and then ~~quarterly~~ annually thereafter."

SECTION 7.4.(d) G.S. 143B-1344 reads as rewritten:

"§ 143B-1344. Legacy applications.

Participating agency legacy applications shall be moved to the Department once a detailed plan is coordinated and in place for the successful transition of a specific application to the Department. The Department shall identify situations where multiple agencies are using legacy systems with similar capabilities and shall prepare plans to consolidate these systems. ~~Initial identification of similar capabilities shall be reported to the Joint Legislative Oversight Committee on Information Technology and the Fiscal Research Division by March 1, 2016. The initial report shall include a schedule for the consolidation. The report shall also include the costs for operating~~

1 and maintaining the current systems, the estimated costs for an enterprise replacement system, and
 2 the operations and maintenance costs associated with an enterprise system."

3 **SECTION 7.4.(e)** G.S. 143B-1333 reads as rewritten:

4 "**§ 143B-1333. Internal Service Fund.**

5 ...

6 (b) ~~Receipts shall be used solely for the purpose for which they were collected. Any uses~~
 7 ~~of the Information Technology Internal Service Fund not specifically related to providing~~
 8 ~~receipt-supported services to State agencies shall immediately be reported to the Joint Legislative~~
 9 ~~Oversight Committee on Information Technology and the Fiscal Research Division.~~

10 (c) Receipts shall be used solely for the purpose for which they were collected. In
 11 coordination with the Office of the State Controller and the Office of State Budget Management,
 12 the State CIO shall ensure processes are established to manage federal receipts, maximize those
 13 receipts, and ensure that federal receipts are correctly utilized. ~~By September 1 of each year, the~~
 14 ~~State CIO shall certify that federal receipts for participating agency information technology~~
 15 ~~programs have been properly used during the previous State fiscal year."~~

16 **SECTION 7.4.(f)** G.S. 143B-1334 is repealed.

17 **SECTION 7.4.(g)** Section 7.22(c) of S.L. 2015-241 reads as rewritten:

18 "**SECTION 7.22.(c)** Beginning January 1, 2016, and ~~quarterly~~ semiannually thereafter, the
 19 DIT, in conjunction with OSC and OSBM, shall report to the Joint Legislative Oversight
 20 Committee on Information Technology and the Fiscal Research Division on the status of the
 21 program. The report shall include all of the following:

22"

23 **SECTION 7.4.(h)** Section 7.24(b) of S.L. 2015-241 reads as rewritten:

24 "**SECTION 7.24.(b)** On or before March 1, 2016, the State CIO shall provide the completed
 25 plan to the Joint Legislative Oversight Committee on Information Technology and the Fiscal
 26 Research Division. On or before March 1, 2016, and then at least ~~semiannually~~ annually each
 27 January 1 for the duration of the 2015-2017 fiscal biennium, the State CIO shall provide progress
 28 reports regarding the establishment and use of the business Internet Web site to the Joint
 29 Legislative Oversight Committee on Information Technology and the Fiscal Research Division."

30 **SECTION 7.4.(i)** G.S. 143B-1330(a)(2) reads as rewritten:

31 "**§ 143B-1330. Planning and financing State information technology resources.**

32 (a) The State CIO shall develop policies for agency information technology planning and
 33 financing. Agencies shall prepare and submit such plans as required in this section, as follows:

34 ...

35 (2) The State CIO shall develop a biennial State Information Technology Plan
 36 ~~(Plan)-(Plan), including, but not limited to, the use of cloud-based utility~~
 37 computing for use by State agencies."

39 USE OF CASH BALANCE FOR IT RATE CREDITS

40 **SECTION 7.5.** The Department of Information Technology shall use funds available
 41 in cash balance available in fund code 24667 as a credit to the following agencies for subscription
 42 fees, telephone rates, and computer rates billed to the agency for the Internal Service Fund for the
 43 2016-2017 fiscal year:

- 44 (1) North Carolina Community Colleges System Office – \$102,023
- 45 (2) Department of Public Instruction – \$1,534,623
- 46 (3) The University of North Carolina System – \$97,483
- 47 (4) The Department of Administration – \$190,187
- 48 (5) The Department of Insurance – \$26,504
- 49 (6) The Department of Revenue – \$972,197
- 50 (7) General Assembly – \$14,432
- 51 (8) Office of State Budget and Management – \$176,700

1	(9)	Office of Lieutenant Governor – \$6,474
2	(10)	Office of Administrative Hearings – \$38,405
3	(11)	Department of State Auditor – \$20,832
4	(12)	Office of State Controller – \$619,802
5	(13)	Department of Secretary of State – \$4,346
6	(14)	State Board of Elections – \$43,880
7	(15)	Department of State Treasurer – \$6,491
8	(16)	Department of Health and Human Services – \$559,461
9	(17)	Administrative Office of the Courts – \$101,812
10	(18)	Department of Public Safety – \$693,292
11	(19)	Department of Agriculture – \$30,556
12	(20)	Department of Environmental Quality – \$910,564
13	(21)	Department of Natural and Cultural Resources – \$665,262
14		

15 **INFORMATION TECHNOLOGY SPENDING TRANSPARENCY**

16 **SECTION 7.6.** The Office of State Budget and Management shall prepare a plan for
17 realigning State agency information technology budgets within existing programs and divisions to
18 provide transparency for information technology budgeting. The Office of State Budget and
19 Management shall submit the plan on or before February 1, 2017, to the Joint Legislative
20 Commission on Governmental Operations, the Joint Legislative Oversight Committee on
21 Information Technology, and the Fiscal Research Division.

22 23 **APPRENTICESHIPS AND CAREER-BASED OPPORTUNITIES IN CYBERSECURITY** 24 **FOR DISABLED VETERANS**

25 **SECTION 7.7.(a)** The Department of Information Technology shall create a
26 cybersecurity apprenticeship program to provide training, apprenticeships, and career-based
27 opportunities for disabled veterans within the State. Opportunities may be offered to qualifying
28 veterans who have at least a ten percent (10%) disability rating as established by the Veterans
29 Administration.

30 **SECTION 7.7.(b)** The State Chief Information Officer shall conduct a competitive
31 process to select disabled veterans to participate in the cybersecurity apprenticeship program.
32 Participants will have the opportunity to apply concepts, protocols, and tools acquired through the
33 program by working side by side with experts in cybersecurity within the State of North Carolina.

34 **SECTION 7.7.(c)** Of the funds appropriated by this act for the support of the
35 cybersecurity apprenticeship program, the Department of Information Technology shall select up
36 to five disabled veterans to participate in the program.

37 38 **ADJUST IT BUDGETS AS NECESSARY DUE TO TRANSFER OF FUNCTIONS**

39 **SECTION 7.8.(a)** Notwithstanding G.S. 143C-6-4, the Office of State Budget and
40 Management, after coordination with the Department of Information Technology, the Department
41 of Environmental Quality, the Department of Natural and Cultural Resources, and the Fiscal
42 Research Division, may adjust information technology budgets, as appropriate, within the
43 Department of Natural and Cultural Resources and the Department of Environmental Quality.

44 **SECTION 7.8.(b)** All information technology budget adjustments authorized by this
45 section shall be completed by December 1, 2016, and shall be reflected in the base budget for the
46 2017-2019 fiscal biennium. Adjustments may be made only for the information technology
47 budgets of the Department of Environmental Quality and the Department of Natural and Cultural
48 Resources for the purposes stated in this section.

49 **SECTION 7.8.(c)** The Office of State Budget and Management shall report any
50 adjustments made pursuant to this section to the Joint Legislative Oversight Committee on

1 Information Technology, the Joint Legislative Oversight Committee on Agriculture and Natural
2 and Economic Resources, and the Fiscal Research Division on or before January 15, 2017.

3 4 **DATA CENTER CONSOLIDATION EXEMPTION FOR CLOUD-BASED SOLUTIONS**

5 **SECTION 7.9.** Section 7.9(b) of S.L. 2015-241 reads as rewritten:

6 **"SECTION 7.9.(b)** State agencies shall use the State infrastructure to host their projects,
7 services, data, and applications, except that the State Chief Information Officer may grant an
8 exception if the State agency demonstrates any of the following:

- 9 (1) Using an outside contractor would be more cost effective for the State.
- 10 (2) The Department of Information Technology does not have the technical
11 capabilities required to host the application.
- 12 (3) Valid security requirements preclude the use of State infrastructure, and a
13 vendor can provide a more secure environment.

14 Applications that are natively or commercially sold and delivered as cloud-based solutions are
15 not subject to the requirements of this subsection."

16 17 **ENTERPRISE RESOURCE PLANNING DESIGN AND IMPLEMENTATION**

18 **SECTION 7.10.(a)** The Department of Information Technology, in coordination with
19 the Office of the State Controller and the Office of State Budget and Management, shall conduct
20 the planning and design of an enterprise resource planning system (ERP) for State agencies by
21 utilizing business process reengineering to identify and organize processes and workflow in order
22 to prioritize and link work activities to realize efficiencies and organize around outcomes. The
23 ERP system shall address, at a minimum, core financial management, grants, assets and inventory,
24 fleet management, and human resource management. A request for proposal for a replacement
25 system implementation shall be prepared for release no later than July 1, 2017. If the funding
26 needs exceed the funds allocated for the planning and request for proposal development efforts,
27 the Department of Information Technology may use savings generated through efficiencies gained
28 through overall Department operations, including procurement, to supplement the project;
29 provided, that the total amount expended for the project does not exceed five hundred thousand
30 dollars (\$500,000).

31 **SECTION 7.10.(b)** The North Carolina Community Colleges System Office, in
32 consultation with the Department of Information Technology, shall begin planning and design of
33 an ERP for the State's 58 community colleges. The ERP system shall address, at a minimum,
34 student information system, core financial management, grants, human resource management, and
35 payroll. A request for proposal for a replacement system implementation shall be prepared for
36 release no later than October 1, 2017. The North Carolina Community Colleges System Office
37 may use funds from the North Carolina Community College IT Systems budget code 26802 to
38 support planning and request for proposal development efforts; provided, that the total amount
39 expended for the project does not exceed one million dollars (\$1,000,000).

40 **SECTION 7.10.(c)** The Department of Information Technology shall submit a report
41 to the Joint Legislative Oversight Committee on Information Technology on or before January 15,
42 2017. The report shall identify results from the business process reengineering efforts for State
43 agencies and shall include at least all of the following:

- 44 (1) Proposed sequence of functional and site implementation.
- 45 (2) A phased-in contracting plan with checkpoints to facilitate budgeting and
46 program management.
- 47 (3) The feasibility of a cloud-based component.
- 48 (4) Cost estimate for full implementation.

49 50 **EXEMPT SBI & DPS FROM DIT OVERSIGHT**

1 **SECTION 7.11.(a)** Article 15 of Chapter 143B of the General Statutes is amended by
2 adding a new section to read:

3 **"§ 143B-1320.1. Designation of separate agencies.**

4 The following entities are designated as separate agencies pursuant to this Article:

- 5 (1) The Department of Public Safety.
6 (2) The State Bureau of Investigation."

7 **SECTION 7.11.(b)** G.S. 143B-1325(d) reads as rewritten:

8 "(d) Report on Transition Planning. – ~~The Department of Public Safety, the~~ The Community
9 College System ~~Office, Office~~ and the State Board of Elections shall work with the State CIO to
10 plan their transition to the Department. By October 1, 2018, these agencies, in conjunction with
11 the State CIO, shall report to the Joint Legislative Oversight Committee on Information
12 Technology and the Fiscal Research Division on their respective transition plans."
13

14 **EXEMPT SBI & DPS FROM ENTERPRISE ACTIVE DIRECTORY PARTICIPATION**

15 **SECTION 7.12.** Section 7.25 of S.L. 2015-241 reads as rewritten:

16 **"AGENCY USE OF ENTERPRISE ACTIVE DIRECTORY**

17 **"SECTION 7.25.(a)** On or before July 1, 2016, unless exempted by the Governor, all State
18 agencies identified as principal departments under G.S. 143B-6 shall become direct members of
19 and shall use the Enterprise Active Directory. A principal department may submit to the State
20 Chief Information Officer a written request to deviate from certain requirements of the Enterprise
21 Active Directory, provided that any deviation shall be consistent with available funding and shall
22 be subject to any terms and conditions specified by the State Chief Information Officer.

23 **"SECTION 7.25.(b)** Subsection (a) of this section shall not apply to the State Bureau of
24 Investigation or to the Department of Public Safety."
25

26 **CRASH REPORTING PROGRAM MAINTENANCE**

27 **SECTION 7.13.(a)** Establishment. – The Department of Transportation, Division of
28 Motor Vehicles (Division), shall, through an open request for proposal process, seek to procure a
29 contract with a private vendor for the statewide maintenance of the Crash Reporting Program. The
30 Crash Reporting Program shall include at least all of the following components:

- 31 (1) A comprehensive data repository for collision data.
32 (2) A document repository for all collision reports in the State.
33 (3) The capability to process paper reports, including scanning, data entry,
34 validation of data against business edits, quality control application for
35 reviewing reports, the ability to return or reject reports, and the ability to
36 reprocess corrected reports.
37 (4) The creation of an electronic submission application that incorporates all State
38 validation rules to ensure that submitted reports are complete, accurate, and
39 error-free.
40 (5) A database capable of sharing statewide collision data with state and federal
41 traffic safety partners, State law enforcement agencies, and the public.
42 (6) A Web portal capability allowing authorized users to perform search functions
43 and data extraction, obtain statistical traffic safety reports, map collision result
44 sets, review configurable collision data dashboards, and perform data analysis
45 against statewide collision data.
46 (7) Compatibility with all data file formats and submission requirements for state
47 and federal entities that require access to State collision data.

48 The request for proposal should seek to identify a vendor with a demonstrated history
49 of providing substantially similar statewide services in at least three other states. The Division
50 shall enter into a contract with a qualified vendor on or before October 31, 2016.

51 **SECTION 7.13.(b)** Reports. – The Division shall provide the following reports:

- 1 (1) By April 30, 2017, a report to the Office of State Budget and Management and
2 chairs of the House of Representatives Committee on Transportation
3 Appropriations and the Senate Appropriations Committee on Department of
4 Transportation on (i) the completion of the RFP process, including the name
5 and qualifications of the firm awarded the contract, (ii) progress on the
6 transition of the maintenance of the Program, and (iii) any other findings of
7 interest determined by the Division.
- 8 (2) By April 30, 2018, a report to the Office of State Budget and Management and
9 chairs of the House of Representatives Committee on Transportation
10 Appropriations and the Senate Appropriations Committee on Department of
11 Transportation on (i) the number of accident reports purchased through the
12 e-commerce site, (ii) the revenue generated to the Division through the contract
13 with the vendor, and (iii) any savings realized by the Division from
14 implementation of the Program.

15 16 LRC STUDY

17 **SECTION 7.14.(a)** The Legislative Research Commission (LRC) shall study options
18 to replace the Longitudinal Data Systems Board (Board). As part of its study, the LRC shall do all
19 of the following:

- 20 (1) Examine and evaluate the powers and duties of the Board.
21 (2) Identify ongoing challenges and obstacles to the statutory mission of the Board
22 and its administration of the Longitudinal Data System.
23 (3) Examine the feasibility of creating or substituting alternative entities to replace
24 the existing Board.
25 (4) Seek input from all stakeholders and users of the Longitudinal Data System.
26 (5) Consider the optimal administrative location for the Longitudinal Data System
27 and Board to best facilitate their functionality.

28 **SECTION 7.14.(b)** The LRC shall report its findings, together with any proposed
29 legislation, to the 2017 General Assembly upon its convening.

30 31 PART VIII. PUBLIC SCHOOLS

32 33 FUNDS FOR CHILDREN WITH DISABILITIES

34 **SECTION 8.1.** The State Board of Education shall allocate additional funds for
35 children with disabilities on the basis of three thousand nine hundred eighty-five dollars and
36 fifty-three cents (\$3,985.53) per child. Each local school administrative unit shall receive funds for
37 the lesser of (i) all children who are identified as children with disabilities or (ii) twelve and
38 one-half percent (12.5%) of its 2016-2017 allocated average daily membership in the local school
39 administrative unit. The dollar amounts allocated under this section for children with disabilities
40 shall also be adjusted in accordance with legislative salary increments, retirement rate adjustments,
41 and health benefit adjustments for personnel who serve children with disabilities.

42 43 FUNDS FOR ACADEMICALLY GIFTED CHILDREN

44 **SECTION 8.2.** Section 8.2 of S.L. 2015-241 reads as rewritten:

45 **"SECTION 8.2.** The State Board of Education shall allocate additional funds for academically
46 or intellectually gifted children on the basis of one thousand two hundred eighty dollars and
47 seventy cents (\$1,280.70) per child for fiscal ~~years-year~~ 2015-2016 and one thousand two hundred
48 ninety-five dollars and twenty-seven cents (\$1,295.27) per child for fiscal year 2016-2017. A local
49 school administrative unit shall receive funds for a maximum of four percent (4%) of its
50 2015-2016 allocated average daily ~~membership, membership~~ membership for the 2015-2016 fiscal year and a
51 maximum of four percent (4%) of its 2016-2017 allocated average daily membership for the

1 2016-2017 fiscal year, regardless of the number of children identified as academically or
2 intellectually gifted in the unit. The dollar amounts allocated under this section for academically or
3 intellectually gifted children shall also be adjusted in accordance with legislative salary
4 increments, retirement rate adjustments, and health benefit adjustments for personnel who serve
5 academically or intellectually gifted children."

6 7 **LITIGATION RESERVE FUNDS**

8 **SECTION 8.3.** The State Board of Education may expend up to five hundred
9 thousand dollars (\$500,000) for the 2016-2017 fiscal year from unexpended funds for licensed
10 employees' salaries to pay expenses related to litigation.

11 12 **SMALL COUNTY SUPPLEMENTAL FUNDS ELIGIBILITY**

13 **SECTION 8.4.** Section 8.4 of S.L. 2015-241 reads as rewritten:

14 **"SMALL SCHOOL SYSTEM SUPPLEMENTAL FUNDING**

15 ...

16 **"SECTION 8.4.(b)** Phase-Out Provision for the 2015-2016 Fiscal Year. – If a local school
17 administrative unit becomes ineligible for funding under the schedule in subsection (a) of this
18 section in the 2015-2016 fiscal year, funding for that unit shall be phased out over a five-year
19 period. Funding for such local school administrative units shall be reduced in equal increments in
20 each of the five years after the unit becomes ineligible. Funding shall be eliminated in the fifth
21 fiscal year after the local school administrative unit becomes ineligible.

22 Allotments for eligible local school administrative units under this subsection shall not be
23 reduced by more than twenty percent (20%) of the amount received in fiscal year 2014-2015 in
24 any fiscal year. A local school administrative unit shall not become ineligible for funding if either
25 the higher of the first two months total projected average daily membership for the current year or
26 the higher of the first two months total prior year average daily membership would otherwise have
27 made the unit eligible for funds under the schedule in subsection (a) of this section.

28 **"SECTION 8.4.(c)** Phase-Out Provision for the 2016-2017 Fiscal Year. – If a local school
29 administrative unit becomes ineligible for funding under the schedule in subsection (a) of this
30 section in the 2016-2017 fiscal year, funding for that unit shall be phased out over a five-year
31 period. Funding for such local school administrative units shall be reduced in equal increments in
32 each of the five years after the unit becomes ineligible. Funding shall be eliminated in the fifth
33 fiscal year after the local administrative unit becomes ineligible.

34 Allotments for eligible local school administrative units under this subsection shall not be
35 reduced by more than twenty percent (20%) of the amount received in fiscal year 2015-2016 in
36 any fiscal year. A local school administrative unit shall not become ineligible for funding if either
37 the higher of the first two months total projected average daily membership for the current year or
38 the higher of the first two months total prior year average daily membership would otherwise have
39 made the unit eligible for funds under the schedule in subsection (a) of this section.

40"

41 42 **DRIVERS EDUCATION PROGRAM FUNDS**

43 **SECTION 8.5.** Section 8.39(h) of S.L. 2015-241 reads as rewritten:

44 **"SECTION 8.39.(h)** Subsections (a), (b), and (c) of this section are effective July 1, 2016,
45 and apply beginning with the 2016-2017 school year. ~~Subsections (a), (b), and (c) of this section~~
46 ~~are repealed effective December 31, 2017.~~ The remainder of this section is effective when this act
47 becomes law."

48 49 **LITERACY COACHES TO SUPPORT READ TO ACHIEVE IN LOW-PERFORMING** 50 **ELEMENTARY SCHOOLS**

1 **SECTION 8.6.(a)** G.S. 115C-83.6 is amended by adding the following new
2 subsections to read:

3 "(d) To the extent State funds are allocated to a local school administrative unit for the
4 placement of literacy coaches in elementary schools, those funds shall be used by local boards of
5 education to employ literacy coaches who meet the requirements of subsection (d1) of this section
6 to primarily assist teachers who teach kindergarten through third grade to further the purpose of
7 this Part in ensuring that every student read at or above grade level by the end of third grade. To
8 the extent practicable, literacy coaches may also assist teachers who teach fourth and fifth grade.
9 A literacy coach shall assist teachers in the following ways: (i) provide a resource for professional
10 development throughout an elementary school to build master teachers of reading schoolwide to
11 improve student reading achievement, (ii) assist in the administration and analysis of formative,
12 diagnostic and summative reading assessments, and (iii) provide differentiated reading instruction
13 and intensive intervention based on student needs. The State Board shall allocate State funds for
14 literacy coach positions for schools identified by the State Board as the lowest twenty percent
15 (20%) of elementary schools. For a local school administrative unit with more than one school
16 identified as eligible for State funds under this subsection, the State Board may allocate funds for
17 one literacy coach position to serve more than one school in the unit if the schools have less than
18 five full-time teachers employed in each grade level. The State Board may use up to five percent
19 (5%) of the State funds appropriated for the purposes under this subsection to provide professional
20 development to literacy coaches.

21 (d1) The State Board shall adopt rules regarding the employment of a literacy coach
22 supported by State funds under subsection (d) of this section, including any required training or
23 professional development, qualifications, and the duties and responsibilities of the literacy coach.
24 Local school administrative units shall not require a literacy coach to perform administrative
25 functions of teachers and shall monitor the implementation and effectiveness of literacy coaches
26 working in schools. The rules adopted by the State Board on the qualifications of literacy coaches
27 shall include at least the following:

- 28 (1) Literacy coaches shall have experience and expertise in the following:
29 a. Demonstrated success as a classroom teacher.
30 b. Knowledge of scientifically based reading practices.
31 c. Expertise in intensive reading instruction to meet the needs of individual
32 students.
33 d. Ability to support teachers with the use of assessment data to inform
34 instruction according to student needs.
35 e. Knowledge base in working with adult learners who are elementary
36 school teachers.
37 f. Expertise in communication with outstanding presentation,
38 interpersonal, and time management skills.
39 (2) A minimum of a bachelor's degree in elementary education.
40 (3) Advanced coursework or professional development in reading."

41 **SECTION 8.6.(b)** G.S. 115C-105.25(b) is amended by adding a new subdivision to
42 read:

43 "(b) Subject to the following limitations, local boards of education may transfer and may
44 approve transfers of funds between funding allotment categories:

- 45 ...
46 (12) Funds available for employing literacy coaches in elementary schools pursuant
47 to G.S. 115C-83.6(d) shall not be transferred."

49 **TEACHER COMPENSATION MODELS AND ADVANCED TEACHING ROLES**

50 **SECTION 8.7.(a)** Purpose. – The State Board of Education shall establish a
51 three-year Pilot Program (Pilot) to develop advanced teaching roles and organizational models that

1 link teacher performance and professional growth to salary increases in selected local school
2 administrative units for classroom teachers. For the purposes of this section, a classroom teacher is
3 a teacher who works in the classroom providing instruction at least seventy percent (70%) of the
4 instructional day and who is not instructional support personnel. The purpose of the Pilot shall be
5 to do the following:

- 6 (1) To allow highly effective classroom teachers to teach an increased number of
7 students by assuming accountability for additional students, by becoming a lead
8 classroom teacher accountable for the student performance of all of the students
9 taught by teachers on that lead classroom teacher's team, or by leading a larger
10 effort in the school to implement new instructional models to improve
11 school-wide performance.
- 12 (2) Enable local school administrative units to provide salary supplements to
13 classroom teachers in advanced teaching roles. Selection of an advanced
14 teaching role classroom teacher and award of related salary supplements shall
15 be made on the basis of demonstrated effectiveness and additional
16 responsibilities.
- 17 (3) Enable local school administrative units to create innovative compensation
18 models that focus on classroom teacher professional growth and student
19 outcomes.
- 20 (4) Utilize local plans to establish organizational changes related to compensation
21 in order to sustain evidenced-based teaching practices that have the capacity to
22 be replicated throughout the State.

23 **SECTION 8.7.(b)** Request for Proposals. – By September 15, 2016, the State Board
24 of Education shall issue a Request for Proposal (RFP) for the Pilot. Local boards of education
25 shall submit their proposals by October 15, 2016. The RFP shall require that proposals include the
26 following information at a minimum:

- 27 (1) Description of the program structure, including the process for teacher
28 advancement based on performance, professional growth, or the specific
29 teacher roles assumed by the teacher.
- 30 (2) Descriptions of the advanced teaching roles, including minimum qualifications
31 for the positions that must include at least one of the following:
 - 32 a. Advanced certifications, such as National Board of Professional
33 Teaching Standards Certification, or a masters degree in the area in
34 which the classroom teacher is licensed and teaching.
 - 35 b. A rating of at least accomplished on each of the Teacher Evaluation
36 Standards 1-5 on the North Carolina Teacher Evaluation instrument or
37 equivalent on an out-of-state evaluation system.
 - 38 c. Exceeding expected student growth based on three years of teacher
39 evaluation data as calculated by the State Board of Education.
 - 40 d. Equivalent demonstrated mastery of teaching skills as required by the
41 new local compensation model.
- 42 (3) Job responsibilities that include at least one of the following:
 - 43 a. Teaching an increased number of students and being accountable for
44 their performance as teacher of record for those students.
 - 45 b. Becoming a lead classroom teacher among a group of teachers and
46 being the teacher of record for all students taught by that group of
47 teachers.
 - 48 c. Leading a school-wide effort to implement data-driven instructional
49 models that include blended learning environments, utilizing digital
50 learning and resources, and focusing on methods of improvement for
51 school-wide performance issues.

- 1 d. Complete training that certifies the teacher as an in-house provider of
2 professional development, function as an instructional content area
3 coach, or other professional development area.
- 4 (4) Description of how the local school administrative unit will inform all
5 employees and the public on the criteria and selection for the advanced teaching
6 roles; the continued eligibility requirements for the advanced teaching roles;
7 and how the individuals selected for the advanced teaching roles will be
8 evaluated.
- 9 (5) Description of how the local school administrative unit will inform all
10 employees and the public on the criteria for movement on the proposed new
11 local compensation model.
- 12 (6) The process for the voluntary relinquishment of an advanced teaching role,
13 including the associated additional duties. Voluntary relinquishment of the
14 advanced teaching role shall not be considered a demotion under Part 3 or Part
15 3A of Article 22 of Chapter 115C of the General Statutes.
- 16 (7) Salary supplement information including the following:
- 17 a. The amount of the salary supplements that will be provided to those
18 selected for the advanced teaching roles. The supplements may be up to
19 thirty percent (30%) of the State teacher salary schedule.
- 20 b. A statement by the local school administrative unit that the salary
21 supplements will be paid as a supplement to the classroom teacher's
22 regular salary and not be included in the average salary calculation used
23 for budgeting State allotments.
- 24 c. A statement by the local school administrative unit that if a classroom
25 teacher in an advanced teaching role (i) fails to maintain the minimum
26 criteria established for the position, (ii) is not successfully performing
27 the additional duties associated with the advanced teaching role, or (iii)
28 voluntarily relinquishes the advanced teaching role, the teacher shall
29 only be paid the salary applicable to that individual on the State salary
30 schedule and any other local supplements that would otherwise apply to
31 the classroom teacher's compensation.
- 32 d. The amount of the salary supplements at all levels of the proposed new
33 local school administrative unit compensation model in relation to the
34 State salary schedule.
- 35 (8) The implementation plan, including the number of schools in the local school
36 administrative unit that will have advanced teaching roles and any new
37 proposed compensation model; the number of advanced teaching roles at each
38 of those schools; the number of students whose teacher of record will be a
39 teacher in an advanced teaching role; and the number of teachers overall who
40 would be eligible for the proposed new local school administrative unit
41 compensation model.
- 42 (9) Plans for financial sustainability once the Pilot grant money is no longer
43 available.

44 **SECTION 8.7.(c)** Selection by State Board of Education. – By December 15, 2016,
45 the State Board of Education shall review the proposals submitted by local boards of education
46 and shall select up to 10 local school administrative units as follows:

- 47 (1) Up to five local school administrative units with an average daily membership
48 (ADM) equal to or less than 4,000.
- 49 (2) Up to three local school administrative units with an ADM of 4,001 to 20,000.
- 50 (3) Up to two local school administrative units with an ADM of 20,001 or more.

1 **SECTION 8.7.(d)** Pilot Implementation. – The selected local school administrative
2 units shall implement their approved pilots beginning with the 2017-2018 school year and ending
3 with the 2019-2020 school year. The local board of education for each selected pilot local school
4 administrative unit shall provide any requested information and access to the independent research
5 organization selected by the State Board of Education to evaluate the pilots.

6 **SECTION 8.7.(e)** Use of Grant Funds. – Funds awarded to local school
7 administrative units shall be used for any of the following:

- 8 (1) Salary supplements for advanced teaching roles.
- 9 (2) Development of advanced teaching role plans.
- 10 (3) Development of professional development courses.
- 11 (4) Transition costs associated with designing and implementing advanced teaching
12 role models in schools within the local school administrative unit. Transition
13 costs may include employing staff members or contractors to assist with design
14 and implementation of the pilot plan.
- 15 (5) Development of the design and implementation of compensation plans that
16 focus on teacher professional growth and student outcomes and the transition
17 costs associated with designing and implementing new compensation plans,
18 including employing staff members or contractors to assist with design and
19 implementation of the pilot plan.

20 **SECTION 8.7.(f)** Pilot Evaluation. – The State Board of Education shall contract with
21 an independent research organization to evaluate how the advanced teaching roles and new
22 compensation plan pilots have accomplished, at a minimum, the following:

- 23 (1) Improvement in the quality of classroom instruction and increases in
24 school-wide growth.
- 25 (2) An increase in the attractiveness of teaching.
- 26 (3) Recognition, impact, and retention of high-quality classroom teachers.
- 27 (4) Assistance to and retention of beginning classroom teachers.
- 28 (5) Improvement in and expansion of use of technology and digital learning.

29 The independent research organization shall report annually beginning October 15,
30 2017, until the conclusion of the pilot to the State Board of Education on all aspects of the
31 implementation and evaluation of the pilot. The independent research organization shall also
32 evaluate, as part of the annual report, the existing Project LIFT, Inc., program in the
33 Charlotte-Mecklenburg Schools, and the proposed Project Advance in the Chapel Hill-Carrboro
34 City Schools, if that project is implemented. The State Board of Education shall provide the
35 annual report to the offices of the President Pro Tempore of the Senate and the Speaker of the
36 House of Representatives, the Senate Appropriations/Base Budget Committee, the House
37 Committee on Appropriations, the Senate Appropriations Committee on Education/Higher
38 Education, the House Appropriations Committee on Education, the Fiscal Research Division, and
39 the Joint Legislative Education Oversight Committee.

40 **SECTION 8.7.(g)** Of the funds appropriated to the Department of Public Instruction
41 by this act for the 2016-2017 fiscal year to support teacher compensation models and advanced
42 teaching roles, the Department may use up to two hundred thousand dollars (\$200,000) for the
43 State Board of Education to contract with an independent research organization for the pilot
44 evaluations. Funds appropriated to the Department of Public Instruction for the 2016-2017 fiscal
45 year for the Pilot shall not revert at the end of the fiscal year but shall remain available until
46 expended.

47 **SECTION 8.7.(h)** It is the intent of the General Assembly to appropriate from the
48 General Fund to the Department of Public Instruction for the 2017-2018 fiscal year the sum of
49 nine million eight hundred thousand dollars (\$9,800,000) for the State Board of Education to
50 select up to 10 local school administrative units to award funds for the pilot program in accordance
51 with this section. Funds awarded to the local school administrative units shall be awarded in

1 proportion to the current expenditure of the pilot local school administrative unit on teacher
2 salaries.

3 **SECTION 8.7.(i)** Flexibility for local school administrative units. – Notwithstanding
4 G.S. 115C-301, local school administrative units receiving grants under this program may exceed
5 the maximum class size requirements for kindergarten through third grade.

6
7 **ADVANCED PLACEMENT/INTERNATIONAL BACCALAUREATE TEACHER**
8 **BONUSES**

9 **SECTION 8.8.(a)** G.S. 115C-174.26(a) reads as rewritten:

10 "(a) It is the intent of the State to enhance accessibility and encourage students to enroll in
11 and successfully complete more rigorous advanced courses to enable success in postsecondary
12 education for all students. For the purposes of this section, an advanced course is an Advanced
13 Placement or International Baccalaureate Diploma Programme course. To attain this goal, to the
14 extent funds are made available for this purpose, the following shall be provided:

15 (1) ~~students~~ Students enrolled in public schools shall be exempt from paying any
16 fees for administration of examinations for advanced courses and registration
17 fees for advanced courses in which the student is enrolled regardless of the
18 score the student achieves on an examination.

19 (2) Bonuses shall be awarded to teachers of advanced courses according to the
20 following:

21 a. A bonus in the amount of fifty dollars (\$50.00) for each student taught
22 by an advanced course teacher in each advanced course who receives
23 the following score:

24 1. For Advanced Placement courses, a score of three or higher on
25 the College Board Advanced Placement Examination.

26 2. For International Baccalaureate Diploma Programme courses, a
27 score of four or higher on the International Baccalaureate course
28 examination.

29 b. No teacher shall be awarded a bonus pursuant to this subdivision that
30 exceeds two thousand dollars (\$2,000) in any given school year. The
31 bonus awarded to a teacher pursuant to this subdivision shall be in
32 addition to any regular wage or other bonus the teacher receives or is
33 scheduled to receive."

34 **SECTION 8.8.(b)** This section applies beginning with the 2016-2017 school year.

35
36 **BONUSES FOR INDUSTRY CERTIFICATIONS AND CREDENTIALS PROGRAM**

37 **SECTION 8.9.(a)** G.S. 115C-156.2(a) reads as rewritten:

38 "(a) It is the intent of the State to encourage students to enroll in and successfully complete
39 rigorous coursework and credentialing processes in career and technical education to enable
40 success in the workplace. To attain this goal, to the extent funds are made available for this
41 purpose, students shall be supported to earn approved industry certifications and
42 ~~credentials~~ credentials and teachers shall receive bonuses for each student who earns an approved
43 industry certification or credential as follows:

44 (1) Students enrolled in public schools and in career and technical education
45 courses shall be exempt from paying any fees for one administration of
46 examinations leading to industry certifications and credentials pursuant to rules
47 adopted by the State Board of Education.

48 (2) Each school year, at such time as agreed to by the Department of Commerce
49 and the State Board of Education, the Department of Commerce shall provide
50 the State Board of Education with a list of those occupations in high need of
51 additional skilled employees. If the occupations identified in such list are not

1 substantially the same as those occupations identified in the list from the prior
2 year, reasonable notice of such changes shall be provided to local school
3 administrative units.

4 (3) Local school administrative units shall consult with their local industries,
5 employers, and workforce development boards to identify industry certification
6 and credentials that the local school administrative unit may offer to best meet
7 State and local workforce needs.

8 (4) Bonuses shall be awarded to teachers of students earning approved industry
9 certifications or credentials, pursuant to rules adopted by the State Board of
10 Education. No teacher shall be awarded a bonus pursuant to this subdivision
11 that exceeds two thousand dollars (\$2,000) in any given school year. Direct
12 instruction teacher bonuses shall be provided in the following amounts:

13 a. A bonus in the amount of twenty-five dollars (\$25.00) for each student
14 taught by a teacher who provided instruction in a course that led to the
15 attainment of an industry certification with a twenty-five-dollar (\$25.00)
16 value ranking.

17 b. A bonus in the amount of fifty dollars (\$50.00) for each student taught
18 by a teacher who provided instruction in a course that led to the
19 attainment of an industry certification with a fifty-dollar (\$50.00) value
20 ranking.

21 (5) The Department of Commerce, in consultation with the State Board of
22 Education, shall assign a value ranking for each industry certification based on
23 academic rigor and employment value in accordance with this subdivision.
24 Fifty percent (50%) of the ranking shall be based on academic rigor and the
25 remaining fifty percent (50%) on employment value. Academic rigor and
26 employment value shall be based on the following elements:

27 a. Academic rigor shall be based on the number of instructional hours,
28 including work experience or internship hours, required to earn the
29 industry certification or credential, with a bonus given for coursework
30 that also provides community college credit.

31 b. Employment value shall be based on the entry wage, growth rate in
32 employment for each occupational category, and average annual
33 openings for the primary occupation linked with the industry
34 certification or credential."

35 **SECTION 8.9.(b)** This section applies beginning with the 2016-2017 school year.

36
37 **NBPTS SUPPLEMENT FOR ALL INSTRUCTIONAL COACHES**

38 **SECTION 8.10.** G.S. 115C-296.2(b)(2)d. reads as rewritten:

39 "d. Spends at least seventy percent (70%) of his or her work time:

- 40 1. In classroom instruction, if the employee is employed as a
41 teacher. Most of the teacher's remaining time shall be spent in
42 one or more of the following: mentoring teachers, doing
43 demonstration lessons for teachers, writing curricula, developing
44 and leading staff development programs for teachers;
- 45 2. In work within the employee's area of certification or licensure,
46 if the employee is employed in an area of NBPTS certification
47 other than direct classroom instruction; or
- 48 3. As an instructional coach, as classified by the Department of
49 Public Instruction, in a Title I school. ~~As used in this~~
50 ~~sub-sub-subdivision, a Title I school is a school identified under~~

1 Part A of Title I of the Elementary and Secondary Education Act
2 of 1965, as amended. Instruction.
3

4 **CERTAIN CIHS OPERATING WITHOUT ADDITIONAL FUNDS**

5 **SECTION 8.11.** Beginning with the 2016-2017 school year and for subsequent school
6 years thereafter, notwithstanding G.S. 115C-238.51A(c) and G.S. 115C-238.54, Cabarrus Early
7 College of Technology, Johnston County Career and Technical Academy, Stanly County School
8 of Engineering and Design, City of Medicine Cooperative Innovative High School, and Hillside
9 New Tech Cooperative Innovative High School shall be permitted to operate in accordance with
10 G.S. 115C-238.53 and G.S. 115C-238.54 as cooperative innovative high schools approved under
11 G.S. 115C-238.51A(c) and shall be subject to the evaluation requirements of G.S. 115C-238.55.
12

13 **REPORT FOR SCHOOLS FOR STUDENTS WITH VISUAL AND HEARING** 14 **IMPAIRMENTS/FOREIGN EXCHANGE STUDENTS**

15 **SECTION 8.12.(a)** Article 9C of Chapter 115C of the General Statutes is amended by
16 adding a new section to read:

17 **"§ 115C-150.15. Reporting to residential schools on deaf and blind children.**

18 (a) Request for Consent. – Local superintendents shall require that the following request
19 for written consent be presented to parents, guardians, or custodians of any hearing impaired or
20 visually impaired children no later than October 1 of each school year: "North Carolina provides
21 three public residential schools serving visually and hearing impaired students: the Governor
22 Morehead School for the Blind, the Eastern North Carolina School for the Deaf, and the North
23 Carolina School for the Deaf. Do you consent to the release of your contact information and
24 information regarding your child and his or her impairment to these schools so that you can
25 receive more information on services offered by those campuses?"

26 (b) Annual Report to Residential Schools. – Local superintendents shall report by
27 November 30 each year the names and addresses of parents, guardians, or custodians of any
28 hearing impaired or visually impaired children who have given written consent to the directors of
29 the Governor Morehead School for the Blind, the Eastern North Carolina School for the Deaf, and
30 the North Carolina School for the Deaf. The report shall include the type of disability of each
31 child, including whether the hearing and visual impairments range from partial to total disability,
32 and if the child has multiple disabilities with the visual or hearing impairment not identified as the
33 primary disability of the student. The report shall also be made to the Department of Public
34 Instruction.

35 (c) Confidentiality of Records. – The directors of the Governor Morehead School for the
36 Blind, the Eastern North Carolina School for the Deaf, and the North Carolina School for the Deaf
37 shall treat any information reported to the schools by a local superintendent under subsection (b)
38 of this section as confidential, except that a director or the director's designee may contact the
39 parents, guardians, or custodians of any hearing impaired or visually impaired children whose
40 information was included in the report. The information shall not be considered a public record
41 under G.S. 132-1."

42 **SECTION 8.12.(b)** G.S. 115C-150.14 reads as rewritten:

43 **"§ 115C-150.14. Tuition and room and board.**

44 (a) Only children who are residents of North Carolina are entitled to free tuition and room
45 and board at a school governed by this Article.

46 (b) A school governed by this Article may enroll a foreign exchange student and shall
47 charge the student the full, unsubsidized per capita cost of providing education at the school for
48 the period of the student's attendance. A school that seeks to enroll foreign exchange students
49 under this section shall submit a plan prior to enrolling any of those students to the State Board of
50 Education for approval, including the proposed costs to be charged to the students for attendance
51 and information on compliance with federal law requirements. For the purposes of this section, a

1 foreign exchange student is a student who is domiciled in a foreign country and has come to the
2 United States on a valid, eligible student visa.

3 (c) Notwithstanding subsection (b) of this section, foreign exchange students who have
4 obtained the status of nonimmigrants pursuant to the Immigration and Nationality Act, 8 U.S.C. §
5 1101(a)(15)(F) may only be enrolled in a school governed by this Article in grades nine through
6 12 for a maximum of 12 months at the school."

7 **SECTION 8.12.(c)** This section applies beginning with the 2016-2017 school year.
8 Local superintendents shall present the consent form to parents, guardians, or custodians of any
9 hearing impaired or visually impaired children required by subsection (a) of this section by
10 October 1, 2016, and shall make the first report required under subsection (a) of this section no
11 later than November 30, 2016.
12

13 **VIRTUAL CHARTER SCHOOL CHANGES**

14 **SECTION 8.13.(a)** Section 8.35(c) of S.L. 2014-100 reads as rewritten:

15 **"SECTION 8.35.(c)** In addition to the operating requirements applicable to a virtual charter
16 school participating in the pilot program pursuant to Part 6A of Article 16 of Chapter 115C of the
17 General Statutes, the following requirements shall apply to a participating virtual charter school:

18 (1) The school shall maintain an administrative office within North Carolina. In
19 addition, the school shall maintain at least one testing center or meeting place
20 within each of the eight State Board of Education districts where the
21 participating students reside, to allow educators and administrators from the
22 school to meet students and parents. When utilizing the testing center or
23 meeting place for test administration, the school is permitted to do the
24 following:

- 25 a. Administer tests to multiple grade levels at the same time and location.
26 b. Contract with a test administrator who is not employed by the board of
27 directors of the school and meets the following criteria:
28 1. Holds a valid, North Carolina educator license.
29 2. Passes a criminal history check as defined in
30 G.S. 115C-332(a)(1) performed by the school.
31 3. Is trained on test administration in accordance with the North
32 Carolina Testing Program.

33 (2) If the school contracts with a third party for the provision of administrative
34 staff, such staff fulfilling the equivalent positions of superintendent, principal,
35 or business officer shall be residents of North Carolina.

36 (3) All teaching staff shall carry the appropriate State certification to instruct any
37 course and shall receive professional development in virtual instruction
38 pursuant to the school's application to the State Board of Education to
39 participate in the pilot program within 30 days of the employee's date of hire.
40 At least ~~ninety percent (90%)~~ eighty percent (80%) of the teaching staff shall
41 reside within North Carolina.

42 (4) The school shall have a withdrawal rate below twenty-five percent (25%). A
43 student who meets any of the following criteria shall not be counted in
44 measuring the school's withdrawal rate:

- 45 a. A student enrolled in a school with the intent expressed prior to
46 enrollment of only being enrolled for a finite period of time within the
47 school ~~year shall not be counted in the measured withdrawal rate year.~~
48 The school shall keep a written record of a student's stated intent for
49 finite enrollment.
50 b. A student who is withdrawn from the school pursuant to subdivision (3)
51 of subsection (b) of this section.

- 1 c. A student who is no longer qualified under the laws of this State for
 2 admission to a public school in North Carolina, including due to the
 3 student relocating to another state.
 4 d. A student who (i) withdraws from the school for a family, personal, or
 5 medical reason and (ii) notifies the school of the reason for withdrawal.
 6 The school shall keep a written record of a student's stated reason for
 7 withdrawal under this sub-subdivision.
 8 e. A student who withdraws from the school within the first 30 days
 9 following the date of the student's enrollment.

10 (4a) A count of school attendance shall be taken at least once during each semester
 11 for funding purposes.

12 (5) The school shall ensure that each student is assigned a learning coach. The
 13 learning coach shall provide (i) daily support and supervision of students, (ii)
 14 ensure student participation in online lessons, and (iii) coordinate teacher-led
 15 instructional sessions and State assessments."

16 **SECTION 8.13.(b)** This section applies beginning with the 2016-2017 school year.

18 **NATIONALLY RECOGNIZED COLLEGE ENTRANCE EXAMS**

19 **SECTION 8.14.(a)** G.S. 115C-174.11(c)(4) reads as rewritten:

20 "(4) To the extent funds are made available, the State Board of Education shall ~~plan~~
 21 ~~for and require the administration of the ACT test for use a competitive bid~~
 22 process to adopt two or more nationally recognized college entrance exams to
 23 make available to local school administrative units to administer to all students
 24 in the eleventh grade unless the student has already taken a comparable test and
 25 scored at or above a level set by the State Board. ~~Board~~ in accordance with the
 26 following:

27 a. From the nationally recognized college entrance exams adopted by the
 28 State Board, each local board of education shall select one exam to be
 29 used in the local school administrative unit. Upon request by one or
 30 more local boards of education, the State Board shall enter into a
 31 contract for a statewide service or contracts for regional services to offer
 32 the nationally recognized college entrance exams in multiple local
 33 school administrative units. These contracts shall be let in accordance
 34 with the provisions of Article 3 of Chapter 143 of the General Statutes.

35 b. The State Board of Education shall require the administration of an
 36 alternate to the ~~ACT~~selected nationally recognized college entrance
 37 exam or an alternate to the ~~PLAN~~precursor test to the ACT to a student
 38 who (i) exhibits severe and pervasive delays in all areas of conceptual,
 39 linguistic, and academic development and in adaptive behaviors,
 40 including communication, daily living skills, and self-care, (ii) is
 41 following the extended content standards of the Standard Course of
 42 Study as provided in G.S. 115C-81, or is following a course of study
 43 that, upon completing high school, may not lead to admission into a
 44 college-level course of study resulting in a college degree, and (iii) has a
 45 written parental request for an alternate assessment.

46 c. The State Board of Education shall ensure that parents of students
 47 enrolled in all public schools, including charter and regional schools,
 48 have the necessary information to make informed decisions regarding
 49 participation in the ~~ACT and the PLAN precursor test to the ACT.~~
 50 nationally recognized college entrance exams and precursor tests.

1 d. ~~Alternate assessment and ACT assessment results~~ Nationally recognized
2 college entrance exams and alternate assessment results of students with
3 disabilities shall be included in school accountability reports, including
4 charter and regional schools, provided by the State Board of Education."

5 **SECTION 8.14.(b)** G.S. 115C-174.22 reads as rewritten:

6 "**§ 115C-174.22. Tools for student learning.**

7 To the extent funds are made available for this purpose, and except as otherwise provided in
8 G.S. 115C-174.11(c)(4), the State Board shall plan for and require the administration of diagnostic
9 tests in the eighth and tenth grades that align to the ~~ACT test in order~~ nationally recognized
10 college entrance exams that are adopted through the competitive bid process and selected by local
11 boards of education under G.S. 115C-174.11(c)(4). The results of the tests shall be used to help
12 diagnose student learning and provide for students an indication of whether they are on track to be
13 remediation-free at a community college or university."

14 **SECTION 8.14.(c)** The State Board of Education shall solicit bids through a
15 competitive bid process to adopt two or more nationally recognized college entrance exams and
16 precursor tests, as required by G.S. 115C-174.11(c)(4), as amended by this section, and
17 G.S. 115C-174.22, as amended by this section. The State Board of Education shall report on the
18 results of the competitive bid process to the Joint Legislative Education Oversight Committee and
19 the Fiscal Research Division no later than November 15, 2016.

20 **SECTION 8.14.(d)** Subsections (a) and (b) of this section apply beginning with the
21 2017-2018 school year.

22

23 **SCHOOL BUSINESS SYSTEM MODERNIZATION**

24 **SECTION 8.15.(a)** The State Board of Education shall collaborate with the Friday
25 Institute for Educational Innovation at North Carolina State University (Friday Institute) to
26 develop a plan to modernize the systems used by the Department of Public Instruction, Financial
27 and Business Services Division, to manage and deliver funds and technical support services to
28 local school administrative units and charter schools. This process shall include modernization of
29 the Division's systems for student information management, financial and payroll information, and
30 human resources information.

31 **SECTION 8.15.(b)** By January 1, 2017, as a part of developing the plan, the
32 Department of Public Instruction, in collaboration with the Friday Institute, shall issue a Request
33 for Information to outside vendors and entities to determine the scope of work necessary, estimate
34 the costs of modernization of the systems, and prepare a schedule for implementation.

35 **SECTION 8.15.(c)** By April 30, 2017, the State Board of Education shall report to the
36 Joint Legislative Education Oversight Committee on the plan developed in accordance with this
37 section for modernization of the systems used by the Financial and Business Services Division.

38

39 **INTERNATIONAL EXCHANGE TEACHER FUNDS**

40 **SECTION 8.16.** G.S. 115C-105.25(b)(5a) reads as rewritten:

41 "(5a) Positions allocated for classroom teachers may be converted to dollar
42 equivalents to contract for visiting international exchange ~~teachers~~ teachers
43 through a visiting international exchange teacher program approved by the
44 State. These positions shall be converted at the statewide average salary for
45 classroom teachers, including benefits. The converted funds shall be used only
46 to provide visiting international exchange teachers a salary commensurate with
47 the teacher's experience level, to provide any State-approved bonuses, and to
48 cover the costs associated with bringing visiting international exchange teachers
49 to the local school administrative unit through a State-approved visiting
50 international exchange teacher ~~program and supporting the visiting exchange~~
51 ~~teachers~~ program, including cultural activities, background checks, medical

1 coverage, and other program administration services in accordance with the
 2 federal regulations for the Exchange Visitor Program, 22 CFR Part 62."
 3

4 **K-12 CYBERSECURITY STUDY**

5 **SECTION 8.17.** The Department of Public Instruction shall conduct a study on
 6 cybersecurity in North Carolina public schools, including charter schools. As part of the study, the
 7 Department may request local school administrative units and charter schools to submit a
 8 summary of their current policies and procedures on cybersecurity practices and procedures to
 9 protect student and employee personally identifiable data. By December 15, 2016, the Department
 10 shall report to the General Assembly in accordance with G.S. 120-29.5.
 11

12 **NORTH CAROLINA VIRTUAL PUBLIC SCHOOLS (NCVPS) REVENUES**

13 **SECTION 8.18.** G.S. 66-58 reads as rewritten:

14 **"§ 66-58. Sale of merchandise or services by governmental units.**

15 (a) Except as may be provided in this section, it shall be unlawful for any unit, department
 16 or agency of the State government, or any division or subdivision of the unit, department or
 17 agency, or any individual employee or employees of the unit, department or agency in his, or her,
 18 or their capacity as employee or employees thereof, to engage directly or indirectly in the sale of
 19 goods, wares or merchandise in competition with citizens of the State, or to engage in the
 20 operation of restaurants, cafeterias or other eating places in any building owned by or leased in the
 21 name of the State, or to maintain service establishments for the rendering of services to the public
 22 ordinarily and customarily rendered by private enterprises, or to provide transportation services, or
 23 to contract with any person, firm or corporation for the operation or rendering of the businesses or
 24 services on behalf of the unit, department or agency, or to purchase for or sell to any person, firm
 25 or corporation any article of merchandise in competition with private enterprise. The leasing or
 26 subleasing of space in any building owned, leased or operated by any unit, department or agency
 27 or division or subdivision thereof of the State for the purpose of operating or rendering of any of
 28 the businesses or services herein referred to is hereby prohibited.

29 (b) The provisions of subsection (a) of this section shall not apply to:

- 30 (1) Counties and municipalities.
- 31 (2) The Department of Health and Human Services or the Department of
 32 Agriculture and Consumer Services for the sale of serums, vaccines, and other
 33 like products.
- 34 (3) The Department of Administration, except that the agency shall not exceed the
 35 authority granted in the act creating the agency.
- 36 (4) The State hospitals for the mentally ill.
- 37 (5) The Department of Health and Human Services.
- 38 (6) The North Carolina School for the Blind at Raleigh.
- 39 (6a) The Division of Juvenile Justice of the Department of Public Safety.
- 40 (7) The North Carolina Schools for the Deaf.
- 41 (7a) The North Carolina Virtual Public School.

42 ...

43 (c) The provisions of subsection (a) shall not prohibit:

44 ...

- 45 ~~(20) The sale by the State Board of Education of NCVPS courses to home schools,~~
 46 ~~private schools, and out-of-state educational entities.~~

47"

49 **MODIFY SCHOOL PERFORMANCE GRADES**

50 **SECTION 8.19.** G.S. 115C-83.15(d) reads as rewritten:

1 "(d) Calculation of the School Performance Scores and Grades. – The State Board of
2 Education shall use EVAAS to calculate the school performance score by adding the school
3 achievement score, as provided in subsection (b) of this section, and the school growth score, as
4 provided in subsection (c) of this section, earned by a school. The school achievement score shall
5 account for ~~eighty percent (80%)~~, fifty percent (50%), and the school growth score shall account
6 for ~~twenty percent (20%)~~ fifty percent (50%) of the total sum. If a school has met expected growth
7 and inclusion of the school's growth score reduces the school's performance score and grade, a
8 school may choose to use the school achievement score solely to calculate the performance score
9 and grade. For all schools, the total school performance score shall be converted to a 100-point
10 scale and used to determine a school performance grade based on the following scale:

- 11 (1) A school performance score of at least ~~90~~85 is equivalent to an overall school
12 performance grade of A.
- 13 (2) A school performance score of at least ~~80~~70 is equivalent to an overall school
14 performance grade of B.
- 15 (3) A school performance score of at least ~~70~~55 is equivalent to an overall school
16 performance grade of C.
- 17 (4) A school performance score of at least ~~60~~40 is equivalent to an overall school
18 performance grade of D.
- 19 (5) A school performance score of less than ~~60~~40 points is equivalent to an overall
20 school performance grade of F."

21 **JOINT LEGISLATIVE STUDY ON CIHS**

22 **SECTION 8.20.(a)** There is established the Joint Legislative Study Committee on
23 Cooperative Innovative High Schools (Committee). The Committee shall consist of three
24 members of the Senate appointed by the President Pro Tempore of the Senate and three members
25 of the House of Representatives appointed by the Speaker of the House of Representatives. The
26 President Pro Tempore and the Speaker of the House of Representatives shall each appoint a
27 cochair of the Committee from among its membership. The Committee and the terms of the
28 members shall expire when the Committee submits a final report to the General Assembly.
29 Members shall serve at the pleasure of the appointing officer.

30 **SECTION 8.20.(b)** The Committee shall study and make recommendations on the
31 following issues:

- 32 (1) Identifying the policy goals of the Cooperative Innovative High Schools
33 program under Part 9 of Article 16 of Chapter 115C of the General Statutes and
34 whether revisions are necessary for establishing policy goals.
- 35 (2) Examining the current statutes to determine whether they support policy goals
36 and, if not, whether revisions to the statutes are necessary to reflect those goals.
- 37 (3) Identifying the current funding models for the Cooperative Innovative High
38 Schools program and whether revisions are necessary to accomplish the policy
39 goals and to ensure financial sustainability of the program.

40 **SECTION 8.20.(c)** The Committee shall meet upon the call of its cochairs. A quorum
41 of the Committee is a majority of its members. No action may be taken except by a majority vote
42 at a meeting at which a quorum is present. The Committee, while in the discharge of its official
43 duties, may exercise all powers provided for under G.S. 120-19 and Article 5A of Chapter 120 of
44 the General Statutes. The Committee may contract for professional, clerical, or consultant
45 services, as provided by G.S. 120-32.02. Members of the Committee shall receive per diem,
46 subsistence, and travel allowance as provided in G.S. 120-3.1. The expenses of the Committee
47 shall be considered expenses incurred for the joint operation of the General Assembly.

48 **SECTION 8.20.(d)** The Legislative Services Officer shall assign professional and
49 clerical staff to assist the Committee in its work. The Director of Legislative Assistants of the
50

1 House of Representatives and the Director of Legislative Assistants of the Senate shall assign
2 clerical support staff to the Committee.

3 **SECTION 8.20.(e)** The Committee shall submit a final report on the results of its
4 study, including any proposed legislation, to the members of the Senate and the House of
5 Representatives on or before December 31, 2016, by filing a copy of the report with the Office of
6 the President Pro Tempore of the Senate, the Office of the Speaker of the House of
7 Representatives, the Joint Legislative Education Oversight Committee, and the Legislative
8 Library. The Committee shall terminate on December 31, 2016, or upon the filing of its final
9 report, whichever occurs first.

10
11 **PILOT PROGRAM TO RAISE THE HIGH SCHOOL DROPOUT AGE FROM SIXTEEN**
12 **TO EIGHTEEN**

13 **SECTION 8.21.(a)** Notwithstanding any provisions in Part 1 of Article 26 of Chapter
14 115C of the General Statutes, G.S. 7B-1501(27), 115C-238.66(3), 116-235(b)(2), and
15 143B-805(20) to the contrary, the State Board of Education shall authorize the Hickory Public
16 Schools, the Newton-Conover City Schools, and the Rutherford County Schools to establish and
17 implement a pilot program pursuant to this section to increase the high school dropout age from 16
18 years of age to the completion of the school year coinciding with the calendar year in which a
19 student reaches 18 years of age, unless the student has previously graduated from high school. The
20 pilot program may be implemented beginning with the 2016-2017 school year and may continue
21 for subsequent school years following the end of the 2015-2017 fiscal biennium.

22 **SECTION 8.21.(b)** For the purposes of implementing the pilot program authorized by
23 this section, a local school administrative unit that is participating in the pilot program shall have
24 the authority to provide that, if the principal or the principal's designee determines that a student's
25 parent, guardian, or custodian, or a student who is 18 years of age, has not made a good-faith
26 effort to comply with the compulsory attendance requirements of the pilot program, the principal
27 shall notify the district attorney and, if the student is less than 18 years of age, the director of
28 social services of the county where the student resides. If the principal or the principal's designee
29 determines that a parent, guardian, or custodian of a student less than 18 years of age has made a
30 good-faith effort to comply with the law, the principal may file a complaint with the juvenile court
31 counselor pursuant to Chapter 7B of the General Statutes that the student is habitually absent from
32 school without a valid excuse. Upon receiving notification by the principal or the principal's
33 designee, the director of social services shall determine whether to undertake an investigation
34 under G.S. 7B-302.

35 **SECTION 8.21.(c)** The local boards of education of the participating local school
36 administrative units shall prescribe specific rules to address under what circumstances a student
37 who is 18 years of age who is required to attend school as part of the pilot program shall be
38 excused from attendance, including if the student has attained a high school equivalency certificate
39 or a student has enlisted as a member of the Armed Forces.

40 **SECTION 8.21.(d)** For the purposes of implementing the pilot program authorized by
41 this section, any (i) parent, guardian, or other person having charge or control of a student enrolled
42 in a school located within a participating local school administrative unit and (ii) student who is 18
43 years of age enrolled in a school located within a participating local school administrative unit
44 who violates the compulsory attendance provisions of the pilot program without a lawful
45 exception recognized under Part 1 of Article 26 of Chapter 115C of the General Statutes or the
46 provisions of this section shall be guilty of a Class 1 misdemeanor.

47 **SECTION 8.21.(e)** If an affidavit is made by the student, parent of the student, or by
48 any other person that any student who is required to attend school under the requirements of the
49 pilot program is not able to attend school by reason of necessity to work or labor for the support of
50 himself or herself or the support of the family, then the school social worker of the applicable
51 school located within the participating school administrative unit shall diligently inquire into the

1 matter and bring it to the attention of an appropriate court, depending on the age of the student.
2 The court shall proceed to find whether as a matter of fact the student is unable to attend the
3 school or such parents, or persons standing in loco parentis, are unable to send the student to
4 school for the term of compulsory attendance for the reasons given. If the court finds, after careful
5 investigation, that the student or the parents have made or are making a bona fide effort to comply
6 with the compulsory attendance law, and by reason of illness, lack of earning capacity, or any
7 other cause which the court may deem valid and sufficient, the student is unable to attend school,
8 then the court shall find and state what help is needed for the student or family to enable
9 compliance with the attendance requirements under the pilot program.

10 **SECTION 8.21.(f)** Each local school administrative unit may use any funds available
11 to it to implement the pilot program in accordance with this section to (i) employ up to three
12 additional teachers and (ii) fund additional student-related costs, such as transportation and
13 technology costs, including additional computers, to serve a greater number of students as a result
14 of the pilot program. Each local school administrative unit may also use any funds available to it
15 to operate a night school program for students at risk of dropping out of high school. For Hickory
16 Public Schools and Newton-Conover City Schools, to the extent possible, the local school
17 administrative units shall partner with Catawba Valley Community College in administering the
18 pilot program. For Rutherford County Schools, to the extent possible, the local school
19 administrative unit shall partner with Isothermal Community College in administering the pilot
20 program.

21 **SECTION 8.21.(g)** The local school administrative units, in collaboration with the
22 State Board of Education, shall report to the Joint Legislative Education Oversight Committee, the
23 House Appropriations Subcommittee on Education, and the Senate Appropriations Committee on
24 Education/Higher Education by January 15, 2018, and by January 15 of each even-numbered year
25 thereafter until the end of the operation of the pilot programs. The report shall include at least all
26 of the following information:

- 27 (1) An analysis of the graduation rate in each local school administrative unit and
28 the impact of the pilot program on the graduation rate.
- 29 (2) The teen crime statistics for Catawba County and for Rutherford County.
- 30 (3) The number of reported cases of violations of compulsory attendance laws in
31 Catawba County and Rutherford County and the disposition of those cases.
- 32 (4) Implementation of enforcement mechanisms for violations of the compulsory
33 attendance requirements of the pilot program, including the imposition of
34 criminal penalties.
- 35 (5) The number of at-risk students served in any night programs established as part
36 of the pilot program and student graduation and performance outcomes for
37 those students.
- 38 (6) All relevant data to assist in determining the effectiveness of the program and
39 specific legislative recommendations, including the continuation, modification,
40 or expansion of the program statewide.

41 **SECTION 8.21.(h)** The State Board of Education shall not authorize a pilot program
42 under subsection (a) of this section in Catawba County except upon receipt of a copy of a joint
43 resolution adopted by the boards of education for the Hickory Public Schools and the
44 Newton-Conover City Schools setting forth a date to begin establishment and implementation of
45 the pilot program. The State Board of Education shall not authorize a pilot program under
46 subsection (a) of this section in Rutherford County except upon receipt of a copy of a resolution
47 adopted by the board of education for the Rutherford County Schools setting forth a date to begin
48 establishment and implementation of the pilot program.

49
50 **READING ASSESSMENTS/READ TO ACHIEVE**

51 **SECTION 8.22.(a)** G.S. 115C-174.11 reads as rewritten:

1 **"§ 115C-174.11. Components of the testing program.**

2 (a) Assessment Instruments for Kindergarten, First, Second, and Third Grades. – The State
3 Board of Education shall develop, adopt, and provide to the local school administrative units
4 developmentally appropriate individualized assessment instruments consistent with the Basic
5 Education Program and Part 1A of Article 8 of this Chapter for the kindergarten, first, second, and
6 third grades. The State Board shall approve three valid, reliable, formative, and diagnostic reading
7 assessment instruments for selection by local school administrative units in accordance with the
8 following:

9 (1) Each approved assessment instrument shall provide a minimum of four
10 benchmark assessments, interim formative assessments, and progress
11 monitoring capabilities.

12 (2) In determining which instruments to approve for use by local school
13 administrative units, the State Board shall also consider at least the following
14 factors:

15 a. The time required to conduct formative and benchmark assessments
16 with the intention of minimizing the impact on instructional time.

17 b. The level of integration of assessment results with instructional support
18 for teachers and students.

19 c. The timeliness in reporting assessment results to teachers and
20 administrators.

21 d. The ability to provide timely assessment results to parents and
22 guardians.

23 (3) In no case shall an assessment instrument be approved for use by local school
24 administrative units if the cost of the assessment instrument, including related
25 instructional content, materials, and resources for teachers and students,
26 exceeds the funds appropriated for this purpose divided by the projected
27 enrollment of students in kindergarten, first, second, and third grades.

28 (a1) Each local school administrative unit shall select one valid, reliable, formative, and
29 diagnostic reading assessment from the three assessment instruments approved by the State Board
30 under subsection (a) of this section. Local school administrative units shall use ~~these~~the
31 assessment instruments provided to them by the State Board for kindergarten, first, second, and
32 third grade students to assess progress, diagnose difficulties, and inform instruction and
33 remediation needs. Local school administrative units shall not use standardized tests for
34 summative assessment of kindergarten, first, and second grade students except as required as a
35 condition of receiving federal grants.

36"

37 **SECTION 8.22.(b)** This section applies beginning with the 2017-2018 school year.

38
39 **DIGITAL LEARNING PLAN FUNDS**

40 **SECTION 8.23.** The State Board of Education shall collaborate with the Friday
41 Institute for Educational Innovation at North Carolina State University to continue the progress in
42 implementing the Digital Learning Plan in North Carolina public schools by doing at least the
43 following:

44 (1) Coordinate the implementation of professional learning programs that support
45 teachers and school administrators in transitioning to digital-age learning.

46 (2) Manage statewide cooperative purchasing of content, including statewide
47 shared resources for teachers to use for lesson planning and formative student
48 assessments.

49 (3) Develop infrastructure maintenance and support protocols.

50 (4) Modify and update State policies to provide the support and flexibility
51 necessary for local digital learning innovation.

- 1 (5) Develop and maintain a continuous improvement process.
- 2 (6) Create assessments for technological and pedagogic skills and identify best
- 3 practices from those assessments.
- 4

5 **STUDY ON SCHOOL START AND RELEASE TIMES**

6 **SECTION 8.24.** The State Board of Education shall study school start and release
 7 times for schools in each local school administrative unit. The State Board may require a report by
 8 local boards of education for each school in the local school administrative units on the start and
 9 release times. The State Board shall report the results of the study to the Joint Legislative
 10 Education Oversight Committee by December 15, 2017.

11
 12 **AFTER SCHOOL QUALITY IMPROVEMENT COMPETITIVE GRANT FUNDS FOR**
 13 **THIRD YEAR FOR CERTAIN RECIPIENTS**

14 **SECTION 8.25.** Section 8.29(a) of S.L. 2015-241 reads as rewritten:

15 **"SECTION 8.29.(a)** Of the funds appropriated by this act for the At-Risk Student Services
 16 Alternative School Allotment for the 2015-2017 fiscal biennium, the State Board of Education
 17 shall use up to six million dollars (\$6,000,000) for the 2015-2016 fiscal year and up to six million
 18 dollars (\$6,000,000) for the 2016-2017 fiscal year for the After-School Quality Improvement
 19 Grant Program administered by the Department of Public Instruction. ~~The~~Notwithstanding any
 20 other provision of this section, the Department may use these funds to provide a second-year or a
 21 third-year grant to grant recipients approved under the After-School Quality Improvement Grant
 22 Program pursuant to Section 8.19 of S.L. 2014-100. Of the funds appropriated for the program, the
 23 Department of Public Instruction may use up to two hundred thousand dollars (\$200,000) for each
 24 fiscal year to administer the program."
 25

26 **PART IX. COMPENSATION OF PUBLIC SCHOOL EMPLOYEES**

27
 28 **TEACHER SALARY SCHEDULE**

29 **SECTION 9.1.(a)** The following monthly teacher salary schedule shall apply for the
 30 2016-2017 fiscal year to licensed personnel of the public schools who are classified as teachers.
 31 The salary schedule is based on years of teaching experience.

32 **2016-2017 Teacher Monthly Salary Schedule**

33 Years of Experience	34 "A" Teachers
35 0-4	\$3,500
36 5-9	3,800
37 10-14	4,200
38 15-19	4,500
39 20-24	4,800
40 25+	5,100

41 **SECTION 9.1.(b)** Salary Supplements for Teachers Paid on This Salary Schedule. –

- 42 (1) Licensed teachers who have NBPTS certification shall receive a salary
 43 supplement each month of twelve percent (12%) of their monthly salary on the
 44 "A" salary schedule.
- 45 (2) Licensed teachers who are classified as "M" teachers shall receive a salary
 46 supplement each month of ten percent (10%) of their monthly salary on the "A"
 47 salary schedule.
- 48 (3) Licensed teachers with licensure based on academic preparation at the six-year
 49 degree level shall receive a salary supplement of one hundred twenty-six dollars
 50 (\$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 9.1.(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 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 9.1.(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 seven and one-half percent (7.5%) higher than the salary received by these same employees on the twenty-fifth step of the salary schedule.

SECTION 9.1.(e) Beginning with the 2014-2015 fiscal year, in lieu of providing annual longevity payments to teachers paid on the teacher salary schedule, the amounts of those longevity payments are included in the monthly amounts under the teacher salary schedule.

SECTION 9.1.(f) A teacher compensated in accordance with this salary schedule for the 2016-2017 school year shall receive an amount equal to the greater of the following:

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

SECTION 9.1.(g) As used in this section, the term "teacher" shall also include instructional support personnel.

SECTION 9.1.(h) Teachers paid on the first through fifth step on the salary schedule and teachers paid on or above the twenty-sixth step on the salary schedule shall receive an annual bonus of one thousand dollars (\$1,000), payable monthly. The bonuses awarded in this subsection shall be treated as compensation under Article 1 of Chapter 135 of the General Statutes, the Teachers' and State Employees' Retirement System.

SECTION 9.1.(i) Section 9.1 of S.L. 2015-241 is repealed.

SCHOOL-BASED ADMINISTRATOR SALARY SCHEDULE

SECTION 9.2.(a) The following base salary schedule for school-based administrators shall apply only to principals and assistant principals. This base salary schedule shall apply for the 2016-2017 fiscal year commencing July 1, 2016.

2016-2017 Principal and Assistant Principal Salary Schedules

Classification

50	Years of Exp	Assistant	Prin I	Prin II	Prin III	Prin IV
51		Principal	(0-10)	(11-21)	(22-32)	(33-43)

1	0-9	\$3,987	-	-	-	-
2	10	\$4,057	-	-	-	-
3	11	\$4,205	-	-	-	-
4	12	\$4,325	-	-	-	-
5	13	\$4,409	\$4,409	-	-	-
6	14	\$4,465	\$4,465	-	-	-
7	15	\$4,523	\$4,523	\$4,579	-	-
8	16	\$4,579	\$4,579	\$4,638	-	-
9	17	\$4,638	\$4,638	\$4,698	\$4,758	-
10	18	\$4,698	\$4,698	\$4,758	\$4,821	\$4,884
11	19	\$4,758	\$4,758	\$4,821	\$4,884	\$4,948
12	20	\$4,821	\$4,821	\$4,884	\$4,948	\$5,016
13	21	\$4,884	\$4,884	\$4,948	\$5,016	\$5,083
14	22	\$4,948	\$4,948	\$5,016	\$5,083	\$5,151
15	23	\$5,016	\$5,016	\$5,083	\$5,151	\$5,221
16	24	\$5,083	\$5,083	\$5,151	\$5,221	\$5,292
17	25	\$5,151	\$5,151	\$5,221	\$5,292	\$5,368
18	26	\$5,221	\$5,221	\$5,292	\$5,368	\$5,442
19	27	\$5,292	\$5,292	\$5,368	\$5,442	\$5,517
20	28	\$5,368	\$5,368	\$5,442	\$5,517	\$5,593
21	29	\$5,442	\$5,442	\$5,517	\$5,593	\$5,672
22	30	\$5,517	\$5,517	\$5,593	\$5,672	\$5,754
23	31	\$5,593	\$5,593	\$5,672	\$5,754	\$5,836
24	32	\$5,672	\$5,672	\$5,754	\$5,836	\$5,910
25	33	\$5,754	\$5,754	\$5,836	\$5,910	\$6,027
26	34	\$5,836	\$5,836	\$5,910	\$6,027	\$6,148
27	35	\$5,910	\$5,910	\$6,027	\$6,148	\$6,271
28	36	\$6,027	\$6,027	\$6,148	\$6,271	\$6,396
29	37	-	\$6,148	\$6,271	\$6,396	\$6,524
30	38	-	-	\$6,396	\$6,524	\$6,654
31	39	-	-	\$6,524	\$6,654	\$6,787
32	40	-	-	-	\$6,787	\$6,923
33	41	-	-	-	\$6,923	\$7,061
34	42	-	-	-	-	\$7,202

2016-2017 Principal and Assistant Principal Salary Schedules

Classification

Years of Exp	Prin V (44-54)	Prin VI (55-65)	Prin VII (66-100)	Prin VIII (101+)
0-19	\$5,016	-	-	-
20	\$5,083	-	-	-
21	\$5,151	\$5,221	-	-
22	\$5,221	\$5,292	\$5,442	-
23	\$5,292	\$5,368	\$5,517	\$5,593
24	\$5,368	\$5,442	\$5,593	\$5,672
25	\$5,442	\$5,517	\$5,672	\$5,754
26	\$5,517	\$5,593	\$5,754	\$5,836
27	\$5,593	\$5,672	\$5,836	\$5,910
28	\$5,672	\$5,754	\$5,910	\$6,027
29	\$5,754	\$5,836	\$6,027	\$6,148
30	\$5,836	\$5,910	\$6,148	\$6,271
31	\$5,910	\$6,027	\$6,271	\$6,396

1	32	\$6,027	\$6,148	\$6,396	\$6,524
2	33	\$6,148	\$6,271	\$6,524	\$6,654
3	34	\$6,271	\$6,396	\$6,654	\$6,787
4	35	\$6,396	\$6,524	\$6,787	\$6,923
5	36	\$6,524	\$6,654	\$6,923	\$7,061
6	37	\$6,654	\$6,787	\$7,061	\$7,202
7	38	\$6,787	\$6,923	\$7,202	\$7,346
8	39	\$6,923	\$7,061	\$7,346	\$7,493
9	40	\$7,061	\$7,202	\$7,493	\$7,643
10	41	\$7,202	\$7,346	\$7,643	\$7,796
11	42	\$7,346	\$7,493	\$7,796	\$7,952
12	43	\$7,493	\$7,643	\$7,952	\$8,111
13	44	-	\$7,796	\$8,111	\$8,273
14	45	-	\$7,952	\$8,273	\$8,438
15	46+	-	-	\$8,438	\$8,607

SECTION 9.2.(b) The appropriate classification for placement of principals and assistant principals on the salary schedule, except for principals in alternative schools and in cooperative innovative high schools, shall be determined in accordance with the following schedule:

Classification	Number of Teachers Supervised
Assistant Principal	
Principal I	Fewer than 11 Teachers
Principal II	11-21 Teachers
Principal III	22-32 Teachers
Principal IV	33-43 Teachers
Principal V	44-54 Teachers
Principal VI	55-65 Teachers
Principal VII	66-100 Teachers
Principal VIII	More than 100 Teachers

The number of teachers supervised includes teachers and assistant principals paid from State funds only; it does not include teachers or assistant principals paid from non-State funds or the principal or teacher assistants.

The beginning classification for principals in alternative schools and in cooperative innovative high school programs shall be the Principal III level. Principals in alternative schools who supervise 33 or more teachers shall be classified according to the number of teachers supervised.

SECTION 9.2.(c) A principal shall be placed on the step on the salary schedule that reflects the total number of years of experience as a certified employee of the public schools and an additional step for every three years of experience serving as a principal on or before June 30, 2009. A principal or assistant principal shall also continue to receive any additional State-funded percentage increases earned for the 1997-1998, 1998-1999, and 1999-2000 school years for improvement in student performance or maintaining a safe and orderly school.

SECTION 9.2.(d) Principals and assistant principals with certification based on academic preparation at the six-year degree level shall be paid a salary supplement of one hundred twenty-six dollars (\$126.00) per month and at the doctoral degree level shall be paid a salary supplement of two hundred fifty-three dollars (\$253.00) per month.

SECTION 9.2.(e) Longevity pay for principals and assistant principals shall be as provided for State employees under the North Carolina Human Resources Act.

SECTION 9.2.(f) If a principal is reassigned to a higher job classification because the principal is transferred to a school within a local school administrative unit with a larger number

1 of State-allotted teachers, the principal shall be placed on the salary schedule as if the principal
2 had served the principal's entire career as a principal at the higher job classification.

3 If a principal is reassigned to a lower job classification because the principal is
4 transferred to a school within a local school administrative unit with a smaller number of
5 State-allotted teachers, the principal shall be placed on the salary schedule as if the principal had
6 served the principal's entire career as a principal at the lower job classification.

7 This subsection applies to all transfers on or after the effective date of this section,
8 except transfers in school systems that have been created, or will be created, by merging two or
9 more school systems. Transfers in these merged systems are exempt from the provisions of this
10 subsection for one calendar year following the date of the merger.

11 **SECTION 9.2.(g)** Participants in an approved full-time master's in-school
12 administration program shall receive up to a 10-month stipend at the beginning salary of an
13 assistant principal during the internship period of the master's program. The stipend shall not
14 exceed the difference between the beginning salary of an assistant principal plus the cost of
15 tuition, fees, and books and any fellowship funds received by the intern as a full-time student,
16 including awards of the Principal Fellows Program. The Principal Fellows Program or the school
17 of education where the intern participates in a full-time master's in-school administration program
18 shall supply the Department of Public Instruction with certification of eligible full-time interns.

19 **SECTION 9.2.(h)** During the 2016-2017 fiscal year, the placement on the salary
20 schedule of an administrator with a one-year provisional assistant principal's certificate shall be at
21 the entry-level salary for an assistant principal or the appropriate step on the teacher salary
22 schedule, whichever is higher.

23 **SECTION 9.2.(i)** Any person paid on the School-Based Administrator Salary
24 Schedule and employed on September 1, 2016, who does not receive a step increase on the
25 School-Based Administrator Salary Schedule, shall receive a nonrecurring salary bonus of five
26 hundred dollars (\$500.00), payable in the month of November 2016.

27 Notwithstanding G.S. 135-1(7a), the compensation bonus awarded by this section is
28 not compensation under Article 1 of Chapter 135 of the General Statutes, the Teachers' and State
29 Employees' Retirement System.

30 **SECTION 9.2.(j)** Section 9.3 of S.L. 2015-241 is repealed.

31
32 **NO PAY LOSS FOR BREAK IN SERVICE OR FOR TEACHERS WHO BECOME**
33 **PRINCIPALS**

34 **SECTION 9.3.(a)** G.S. 115C-285(a) reads as rewritten:

35 "**§ 115C-285. Salary.**

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

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

41 ...

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

45 (8a) A teacher who becomes a principal shall be paid on a monthly basis, at least as
46 much as he or she would earn as a teacher employed by that local school
47 administrative unit.

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

1 SECTION 9.3.(b) Subsection (a) of this section shall not be construed to modify the
2 compensation of persons initially employed as principals or assistant principals prior to July 1,
3 2016, for work performed prior to July 1, 2016.
4

5 **JOINT LEGISLATIVE STUDY COMMITTEE ON SCHOOL-BASED ADMINISTRATOR**
6 **PAY**

7 SECTION 9.4.(a) There is established the Joint Legislative Study Committee on
8 School-Based Administrator Pay (Committee). The Committee shall consist of three members of
9 the Senate appointed by the President Pro Tempore of the Senate and three members of the House
10 of Representatives appointed by the Speaker of the House of Representatives. The President Pro
11 Tempore and the Speaker of the House of Representatives shall each appoint a cochair of the
12 Committee from among its membership. The Committee and the terms of the members shall
13 expire when the Committee submits a final report to the General Assembly. Members shall serve
14 at the pleasure of the appointing officer.

15 SECTION 9.4.(b) The Committee shall study and make recommendations on the
16 following:

- 17 (1) The feasibility of revising the school-based administrator salary schedule,
18 including principal and assistant principal pay, and whether revisions are
19 needed.
- 20 (2) The process of recruiting and retaining principals in North Carolina as
21 compared with the process of recruiting and retaining executives in other
22 professions.
- 23 (3) Strategies for recruiting and retaining the most qualified principals in
24 low-performing and hard-to-staff schools.
- 25 (4) Any other issue the Committee considers relevant to this study.

26 SECTION 9.4.(c) The Committee shall meet upon the call of its cochairs. A quorum
27 of the Committee is a majority of its members. No action may be taken except by a majority vote
28 at a meeting at which a quorum is present. The Committee, while in the discharge of its official
29 duties, may exercise all powers provided for under G.S. 120-19 and Article 5A of Chapter 120 of
30 the General Statutes. The Committee may contract for professional, clerical, or consultant
31 services, as provided by G.S. 120-32.02. Members of the Committee shall receive per diem,
32 subsistence, and travel allowance as provided in G.S. 120-3.1. The expenses of the Committee
33 shall be considered expenses incurred for the joint operation of the General Assembly.

34 SECTION 9.4.(d) The Legislative Services Officer shall assign professional and
35 clerical staff to assist the Committee in its work. The Director of Legislative Assistants of the
36 House of Representatives and the Director of Legislative Assistants of the Senate shall assign
37 clerical support staff to the Committee.

38 SECTION 9.4.(e) The Committee shall submit a final report on the results of its
39 study, including any proposed legislation, to the members of the Senate and the House of
40 Representatives on or before December 31, 2016, by filing a copy of the report with the Office of
41 the President Pro Tempore of the Senate, the Office of the Speaker of the House of
42 Representatives, the Joint Legislative Education Oversight Committee, and the Legislative
43 Library. The Committee shall terminate on December 31, 2016, or upon the filing of its final
44 report, whichever occurs first.
45

46 **CENTRAL OFFICE SALARIES**

47 SECTION 9.5.(a) The monthly salary ranges that follow apply to assistant
48 superintendents, associate superintendents, directors/coordinators, supervisors, and finance
49 officers for the 2016-2017 fiscal year, beginning July 1, 2016, and shall be increased by two
50 percent (2%) annually as follows:

51 School Administrator I	\$ 3,459	\$ 6,449
---------------------------	----------	----------

1	School Administrator II	\$ 3,664	\$ 6,838
2	School Administrator III	\$ 3,887	\$ 7,252
3	School Administrator IV	\$ 4,041	\$ 7,539
4	School Administrator V	\$ 4,202	\$ 7,843
5	School Administrator VI	\$ 4,455	\$ 8,314
6	School Administrator VII	\$ 4,633	\$ 8,648

7 The local board of education shall determine the appropriate category and placement
8 for each assistant superintendent, associate superintendent, director/coordinator, supervisor, or
9 finance officer within the salary ranges and within funds appropriated by the General Assembly
10 for central office administrators and superintendents. The category in which an employee is placed
11 shall be included in the contract of any employee.

12 **SECTION 9.5.(b)** The monthly salary ranges that follow apply to public school
13 superintendents for the 2016-2017 fiscal year, beginning July 1, 2016, and shall be increased by
14 two percent (2%) annually as follows:

15	Superintendent I	\$ 4,915	\$ 9,171
16	Superintendent II	\$ 5,215	\$ 9,723
17	Superintendent III	\$ 5,530	\$ 10,311
18	Superintendent IV	\$ 5,867	\$ 10,935
19	Superintendent V	\$ 6,224	\$ 11,599

20 The local board of education shall determine the appropriate category and placement
21 for the superintendent based on the average daily membership of the local school administrative
22 unit and within funds appropriated by the General Assembly for central office administrators and
23 superintendents.

24 **SECTION 9.5.(c)** Longevity pay for superintendents, assistant superintendents,
25 associate superintendents, directors/coordinators, supervisors, and finance officers shall be as
26 provided for State employees under the State Personnel Act.

27 **SECTION 9.5.(d)** Superintendents, assistant superintendents, associate
28 superintendents, directors/coordinators, supervisors, and finance officers with certification based
29 on academic preparation at the six-year degree level shall receive a salary supplement of one
30 hundred twenty-six dollars (\$126.00) per month in addition to the compensation provided pursuant
31 to this section. Superintendents, assistant superintendents, associate superintendents,
32 directors/coordinators, supervisors, and finance officers with certification based on academic
33 preparation at the doctoral degree level shall receive a salary supplement of two hundred
34 fifty-three dollars (\$253.00) per month in addition to the compensation provided for under this
35 section.

36 **SECTION 9.5.(e)** The State Board of Education shall not permit local school
37 administrative units to transfer State funds from other funding categories for salaries for public
38 school central office administrators.

39 **SECTION 9.5.(f)** Section 9.3 of S.L. 2015-241 is repealed.
40

41 **NONCERTIFIED PERSONNEL SALARIES**

42 **SECTION 9.6.(a)** The annual salary increase for permanent, full-time noncertified
43 public school employees whose salaries are supported from the State's General Fund shall be two
44 percent (2%), commencing July 1, 2016.

45 **SECTION 9.6.(b)** Local boards of education shall increase the rates of pay for such
46 employees who were employed for all or part of fiscal year 2015-2016 and who continue their
47 employment for fiscal year 2016-2017 by providing an annual salary increase for employees of
48 two percent (2%).

49 For part-time employees, the pay increase shall be pro rata based on the number of
50 hours worked.

1 **SECTION 9.6.(c)** The State Board of Education may adopt salary ranges for
2 noncertified personnel to support increases of two percent (2%) for the 2016-2017 fiscal year.

3 **SECTION 9.6.(d)** Section 9.4 of S.L. 2015-241 is repealed.
4

5 **PART X. COMMUNITY COLLEGES**

6 **UPDATE PERFORMANCE MEASURES**

7 **SECTION 10.1.** G.S. 115D-31.3 reads as rewritten:

8 "**§ 115D-31.3. Institutional performance accountability.**
9

10 ...

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

13 (1) Progress of basic skills students.

14 ~~(2) Attainment of adult high school equivalency diplomas by students.~~

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

16 (3a) Success rate of students in credit-bearing English courses.

17 (3b) Success rate of students in credit-bearing Math courses.

18 ~~(4) Success of developmental students in subsequent college-level English courses.~~

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

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

21 (6) Repealed by Session Laws 2012-142, s. 8.5, effective July 1, 2012.

22 (7) Curriculum student retention and graduation.

23 (8) Repealed by Session Laws 2012-142, s. 8.5, effective July 1, 2012.

24 (9) Attainment of licensure and certifications by students.

25 The State Board may also evaluate each college on additional performance measures.

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

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

31 (g) Recognition of Successful Institutional Performance. – For the purpose of recognition
32 of successful institutional performance, the State Board of Community Colleges shall evaluate
33 each college on the ~~eight~~ performance measures set out in subsection (e) of this section. Subject to
34 the availability of funds, the State Board may allocate funds among colleges based on the
35 evaluation of each institution's performance, including at least the following components:

36 (1) Program quality evaluated by determining a college's rate of student success on
37 each measure as compared to a systemwide performance baseline and goal.

38 (2) Program impact on student outcomes evaluated by the number of students
39 succeeding on each measure.

40 "

41 **CLARIFY USE OF CAREER COACH FUNDS**

42 **SECTION 10.2.** Section 10.14(c) of S.L. 2015-241 reads as rewritten:

43 "**SECTION 10.14.(c)** The funds appropriated under this act to the Community Colleges
44 System Office for the 2015-2017 fiscal biennium to match non-State funds to implement the NC
45 Works Career Coach Program shall only be used for salary and benefits ~~for~~ of career coaches and
46 for direct operating costs related to supporting NC Works Career Coaches."
47

48 **PART XI. UNIVERSITIES**

1 **EXPAND INTERNSHIPS AND CAREER-BASED OPPORTUNITIES FOR STUDENTS**
2 **ATTENDING HISTORICALLY BLACK COLLEGES AND UNIVERSITIES (HBCU).**
3 **SECTION 11.1.** Section 11.12(b) of S.L. 2015-241, Appropriations Act of 2015,
4 reads as rewritten:

5 "**SECTION 11.12.(b)** ~~The~~ For the 2016-2017 fiscal year, the Board of Governors shall
6 conduct a competitive process to select institutions of higher education that are Historically Black
7 Colleges and Universities to participate in the internship program which links ~~60~~a minimum of 95
8 students attending Historically Black Colleges and Universities with North Carolina-based
9 companies. The Board of Governors shall determine the number of institutions that may
10 participate in the program; however, at least two of the institutions shall be private institutions.
11 Funds appropriated by this act for this internship program shall be allocated only to constituent
12 institutions of The University of North Carolina that are designated as an HBCU and private
13 colleges and universities located in North Carolina that are designated as an HBCU."
14

15 **MODIFY NC GUARANTEED ADMISSION PROGRAM (NCGAP)**

16 **SECTION 11.2.(a)** Section 11.7(b) of S.L. 2015-241 reads as rewritten:

17 "**SECTION 11.7.(b)** The Board of Governors of The University of North Carolina and the
18 State Board of Community Colleges shall jointly study and evaluate how a deferred admission
19 program, to be known as the North Carolina Guaranteed Admission Program (NCGAP), for
20 students identified as academically at risk and designed pursuant to subsection (c) of this section,
21 would address the issues and help achieve the goals set out in subsection (a) of this section. In its
22 study the Board of Governors and State Board of Community Colleges shall also consider the best
23 procedure for implementing NCGAP and the fiscal impact it may have with respect to enrollment.
24 The Board of Governors and State Board of Community Colleges shall evaluate other measures
25 currently in place designed to improve completion rates and consider any potential overlap with
26 NCGAP."

27 **SECTION 11.2.(b)** Section 11.7(d) of S.L. 2015-241 reads as rewritten:

28 "**SECTION 11.7.(d)** The Board of Governors of The University of North Carolina and the
29 State Board of Community Colleges shall report their initial finding and recommendations to the
30 Joint Legislative Education Oversight Committee, the Fiscal Research Division, and the Office of
31 State Budget and Management by March 1, ~~2016~~2016, and their finding and recommendations
32 by January 1, 2017. The report shall include an analysis of the fiscal impact NCGAP may have
33 with regard to enrollment at constituent institutions of The University of North Carolina and at
34 community colleges, the number of students who may participate in NCGAP, and its effect on
35 FTEs."

36 **SECTION 11.2.(c)** Section 11.7(e) of S.L. 2015-241 reads as rewritten:

37 "**SECTION 11.7.(e)** Based on the analysis conducted by the Board of Governors and the
38 State Board of Community Colleges pursuant to subsection (b) of this section and the
39 recommendations made pursuant to subsection (d) of this section, each constituent institution shall
40 design a deferred admission program as part of NCGAP for implementation at the institution. The
41 institution shall design the program so that it may be implemented at the institution beginning with
42 the ~~2016-2017~~2017-2018 fiscal year and applied to the institution's admission process for the
43 ~~2017-2018~~2018-2019 academic year and each subsequent academic year."

44 **SECTION 11.2.(d)** Section 11.7(g) of S.L. 2015-241 reads as rewritten:

45 "**SECTION 11.7.(g)** NCGAP shall be implemented at all constituent institutions and all
46 community colleges beginning with the ~~2016-2017~~2017-2018 fiscal year and shall apply to
47 admissions policies at each constituent institution and community college beginning with the
48 ~~2017-2018~~2018-2019 academic year and each subsequent academic year."
49

50 **UNC PART-WAY HOME STRATEGY/REPORT**

1 **SECTION 11.3.** Beginning September 1, 2017, and annually thereafter, the President
2 of The University of North Carolina shall report to the Joint Legislative Education Oversight
3 Committee regarding the expenditure of State funds used to recruit, retain, and graduate "part-way
4 home" and other nontraditional students who have completed some college but have not earned a
5 degree and to cover other costs of implementing the strategy to reenroll "part-way home" students.
6 The report shall include line item expenditures, descriptions of program activities and
7 accomplishments, and data on outcome measures used to assess program effectiveness.

8
9 **SUBPART XI-A. UNIVERSITIES/SEAA**

10
11 **NC SCHOLARSHIP FOR TEACHER ADVANCEMENT AND RETENTION (NCSTAR)**

12 **SECTION 11A.1.(a)** Article 23 of Chapter 116 of the General Statutes is amended by
13 adding a new Part to read:

14 "Part 3. North Carolina Scholarship for Teacher Advancement and Retention Program.

15 **"§ 116-209.60. Definitions.**

16 The following definitions apply in this Part:

- 17 (1) Commission. – The North Carolina Scholarship for Teacher Advancement and
18 Retention Commission.
19 (2) Director. – The Director of the North Carolina Scholarship for Teacher
20 Advancement and Retention Program.
21 (3) Fund. – The North Carolina Scholarship for Teacher Advancement and
22 Retention Fund.
23 (4) Program. – The North Carolina Scholarship for Teacher Advancement and
24 Retention Program.
25 (5) Scholarship loan. – A forgivable scholarship loan made under the Program.

26 **"§ 116-209.61. North Carolina Scholarship for Teacher Advancement and Retention**
27 **Commission established; membership.**

28 (a) Commission Established. – There is established the North Carolina Scholarship for
29 Teacher Advancement and Retention Commission. The Director of the North Carolina
30 Scholarship for Teacher Advancement and Retention Program shall staff the Commission. The
31 Authority shall be responsible for implementing scholarship loan agreements, monitoring,
32 cancelling through service, collecting, and otherwise enforcing the agreements for the Program
33 and scholarship loans established in accordance with this Part.

34 (b) Membership. – The Commission shall consist of 11 members appointed or shall serve
35 ex officio as follows:

- 36 (1) One dean of an approved school of education at a postsecondary constituent
37 institution of The University of North Carolina, appointed by the President of
38 The University of North Carolina, and one dean of an approved school of
39 education at a private postsecondary institution operating in the State, appointed
40 by the President of the North Carolina Independent Colleges and Universities,
41 Inc.
42 (2) The North Carolina Teacher of the Year, ex officio.
43 (3) A teacher who graduated from an approved teacher preparation program located
44 in the State within three years of appointment to serve on the Commission,
45 appointed by the General Assembly upon the recommendation of the Speaker
46 of the House of Representatives.
47 (4) The North Carolina Principal of the Year, ex officio.
48 (5) A principal, appointed by the General Assembly upon the recommendation of
49 the President Pro Tempore of the Senate.
50 (6) The North Carolina Superintendent of the Year, ex officio.
51 (7) One member to represent business and industry appointed by the Governor.

1 (8) One local school board member appointed by the chair of the State Board of
2 Education.

3 (9) The chairperson of the Board of the State Education Assistance Authority, ex
4 officio.

5 (10) The Director of the North Carolina Scholarship for Teacher Advancement and
6 Retention Program, ex officio. The Director shall chair the Commission.

7 (c) Terms of Office. – Appointments to the Commission shall be for two-year terms,
8 expiring on July 1 in odd-numbered years. Members serving ex officio, other than the chairperson
9 of the Board of the State Education Assistance Authority and Director of the North Carolina
10 Scholarship for Teacher Advancement and Retention Program, who have otherwise completed
11 their term of service, shall continue to serve on the Commission until July 1, annually.

12 (d) Vacancies. – Except as otherwise provided, if a vacancy occurs in the membership, the
13 appointing authority shall appoint another person to serve for the balance of the unexpired term.

14 (e) Expenses. – Commission members shall receive per diem, subsistence, and travel
15 allowances in accordance with G.S. 138-5 or G.S. 138-6, as appropriate.

16 (f) Meetings. – The Commission shall meet regularly at times and places deemed
17 necessary by the chair.

18 **"§ 116-209.62. North Carolina Scholarship for Teacher Advancement and Retention**
19 **Program established; administration.**

20 (a) Program. – There is established the North Carolina Scholarship for Teacher
21 Advancement and Retention Program to be administered by the General Administration of The
22 University of North Carolina, in collaboration with the Authority and the Commission. The
23 purpose of the Program is to recruit, prepare, and support North Carolina residents for preparation
24 as highly effective teachers serving in hard-to-staff licensure areas and hard-to-staff public
25 schools. The Program shall be used to provide a scholarship loan to individuals interested in
26 preparing to teach in the public schools of the State in hard-to-staff licensure areas and
27 hard-to-staff schools.

28 (b) Fund. – There is established the North Carolina Scholarship for Teacher Advancement
29 and Retention Program Fund to be administered by the Authority, in collaboration with the
30 General Administration of The University of North Carolina. All funds appropriated to, or
31 otherwise received by, the Program for scholarships, all funds received as repayment of
32 scholarship loans, and all interest earned on these funds shall be placed in the Fund. The purpose
33 of the Fund is to provide financial assistance to qualified students for completion of teacher
34 education and licensure programs to fill hard-to-staff licensure areas and hard-to-staff schools in
35 the State.

36 (c) Uses of Monies in the Fund. – The monies in the Fund may be used only for
37 scholarship loans granted under the Program, administrative costs associated with the Program,
38 including recruitment and recovery of funds advanced under the Program, and extracurricular
39 enhancement activities of the Program. The Authority may use up to two hundred thousand dollars
40 (\$200,000) from the Fund in each fiscal year for its administrative costs, the salary of the Director
41 of the Program, and expenses of the Commission. The Commission may use up to four hundred
42 thousand dollars (\$400,000) each fiscal year for the extracurricular enhancement activities of the
43 Program.

44 (d) Director. – The General Administration of The University of North Carolina shall
45 appoint a Director of the Program. The Director shall chair and staff the Commission and shall be
46 responsible for recruitment and coordination of the Program, including proactive, aggressive, and
47 strategic recruitment of potential recipients, including targeting regions of the State with the
48 highest teacher attrition rates and teacher recruitment challenges, active engagement with
49 educators, business leaders, experts in human resources, elected officials, and other community
50 leaders throughout the State, and attracting candidates in hard-to-staff licensure areas. The
51 Authority shall provide office space and clerical support staff for the Program.

1 (e) Student Selection Criteria for Scholarship Loans. – The Commission shall determine
2 selection criteria, methods of selection, and shall select recipients to receive scholarship loans. The
3 Commission shall adopt stringent standards for awarding these scholarship loans based on
4 multiple measures to ensure that only the strongest applicants receive them, including, but not
5 limited to, the following:

6 (1) Grade point averages.

7 (2) Performance on relevant career and college readiness assessments.

8 (3) Experience, accomplishments, and other criteria demonstrating qualities
9 positively correlated with highly effective teachers, including excellent verbal
10 and communication skills.

11 (4) Stated commitments to either serving in a hard-to-staff school or licensure in a
12 hard-to-staff licensure area for a minimum of four years.

13 (f) Program Selection Criteria. – The Authority shall administer the Program in
14 cooperation with institutions of higher education with educator preparation programs selected by
15 the Commission, including North Carolina community colleges, postsecondary constituent
16 institutions of The University of North Carolina, and private postsecondary institutions operating
17 in the State. The Commission shall adopt stringent standards for selection of only the most
18 effective educator preparation programs, including, but not limited to, the following:

19 (1) Demonstrates high rates of educator effectiveness on value-added models and
20 teacher evaluations, including using performance-based, subject-specific
21 assessment and support systems, such as edTPA or other metric of evaluating
22 candidate effectiveness that has predictive validity.

23 (2) Demonstrates measurable impact of prior graduates on student learning,
24 including impact of graduates teaching in hard-to-staff schools and graduates
25 teaching in hard-to-staff licensure areas.

26 (3) Provides curricular and co-curricular enhancements in leadership, the
27 facilitation of learning for diverse learners, community engagement, classroom
28 management, and reflection and assessment.

29 (4) Requires at least a minor concentration of study in the subject area that the
30 candidate may teach.

31 (5) Provides early and frequent internship or practical experiences, including the
32 opportunity for participants to perform practicums in hard-to-staff schools.

33 (6) Is approved by the State Board of Education as an educator preparation
34 program.

35 (g) Awards of Scholarship Loans. – The Program shall provide scholarship loans to
36 selected students to be used at selected institutions for completion of a program leading to teacher
37 licensure as follows:

38 (1) North Carolina high school seniors. – Scholarship loans of up to eight thousand
39 two hundred fifty dollars (\$8,250) per year for up to four years.

40 (2) Community college students and private, nonprofit two-year college students
41 applying for transfer to a selected educator preparation program at an institution
42 of higher education. – Scholarship loans of up to eight thousand two hundred
43 fifty dollars (\$8,250) per year for up to two years.

44 (3) Individuals currently holding a bachelor's degree seeking preparation for
45 teacher licensure. – Scholarship loans of up to eight thousand two hundred fifty
46 dollars (\$8,250) per year for up to two years.

47 (4) Students matriculating at institutions of higher education who are changing to
48 enrollment in a selected educator preparation program. – Scholarship loans of
49 up to eight thousand two hundred fifty dollars (\$8,250) per year for up to two
50 years.

51 Scholarship loans may be used for tuition, fees, and the cost of books.

1 (h) Identification of Hard-to-Staff Licensure Areas and Hard-to-Staff Schools. – The State
2 Board of Education shall annually identify and provide to the Commission and the Authority a list
3 of hard-to-staff areas of licensure and a list of hard-to-staff schools by local school administrative
4 unit using, at a minimum, the following criteria to identify those lists:

5 (1) Hard-to-staff licensure areas. – The number of available positions in a licensure
6 area relative to the number of current and anticipated teachers in that area of
7 licensure.

8 (2) Hard-to-staff school. – Annual teacher turnover rates, number and percentage of
9 teaching positions unfilled for more than half of the school year, number and
10 percentage of teachers with entry professional educator licenses intended for
11 teachers with three or less years of teaching experience, percentage of students
12 at school failing to meet expected growth, percentage of students at school
13 scoring below grade level on standardized assessments, and school performance
14 grade on the annual school report card.

15 The Commission shall make the list readily available to applicants. A student awarded a
16 scholarship loan who enrolls in a program leading to a hard-to-staff licensure area shall continue
17 to receive the scholarship and be permitted to fulfill the requirements of the scholarship loan even
18 if that licensure area does not remain on the list following the student's year of enrollment. A
19 student awarded a scholarship loan who, upon graduation, is employed by a local board of
20 education to teach in a hard-to-staff school shall be permitted to fulfill the requirements of the
21 scholarship loan, even if that school does not remain on the list following the student's year of
22 initial employment.

23 (i) Administration of Scholarship Loan Awards. – Upon the naming of recipients of the
24 scholarship loans by the Commission, the Commission shall transfer to the Authority its decisions.
25 The Authority, in coordination with the Director, shall perform all of the administrative functions
26 necessary to implement this Part, which functions shall include rule making, dissemination of
27 information, disbursement, receipt, liaison with participating constituent institutions,
28 determination of the acceptability of service repayment agreements, and all other functions
29 necessary for the execution, payment, and enforcement of promissory notes required under this
30 Part.

31 (j) Annual Report. – The Commission, in coordination with the Authority, shall report no
32 later than January 1, 2017, and annually thereafter, to the Joint Legislative Education Oversight
33 Committee regarding the following:

34 (1) Loans awarded from the Fund, including the following:

35 a. Demographic information regarding recipients.

36 b. Number of recipients by institution of higher education and program.

37 c. Information on number of recipients by anticipated program licensure
38 area.

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

40 a. Number of graduates who have been employed in a hard-to-staff school
41 and number of graduates who have been employed in a hard-to-staff
42 area within two years of program completion.

43 b. Number of graduates who have begun loan repayment and their years of
44 service, if any, prior to beginning loan repayment and information on
45 the number of graduates repaying a loan under the designation of
46 hard-to-staff school or hard-to-staff licensure area.

47 c. Number of graduates who have fulfilled service requirements through
48 employment in a hard-to-staff school and number of graduates who
49 have fulfilled service requirements through employment in a
50 hard-to-staff licensure area.

1 d. Number of graduates employed in a hard-to-staff school or hard-to-staff
2 licensure area who have received an overall rating of at least
3 accomplished and have met expected growth on applicable standards of
4 the teacher evaluation instrument.

5 e. Aggregate information on student growth and proficiency in courses
6 taught by graduates who have fulfilled service requirements through
7 employment in a hard-to-staff school and in a hard-to-staff licensure
8 area.

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

10 a. Turnover rate for scholarship loan graduates.

11 b. Aggregate information on student growth and proficiency in courses
12 taught by scholarship loan graduates.

13 c. Fulfillment rate of scholarship loan graduates.

14 "**§ 116-209.63. Terms of loans; receipt and disbursement of funds.**

15 (a) Notes. – All scholarship loans shall be evidenced by notes made payable to the
16 Authority that bear interest at a rate not to exceed ten percent (10%) per year as set by the
17 Authority and beginning 90 days after completion of the program leading to teacher licensure, or
18 90 days after termination of the scholarship loan, whichever is earlier. The scholarship loan may
19 be terminated upon the recipient's withdrawal from school or by the recipient's failure to meet the
20 standards set by the Commission.

21 (b) Forgiveness. – The Authority shall forgive the loan and any interest accrued on the
22 loan if, within seven years after graduation from a program leading to teacher licensure, exclusive
23 of any authorized deferment for extenuating circumstances, the recipient serves for four years as a
24 teacher at a North Carolina public school identified as hard-to-staff or at a North Carolina public
25 school in an identified hard-to-staff area of licensure, as provided in G.S. 116-209.61(h). The
26 Authority shall also forgive the loan if it finds that it is impossible for the recipient to work for
27 four years, within seven years after completion of the program leading to teacher licensure at a
28 North Carolina public school because of the death or permanent disability of the recipient. If the
29 recipient repays the scholarship loan by cash payments, all indebtedness shall be repaid within
30 eight years after completion of the program leading to teacher licensure supported by the
31 scholarship loan. If the recipient completes a program leading to teacher licensure, payment of
32 principal and interest shall begin no later than 27 months after the completion of the program.
33 Should a recipient present extenuating circumstances, the Authority may extend the period to
34 repay the loan in cash to no more than a total of 12 years."

35 **SECTION 11A.1.(b)** Notwithstanding the requirements established in
36 G.S. 116-209.61, as enacted by this section, initial appointments to the Commission shall be made
37 no later than August 15, 2016. Initial appointment to the Commission shall expire July 1, 2018.

38 **SECTION 11A.1.(c)** The Commission shall establish initial selection criteria for
39 recipients and institutions of higher education no later than November 15, 2016, and shall make
40 available applications to prospective students no later than December 31, 2016.

41 **SECTION 11A.1.(d)** The State Board of Education shall establish criteria and
42 identify hard-to-staff areas of licensure and hard-to-staff schools by local school administrative
43 unit and provide that information to the Commission and Authority no later than November 1,
44 2016.

45 **SECTION 11A.1.(e)** The Commission shall select recipients and award the initial
46 scholarship loans for the 2017-2018 school year no later than April 1, 2017.

47
48 **MODIFICATIONS TO THE SPECIAL EDUCATION SCHOLARSHIP GRANT**
49 **PROGRAM FOR CHILDREN WITH DISABILITIES**

50 **SECTION 11A.2.(a)** G.S. 115C-112.5(2) reads as rewritten:

- 1 "(2) Eligible student. – A child under the age of 22 who resides in North Carolina
 2 and meets all of the following criteria:
 3 a. Is a child with a disability.
 4 b. Is eligible to attend a North Carolina public school pursuant to
 5 G.S. 115C-366.
 6 c. Has not been placed in a nonpublic school or facility by a public agency
 7 at public expense.
 8 d. Has not been enrolled in a postsecondary institution as a full-time
 9 student taking at least 12 hours of academic credit.
 10 e. Has not received a high school diploma.
 11 f. Meets at least one of the following requirements:
 12 1. Was enrolled in a North Carolina public school or a Department
 13 of Defense Elementary and Secondary School, established
 14 pursuant to 10 U.S.C. § 2164 and located in North Carolina,
 15 during the previous semester.
 16 2. Received special education or related services through the North
 17 Carolina public schools as a preschool child with a disability
 18 during the previous semester.
 19 3. Was approved for a scholarship for the previous semester.
 20 4. Is a child who is identified as a child with a disability prior to the
 21 end of the year of initial enrollment in kindergarten or first
 22 grade. An award by the Authority based on eligibility under this
 23 sub-sub-subdivision shall be conditional. If documentation is not
 24 provided to the Authority that the child is a child with a
 25 disability prior to the end of the year of initial enrollment, (i) no
 26 reimbursement shall be awarded and (ii) the child shall not
 27 qualify the following year as an eligible student under
 28 sub-sub-subdivision 3. of this section.
 29 5. Is a child whose parent or legal guardian is on full-time duty
 30 status in the active uniformed service of the United States,
 31 including members of the National Guard and Reserve on active
 32 duty orders pursuant to 10 U.S.C. § 12301, et seq., and 10
 33 U.S.C. § 12401, et seq.
 34 6. Is a child who has been domiciled in the State for at least six
 35 months."

36 **SECTION 11A.2.(b)** G.S. 115C-112.6 reads as rewritten:

37 "**§ 115C-112.6. Scholarships.**

38 (a) Scholarship Applications. – The Authority shall make available no later than May 1
 39 annually applications to eligible students for the award of scholarships. Information about
 40 scholarships and the application process shall be made available on the Authority's Web site. ~~The~~
 41 ~~Authority shall give priority in awarding scholarships to eligible students who received a~~
 42 ~~scholarship during the previous semester. Except as otherwise provided by the Authority for prior~~
 43 ~~scholarship recipients, scholarships shall be awarded to eligible students in the order in which the~~
 44 ~~applications are received.~~

45 (a1) Web Site Availability. – Information about scholarships and the application process
 46 shall be made available on the Authority's Web site. The Authority shall also include information
 47 on the Web site notifying parents that federal regulations adopted under IDEA provide that no
 48 parentally placed private school child with a disability has an individual right to receive some or
 49 all of the special education and related services that the child would receive if enrolled in a public
 50 school.

1 (a2) Priority of Awards. – The Authority shall award scholarships according to the
2 following criteria for applications received by June 15 each year:

3 (1) First priority shall be given to eligible students who received a scholarship
4 during the previous semester.

5 (2) After scholarships have been awarded under subdivision (1) of this subsection,
6 scholarships shall be awarded to students who meet any of the criteria listed in
7 G.S. 115C-112.5(2)f.1., 2., 4., and 5.

8 (3) After scholarships have been awarded under subdivision (2) of this subsection,
9 scholarships shall be awarded to students who meet the criteria found in
10 G.S. 115C-112.5(2)f.6.

11 Scholarships shall be awarded to eligible students in each subdivision of this subsection in the
12 order in which the applications are received.

13 (b) Scholarship Awards. – Scholarships awarded to eligible students shall be for amounts
14 of not more than four thousand dollars (\$4,000) per semester per eligible student. Eligible students
15 awarded scholarships may not be enrolled in a public school to which that student has been
16 assigned as provided in G.S. 115C-366. Scholarships shall be awarded only for tuition and for the
17 reimbursement of special education, related services, and educational technology, as provided in
18 subsection (b1) of this section. The Authority shall notify parents in writing of their eligibility to
19 receive scholarships for costs that will be incurred during the spring semester of the following year
20 by December 1 and for costs incurred during the fall semester of that year by July 1.

21 (b1) Disbursement of Scholarship Funds. – The Authority shall disburse scholarship funds
22 for tuition and for the reimbursement of costs incurred by the parent of an eligible student as
23 follows:

24 (1) ~~Scholarship Tuition endorsement for tuition and reimbursement. — The~~
25 ~~Authority shall remit, at least two times each school year, scholarship funds~~
26 ~~awarded to eligible students for endorsement by at least one of the student's~~
27 ~~parents or guardians for tuition to attend (i) a North Carolina public school~~
28 ~~other than the public school to which that student has been assigned as provided~~
29 ~~in G.S. 115C-366 or (ii) a nonpublic school that meets the requirements of Part~~
30 ~~1 or Part 2 of Article 39 of this Chapter as identified by the Department of~~
31 ~~Administration, Division of Nonpublic Education. The Authority shall disburse~~
32 ~~scholarship funds awarded to eligible students for tuition at a nonpublic school~~
33 ~~based upon the method selected by the nonpublic school. A nonpublic school~~
34 ~~may elect to participate in the scholarship endorsement for tuition option or the~~
35 ~~reimbursement for tuition option as set forth in this subdivision. Scholarship~~
36 ~~funds shall not be provided for tuition for home schooled students. If the~~
37 ~~student is attending a nonpublic school, the school must be deemed eligible by~~
38 ~~the Division of Nonpublic Education, pursuant to G.S. 115C-562.4, and the~~
39 ~~school shall be subject to the requirements of G.S. 115C-562.5. The parent or~~
40 ~~guardian shall restrictively endorse the scholarship funds awarded to the~~
41 ~~eligible student to the school for deposit into the account of the school. The~~
42 ~~parent or guardian shall not designate any entity or individual associated with~~
43 ~~the school as the parent's attorney in fact to endorse the scholarship funds but~~
44 ~~shall endorse the scholarship funds in person at the site of the school. A parent's~~
45 ~~or guardian's failure to comply with this section shall result in forfeiture of the~~
46 ~~scholarship funds. A scholarship forfeited for failure to comply with this~~
47 ~~section shall be returned to the Authority to be awarded to another~~
48 ~~student. Scholarship funds for tuition shall be disbursed as follows:~~

49 a. Scholarship endorsement for tuition. – The Authority shall remit, at
50 least two times each school year, scholarship funds awarded to eligible
51 students for endorsement by at least one of the student's parents or

1 guardians for tuition to attend a nonpublic school that meets the
2 requirements of Part 1 or Part 2 of Article 39 of this Chapter as
3 identified by the Department of Administration, Division of Nonpublic
4 Education, is deemed eligible by the Division, and is subject to the
5 requirements of G.S. 115C-562.5. The parent or guardian shall
6 restrictively endorse the scholarship funds awarded to the eligible
7 student to the school for deposit into the account of the school. The
8 parent or guardian shall not designate any entity or individual associated
9 with the school as the parent's attorney-in-fact to endorse the
10 scholarship funds but shall endorse the scholarship funds in person at
11 the site of the school. A parent's or guardian's failure to comply with this
12 section shall result in forfeiture of the scholarship funds. A scholarship
13 forfeited for failure to comply with this section shall be returned to the
14 Authority to be awarded to another student.

15 b. Reimbursement for tuition. – The parent or guardian of an eligible
16 student who enrolls in a school that is (i) a North Carolina public school
17 other than the public school to which that student has been assigned as
18 provided in G.S. 115C-366 or (ii) a nonpublic school that meets the
19 requirements of Part 1 or Part 2 of Article 39 of this Chapter as
20 identified by the Department of Administration, Division of Nonpublic
21 Education, is deemed eligible by the Division, and is not subject to
22 G.S. 115C-562.5, shall pay tuition directly to the school. The Authority
23 shall reimburse the parent or guardian no sooner than the midpoint of
24 each semester. A parent or guardian may receive reimbursement for
25 tuition if the parent or guardian provides documentation that the student
26 was enrolled in a school under this sub-subdivision.

27 (2) Scholarship reimbursements for costs. – Scholarship reimbursement for costs
28 incurred shall be provided as follows:

29 a. Preapproval process. – Prior to the start of each school semester, the
30 parent of an eligible student may submit documentation of the special
31 education, related services, or educational technology the parent
32 anticipates incurring costs on in that semester for preapproval by the
33 Authority.

34 b. Reimbursement submissions. – Following the conclusion of each school
35 semester, the parent of an eligible student shall submit to the Authority
36 any receipts or other documentation approved by the Authority to
37 demonstrate the costs incurred during the semester. In addition, parents
38 shall provide documentation of the following to seek reimbursement:

39 1. Special education reimbursement. – Parents may only receive
40 reimbursement for special education if the parent provides
41 documentation that the student received special education for no
42 less than 75 days of the semester for which the parent seeks
43 reimbursement. Special education reimbursement shall not be
44 provided for special education instruction provided to a home
45 schooled student by a member of the household of a home
46 school, as defined in G.S. 115C-563(a).

47 2. Related services reimbursement. – Parents may only receive
48 reimbursement for related services if the parent provides
49 documentation that the student also received special education
50 for no less than 75 days of the semester for which the parent
51 seeks reimbursement for the related services. Related services

- 1 reimbursement shall not be provided for related services
 2 provided to a home schooled student by a member of the
 3 household of a home school, as defined in G.S. 115C-563(a).
 4 3. Educational technology reimbursement. – Parents may only
 5 receive reimbursement for educational technology if the parent
 6 provides documentation that the student used the educational
 7 technology for no less than 75 days of the semester for which the
 8 parent seeks reimbursement.
 9 c. Scholarship award. – The Authority shall award a scholarship in the
 10 amount of costs demonstrated by the parent up to the maximum amount.
 11 If the costs incurred by the parent do not meet the maximum
 12 ~~amount,~~amount for the fall semester, the Authority shall use the
 13 remainder of those funds for the award of scholarships to eligible
 14 students for the following ~~semester.~~spring semester. The Authority shall
 15 award scholarships to the parents of eligible students at least
 16 semiannually.
 17 d. Carryforward of funds for reimbursements. – Any unexpended
 18 scholarship funds at the end of each fiscal year shall revert to the
 19 General Fund, except that the Authority may carry forward for the next
 20 fiscal year an amount necessary to ensure that any outstanding,
 21 allowable reimbursements can be disbursed in accordance with this
 22 section. Any funds carried forward for the purpose of meeting
 23 anticipated reimbursement obligations from the prior fiscal year that are
 24 not expended shall not be used to award additional scholarships to
 25 eligible students but shall revert to the General Fund at the end of the
 26 that fiscal year.
 27 (c) Student Continuing Eligibility. – After an eligible student's initial receipt of a
 28 scholarship, the Authority shall ensure that the student's continuing eligibility is assessed at least
 29 every three years by one of the following:
 30 (1) The local educational agency. – The local school educational agency shall
 31 assess if the child continues to be a child with a disability and verify the
 32 outcome on a form to be provided to the Authority.
 33 (2) A licensed psychologist with a school psychology ~~focus.~~focus or a psychiatrist.
 34 – The psychologist or psychiatrist shall assess, after review of appropriate
 35 medical and educational records, if the education and related services received
 36 by the student in the nonpublic school setting have improved the child's
 37 educational performance and if the student would continue to benefit from
 38 placement in the nonpublic school setting. The psychologist or psychiatrist shall
 39 verify the outcome of the assessment on a form to be provided to the Authority.
 40"
 41 **SECTION 11A.2.(c)** G.S. 115C-112.8(b) reads as rewritten:
 42 "(b) The annual report shall include all of the following information:
 43 (1) Total number, age, and grade level of eligible students receiving scholarships.
 44 (2) Total amount of scholarship funding awarded.
 45 (3) Nonpublic schools in which scholarship recipients are enrolled and the number
 46 of scholarship students at that school.
 47 (4) The type of special education or related services for which scholarships were
 48 awarded.
 49 (5) Total number of applicants by eligibility type, as listed in G.S. 115C-112.5(2)f.,
 50 and the total number of scholarships awarded by priority type, as listed in
 51 G.S. 115C-112.6(a2)."

1 **SECTION 11A.2.(d)** Notwithstanding G.S. 115C-112.5(2)f.1., for the 2016-2017
2 school year only, a child shall be deemed to have met the eligibility requirement of enrollment in a
3 North Carolina public school during the previous semester under G.S. 115C-112.5(2)f.1. if (i) the
4 child's parent or guardian submitted an application and was eligible to receive a scholarship grant
5 under Part 1H of Article 9 of Chapter 115C of the General Statutes for the 2015-2016 school year
6 and was enrolled in a public school for at least 75 days during the spring semester of the
7 2014-2015 school year or (ii) the child was enrolled for at least 75 days during the spring semester
8 of the 2015-2016 school year.

9 **SECTION 11A.2.(e)** Except as otherwise provided in this section, this section applies
10 beginning with the 2016-2017 school year.

11 **MODIFICATIONS TO THE OPPORTUNITY SCHOLARSHIP PROGRAM**

12 **SECTION 11A.3.(a)** G.S. 115C-562.1(3) reads as rewritten:

13 "(3) Eligible students. – A student residing in North Carolina who has not yet
14 received a high school diploma and who meets all of the following
15 requirements:

16 a. Meets one of the following criteria:

- 17 1. Was a full-time student (i) assigned to and attending a public
18 school pursuant to G.S. 115C-366 or (ii) enrolled in a
19 Department of Defense Elementary and Secondary School,
20 established pursuant to 10 U.S.C. § 2164 and located in North
21 Carolina, during the previous semester.
- 22 2. Received a scholarship grant during the previous school year.
- 23 3. Is entering either kindergarten or the first grade.
- 24 4. Is a child in foster care as defined in G.S. 131D-10.2(9).
- 25 5. Is a child whose adoption decree was entered not more than one
26 year prior to submission of the scholarship grant application.
- 27 6. Is a child whose parent or legal guardian is on full-time duty
28 status in the active uniformed service of the United States,
29 including members of the National Guard and Reserve on active
30 duty orders pursuant to 10 U.S.C. § 12301, et seq., and 10
31 U.S.C. § 12401, et seq.

32 a1. Has not enrolled in a postsecondary institution in a matriculated status
33 eligible for enrollment for 12 hours of academic credit.

34 b. Resides in a household with an income level not in excess of one
35 hundred thirty-three percent (133%) of the amount required for the
36 student to qualify for the federal free or reduced-price lunch program."
37

38 **SECTION 11A.3.(b)** G.S. 115C-562.2(a)(2) reads as rewritten:

39 "(2) After scholarship grants have been awarded to prior recipients as provided in
40 subdivision (1) of this subsection, scholarships shall be awarded with remaining
41 funds as follows:

- 42 a. At least fifty percent (50%) of the remaining funds shall be used to
43 award scholarship grants to eligible students residing in households with
44 an income level not in excess of the amount required for the student to
45 qualify for the federal free or reduced-price lunch program.
- 46 b. No more than ~~thirty five percent (35%)~~ forty percent (40%) of the
47 remaining funds shall be used to award scholarship grants to eligible
48 students entering either kindergarten or first grade.
- 49 c. Any remaining funds shall be used to award scholarship grants to all
50 other eligible students."

51 **SECTION 11A.3.(c)** This section applies beginning with the 2016-2017 school year.

TRANSFORMING PRINCIPAL PREPARATION/CLARIFY RFP GRANTS

SECTION 11A.4. Subsection 11.9(f) of S.L. 2015-241 reads as rewritten:

"SECTION 11.9.(f) Application Requirements. – The nonprofit corporation entering into a contract with the Authority under subsection (d) of this section shall issue an initial RFP with guidelines and criteria for the grants no later than March 1, 2016. The nonprofit corporation may issue additional RFPs for grant applicants as it may deem necessary, subject to available funds. An eligible entity that seeks a grant under the program authorized by this section shall submit to the nonprofit corporation an application at such time, in such manner, and accompanied by such information as the nonprofit may require. An applicant shall include at least the following information in its response to the RFP for consideration by the nonprofit corporation:

- (1) The extent to which the entity has a demonstrated record of preparing school leaders who implement school leadership practices linked to increased student achievement.
- (2) The extent to which the entity has a rigorous school leader preparation program design that includes the following research-based programmatic elements:
 - a. A proactive, aggressive, and intentional recruitment strategy.
 - b. Rigorous selection criteria based on competencies that are predictive of success as a school leader, including, but not limited to, evidence of significant positive effect on student learning growth in the classroom, at the school-level, and the local school administrative unit-level, professional recommendations, evidence of problem solving and critical thinking skills, achievement drive, and leadership of adults.
 - c. Alignment to high-quality national standards for school leadership development.
 - d. Rigorous coursework that effectively links theory with practice through the use of field experiences and problem-based learning.
 - e. Full-time clinical practice of at least five months in duration in an authentic setting, including substantial leadership responsibilities where candidates are evaluated on leadership skills and effect on student outcomes as part of program completion.
 - f. Multiple opportunities for school leader candidates to be observed and coached by program faculty and staff.
 - g. Clear expectations for and firm commitment from school leaders who will oversee the clinical practice of candidates.
 - h. Evaluation of school leader candidates during and at the end of the clinical practice based on the North Carolina School Executive Evaluation Rubric.
 - i. A process for continuous review and program improvement based on feedback from partnering local school administrative units and data from program completers, including student achievement data.
 - j. Established relationship and feedback loop with affiliated local school administrative units that is used to inform and improve programmatic elements from year to year based on units' needs."

PART XII. DEPARTMENT OF HEALTH AND HUMAN SERVICES**SUBPART XII-A. CENTRAL MANAGEMENT AND SUPPORT****FUNDS FOR NORTH CAROLINA FAMILIES ACCESSING SERVICES THROUGH TECHNOLOGY (NC FAST)**

1 **SECTION 12A.1.** Section 12A.7 of S.L. 2015-241 reads as rewritten:

2 **"SECTION 12A.7.(a)** Funds appropriated in this act in the amount of five million eight
3 hundred three thousand dollars (\$5,803,000) for the 2015-2016 fiscal year and thirteen million
4 fifty-two thousand dollars (\$13,052,000) for the 2016-2017 fiscal year along with prior year
5 earned revenue in the amount of nine million four hundred thousand dollars (\$9,400,000) for the
6 2015-2016 fiscal year and ten million nine hundred eighty-nine thousand seventeen dollars
7 (\$10,989,017) for the 2016-2017 fiscal year; and for each of those fiscal years, the cash balance in
8 Budget Code 24410 Fund 2411 for the North Carolina Families Accessing Services through
9 Technology (NC FAST) project shall be used to match federal funds ~~in the 2015-2016 and~~
10 ~~2016-2017 fiscal years~~ to expedite the development and implementation of Child Care, Low
11 Income Energy Assistance, Crisis Intervention Programs, Child Services, ~~and~~ NC FAST
12 Federally-Facilitated Marketplace (FFM) ~~Interoperability~~ Interoperability, and Additional
13 Medicaid Eligibility Requirements and Enterprise Program Integrity components of the NC FAST
14 program. The Department shall report any changes in approved federal funding or federal match
15 rates within 30 days after the change to the Joint Legislative Oversight Committees on Health and
16 Human Services and Information Technology and the Fiscal Research Division.

17 **"SECTION 12A.7.(b)** Departmental receipts appropriated in this act in the amount of nine
18 million eight hundred seventy-one thousand fifty-nine dollars (\$9,871,059) for the 2015-2016
19 fiscal year and ~~thirteen million two hundred twenty thousand six hundred sixty-five dollars~~
20 ~~(\$13,220,665)~~ twenty-five million eight hundred fifty-eight thousand one hundred eighty-seven
21 dollars (\$25,858,187) for the 2016-2017 fiscal year shall be used to provide ongoing maintenance
22 and operations for the NC FAST system, including the creation of three full-time equivalent
23 technology support analyst positions."
24

25 **ELIMINATION OF NC TRACKS ICD-10 IMPLEMENTATION REPORT**

26 **SECTION 12A.2.** Section 12A.6(b) of S.L. 2015-241 is repealed.
27

28 **FINAL REPORT ON COMMUNITY PARAMEDICINE PILOT PROGRAM**

29 **SECTION 12A.3.** Section 12A.12(e) of S.L. 2015-241 reads as rewritten:

30 **"SECTION 12A.12.(e)** The Department of Health and Human Services shall submit a final
31 report to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal
32 Research Division by ~~November 1, 2016.~~ March 1, 2017. At a minimum, the final report shall
33 include all of the following:

- 34 (1) An updated version of the evaluation plan required by subsection (d) of this
35 section.
- 36 (2) An estimate of the cost to expand the program incrementally and statewide.
- 37 (3) An estimate of any potential savings of State funds associated with expansion
38 of the program.
- 39 (4) If expansion of the program is recommended, a time line for expanding the
40 program."
41

42 **CONTRACTING SPECIALIST TRAINING PROGRAM**

43 **SECTION 12A.4.(a)** The School of Government at the University of North Carolina
44 at Chapel Hill (SOG), in collaboration with the Director of Procurement, Contracts and Grants for
45 the Department of Health and Human Services, shall prepare a proposal for the design of a
46 contracting specialist training program for management level personnel within the Department that
47 is based on both national standards and the Certified Local Government Purchasing Officer
48 Program administered by the SOG. By August 1, 2016, the SOG and the Department shall submit
49 the proposal prepared pursuant to this subsection to the Joint Legislative Oversight Committee on
50 Health and Human Services and the Fiscal Research Division.

1 **SECTION 12A.4.(b)** The SOG, in collaboration with the Director of Procurement,
2 Contracts and Grants for the Department of Health and Human Services, shall prepare a proposal
3 for the implementation and administration of the contracting specialist training program for
4 management level personnel within the Department. The proposal shall include budget estimates
5 for program implementation and administration based on the requirements of the program design.
6 The SOG and the Department shall submit the proposal prepared pursuant to this subsection,
7 including budget estimates for program implementation and administration, to the House
8 Appropriations Committee on Health and Human Services, the Senate Appropriations Committee
9 on Health and Human Services, and the Fiscal Research Division for consideration during the
10 2017 Regular Session.

11 **SECTION 12A.4.(c)** This section is effective when it becomes law.

12
13 **REVISE LIST OF INITIATIVES/COMPETITIVE GRANTS/NONPROFIT**
14 **ORGANIZATIONS**

15 **SECTION 12A.5.** Section 12A.8 of S.L. 2015-241 reads as rewritten:

16 **"SECTION 12A.8.(a)** Of the funds appropriated in this act to the Department of Health and
17 Human Services, Division of Central Management and Support, the sum of ten million six
18 hundred fifty-three thousand nine hundred eleven dollars (\$10,653,911) for ~~each year of the~~
19 ~~2015-2017 fiscal biennium~~the 2015-2016 fiscal year, the sum of five million three hundred fifteen
20 thousand one hundred eighteen dollars (\$5,315,118) for the 2016-2017 fiscal year, and the sum of
21 three million eight hundred fifty-two thousand five hundred dollars (\$3,852,500) appropriated in
22 Section 12I.1 of this act in Social Services Block Grant funds for each year of the 2015-2017
23 fiscal biennium shall be used to allocate funds for nonprofit organizations.

24 **"SECTION 12A.8.(b)** The Department shall continue administering a competitive grants
25 process for nonprofit funding. The Department shall administer a plan that, at a minimum,
26 includes each of the following:

27 ...

- 28 (4) A process that awards grants to nonprofits that have the capacity to provide
29 services on a statewide basis and that support any of the following State health
30 and wellness initiatives:
- 31 a. A program targeting advocacy, support, education, or residential
32 services for persons diagnosed with autism.
 - 33 b. A system of residential supports for those afflicted with substance abuse
34 addiction.
 - 35 c. A program of advocacy and supports for individuals with intellectual
36 and developmental disabilities or severe and persistent mental illness,
37 substance abusers, or the elderly.
 - 38 d. Supports and services to children and adults with developmental
39 disabilities or mental health diagnoses.
 - 40 ~~e. A food distribution system for needy individuals.~~
 - 41 f. The provision and coordination of services for the homeless.
 - 42 g. The provision of services for individuals aging out of foster care.
 - 43 h. Programs promoting wellness, physical activity, and health education
44 programming for North Carolinians.
 - 45 ~~i. The provision of services and screening for blindness.~~
 - 46 j. A provision for the delivery of after-school services for apprenticeships
47 or mentoring at-risk youth.
 - 48 k. The provision of direct services for amyotrophic lateral sclerosis (ALS)
49 and those diagnosed with the disease.

- 1 l. A comprehensive smoking prevention and cessation program that
 2 screens and treats tobacco use in pregnant women and postpartum
 3 mothers.
 4 m. A program providing short-term ~~or long-term~~ residential substance
 5 abuse services. ~~For purposes of this sub-subdivision, "long term" means~~
 6 ~~a minimum of 12 months."~~

7 ...

8 **"SECTION 12A.8.(e)** ~~For the 2015-2017 fiscal biennium only, from~~From the funds identified
 9 in subsection (a) of this section, the Department shall make allocations as follows:

- 10 (1) ~~The~~For the 2015-2017 fiscal biennium only, the sum of two million four
 11 hundred twenty-seven thousand nine hundred seventy-five dollars (\$2,427,975)
 12 in each year of the 2015-2017 fiscal biennium to provide grants to Boys and
 13 Girls Clubs across the State to implement (i) programs that improve the
 14 motivation, performance, and self-esteem of youth and (ii) other initiatives that
 15 would be expected to reduce gang participation, school dropout, and teen
 16 pregnancy rates. Boys and Girls Clubs shall be required to seek future funding
 17 through the competitive grants process in accordance with subsection (b) of this
 18 section.
 19 (2) ~~The~~For the 2015-2016 fiscal year only, the sum of one million six hundred
 20 twenty-five thousand dollars (\$1,625,000) ~~in each year of the 2015-2017 fiscal~~
 21 ~~biennium~~ to Triangle Residential Options for Substance Abusers, Inc.,
 22 (TROSAs) for the purpose of assisting individuals with substance abuse
 23 addiction. ~~TROSA shall be required to seek future funding through the~~
 24 ~~competitive grants process in accordance with subsection (b) of this section."~~

25 **REPORTS BY NON-STATE ENTITIES RECEIVING DIRECT APPROPRIATIONS**

26 **SECTION 12A.6.(a)** The Department of Health and Human Services shall require the
 27 following non-State entities to match ten percent (10%) of the total amount of State appropriations
 28 received each fiscal year. In addition, the Department shall direct these entities to submit a written
 29 report annually, beginning November 1, 2017, of all activities funded by State appropriations to
 30 the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research
 31 Division:
 32

- 33 (1) Food Bank of Central and Eastern North Carolina, Inc.
 34 (2) Food Bank of the Albemarle.
 35 (3) Manna Food Bank.
 36 (4) Second Harvest Food Bank of Metrolina, Inc.
 37 (5) Second Harvest Food Bank of Northwest North Carolina, Inc.
 38 (6) Second Harvest Food Bank of Southeast North Carolina.
 39 (7) North Carolina Association of Feeding America Food Banks.
 40 (8) Prevent Blindness NC.
 41 (9) ARC of North Carolina.
 42 (10) Triangle Residential Options for Substance Abusers, Inc. (TROSA).

43 **SECTION 12A.6.(b)** The report required by subsection (a) of this section shall
 44 include the following information about the fiscal year preceding the year in which the report is
 45 due:

- 46 (1) The entity's mission, purpose, and governance structure.
 47 (2) A description of the types of programs, services, and activities funded by State
 48 appropriations.
 49 (3) Statistical and demographical information on the number of persons served by
 50 these programs, services, and activities, including the counties in which
 51 services are provided.

- 1 (4) Outcome measures that demonstrate the impact and effectiveness of the
- 2 programs, services, and activities.
- 3 (5) A detailed program budget and list of expenditures, including all positions
- 4 funded and funding sources.
- 5 (6) The source and amount of any matching funds received by the entity.
- 6

7 FUNDS FOR CONTINUED DEVELOPMENT OF HEALTH ANALYTICS PILOT 8 PROGRAM

9 SECTION 12A.7. Section 12A.17 of S.L. 2015-241 reads as rewritten:

10 "SECTION 12A.17.(a) Of the funds appropriated in this act to the Department of Health and
11 Human Services, Division of Central Management and Support, the sum of seven hundred fifty
12 thousand dollars (\$750,000) in nonrecurring funds for the 2015-2016 fiscal ~~year and year~~; the sum
13 of two hundred fifty thousand dollars (\$250,000) in recurring funds for each year of the
14 2015-2016 fiscal year2015-2017 fiscal biennium; and the sum of one million two hundred fifty
15 thousand dollars (\$1,250,000) in nonrecurring funds for the 2016-2017 fiscal year shall be used
16 for the ~~development and implementation~~ phased development, implementation, and operation of a
17 pilot program for Medicaid claims analytics and population health management.

18 "SECTION 12A.17.(b) The Department shall coordinate with the Government Data
19 Analytics Center (GDAC) to develop the pilot program and to provide access to needed data
20 sources, including Medicaid claims data, Medicaid beneficiary files, and local management
21 entity/managed care organization (LME/MCO) encounter data for the pilot program. The pilot
22 program shall utilize the subject matter expertise and technology available through existing
23 GDAC public-private partnerships in order to apply analytics in a manner that would maximize
24 health care savings and efficiencies to the State and optimize positive impacts on health outcomes.

25 "SECTION 12A.17.(b1) During the 2016-2017 fiscal year, the scope of the pilot program
26 shall be expanded to include all of the following:

- 27 (1) The integration of new data sources, such as patient level Healthcare
28 Effectiveness Data and Information Set (HEDIS) quality measures, as
29 prioritized by the Department and GDAC.
- 30 (2) Customized reporting and analytics capabilities.
- 31 (3) A tool to construct and analyze claims as clinical episodes of care in order to
32 assist North Carolina in its transition to capitated managed care and value-based
33 purchasing arrangements.
- 34 (4) Operationalization of the pilot program, including an ongoing feed of the data
35 sources described in subsection (b) of this section and any other data sources
36 mutually agreed upon by the Department and GDAC.

37 "SECTION 12A.17.(c) By November 30, 2015, the Department shall execute all contractual
38 agreements and interagency data-sharing agreements necessary for development and
39 implementation of the pilot program authorized by this section.

40 "SECTION 12A.17.(d) The Department and GDAC shall make the following reports on the
41 pilot program authorized by this section:

- 42 (1) By January 15, 2016, the Department and GDAC shall provide a progress
43 report on the pilot program authorized by this section to the Senate
44 Appropriations Committee on Health and Human Services, the House of
45 Representatives Appropriations Committee on Health and Human Services, and
46 the Fiscal Research Division.
- 47 (2) By May 31, 2016, the Department and GDAC shall make ~~a final~~ an interim
48 report of their findings and recommendations on the pilot program authorized
49 by this section to the Joint Legislative Oversight Committee on Health and
50 Human Services, the Joint Legislative Oversight Committee on Information
51 Technology, and the Fiscal Research Division.

1 (3) By May 31, 2017, the Department and GDAC shall make a final report of their
2 findings and recommendations on the pilot program authorized by this section
3 to the Joint Legislative Oversight Committee on Health and Human Services,
4 the Joint Legislative Oversight Committee on Information Technology, and the
5 Fiscal Research Division."
6

7 **SUBPART XII-B. DIVISION OF CHILD DEVELOPMENT AND EARLY EDUCATION**

8 **NC PRE-K/CLARIFY BUILDING STANDARDS**

9 **SECTION 12B.1.(a)** Section 12B.1 of S.L. 2015-241 is amended by adding a new
10 subsection to read:

11 **"SECTION 12B.1.(b1)** Building Standards. – Notwithstanding G.S. 110-91, private child
12 care facilities and public schools operating prekindergarten classrooms shall meet the building
13 standards for preschool students as provided in G.S. 115C-521.1."
14

15 **SECTION 12B.1.(b)** Section 12B.1(c) of S.L. 2015-241 reads as rewritten:

16 **"SECTION 12B.1.(c)** Programmatic Standards. – All Except as provided in subsection (b1)
17 of this section, entities operating prekindergarten classrooms shall adhere to all of the policies
18 prescribed by the Division of Child Development and Early Education regarding programmatic
19 standards and classroom requirements."
20

21 **STUDY CHILD CARE SUBSIDY RATE SETTING**

22 **SECTION 12B.2.** The Department of Health and Human Services, Division of Child
23 Development and Early Education, shall study how rates are set for child care subsidy. In
24 conducting the study, the Division shall, at a minimum, review market rate studies and other
25 methodologies for establishing rates, including any cost estimation models, along with the pros
26 and cons of each method reviewed. The Division shall report to the House Appropriations
27 Committee on Health and Human Services, the Senate Appropriations Committee on Health and
28 Human Services, and the Fiscal Research Division by March 1, 2017, on any recommendations,
29 including the suggested methodology to be used for setting rates, as well as time frames for
30 implementing the methodology.
31

32 **ADDITIONAL CHILD CARE SUBSIDY MARKET RATE INCREASES/CERTAIN AGE** 33 **GROUPS AND COUNTIES**

34 **SECTION 12B.3.** Section 12B.2A of S.L. 2015-241 reads as rewritten:

35 **"SECTION 12B.2A.(a)** Beginning January 1, 2016, the Department of Health and Human
36 Services, Division of Child Development and Early Education, shall increase the child care
37 subsidy market rates to the rates recommended by the 2015 Child Care Market Rate Study from
38 birth through two years of age in three-, four-, and five-star-rated child care centers and homes in
39 tier one and tier two counties. For purposes of this section, tier one and tier two counties shall
40 have the same designations as those established by the N.C. Department of Commerce's 2015
41 County Tier Designations.

42 **"SECTION 12B.2A.(b)** Beginning October 1, 2016, the Division shall increase the child care
43 subsidy market rates to the rates recommended by the 2015 Child Care Market Rate Study from
44 age three through five years in three-, four-, and five-star-rated child care centers and homes in tier
45 one and tier two counties."
46

47 **MAINTAIN SMART START MATCH REQUIREMENTS AT FY2015-16 LEVEL**

48 **SECTION 12B.4.** Section 12B.7(d) of S.L. 2015-241 reads as rewritten:

49 **"SECTION 12B.7.(d)** Match Requirements. – The North Carolina Partnership for Children,
50 Inc., and all local partnerships shall, in the aggregate, be required to match one hundred percent
51 (100%) of the total amount budgeted for the program in each fiscal year of the 2015-2017

1 biennium. Of the funds the North Carolina Partnership for Children, Inc., and the local
2 partnerships are required to match, contributions of cash shall be equal to at least twelve percent
3 (12%) and in-kind donated resources shall be equal to no more than five percent (5%) for a total
4 match requirement of seventeen percent (17%) for ~~the 2015-2016 fiscal year; and contributions of~~
5 ~~cash shall be equal to at least thirteen percent (13%) and in-kind donated resources shall be equal~~
6 ~~to no more than six percent (6%) for a total match requirement of nineteen percent (19%) for the~~
7 2016-2017 fiscal year each year of the 2015-2017 fiscal biennium. The North Carolina Partnership
8 for Children, Inc., may carry forward any amount in excess of the required match for a fiscal year
9 in order to meet the match requirement of the succeeding fiscal year. Only in-kind contributions
10 that are quantifiable shall be applied to the in-kind match requirement. Volunteer services may be
11 treated as an in-kind contribution for the purpose of the match requirement of this subsection.
12 Volunteer services that qualify as professional services shall be valued at the fair market value of
13 those services. All other volunteer service hours shall be valued at the statewide average wage rate
14 as calculated from data compiled by the Division of Employment Security of the Department of
15 Commerce in the Employment and Wages in North Carolina Annual Report for the most recent
16 period for which data are available. Expenses, including both those paid by cash and in-kind
17 contributions, incurred by other participating non-State entities contracting with the North
18 Carolina Partnership for Children, Inc., or the local partnerships, also may be considered resources
19 available to meet the required private match. In order to qualify to meet the required private
20 match, the expenses shall:

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

35 Failure to obtain a seventeen-percent (17%) match by June 30 of ~~the 2015-2016 fiscal year and~~
36 ~~a nineteen percent (19%) match by June 30 of the 2016-2017 fiscal year~~ each year of the 2015-
37 2017 fiscal biennium shall result in a dollar-for-dollar reduction in the appropriation for the
38 Program for a subsequent fiscal year. The North Carolina Partnership for Children, Inc., shall be
39 responsible for compiling information on the private cash and in-kind contributions into a report
40 that is submitted to the Joint Legislative Oversight Committee on Health and Human Services in a
41 format that allows verification by the Department of Revenue. The same match requirements shall
42 apply to any expansion funds appropriated by the General Assembly."
43

44 **SUBPART XII-C. DIVISION OF SOCIAL SERVICES**

45 **CHILD WELFARE SYSTEM CHANGES**

46 **SECTION 12C.1.(a)** Federal Improvement Plan Implementation. – The Department
47 of Health and Human Services, Division of Social Services, shall implement the requirements of
48 the federal Program Improvement Plan to bring our State into compliance with national standards
49 for child welfare policy and practices. The Division shall collaborate with county departments of
50 social services to develop a model of oversight that supports program outcomes and a county's
51

1 ability to meet performance standards as outlined in the Program Improvement Plan. Oversight
2 may include support for continuous quality improvement, staff training, and data analysis. During
3 the first two years of implementing the Program Improvement Plan, the Division shall ensure the
4 three new positions funded by this act are used to carry out the activities detailed in the Plan. Upon
5 complete implementation of the Plan, these positions shall be used in child welfare services to
6 continually improve outcomes for children and families.

7 The Division shall report on the implementation and outcomes of the Program
8 Improvement Plan to the Joint Legislative Oversight Committee on Health and Human Services.
9 The report shall be submitted semiannually on February 1 and August 1 of each year, with the first
10 report submitted on August 1, 2016, and the final report on February 1, 2019.

11 **SECTION 12C.1.(b)** Statewide Strategic Plan. – The Division of Social Services shall
12 develop a statewide strategic plan for Child Protective Services that complements the required
13 federal Program Improvement Plan. The statewide strategic plan shall, at a minimum, address the
14 findings of the North Carolina Statewide Child Protective Services Evaluation, which was
15 conducted as required by Section 12C.1(f) of S.L. 2014-100, in the areas of county performance,
16 caseload sizes, administrative structure, adequacy of funding, social worker turnover, and
17 monitoring and oversight. The plan shall also address measures for ensuring that Native American
18 children in this State are served in a culturally appropriate manner, including in placements for
19 adoption and foster care. The Division shall submit the plan to the Joint Legislative Oversight
20 Committee on Health and Human Services by December 1, 2016, for consideration by the 2017
21 General Assembly.

22 **SECTION 12C.1.(c)** Child Welfare/NC FAST. – The Department of Health and
23 Human Services, Division of Social Services, shall continue toward completion of the child
24 welfare component of the North Carolina Families Accessing Services Through Technology (NC
25 FAST) system to (i) bring the State into compliance with the Statewide Information System
26 systematic factor of the Child and Family Services Review (CFSR) and (ii) ensure that data
27 quality meets federal standards and adequate information is collected and available to counties to
28 assist in tracking children and outcomes across counties.

29 The Department of Health and Human Services, Division of Social Services, shall
30 report on the development, implementation, and outcomes of the child welfare component of the
31 NC FAST system to the Joint Legislative Oversight Committee on Health and Human Services
32 quarterly beginning October 1, 2016, and ending with a final report on October 1, 2018. The
33 report shall include, at a minimum, each of the following:

- 34 (1) The current time line for development and implementation of the child welfare
35 component to NC FAST.
- 36 (2) Any adjustments and justifications for adjustments to the time line.
- 37 (3) Progress on the development and implementation of the system.
- 38 (4) Address any identified issues in developing or implementing the child welfare
39 component to NC FAST and solutions to address those issues.
- 40 (5) The level of county participation and involvement in each phase of the project.
- 41 (6) Any budget and expenditure reports, including overall project budget and
42 expenditures, and current fiscal year budget and expenditures.

43 44 **REVISE REPORT DATE/EBCI ASSUMPTION OF SERVICES**

45 **SECTION 12C.2.** Section 12C.10 of S.L. 2015-241 reads as rewritten:

46 "...

47 **"SECTION 12C.10.(d)** Approval for the Eastern Band of Cherokee Indians to administer the
48 eligibility process for Medicaid and NC Health Choice is contingent upon federal approval of
49 State Plan amendments and Medicaid waivers by the Centers for Medicare & Medicaid Services
50 (CMS). The Department of Health and Human Services, Division of Medical Assistance (DMA),
51 shall submit any State Plan amendments and Medicaid waivers necessary for the delegation of

1 authority and administrative transfer of function to the Eastern Band of Cherokee Indians or to
2 effectuate the changes required by this section and Section 12C.3 of S.L. 2014-100. All State Plan
3 amendments and Medicaid waivers submitted as allowed under this subsection shall have an
4 effective date of ~~October 1, 2016~~, April 1, 2017. DMA shall submit the State Plan amendments and
5 waivers allowed under this subsection and any related responses to CMS requests for additional
6 information to the Eastern Band of Cherokee Indians for review prior to submission to CMS. If
7 CMS does not approve the State Plan amendments and Medicaid waivers allowed by this
8 subsection, the counties shall continue serving individuals living on the federal lands held in trust
9 by the United States.

10 ~~"SECTION 12C.10.(e) Within 30 days of CMS approval of the State Plan amendments and~~
11 ~~Medicaid waivers submitted as allowed under subsection (d) of this section, the~~The Department of
12 Health and Human Services shall submit an Advanced Planning Document Update (APDU) to
13 CMS, the United States Department of Agriculture (USDA), and the Administration for Children
14 and Families (ACF). If CMS, USDA, and ACF do not approve the APDU, the counties shall
15 continue serving individuals living on the federal lands held in trust by the United States.

16 "SECTION 12C.10.(e1) Section 12C.3(b) of S.L. 2014-100 reads as rewritten:

17 "SECTION 12C.3.(b) Beginning October 1, 2014, or upon federal approval, the Eastern
18 Band of Cherokee Indians may begin assuming the responsibility for the Supplemental Nutrition
19 Assistance Program (SNAP). When the Eastern Band of Cherokee Indians assumes responsibility
20 for SNAP, then any State statutes, portions of statutes, or rules relating to the provision of social
21 services regarding SNAP services by a county department of social services for members of the
22 Eastern Band of Cherokee Indians shall no longer apply to the Tribe, and the functions,
23 administration, and funding requirements relating to those social services are thereby delegated to
24 the Eastern Band of Cherokee Indians.

25 No later than ~~October 1, 2016~~, April 1, 2017, and with the exception of services related to
26 special assistance, childcare, and adult care homes, the Eastern Band of Cherokee Indians may
27 assume responsibility for other programs as described under G.S. 108A-25(e), enacted in
28 subsection (c) of this section. When the Eastern Band of Cherokee Indians assumes responsibility
29 for any of those other programs, then any State statutes, portions of statutes, or rules relating to the
30 provision of services for those programs by a county department of social services for members of
31 the Eastern Band of Cherokee Indians shall no longer apply to the Tribe, and the functions,
32 administration, and funding requirements relating to those programs are thereby delegated to the
33 Eastern Band of Cherokee Indians.

34 ...

35 "SECTION 12C.10.(f1) The Department, in collaboration with the Eastern Band of Cherokee
36 Indians, shall draft a project plan to meet the ~~October 1, 2016~~, April 1, 2017, effective date
37 required by subsection (d) of this section. The Department shall report on the project plan to the
38 Joint Legislative Oversight Committee on Health and Human Services on or before January 1,
39 2016."

40 41 **PILOT PROGRAM/INCREASE ACCESS TO PUBLIC BENEFITS FOR OLDER DUAL** 42 **ELIGIBLE SENIORS**

43 **SECTION 12C.3.(a)** The Department of Health and Human Services, Division of
44 Social Services (Division), shall establish an evidence-based pilot program to increase access to
45 public benefits for seniors aged 65 and older who are dually enrolled in Medicare and Medicaid to
46 (i) improve the health and independence of seniors and (ii) reduce health care costs. On or before
47 January 1, 2017, the Division may partner with a not-for-profit firm for the purposes of engaging
48 in a data-driven campaign to help seniors aged 65 and older who are dually enrolled in Medicare
49 and Medicaid meet their basic social needs. The not-for-profit firm shall have demonstrated
50 experience in assisting with these types of services and the partnership shall accomplish each of
51 the following:

- 1 (1) Identify through data sharing, dual eligible seniors aged 65 and older who
2 qualify for the Supplemental Nutrition and Assistance Program (SNAP) but are
3 not currently enrolled.
- 4 (2) Conduct an outreach program towards those seniors for the purpose of enrolling
5 them into SNAP.
- 6 (3) Provide comprehensive application assistance through outreach specialists to
7 complete public benefits application processes.
- 8 (4) Evaluate project effectiveness and explore how data can be utilized to achieve
9 optimal outcomes.
- 10 (5) Make recommendations regarding policy options available to the State to
11 streamline access to benefits.

12 **SECTION 12C.3.(b)** The Division of Social Services shall report to the Office of the
13 Governor and the Joint Legislative Oversight Committee on Health and Human Services on its
14 progress in the pilot program by February 1 following each year the pilot program is in place. The
15 report shall, at a minimum, include the following:

- 16 (1) The number of seniors age 65 and older who are dual eligibles but are not
17 enrolled in SNAP.
- 18 (2) The number of those identified that would be included in the sample
19 population.
- 20 (3) Methods of outreach toward those seniors in the sample population.
- 21 (4) Number of to date enrollments in SNAP as a direct result of outreach during the
22 pilot program.
- 23 (5) Participation rate to date in SNAP of those seniors in the sample population.
- 24 (6) Any other findings the Division deems relevant.

25 **SECTION 12C.3.(c)** If funding and capacity exist, the Division of Social Services
26 may expand the pilot program to include other public benefits programs.

27 28 **FUNDING FOR CHILD WELFARE GRANT PROGRAM FOR STATE-RECOGNIZED** 29 **TRIBES**

30 **SECTION 12C.4.** Notwithstanding any other provision of this act, the nonrecurring
31 funds appropriated in this act to the Department of Health and Human Services, Division of Social
32 Services, for the 2016-2017 fiscal year for the Child Welfare Program Improvement Plan (Fund
33 Code 1331), shall be reduced by the sum of sixty-thousand dollars (\$60,000); and the sum of
34 sixty-thousand dollars in non-recurring funds shall be allocated to the Division of Social Services
35 for the 2016-2017 fiscal year for the establishment of a grant program for which North Carolina
36 State-recognized tribes may apply to assist the Division of Social Services in (i) recruiting foster
37 parents and increasing the number of foster homes for children who are members of a North
38 Carolina State-recognized tribe and (ii) providing training for staff of county departments of social
39 services to ensure culturally appropriate services for children who are members of a North
40 Carolina State-recognized tribe.

41 42 **SUBPART XII-D. DIVISION OF AGING AND ADULT SERVICES**

43 44 **STATE-COUNTY SPECIAL ASSISTANCE RATE CHANGE**

45 **SECTION 12D.1.** Section 12D.1 of S.L. 2015-241 reads as rewritten:

46 "SECTION 12D.1.(a) For each year of the 2015-2017 fiscal biennium, the From July 1,
47 2015, through September 30, 2016, the maximum monthly rate for residents in adult care home
48 facilities shall be one thousand one hundred eighty-two dollars (\$1,182) per month per resident.
49 Beginning October 1, 2016, through the remainder of the 2016-2017 fiscal year, the maximum
50 monthly rate for residents in adult care home facilities shall be one thousand two hundred sixteen
51 dollars (\$1,216) per month per resident.

1 "SECTION 12D.1.(b) For each year of the 2015-2017 fiscal biennium, the maximum
2 monthly rate for residents in Alzheimer's/Dementia special care units shall be one thousand five
3 hundred fifteen dollars (\$1,515) per month per resident."
4

5 **SUBPART XII-E. DIVISION OF PUBLIC HEALTH**

6 7 **USE OF AIDS DRUG ASSISTANCE PROGRAM (ADAP) FUNDS TO PURCHASE** 8 **HEALTH INSURANCE**

9 **SECTION 12E.1.(a)** The Department of Health and Human Services, Division of
10 Public Health, shall create within the North Carolina AIDS Drug Assistance Program (ADAP) a
11 health insurance premium assistance program that utilizes federal funds from Part B of the Ryan
12 White HIV/AIDS Program and ADAP funds to provide eligible beneficiaries with premium and
13 cost-sharing assistance for the purchase or maintenance of private health insurance coverage,
14 including premiums, co-payments, and deductibles. In creating this program, the Department shall
15 ensure full compliance with federal Health Resource and Services Administration (HRSA)
16 guidance, including the methodology used to do all of the following:

- 17 (1) Assess and compare the cost of providing prescription drugs to eligible
18 beneficiaries through the health insurance premium assistance program created
19 pursuant to this section versus the existing ADAP program.
- 20 (2) Ensure that insurance premium assistance program funds are used solely to pay
21 for premium and cost-sharing assistance for the purchase or maintenance of
22 private health insurance coverage that provides, at a minimum, prescription
23 coverage equivalent to the formulary available under Part B of the Ryan White
24 HIV/AIDS Program.
- 25 (3) Limit the total annual amount of funds expended for the health insurance
26 premium assistance program authorized by this section to no more than the total
27 annual cost of maintaining the same individuals on the existing ADAP
28 Program.

29 **SECTION 12E.1.(b)** By March 1, 2017, the Department shall submit a report to the
30 House Appropriations Committee on Health and Human Services, the Senate Appropriations
31 Committee on Health and Human Services, and the Fiscal Research Division on the operation of
32 the program authorized by subsection (a) of this section, including any obstacles to
33 implementation.
34

35 **HEALTHY OUT-OF-SCHOOL TIME (HOST) RECOGNITION PROGRAM**

36 **SECTION 12E.2.(a)** Program Established.—There is created the "Healthy
37 Out-of-School Time (HOST) Recognition Program" to be administered by the Department of
38 Health and Human Services, Division of Public Health, in collaboration with the North Carolina
39 Center for Afterschool Programs based in the Public School Forum.

40 **SECTION 12E.2.(b)** Definitions. — The following definitions shall apply in this
41 section:

- 42 (1) Department. — The Department of Health and Human Services, Division of
43 Public Health.
- 44 (2) HEPA Standards. — The National Institute on Out-of-School Time Healthy
45 Eating and Physical Activity Standards.
- 46 (3) Out-of-school time program. — Any nonlicensed program provided to children
47 and youth ages 17 and under that is currently exempt from G.S. 110-91 or any
48 other qualified out-of-school time programs that serve school-age children
49 outside of regular school hours, including before school and on weekends.
- 50 (4) Program attendee. — A person enrolled in an exempt out-of-school time
51 program.

1 (5) Screen time. – Time spent viewing or working on television, videos, computers,
2 or handheld devices, with or without Internet access.

3 **SECTION 12E.2.(c)** Program Development. – The Department shall develop a
4 process, to be administered on its Internet Web site, for an out-of-school time program to be
5 recognized as a program that meets the HEPA Standards as outlined in this section. The Web site
6 shall include all resources and links that an out-of-school time program may use to meet the
7 requirements of this section. Programs being recognized shall demonstrate consistency and
8 implementation of HEPA standards.

9 The Department shall develop and implement a process for providing minimal
10 verification of self-assessments submitted by out-of-school time programs applying for
11 recognition, which may include a site visit or other form of review. At a minimum, the
12 Department shall review a random sample of program self-assessments within 30 to 60 days of
13 receipt of the assessments.

14 Periodically, or at least once every five years, the Department shall review, and if
15 necessary, revise and update the program standards to reflect advancements in nutrition science,
16 dietary data, and physical activity standards to ensure consistency with nationally recognized
17 guidelines for out-of-school time programs.

18 **SECTION 12E.2.(d)** Certificate; Program Information. – The Department shall
19 provide a certificate to out-of-school time programs that demonstrate that the program meets
20 HEPA standards. If the out-of-school time program is located on a school site, the out-of-school
21 time program shall communicate with the school regarding nutrition education and physical
22 activity, as appropriate, to provide the program attendees with a complete educational experience.
23 All activities shall also adhere to the local school administrative unit's wellness policy, as
24 appropriate.

25 The Department shall have information about the program available for review by a
26 parent at both the physical location of the out-of-school time program and on the program's
27 Internet Web site, if applicable. The Department shall require that the out-of-school time program
28 maintain in its records a document signed by all parents acknowledging that they are aware of the
29 HOST Recognition Program requirements and policies to institute and reinforce these specific
30 healthy behaviors for all children served in the out-of-school time program.

31 **SECTION 12E.2.(e)** Certificate Renewal. – A certificate issued under this section
32 shall be valid for one calendar year. An out-of-school time program that wishes to create a new
33 certificate for the subsequent year shall, by January 1 of the following year and thereafter, verify
34 with the Department that the out-of-school time program continues to follow the HOST
35 Recognition Program criteria established in accordance with subsection (d) of this section.

36 **SECTION 12E.2.(f)** List of Programs. – The Department shall maintain and update a
37 list of out-of-school time programs that qualify under the provisions of this section and shall post
38 that list on its Internet Web site, including the date of qualification for each program.

39 **SECTION 12E.2.(g)** Availability of Funds. – The provisions of the Healthy
40 Out-of-School Time (HOST) Recognition Program enacted under this section are subject to the
41 availability of funds for that purpose.

42 43 **DISCONTINUATION OF COMMUNITY-FOCUSED ELIMINATING HEALTH** 44 **DISPARITIES INITIATIVE GRANTS AND REPURPOSING OF FUNDS**

45 **SECTION 12E.3.(a)** The Department of Health and Human Services, Division of
46 Public Health, shall not award any new Community-Focused Eliminating Health Disparities
47 Initiative grants under Section 12E.3 of S.L. 2015-241 after June 30, 2016.

48 **SECTION 12E.3.(b)** By September 30, 2016, the Department shall terminate all
49 existing grants awarded pursuant to Section 12E.3 of S.L. 2015-241.

50 **SECTION 12E.3.(c)** Section 12E.3 of S.L. 2015-241 is repealed effective October 1,
51 2016.

1 **SECTION 12E.3.(d)** Funds appropriated to the Department of Health and Human
2 Services, Division of Public Health, for the 2016-2017 fiscal year for the Community-Focused
3 Eliminating Health Disparities Initiative shall be transferred to The Chronic Disease and Injury
4 Section to establish an evidenced-based Diabetes Prevention Program (DPP) modeled after the
5 program recommended by the National Institute of Diabetes and Digestive and Kidney Diseases
6 (NIDDK), targeting African-Americans, Hispanics/Latinos, and American Indians.
7

8 **VECTOR SURVEILLANCE PROGRAM**

9 **SECTION 12E.4.(a)** As used in this section, the term vector means a living
10 transporter and transmitter of the causative agent of a disease.

11 **SECTION 12E.4.(b)** The Department of Health and Human Services, Division of
12 Public Health, shall establish and administer a vector surveillance program to protect the public
13 health. In conducting the program, the Department shall do all of the following:

- 14 (1) Conduct vector surveillance.
- 15 (2) Characterize vector-borne disease risk.
- 16 (3) Recommend appropriate vector control measures.
- 17 (4) Evaluate the effectiveness of vector control measures.
- 18 (5) Provide comprehensive vector-borne disease consultation, communication, and
19 education.

20 **SECTION 12E.4.(c)** The Commission for Public Health is authorized to adopt rules
21 necessary to implement the vector surveillance program established pursuant to this section.
22

23 **SUBPART XII-F. DIVISION OF MH/DD/SAS AND STATE OPERATED HEALTHCARE** 24 **FACILITIES**

25 **MEDICATION-ASSISTED OPIOID USE DISORDER TREATMENT PILOT PROGRAM**

26 **SECTION 12F.1.(a)** Definitions. – As used in this section, the following terms have
27 the following meanings:
28

- 29 (1) Department. – The North Carolina Department of Health and Human Services.
- 30 (2) FQHC. – A federally qualified health center located in this State.
- 31 (3) Prescriber. – Anyone authorized to prescribe drugs pursuant to the laws of this
32 State.
- 33 (4) Program participant. – An individual who (i) has been clinically assessed and
34 diagnosed with opioid addiction, (ii) is selected by an FQHC to participate in
35 the pilot program authorized by this section, and (iii) as part of the pilot
36 program, receives the nonnarcotic, nonaddictive, extended-release, injectable
37 formulation of opioid antagonist approved by the United States Food and Drug
38 Administration for the prevention of relapse to opioid dependence.
- 39 (5) Randomized control group member. – An individual who (i) has been clinically
40 assessed and diagnosed with opioid addiction, (ii) is selected by a FQHC to
41 participate in the pilot program authorized by this section, and (iii) as part of the
42 pilot program, does not receive the nonnarcotic, nonaddictive, extended-release,
43 injectable formulation of opioid antagonist approved by the United States Food
44 and Drug Administration for the prevention of relapse to opioid dependence.

45 **SECTION 12F.1.(b)** Pilot Program. – The Department shall oversee the
46 administration of a three-year pilot program to be conducted by designated FQHCs to address
47 North Carolina's growing opioid addiction and overdose crisis. The goal of the pilot program is to
48 study the effectiveness of combining behavioral therapy with the utilization of a nonnarcotic,
49 nonaddictive, extended-release, injectable formulation of opioid antagonist approved by the
50 United States Food and Drug Administration for the prevention of relapse to opioid dependence.
51 In conducting the pilot program, selected FQHCs may collaborate with the Department, the

1 School of Government at the University of North Carolina at Chapel Hill (UNC School of
2 Government), and any other State agency that may be of assistance in accomplishing the
3 objectives of the pilot program. Prior to the initiation of this pilot program, the Department shall,
4 in collaboration with UNC School of Government, determine the number of program participants
5 and randomized control group members needed to participate in the pilot program in order to
6 ensure sufficient statistical significance to support any conclusions about the effectiveness of the
7 pilot program.

8 **SECTION 12F.1.(c)** Selection of Participating FQHCs. – Not later than 30 days after
9 the effective date of this section, the Department shall select a minimum of three and not more
10 than five FQHCs located in different areas of the State to participate in the pilot program
11 authorized by this section, giving first priority to FQHCs that have received supplemental grant
12 funds from the United States Department of Health and Human Services, Health Resources and
13 Services Administration, for substance abuse service expansion with a focus on
14 medication-assisted treatment in opioid use disorders.

15 **SECTION 12F.1.(d)** Selection of Program Participants. – Not later than 60 days after
16 the effective date of this section, the Department shall develop, in collaboration with UNC School
17 of Government, a methodology for selecting program participants and randomized control group
18 members at each FQHC. Only individuals who have been clinically assessed and diagnosed with
19 opioid addiction may be selected and treated as program participants and randomized control
20 group members. Individuals who have been referred from local criminal justice agencies may be
21 selected as program participants and randomized control group members.

22 **SECTION 12F.1.(e)** Treatment Standards. – As a condition of participating in the
23 pilot program authorized by this section, each FQHC shall sign a written participation agreement
24 provided by the Department that requires the FQHC to adhere to at least all of the following
25 treatment standards for the duration of its participation in the pilot program:

- 26 (1) Treatment may be provided to program participants and randomized control
27 group members only by a treatment provider who is affiliated with a
28 participating FQHC.
- 29 (2) Only individuals who have been clinically assessed and diagnosed with opioid
30 addiction may be selected and treated as program participants and randomized
31 control group members.
- 32 (3) Treatment providers at participating FQHCs shall do all of the following:
 - 33 a. Provide treatment based on an integrated service delivery model that
34 consists of the coordination of care between a prescriber and an
35 addiction services provider.
 - 36 b. Conduct any necessary additional professional, comprehensive
37 substance use disorder and mental health diagnostic assessments of
38 individuals under consideration for selection as pilot program
39 participants to determine if they would benefit from substance use
40 disorder treatment and monitoring.
 - 41 c. Determine, based on the assessments described in sub-subdivision b. of
42 this subdivision, the treatment needs of the program participants served
43 by the treatment provider.
 - 44 d. Develop individualized treatment goals and objectives for each program
45 participant.
 - 46 e. Provide program participants with access to medication-assisted
47 treatment utilizing a nonnarcotic, nonaddictive, extended-release,
48 injectable formulation of opioid antagonist.
 - 49 f. In addition to medication-assisted treatment, provide program
50 participants with other types of therapies, including behavioral
51 therapies, outpatient programs, and community support, for opioid use

1 disorder and any other disorders that are determined by the treatment
2 provider to be co-occurring disorders.

- 3 g. In the case of medication-assisted treatment provided under the pilot
4 program, a drug may be used only if it has been approved by the United
5 States Food and Drug Administration for use in combination with
6 behavioral therapy for the prevention of relapse to opioid dependence.
7 h. Comply with all applicable federal opioid treatment standards.
8 i. Monitor the progress of program participants and randomized control
9 group members through the use of regular drug testing, including
10 urinalysis.

11 **SECTION 12F.1.(f)** FQHC Reports. – No later than 60 days after the effective date of
12 this section, the Department shall, in collaboration with the UNC School of Government, develop
13 a standardized methodology for the collection of information on program participants and
14 randomized control group members at each FQHC. As a condition of participating in the pilot
15 program authorized by this section, each selected FQHC must agree to follow this standardized
16 methodology for (i) collecting information on program participants and randomized control group
17 members and (ii) annually reporting that information to the Department, in the format prescribed
18 by the Department. The annual report shall include at least all of the following information, in the
19 format prescribed by the Department:

- 20 (1) For each program participant and randomized control group member, that
21 individual's age, sex, and length of treatment. This information shall be reported
22 to the Department in a manner that does not disclose personally identifying
23 information about program participants and randomized control group
24 members.
25 (2) The total number of program participants and the total number of randomized
26 control group members who successfully transitioned to opioid abstinence for a
27 minimum of 30 days, 60 days, 90 days, six months, 12 months, and 18 months.
28 (3) A comparison of program participants to the randomized control group
29 members.
30 (4) The amount of State appropriations expended on a per program participant
31 basis at each participating FQHC.

32 **SECTION 12F.1.(g)** Evaluation of Pilot Program. – By November 1, 2020, the
33 Department shall conduct and submit to the Joint Legislative Oversight Committee on Health and
34 Human Services a comprehensive evaluation of the effectiveness of this pilot program in
35 addressing North Carolina's growing opioid addiction and overdose crisis. The Department may
36 contract with an institution of higher education or other qualified entity with expertise in
37 evaluating programs similar to the pilot program authorized by this section. The comprehensive
38 evaluation shall include whether this pilot program was successful as measured by at least all of
39 the following:

- 40 (1) The total number of program participants who successfully transitioned to
41 opioid abstinence for a minimum of 30 days, 60 days, 90 days, six months, 12
42 months, and 18 months.
43 (2) A comparison of the program participants to the randomized control group
44 members.
45 (3) A cost-benefit analysis of the pilot program.

46 **SECTION 12F.1.(h)** Expiration. – The pilot program conducted at each selected
47 FQHC shall expire no later than three years after the date of its commencement at that particular
48 FQHC.

49 **SECTION 12F.1.(i)** Funds in the amount of five hundred thousand dollars (\$500,000)
50 from the federal Substance Abuse Prevention and Treatment Block Grant shall be allocated to the
51 Department of Health and Human Services, Division of Mental Health, Developmental

1 Disabilities, and Substance Abuse Services, for the 2016-2017 fiscal year. These funds shall be
2 allocated to the FQHCs selected to participate in the pilot program authorized by this section on a
3 per program participant basis to offset the cost of the following services:

- 4 (1) Medication dispensed to program participants.
- 5 (2) Provider fees for services rendered to program participants.
- 6 (3) Up to 14 days of detoxification services.
- 7 (4) Behavioral therapy for program participants.
- 8 (5) Drug testing and monitoring of program participants.

9 **SECTION 12F.1.(j)** Subsection (i) of this section becomes effective July 1, 2016. The
10 remainder of this section is effective when it becomes law.

11 **SINGLE-STREAM FUNDING FOR MH/DD/SAS COMMUNITY SERVICES**

12 **SECTION 12F.2.(a)** Section 12F.2(b) of S.L. 2015-241, as amended by Section 4.8
13 of S.L. 2015-268, reads as rewritten:

14
15 **"SECTION 12F.2.(b)** The DMH/DD/SAS is directed to reduce its allocation for single
16 stream funding by one hundred ten million eight hundred eight thousand seven hundred fifty-two
17 dollars (\$110,808,752) in nonrecurring funds for the 2015-2016 fiscal year and by one hundred
18 ~~fifty-two~~ twenty-two million eight hundred fifty thousand one hundred thirty-three dollars
19 ~~(\$152,850,133)~~ (\$122,850,133) in nonrecurring funds for the 2016-2017 fiscal year. The
20 DMH/DD/SAS is directed to allocate this reduction among the LME/MCOs based on the
21 individual LME/MCO's percentage of the total cash on hand of all of the LME/MCOs in the State.
22 Cash on hand means the sum of the "Total Cash and Investments" plus the "Short-Term
23 Investments" reported on Schedule "A" of the financial reporting package submitted by the
24 LME/MCOs to the Division of Medical Assistance (DMA) on June 30, 2015. The individual
25 LME/MCO's percentage of the total cash on hand equals the individual LME/MCO's cash on hand
26 divided by the aggregate amount of cash on hand of all of the LME/MCOs in the State. During
27 each year of the 2015-2017 fiscal biennium, each LME/MCO shall provide at least the same level
28 of services paid for by single stream funding during the 2014-2015 fiscal year across the
29 LME/MCO's catchment area. This requirement shall not be construed to require LME/MCOs to
30 authorize or maintain the same level of services for any specific individual whose services were
31 paid for with single-stream funding. Further, this requirement shall not be construed to create a
32 private right of action for any person or entity against the State of North Carolina or the
33 Department of Health and Human Services or any of its divisions, agents, or contractors, and shall
34 not be used as authority in any contested case brought pursuant to Chapters 108C or 108D of the
35 General Statutes."

36 **SECTION 12F.2.(b)** Section 12F.2(d) of S.L. 2015-241 reads as rewritten:

37 **"SECTION 12F.2.(d)** ~~If, on or after June 1, 2016, the Office of State Budget and~~
38 ~~Management (OSBM) certifies a Medicaid budget surplus in funds 1310 and 1311 and sufficient~~
39 ~~cash in Budget Code 14445 to meet total obligations for fiscal year 2015-2016, then the DMA~~
40 ~~may transfer to the DMH/DD/SAS funds not to exceed the amount of the certified surplus or thirty~~
41 ~~million dollars (\$30,000,000), whichever is less, Of the funds appropriated to the DMA for fiscal~~
42 year 2015-2016, the DMA shall transfer the sum of thirty million dollars (\$30,000,000) to the
43 DMH/DD/SAS to offset the reduction in single stream funding required by this section. If, on or
44 after June 1, 2017, the OSBM certifies a Medicaid budget surplus in funds 1310 and 1311 and
45 sufficient cash in Budget Code 14445 to meet total obligations for fiscal year 2016-2017, then the
46 DMA may transfer to the DMH/DD/SAS funds not to exceed the amount of the certified surplus
47 or thirty million dollars (\$30,000,000), whichever is less, to offset the reduction in single stream
48 funding required by this section. The DMH/DD/SAS shall allocate funds transferred pursuant to
49 this subsection among the LME/MCOs based on the individual LME/MCO's percentage of the
50 total cash on hand of all the LME/MCOs in the State, calculated in accordance with subsection (b)
51 of this section. These funds shall be allocated as prescribed by June 30 of each State fiscal year."

1
2 **RESERVE FUND FOR GOVERNOR'S MENTAL HEALTH AND SUBSTANCE USE**
3 **TASK FORCE RECOMMENDATIONS**

4 **SECTION 12F.3.(a)** Funds appropriated in this act to the Department of Health and
5 Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse
6 Services, for the 2016-2017 fiscal year to implement the recommendations of the Governor's Task
7 Force on Mental Health and Substance Use established pursuant to Executive Order No. 76
8 (Governor's Task Force) shall be deposited into the reserve fund established pursuant to subsection
9 (b) of this section.

10 **SECTION 12F.3.(b)** The Mental Health and Substance Use Task Force Reserve Fund
11 is hereby established as a fund within the General Fund. Notwithstanding any provision of law to
12 the contrary, monies in the Reserve Fund shall not revert at the end of the fiscal year but shall
13 remain available until expended. Monies in the Fund may only be expended to implement the
14 recommendations of the Governor's Task Force; provided, however, that no funds shall be
15 expended without both of the following:

- 16 (1) Prior consultation with the Joint Legislative Oversight Committee on Health
17 and Human Services on the specific amounts and uses of these funds. The
18 consultation required by this subdivision includes a detailed implementation
19 plan that includes key milestones and due dates, along with a detailed budget
20 specifying how all funds allocated from the Reserve Fund will be used. If the
21 Committee fails to meet within 90 calendar days of a request by the Governor
22 for its consultation, the consultation required by this subdivision shall be
23 deemed to have been met.
- 24 (2) Prior approval from the Office of State Budget and Management on the specific
25 amounts and uses of these funds.
26

27 **USE OF DOROTHEA DIX HOSPITAL PROPERTY FUNDS**

28 **SECTION 12F.4.(a)** It is the intent of the General Assembly to increase inpatient bed
29 capacity for short-term care of individuals experiencing an acute mental health, substance abuse,
30 or developmental disability crisis. Toward that end, the sum of up to twenty-five million dollars
31 (\$25,000,000) is hereby appropriated from the Dorothea Dix Hospital Property Fund established
32 under G.S. 143C-9-2(b1) to the Department of Health and Human Services, Division of Mental
33 Health, Developmental Disabilities, and Substance Abuse Services, for the 2016-2017 fiscal year
34 to pay for any renovation or building costs associated with (i) constructing new, licensed,
35 short-term, inpatient behavioral health beds, (ii) converting existing acute care beds into licensed,
36 short-term, inpatient behavioral health beds, or (iii) both, all of which must be designated for
37 voluntarily and involuntarily committed patients in the rural hospitals selected to participate in the
38 pilot program authorized under subsection (b) of this section. The Department shall not use these
39 funds for any purpose other than as provided in this subsection and shall not use these funds to
40 supplement or supplant other State, local, or federal funds appropriated or allocated to the
41 Department.

42 **SECTION 12F.4.(b)** The Department of Health and Human Services (Department)
43 shall conduct a three-year pilot program to assist rural hospitals in the (i) construction of new,
44 short-term inpatient behavioral health beds, or (ii) conversion of existing, unused acute care beds
45 into licensed, short-term inpatient behavioral health beds. The Secretary shall select rural hospitals
46 located in three different regions of the State that are currently participating in the statewide
47 telepsychiatry program established under G.S. 143B-139.4B to participate in the pilot program.
48 The maximum number of beds that may be newly constructed as, or converted into, short-term
49 inpatient behavioral health beds in each region is 50. At least one of the regions selected to
50 participate in the pilot program shall be located in a rural area surrounding Wake County.
51 Notwithstanding the State Medical Facilities Plan, Article 9 of Chapter 131E of the General

1 Statutes, or any other provision of law to the contrary, each selected rural hospital shall be allowed
2 to construct new, or convert unused acute care beds into, licensed, inpatient psychiatric or
3 substance abuse beds without undergoing certificate of need review by the Division of Health
4 Service Regulation. All newly constructed or converted beds shall be subject to existing licensure
5 laws and requirements. As a condition of participating in the pilot program, each selected rural
6 hospital shall reserve at least fifty percent (50%) of the beds constructed or converted under the
7 pilot program for (i) purchase by the Department under the State-administered three-way contract
8 and (ii) referrals by local management entities/managed care organizations (LME/MCOs) of
9 individuals who are indigent or Medicaid recipients.

10 **SECTION 12F.4.(c)** At least once every six months, the Department shall conduct
11 monitoring visits of the rural hospitals participating in the pilot program and shall also be
12 responsible for investigating all complaints related to the pilot program. Each rural hospital
13 participating in the pilot program shall provide a monthly report to the Department on the number
14 of individuals receiving short-term, inpatient psychiatric, substance abuse, or developmental
15 disability services under the pilot program and the average length of stay of individuals receiving
16 these behavioral health services under the pilot program. The Department shall have the authority
17 to suspend or terminate the pilot program at any time due to noncompliance with applicable
18 regulatory requirements that has resulted in serious harm to individuals receiving behavioral health
19 services under the pilot program or when there is a substantial risk that serious harm will occur to
20 individuals receiving behavioral health services under the pilot program.

21 **SECTION 12F.4.(d)** The Department shall report on the status of the pilot program
22 authorized by subsection (b) of this section at least once each year to the Joint Legislative
23 Oversight Committee on Health and Human Services and the Fiscal Research Division. The report
24 shall include at a minimum all of the following:

- 25 (1) For each region and broken down by hospital:
26 a. The number of newly constructed licensed, short-term inpatient
27 behavioral health beds.
28 b. The number of existing acute care beds converted into licensed,
29 short-term inpatient behavioral health beds.
30 (2) The number of beds or bed days purchased at each participating hospital by the
31 Department under the State-administered three-way contract.
32 (3) The number of referrals to participating hospitals by the LME/MCOs.
33 (4) The number and age of the individuals receiving short-term, inpatient
34 psychiatric, substance abuse, or developmental disability services under the
35 pilot program.
36 (5) Objective, measurable outcomes of the individuals served through this pilot
37 program.

38 **SECTION 12F.4.(e)** By November 1, 2020, the Department shall submit a final report
39 of its findings and recommendations on the pilot program authorized by subsection (b) of this
40 section to the Joint Legislative Oversight Committee on Health and Human Services and the
41 Fiscal Research Division.

42 **SECTION 12F.4.(f)** The pilot program authorized under subsection (b) of this section
43 expires three years from the date on which it commences.

44 **SECTION 12F.4.(g)** It is the intent of the General Assembly to ensure that a
45 comprehensive array of outpatient treatment and crisis prevention and intervention services are
46 available and accessible to children, adolescents, and adults in every LME/MCO catchment area
47 for the purpose of reducing the emergency department utilization rate for these types of crises.
48 Toward that end, the sum of two million dollars (\$2,000,000) is hereby appropriated from the
49 Dorothea Dix Hospital Property Fund established under G.S. 143C-9-2(b1) to the Department of
50 Health and Human Services, Division of Mental Health, Developmental Disabilities, and
51 Substance Abuse Services, for the 2016-2017 fiscal year. These funds shall be allocated to local

1 management entities/managed care organizations (LME/MCOs) to increase the number of
2 facility-based crisis centers in catchment areas with the highest need, giving special priority to
3 facility-based crisis centers for children and adolescents in high-need areas of the State.
4

5 **TRAUMATIC BRAIN INJURY FUNDING**

6 **SECTION 12F.5.** Section 12F.6 of S.L. 2015-241 reads as rewritten:

7 "**SECTION 12F.6.** Of the funds appropriated in this act to the Department of Health and
8 Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse
9 Services, for ~~the 2015-2016 fiscal year,~~ each year of the 2015-2017 fiscal biennium, the sum of two
10 million three hundred seventy-three thousand eighty-six dollars (\$2,373,086) shall be used
11 exclusively to support traumatic brain injury (TBI) services as follows:

- 12 (1) The sum of three hundred fifty-nine thousand two hundred eighteen dollars
13 (\$359,218) shall be used to fund contracts with the Brain Injury Association of
14 North Carolina, Carolinas Rehabilitation, or other appropriate service providers.
- 15 (2) The sum of seven hundred ninety-six thousand nine hundred thirty-four dollars
16 (\$796,934) shall be used to support residential programs across the State that
17 are specifically designed to serve individuals with TBI.
- 18 (3) The sum of one million two hundred sixteen thousand nine hundred thirty-four
19 dollars (\$1,216,934) shall be used to support requests submitted by individual
20 consumers for assistance with residential support services, home modifications,
21 transportation, and other requests deemed necessary by the consumer's local
22 management entity and primary care physician."
23

24 **IMPROVE CONTROLLED SUBSTANCES REPORTING SYSTEM ACCESS AND 25 UTILIZATION**

26 **SECTION 12F.6.** G.S. 90-113.74, as amended by Section 12F.16(d) of S.L.
27 2015-241, reads as rewritten:

28 "**§ 90-113.74. Confidentiality.**

29 ...

30 (f) The Department ~~shall~~ shall, on a quarterly basis, purge from the controlled substances
31 reporting system database all information more than six years old. The Department shall maintain
32 in a separate database all information purged from the controlled substances reporting system
33 database pursuant to this subsection and may release data from that separate database only as
34 provided in subsection (d) of this section.

35"

36 37 **SUBPART XII-G. DIVISION OF HEALTH SERVICE REGULATION**

38 39 **MORATORIUM ON HOME CARE AGENCY LICENSES FOR IN-HOME AIDE 40 SERVICES**

41 **SECTION 12G.1.(a)** Section 12G.4(a) of S.L. 2014-100 reads as rewritten:

42 "**SECTION 12G.4.(a)** For the period commencing on the effective date of this section, and
43 ending ~~June 30, 2016,~~ June 30, 2017, and notwithstanding the provisions of the Home Care
44 Agency Licensure Act set forth in Part 3 of Article 6 of Chapter 131E of the General Statutes or
45 any rules adopted pursuant to that Part, the Department of Health and Human Services shall not
46 issue any licenses for home care agencies as defined in G.S. 131E-136(2) that intend to offer
47 in-home aide services. This prohibition does not apply to companion and sitter services and shall
48 not restrict the Department from doing any of the following:

- 49 (1) Issuing a license to a certified home health agency as defined in
50 G.S. 131E-176(12) that intends to offer in-home aide services.

- 1 (2) Issuing a license to an agency that needs a new license for an existing home
2 care agency being acquired.
- 3 (3) Issuing a license for a new home care agency in any area of the State upon a
4 determination by the Secretary of the Department of Health and Human
5 Services that increased access to care is necessary in that area."

6 **SECTION 12G.1.(b)** This section is effective when it becomes law.

7

8 **ADULT CARE HOME COST REPORTING**

9 **SECTION 12G.2.** G.S. 131D-4.2 reads as rewritten:

10 "**§ 131D-4.2. Adult care homes; family care homes; ~~annual~~ cost reports; exemptions;**
11 **enforcement.**

12 (a) Except for family care homes, adult care homes with a licensed capacity of seven to
13 twenty beds, which are licensed pursuant to this Chapter, to Chapter 122C of the General Statutes,
14 and to Chapter 131E of the General Statutes, shall submit audited reports of actual costs to the
15 Department at least every two years in accordance with rules adopted by the Department under
16 G.S. 143B-10. ~~For years in which an audited report of actual costs is not required, an annual cost~~
17 ~~report shall be submitted to the Department in accordance with rules adopted by the Department~~
18 ~~under G.S. 143B-10.~~ Adult care homes licensed under Chapter 131D of the General Statutes that
19 have special care units shall include in reports required under this subsection cost reports specific
20 to the special care unit and shall not average special care costs with other costs of the adult care
21 home.

22 (b) Except for family care homes, adult care homes with a licensed capacity of twenty-one
23 beds or more, which are licensed pursuant to this Chapter, to Chapter 122C of the General
24 Statutes, and to Chapter 131E of the General Statutes, shall submit ~~annual~~ audited reports of actual
25 costs at least every two years to the Department of Health and Human Services, in accordance
26 with rules adopted by the Department under G.S. 143B-10. Adult care homes licensed under
27 Chapter 131D of the General Statutes that have special care units shall include in the reports
28 required under this subsection cost reports specific to the special care unit and shall not average
29 special care costs with other costs of the adult care home.

30 (c) Repealed by Session Laws 1999-334, s. 3.1.

31 (d) Facilities that do not receive State/County Special Assistance or Medicaid personal
32 care are exempt from the reporting requirements of this section.

33 ~~Except as otherwise provided in this subsection, the annual reporting period for~~
34 ~~facilities licensed pursuant to this Chapter or Chapter 131E of the General Statutes shall be~~
35 ~~October 1 through September 30, with the annual report due by the following December 31, unless~~
36 ~~the Department determines there is good cause for delay. The annual report for combination~~
37 ~~facilities and free-standing adult care home facilities owned and operated by a hospital shall be~~
38 ~~due 15 days after the hospital's Medicare cost report is due. The annual report for combination~~
39 ~~facilities not owned and operated by a hospital shall be due 15 days after the nursing facility's~~
40 ~~Medicaid cost report is due. The annual reporting period for facilities licensed pursuant to Chapter~~
41 ~~122C of the General Statutes shall be July 1 through June 30, with the annual report due by the~~
42 ~~following December 31, unless the Department determines there is good cause for delay. Under~~
43 ~~this subsection, good cause is an action that is uncontrollable by the provider. The Department~~
44 shall establish specific reporting deadlines for each type of facility required to report under this
45 section. If the Department finds good cause for delay, it may extend the deadline for filing a report
46 for up to an additional 30 days.

47 (f) The Department shall have the authority to conduct audits and review audits submitted
48 pursuant to subsections (a), (b), and (c) above. ~~(a) and (b) of this section.~~

49 (g) The Department shall suspend admissions to facilities that fail to submit annual reports
50 ~~by December 31, or by the applicable reporting deadline or by the date established by the~~
51 Department when good cause for delay is found pursuant to G.S. 131D-4.2(e). Suspension of

1 admissions shall remain in effect until reports are submitted or licenses are suspended or revoked
2 under subdivision (2) of this subsection. The Department may take either or both of the following
3 actions to enforce compliance by a facility with this section, or to punish noncompliance:

- 4 (1) Seek a court order to enforce compliance;
- 5 (2) Suspend or revoke the facility's license, subject to the provisions of Chapter
6 150B of the General Statutes.

7 (h) The report documentation shall be used to adjust the adult care home rate ~~annually, at~~
8 least every two years, an adjustment that is in addition to the annual standard adjustment for
9 inflation as determined by the Office of State Budget and Management. Rates for family care
10 homes shall be based on market rate data. The Secretary of Health and Human Services shall
11 adopt rules for the rate-setting methodology and audited cost reports in accordance with
12 G.S. 143B-10."

13 14 **SUBPART XII-H. DIVISION OF MEDICAL ASSISTANCE (MEDICAID)**

15 16 **ACCOUNTING FOR MEDICAID RECEIVABLES AS NONTAX REVENUE**

17 **SECTION 12H.1.** Section 12H.10(b) of S.L. 2015-241 reads as rewritten:

18 **"SECTION 12H.10.(b)** For the 2015-2016 fiscal year, the Department of Health and Human
19 Services shall deposit from its revenues one hundred thirty-nine million dollars (\$139,000,000)
20 with the Department of State Treasurer to be accounted for as nontax revenue. For the 2016-2017
21 fiscal year, the Department of Health and Human Services shall deposit from its revenues one
22 hundred ~~thirty-nine~~ forty-seven million dollars ~~(\$139,000,000)~~ (\$147,000,000) with the
23 Department of State Treasurer to be accounted for as nontax revenue. These deposits shall
24 represent the return of General Fund appropriations, nonfederal revenue, fund balances, or other
25 resources from State-owned and State-operated hospitals which are used to provide indigent and
26 nonindigent care services. The return from State-owned and State-operated hospitals to DHHS
27 will be made from nonfederal resources in an amount equal to the amount of the payments from
28 the Division of Medical Assistance for uncompensated care. The treatment of any revenue derived
29 from federal programs shall be in accordance with the requirements specified in the Code of
30 Federal Regulations, Title 2, Part 225."

31 32 **MEDICAID RECOVERY AND ABLE ACCOUNTS**

33 **SECTION 12H.2.(a)** G.S. 147-86.73 is amended by adding a new subsection to read:

34 "(g1) Notice for Designated Beneficiary Receiving Medicaid. – The ABLE Account
35 application form approved in accordance with G.S. 147-86.71(b)(1) shall include notice of the
36 State's right under subsection (e) of this section to file a claim for payment from a designated
37 beneficiary's ABLE account following the death of a beneficiary who received medical assistance
38 benefits."

39 **SECTION 12H.2.(b)** G.S. 147-86.73(g) is repealed.

40 41 **MEDICAID AND HEALTH CHOICE PROVIDER SCREENING**

42 **SECTION 12H.3.** G.S. 108C-3 reads as rewritten:

43 **"§ 108C-3. Medicaid and Health Choice provider screening.**

44 ...

45 (g) High Categorical Risk Provider Types. – The following provider types are hereby
46 designated as "high" categorical risk:

47 ...

- 48 (10) Providers that were excluded, or whose owners, operators, or managing
49 employees were excluded, by the U.S. Department of Health and Human
50 Services Office of Inspector ~~General~~ General, the Medicare program, or another

1 state's Medicaid ~~program~~ or Children's Health Insurance Program within the
2 previous 10 years.

3 ...

4 (j) For out-of-state providers, the Department may rely on the results of the provider
5 screening performed by the Medicaid agencies or Children's Health Insurance Program for
6 ~~Children~~-agencies of other states."

7 8 **CLARIFY DHHS AUTHORITY TO ADMINISTER MEDICAID AND NC HEALTH** 9 **CHOICE PROGRAMS**

10 **SECTION 12H.4.** G.S. 108A-54(e) reads as rewritten:

11 "(e) The Secretary of the Department of Health and Human ~~Services, through the Division~~
12 ~~of Health Benefits, Services~~ shall have the following powers and duties:

13 (1) Administer and operate the Medicaid and NC Health Choice programs,
14 provided that the total expenditures, net of agency receipts, do not exceed the
15 authorized budget for ~~each program~~ the Medicaid program and NC Health
16 Choice program. None of the powers and duties enumerated in the other
17 subdivisions of this subsection shall be construed to limit the broad grant of
18 authority to administer and operate the Medicaid and NC Health Choice
19 programs.

20"

21 22 **EXPAND SUPPORT FOR PATIENTS WITH ALZHEIMER'S DISEASE AND THEIR** 23 **FAMILIES THROUGH COMMUNITY ALTERNATIVES PROGRAM FOR** 24 **DISABLED ADULTS WAIVER SLOTS**

25 **SECTION 12H.5.(a)** The Department of Health and Human Services, Division of
26 Medical Assistance, shall amend the North Carolina Community Alternatives Program for
27 Disabled Adults (CAP/DA) waiver to increase number of slots available under the waiver by a
28 maximum of 320 slots. These additional slots shall be made available on January 1, 2017.

29 **SECTION 12H.5.(b)** Of the funds appropriated to the Department of Health and
30 Human Services, Division of Medical Assistance, one million five hundred thousand dollars
31 (\$1,500,000) for fiscal year 2016-2017 shall be used to fund these additional slots.

32 33 **INCREASE NURSING RATES FOR COMMUNITY ALTERNATIVES PROGRAM FOR** 34 **CHILDREN**

35 **SECTION 12H.6.** The Department of Health and Human Services, Division of
36 Medical Assistance, shall increase by ten percent (10%) the rate paid to registered nurses and
37 licensed practical nurses for the provision of nursing services covered by the Community
38 Alternatives Program for Children.

39 40 **REMOVE SUNSET ON MEDICAID ELIGIBILITY/COLA DISREGARD**

41 **SECTION 12H.7.** Section 10.6(c) of S.L. 2012-142 reads as rewritten:

42 "**SECTION 10.6.(c)** Subsection (a) of this section becomes effective January 1, 2013. The
43 remainder of this section is effective when it becomes law. ~~G.S. 108A-54.4, as enacted by~~
44 ~~subsection (a) of this section, expires on December 31, 2017.~~"

45 46 **STUDY 1% FMAP INCREASE FOR ADULT PREVENTATIVE SERVICES**

47 **SECTION 12H.8.** The Department of Health and Human Services, Division of
48 Medical Assistance (Department), shall study the impact of covering, without cost-sharing, all of
49 the adult preventive services recommended by the U.S. Preventive Services Task Force (USPSTF)
50 and Centers for Disease Control and Prevention's Advisory Committee on Immunization Practices
51 (ACIP) in order to qualify for a one percentage point increase in the federal Medicaid assistance

1 percentage for preventative services. The Department shall submit a report to the Joint Legislative
2 Oversight Committee on Medicaid and NC Health Choice and the Fiscal Research Division by
3 November 1, 2016. At a minimum, the report shall include the following:

- 4 (1) A list of all of the adult preventive services recommended by USPSTF and
5 ACIP.
- 6 (2) Identification of the adult preventive services recommended by USPSTF and
7 ACIP that are currently not provided as part of the Medicaid program and to
8 which eligibility group the service coverage applies.
- 9 (3) For the adult preventive services currently covered, whether any cost-sharing is
10 required.
- 11 (4) The cost of adding any of the adult preventive services without cost-sharing
12 identified in subdivision (2) of this section.
- 13 (5) The cost of the elimination of any cost-sharing requirements identified in
14 subdivision (3) of this section.
- 15 (6) The benefit to the State of receiving a one percentage point increase in the
16 federal Medicaid assistance percentage for the adult preventive services
17 recommended by USPSTF and ACIP.
- 18 (7) If the Department plans to submit a waiver to implement the changes required
19 to obtain a one percentage point increase in the federal Medicaid assistance
20 percentage for preventive services, a detailed description of the plans that
21 includes a time line for waiver submission.
22

23 **STUDY MEDICAID COVERAGE FOR SCHOOL-BASED HEALTH SERVICES**

24 **SECTION 12H.9.** The Department of Health and Human Services, Division of
25 Medical Assistance (Department), shall conduct a study to identify all school-based health
26 services that are eligible for Medicaid federal matching funds pursuant to federal Medicaid law
27 and regulations but which currently are not reimbursable under North Carolina's Medicaid State
28 Plan. No later than November 1, 2016, the Department shall submit to the Joint Legislative
29 Oversight Committee on Medicaid and NC Health Choice and the Fiscal Research Division a
30 report containing the following information related to each school-based health service identified:

- 31 (1) An analysis of the fiscal impact both to the Department and to all local
32 education agencies of adding Medicaid coverage for the school-based health
33 service.
- 34 (2) A description of any plans for adding coverage for the school-based health
35 service, including the anticipated time line for submission of any State Plan
36 Amendments to the Centers for Medicare and Medicaid Services.
37

38 **STUDY MEDICAID RESIDENTIAL TREATMENT RATES**

39 **SECTION 12H.10.(a)** The Department of Health and Human Services, Division of
40 Medical Assistance (Department), shall study the adequacy of existing Medicaid rates paid for
41 residential treatment services considering data collected in concert with residential treatment
42 providers within the past two years and any other information available to the Department related
43 to the following:

- 44 (1) Current rates for the following services described in Subchapter G of Chapter
45 27 of Title 10A of the North Carolina Administrative Code:
 - 46 a. Residential treatment for children or adolescents provided in accordance
47 with Section .1300 of that Subchapter.
 - 48 b. Residential treatment staff secure for children or adolescents provided in
49 accordance with Section .1700 of that Subchapter.
 - 50 c. Intensive residential treatment for children or adolescents provided in
51 accordance with Section .1800 of that Subchapter.

- 1 d. Psychiatric residential treatment for children or adolescents provided in
2 accordance with Section .1900 of that Subchapter.
- 3 e. Community respite services for individuals of all disability groups
4 provided in accordance with Section .5100 of that Subchapter.
- 5 f. Supervised living for individuals of all disability groups provided in
6 accordance with Section .5600 of that Subchapter.
- 7 (2) Current rates for services delivered in a psychiatric residential treatment facility
8 to children under the age of 21 and covered by Medicaid and NC Health Choice
9 pursuant to Clinical Coverage Policy 8D-1.
- 10 (3) Current rates for services delivered in a residential treatment facility to children
11 under the age of 21 and covered by Medicaid and NC Health Choice pursuant
12 to Clinical Coverage Policy 8D-2.
- 13 (4) Current rates for services covered by Medicaid and NC Health Choice pursuant
14 to Clinical Coverage Policy 8P that may be reimbursed when delivered in a
15 residential treatment facility.
- 16 (5) Current rates for other publicly funded services or programs that compliment
17 residential treatment services including, at a minimum, the following:
- 18 a. State-County Special Assistance.
- 19 b. Room and board for children, adolescent, and adult residential treatment
20 services of all disability groups.
- 21 c. Respite services for all disability groups.
- 22 d. Therapeutic leave for all disability groups.
- 23 e. State-funded supports.
- 24 f. Transportation.
- 25 (6) The increase in cost to residential treatment programs as a result of recent
26 changes to the Home and Community-Based Support waiver requirements.

27 **SECTION 12H.10.(b)** No later than October 1, 2016, the Department shall submit a
28 report to the Joint Legislative Oversight Committee on Medicaid and NC Health Choice and the
29 Fiscal Research Division describing the information that was considered in conducting the study
30 required by this section and the Department's findings and conclusions resulting from the study.

31
32 **STUDY INNOVATIONS WAIVER TO ADDRESS THE WAITLIST AND FEDERAL**
33 **CHANGES**

34 **SECTION 12H.11.** The Joint Legislative Oversight Committee on Medicaid and NC
35 Health Choice shall study policy issues pertaining to the delivery of services for people with
36 intellectual and developmental disabilities. The study shall, at a minimum, include all of the
37 following:

- 38 (1) The causes and potential solutions for the growing waitlist for NC Innovations
39 Waiver slots. Potential solutions to be studied include the following:
- 40 a. Increasing the funding for the 1915(c) Innovations Waiver to result in
41 more individuals served.
- 42 b. Creating new support waiver slots as recommended in the March 2015
43 "Study Additional 1915(c) Waiver from the Department of Health and
44 Human Services, Division of Medical Assistance to the Joint Legislative
45 Oversight Committee for Health and Human Services.
- 46 c. Utilizing a 1915(i) waiver option, and exploring how the 1115 waiver
47 required for Medicaid transformation may assist in addressing current
48 waitlist for services.
- 49 (2) Issues surrounding single-stream funding and how single-stream funding is
50 used to support services for people with intellectual and developmental
51 disabilities.

- 1 (3) Multiple federal mandates that will directly impact current services and
2 supports for people with intellectual and developmental disabilities, including
3 Home and Community-Based Services changes, the Work Force Innovations
4 and Opportunities Act, and changes under section 14(c) of the federal Fair
5 Labor Standards Act.
- 6 (4) The coverage of services for the treatment of autism, including any State Plan
7 amendment needed to address guidance issued by the Centers for Medicare and
8 Medicaid Services.

9 The Committee shall report its findings and any legislative proposals pertaining to services for
10 individuals with intellectual and developmental disabilities to the General Assembly on or before
11 January 1, 2017.

12 13 **MEDICAID GRADUATE MEDICAL EDUCATION PAYMENTS**

14 **SECTION 12H.12.** It is the intent of the General Assembly to explore all possible
15 funding options to maintain reimbursement for Graduate Medical Education (GME) as an add-on
16 to the DRG Unit Value (Base) rate under the Medicaid DRG payment rate methodology.

17 18 **STUDY RATES PAID TO FEDERALLY QUALIFIED HEALTH CENTERS AND RURAL** 19 **HEALTH CLINICS**

20 **SECTION 12H.13.** The Department of Health and Human Services, Division of
21 Medical Assistance (Department), shall study the Medicaid and NC Health Choice rates paid to
22 Federally Qualified Health Centers (FQHCs) and to Rural Health Clinics (RHCs). The study shall,
23 at a minimum, include all of the following:

- 24 (1) Any Centers for Medicare and Medicaid (CMS) requirements for Medicaid and
25 NC Health Choice payments to FQHCs and RHCs.
- 26 (2) An identification of any portion of the State Plan for each program regarding
27 payments to the FQHCs and RHCs that may need to be revised in order to
28 ensure compliance with all requirements related to the payment methodologies
29 for these entities.
- 30 (3) A clear process by which FQHCs and RHCs may apply for a rate recalculation
31 based on a change in scope of services.
- 32 (4) The fiscal impact of all items recommended for revisions pursuant subdivision
33 (2) of this section.

34 By March 1, 2017, the Department shall report its findings and recommendations, including any
35 plan to implement those recommendations to the House Appropriations Committee on Health and
36 Human Services, the Senate Appropriations Committee on Health and Human Services, and the
37 Fiscal Research Division.

38 39 **ACOS PARTICIPATING IN MEDICARE PROGRAMS**

40 **SECTION 12H.14.** Article 3 of Chapter 58 of the General Statutes is amended by
41 adding a new section to read:

42 **"§ 58-3-5.1. Certain accountable care organizations not subject to this Chapter.**

43 This Chapter shall not apply to any accountable care organization approved by the Centers for
44 Medicare and Medicaid Services (CMS) to participate in Medicare programs established under 42
45 U.S.C. § 1315a or 42 U.S.C. § 1395jjj. This exemption is limited to the activities performed by the
46 accountable care organization pursuant to its agreement with CMS for participation in Medicare
47 programs established under 42 U.S.C. § 1315a or 42 U.S.C. § 1395jjj."

48 49 **EVALUATE MEDICAID AND NC HEALTH CHOICE BEHAVIORAL HEALTH** 50 **PROVIDER CLASSIFICATION**

1 **SECTION 12H.15.** The Department of Health and Human Services, Division of
 2 Medical Assistance (Department), in collaboration with statewide behavioral health stakeholders,
 3 shall evaluate the classification of agencies providing behavioral health services, other than
 4 Critical Access Behavioral Health Agencies (CABHAs), as high categorical risk provider types in
 5 accordance with G.S. 108C-3(g)(2) and propose an evaluation tool to be used to classify the
 6 categorical risk of different categories of behavioral health agencies. The Department shall
 7 consider current federal and State law and include any recommended legislative changes. By
 8 December 1, 2016, the Department shall report its findings and recommendations to the Joint
 9 Legislative Oversight Committee on Medicaid and NC Health Choice.

10
 11 **SUBPART XII-I. MISCELLANEOUS [RESERVED]**

12
 13 **SUBPART XII-J. VRBDH [RESERVED]**

14
 15 **SUBPART XII-K. DHHS BLOCK GRANTS**

16
 17 **DHHS BLOCK GRANTS**

18 **SECTION 12K.1.** Section 12I.1 of S.L. 2015-241, as amended by Section 4.6 of S.L.
 19 2015-268, reads as rewritten:

20 **"SECTION 12I.1.(a)** Except as otherwise provided, appropriations from federal block grant
 21 funds are made for each year of the fiscal biennium ending June 30, 2017, according to the
 22 following schedule:

23	24 TEMPORARY ASSISTANCE FOR NEEDY	25 FY 2015-2016	26 FY 2016-2017
27	28 FAMILIES (TANF) FUNDS		
29	30 Local Program Expenditures		
31	32 Division of Social Services		
33	34 01. Work First Family Assistance	35 \$57,167,454	36 <u>\$57,167,454</u> <u>\$54,167,454</u>
37	38 02. Work First County Block Grants	39 80,093,566	40 <u>78,073,437</u> <u>80,093,566</u>
39	41 <u>02A. Work First Employment Services</u>	42 0	43 <u>3,600,000</u>
40	44 03. Work First Electing Counties	45 2,378,213	46 2,378,213
41	47 04. Adoption Services – Special Children 48 Adoption Fund	49 2,026,877	50 2,026,877
42	51 05. Child Protective Services – Child Welfare Workers for Local DSS	9,412,391	9,412,391
43	06. Child Welfare Collaborative	632,416	632,416
44	<u>06A. Child Welfare Initiatives</u>	0	<u>1,400,000</u>
45	51 Division of Child Development and Early Education		

1			
2	07. Subsidized Child Care Program	35,248,910	37,419,801
3			
4	08. Swap Child Care Subsidy	6,352,644	6,352,644
5			
6	09. Pre-K Swap Out	16,829,306	12,333,981
7			<u>16,593,899</u>
8			
9	Division of Public Health		
10			
11	10. Teen Pregnancy Prevention Initiatives	2,950,000	2,950,000
12			
13	DHHS Administration		
14			
15	11. Division of Social Services	2,482,260	2,482,260
16			
17	12. Office of the Secretary	34,042	34,042
18			
19	13. Eligibility Systems – Operations and		
20	Maintenance	2,738,926	4,206,640
21			
22	14. NC FAST Implementation	1,313,384	1,865,799
23			
24	Transfers to Other Block Grants		
25			
26	Division of Child Development and Early Education		
27			
28	15. Transfer to the Child Care and		
29	Development Fund	71,773,001	71,773,001
30			
31	Division of Social Services		
32			
33	16. Transfer to Social Services Block		
34	Grant for Child Protective Services –		
35	Training	1,300,000	1,300,000
36			
37	17. Transfer to Social Services Block		
38	Grant for Child Protective Services	5,040,000	5,040,000
39			
40	18. Transfer to Social Services Block		
41	Grant for County Departments of		
42	Social Services for Children's Services	4,148,001	4,148,001
43			<u>4,500,000</u>
44			
45	19. Transfer to Social Services Block		
46	Grant – Foster Care Services	1,385,152	1,385,152
47			
48	TOTAL TEMPORARY ASSISTANCE FOR		
49	NEEDY FAMILIES (TANF) FUNDS	\$303,306,543	\$300,982,109
50			<u>\$309,614,155</u>
51			

1	TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF)		
2	EMERGENCY CONTINGENCY FUNDS		
3			
4	Local Program Expenditures		
5			
6	Division of Child Development and Early Education		
7			
8	01. Subsidized Child Care	29,033,340	28,600,000
9			
10	02. Subsidized Child Care Swap Out	4,547,023	0
11			
12	<u>Division of Social Services</u>		
13			
14	<u>03. County Child Welfare Program</u>		
15	<u>Improvement Resources</u>	<u>0</u>	<u>603,580</u>
16			
17	<u>DHHS Administration</u>		
18			
19	<u>04. DSS State Child Welfare Program</u>		
20	<u>Improvement Resources</u>	<u>0</u>	<u>400,000</u>
21			
22	TOTAL TEMPORARY ASSISTANCE FOR		
23	NEEDY FAMILIES (TANF) EMERGENCY		
24	CONTINGENCY FUNDS	\$33,580,363	<u>\$28,600,000</u>
25			<u>\$29,603,580</u>
26	SOCIAL SERVICES BLOCK GRANT		
27			
28	Local Program Expenditures		
29			
30	Divisions of Social Services and Aging and Adult Services		
31			
32	01. County Departments of Social Services		
33	(Transfer From TANF \$4,148,001)	\$27,335,458	<u>\$27,108,324</u>
34			<u>\$27,215,583</u>
35			
36	<u>01A. EBCI Tribal Public Health and</u>		
37	<u>Human Services</u>	<u>0</u>	<u>244,740</u>
38			
39	02. Child Protective Services		
40	(Transfer From TANF)	5,040,000	5,040,000
41			
42	03. State In-Home Services Fund	2,209,023	1,943,950
43			
44	04. Adult Protective Services	1,245,363	1,245,363
45			
46	05. State Adult Day Care Fund	2,039,647	1,994,084
47			
48	06. Child Protective Services/CPS		
49	Investigative Services – Child Medical		
50	Evaluation Program	563,868	563,868
51			

1	07. Special Children Adoption Incentive Fund	462,600	462,600
2			
3	08. Child Protective Services – Child		
4	Welfare Training for Counties		
5	(Transfer From TANF)	1,300,000	1,300,000
6			
7	<u>08A. Child Protective Services – Child</u>		
8	<u>Welfare Training for Counties/Mobile Training</u>	<u>0</u>	<u>737,067</u>
9			
10	09. Home and Community Care Block		
11	Grant (HCCBG)	1,788,157	1,696,888
12			
13	10. Child Advocacy Centers	375,000	375,000
14			
15	11. Guardianship	4,107,032	4,035,704
16			
17	12. Foster Care Services		
18	(Transfer From TANF)	1,385,152	1,385,152
19			
20	Division of Central Management and Support		
21			
22	13. DHHS Competitive Block Grants		
23	for Nonprofits	3,852,500	3,852,500
24			
25	14. NC FAST – Operations and		
26	Maintenance	712,324	939,315
27			
28	Division of Mental Health, Developmental Disabilities, and Substance Abuse Services		
29			
30	15. Mental Health Services – Adult and		
31	Child/Developmental Disabilities Program/		
32	Substance Abuse Services – Adult	4,030,730	4,030,730
33			
34	DHHS Program Expenditures		
35			
36	Division of Services for the Blind		
37			
38	16. Independent Living Program	3,361,323	3,361,323
39			
40	Division of Health Service Regulation		
41			
42	17. Adult Care Licensure Program	381,087	381,087
43			
44	18. Mental Health Licensure and		
45	Certification Program	190,284	190,284
46			
47	DHHS Administration		
48			
49	19. Division of Aging and Adult Services	577,745	577,745
50			
51	20. Division of Social Services	559,109	559,109

1			
2	21. Office of the Secretary/Controller's Office	127,731	127,731
3			
4	22. Division of Child Development and		
5	Early Education	13,878	13,878
6			
7	23. Division of Mental Health, Developmental		
8	Disabilities, and Substance Abuse Services	27,446	27,446
9			
10	24. Division of Health Service Regulation	118,946	118,946
11			
12	TOTAL SOCIAL SERVICES BLOCK GRANT	\$61,804,403	\$61,331,027
13			<u>\$62,420,093</u>
14			
15	LOW-INCOME ENERGY ASSISTANCE BLOCK GRANT		
16			
17	Local Program Expenditures		
18			
19	Division of Social Services		
20			
21	01. Low-Income Energy Assistance		
22	Program (LIEAP)	\$40,244,534	\$39,303,674
23			<u>37,156,492</u>
24			
25	02. Crisis Intervention Program (CIP)	40,244,534	39,303,674
26			<u>37,156,492</u>
27			
28	Local Administration		
29			
30	Division of Social Services		
31			
32	03. County DSS Administration	6,454,961	6,454,961
33			<u>6,102,324</u>
34			
35	DHHS Administration		
36			
37	04. Office of the Secretary/DIRM	412,488	412,488
38			
39	05. Office of the Secretary/Controller's Office	18,378	18,378
40			
41	06. NC FAST Development	1,075,319	3,381,373
42			
43	Transfers to Other State Agencies		
44			
45	Department of Environment and Natural		
46	Resources (DENR) <u>Environmental Quality (DEQ)</u>		
47			
48	07. Weatherization Program	11,847,017	11,570,050
49			<u>10,937,968</u>
50			
51	08. Heating Air Repair and Replacement		

1	Program (HARRP)	6,303,514	6,156,147
2			<u>5,819,833</u>
3			
4	09. Local Residential Energy Efficiency Service		
5	Providers – Weatherization	475,046	475,046
6			<u>449,094</u>
7			
8	10. Local Residential Energy Efficiency Service		
9	Providers – HARRP	252,761	252,761
10			<u>238,953</u>
11			
12	11. DENR-DEQ – Weatherization Administration	475,046	475,046
13			<u>449,094</u>
14			
15	12. DENR-DEQ – HARRP Administration	252,760	252,760
16			<u>238,952</u>
17			
18	Department of Administration		
19			
20	13. N.C. Commission on Indian Affairs	87,736	87,736
21			
22	TOTAL LOW-INCOME ENERGY		
23	ASSISTANCE BLOCK GRANT	\$108,144,094	\$108,144,094
24			<u>\$102,449,177</u>
25			
26	CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT		
27			
28	Local Program Expenditures		
29			
30	Division of Child Development and Early Education		
31			
32	01. Child Care Services		
33	(Smart Start \$7,000,000)	\$154,278,008	\$152,370,856
34			<u>\$154,741,297</u>
35			
36	02. Electronic Tracking System	1,201,240	401,492
37			<u>1,601,834</u>
38			
39	03. Transfer from TANF Block Grant		
40	for Child Care Subsidies	71,773,001	71,773,001
41			
42	04. Quality and Availability Initiatives		
43	(TEACH Program \$3,800,000)	26,514,964	26,019,987
44			<u>35,878,600</u>
45			
46	DHHS Administration		
47			
48	Division of Child Development and Early Education		
49			
50	05. DCDEE Administrative Expenses	9,049,505	9,049,505
51			<u>9,042,159</u>

1			
2	Division of Social Services		
3			
4	06. Local Subsidized Child Care		
5	Services Support	15,930,279	15,930,279
6			<u>16,078,301</u>
7			
8	<u>06A. Direct Deposit for Child Care Payments</u>	<u>0</u>	<u>969,610</u>
9			
10	07. NC FAST Development	186,404	586,152
11			
12	Division of Central Administration		
13			
14	08. DHHS Central Administration – DIRM		
15	Technical Services	775,000	775,000
16			
17	09. Central Regional Maintenance	202,000	202,000
18			
19	<u>09A. DHHS Central Administration</u>	<u>0</u>	<u>7,346</u>
20			
21	10. Child Care Health Consultation Contracts	62,205	62,205
22			
23	TOTAL CHILD CARE AND DEVELOPMENT		
24	FUND BLOCK GRANT	\$279,972,606	\$277,170,477
25			<u>291,717,505</u>
26			
27	MENTAL HEALTH SERVICES BLOCK GRANT		
28			
29	Local Program Expenditures		
30			
31	01. Mental Health Services – Child	\$3,619,833	\$3,619,833
32			
33	02. Administration	200,000	200,000
34			
35	03. Mental Health Services – Adult/Child	11,755,152	11,755,152
36			<u>10,904,077</u>
37			
38	04. Crisis Solutions Initiative – Critical		
39	Time Intervention	750,000	750,000
40			
41	05. Mental Health Services – First		
42	Psychotic Symptom Treatment	643,491	643,491
43			<u>1,430,851</u>
44			
45	<u>DHHS Administration</u>		
46			
47	<u>Division of Mental Health</u>		
48			
49	<u>06. Administration</u>	<u>200,000</u>	<u>200,000</u>
50			
51	TOTAL MENTAL HEALTH SERVICES		

1	BLOCK GRANT	\$16,968,476	\$16,968,476
2			<u>\$16,904,761</u>
3			
4	SUBSTANCE ABUSE PREVENTION AND TREATMENT BLOCK GRANT		
5			
6	Local Program Expenditures		
7			
8	Division of Mental Health, Developmental Disabilities, and Substance Abuse Services		
9			
10	01. Substance Abuse – HIV and IV Drug	\$3,919,723	\$3,919,723
11			
12	02. Substance Abuse Prevention	8,669,284	8,669,284
13			
14	03. Substance Abuse Services – Treatment for		
15	Children/Adults <u>(Medication-Assisted</u>		
16	<u>Treatment Pilot \$500,000)</u>	29,519,883	<u>29,519,883</u>
17			<u>30,178,039</u>
18			
19	04. Crisis Solutions Initiatives – Walk-In		
20	Crisis Centers	420,000	420,000
21			
22	05. Crisis Solutions Initiatives – Collegiate		
23	Wellness/Addiction Recovery	1,085,000	1,085,000
24			
25	06. Crisis Solutions Initiatives – Community		
26	Paramedic Mobile Crisis Management	60,000	60,000
27			
28	07. Crisis Solutions Initiatives – Innovative		
29	Technologies	41,000	41,000
30			
31	08. Crisis Solutions Initiatives – Veteran's Crisis	250,000	250,000
32			
33	<u>DHHS Administration</u>		
34			
35	<u>Division of Mental Health, Developmental Disabilities, and Substance Abuse Services</u>		
36			
37	09. <u>DMH Administration</u>	454,000	454,000
38			
39	Division of Public Health		
40			
41	10. HIV Testing for Individuals in Substance		
42	Abuse Treatment	765,949	765,949
43			
44	TOTAL SUBSTANCE ABUSE PREVENTION		
45	AND TREATMENT BLOCK GRANT	\$45,184,839	<u>\$45,184,839</u>
46			<u>\$45,842,995</u>
47			
48	MATERNAL AND CHILD HEALTH BLOCK GRANT		
49			
50	Local Program Expenditures		
51			

1	Division of Public Health		
2			
3	01. Children's Health Services		
4	(Safe Sleep Campaign		
5	\$45,000; Prevent Blindness \$560,837;		
6	Community-Based		
7	Sickle Cell Centers \$100,000)	\$7,574,703	<u>\$7,574,703</u>
8			<u>\$7,674,703</u>
9			
10	02. Women's Health		
11	(March of Dimes \$350,000; Teen Pregnancy		
12	Prevention Initiatives \$650,000 [<u>Public Health Division</u>		
13	<u>\$400,000 & SHIFT NC \$250,000</u>];		
14	17P Project \$52,000; Nurse-Family		
15	Partnership \$509,018; Carolina Pregnancy		
16	Care Fellowship \$300,000)	6,520,148	<u>6,520,148</u>
17			<u>6,920,148</u>
18			
19	03. Oral Health	44,901	44,901
20			
21	04. Evidence-Based Programs in Counties		
22	With Highest Infant Mortality Rates	1,575,000	1,575,000
23			
24	DHHS Program Expenditures		
25			
26	Division of Public Health		
27			
28	05. Children's Health Services	1,342,928	<u>1,342,928</u>
29			<u>1,427,323</u>
30			
31	06. Women's Health – Maternal Health	107,714	107,714
32			<u>169,864</u>
33			
34	07. State Center for Health Statistics	158,583	158,583
35			
36	08. Health Promotion – Injury and		
37	Violence Prevention	87,271	87,271
38			
39	DHHS Administration		
40			
41	Division of Public Health		
42			
43	09. Division of Public Health Administration	552,571	552,571
44			
45	TOTAL MATERNAL AND CHILD		
46	HEALTH BLOCK GRANT	\$17,963,819	<u>\$17,963,819</u>
47			<u>\$18,610,364</u>
48			
49	PREVENTIVE HEALTH SERVICES BLOCK GRANT		
50			
51	Local Program Expenditures		

1			
2	01. Physical Activity and Prevention	\$2,444,718	\$2,642,322
3			
4	02. Injury and Violence Prevention		
5	(Services to Rape Victims – Set-Aside)	173,476	<u>173,476</u>
6			<u>237,707</u>
7			
8	03. Community-Focused Eliminating Health		
9	Disparities Initiative Grants	2,756,855	0
10			
11	DHHS Program Expenditures		
12			
13	Division of Public Health		
14			
15	04. HIV/STD Prevention and		
16	Community Planning	145,819	145,819
17			
18	05. Oral Health Preventive Services	320,074	451,809
19			
20	06. Laboratory Services – Testing,		
21	Training, and Consultation	21,012	21,012
22			
23	07. Injury and Violence Prevention		
24	(Services to Rape Victims – Set-Aside)	192,315	<u>192,315</u>
25			<u>172,561</u>
26			
27	08. State Laboratory Services – Testing,		
28	Training, and Consultation	199,634	199,634
29			
30	09. Performance Improvement and		
31	Accountability	702,850	768,717
32			
33	10. State Center for Health Statistics	107,291	107,291
34			
35	DHHS Administration		
36			
37	Division of Public Health		
38			
39	11. Division of Public Health	172,820	172,820
40			
41	12. Division of Public Health –		
42	Physical Activity and Nutrition Branch	1,311,972	68,073
43			
44	TOTAL PREVENTIVE HEALTH		
45	SERVICES BLOCK GRANT	\$8,548,836	<u>\$4,943,288</u>
46			<u>\$4,987,765</u>
47			
48	COMMUNITY SERVICES BLOCK GRANT		
49			
50	Local Program Expenditures		
51			

1	Office of Economic Opportunity		
2			
3	01. Community Action Agencies	\$24,047,065	\$24,047,065
4			<u>\$21,428,074</u>
5			
6	02. Limited Purpose Agencies	1,335,948	1,335,948
7			<u>1,190,448</u>
8			
9	DHHS Administration		
10			
11	03. Office of Economic Opportunity	1,335,948	1,335,948
12			<u>1,190,448</u>
13			
14	TOTAL COMMUNITY SERVICES		
15	BLOCK GRANT	\$26,718,961	\$26,718,961
16			<u>\$23,808,970</u>
17			

"GENERAL PROVISIONS

"SECTION 12I.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 12I.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 2015-2016 and 2016-2017, 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.

Prior to allocating the change in federal fund availability, the proposed allocation must be approved by the Office of State Budget and Management. If the Department adjusts the allocation

1 of any Block Grant due to changes in federal fund availability, then a report shall be made to the
2 Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research
3 Division.

4 **"SECTION 12L.1.(d)** Except as otherwise provided, appropriations from federal Block Grant
5 funds are made for each year of the fiscal biennium ending June 30, 2017, according to the
6 schedule enacted for State fiscal years 2015-2016 and 2016-2017 or until a new schedule is
7 enacted by the General Assembly.

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

19 **"SECTION 12L.1.(f)** Except as otherwise provided, the Department of Health and Human
20 Services shall have flexibility to transfer funding between the Temporary Assistance for Needy
21 Families (TANF) Block Grant and the TANF Emergency Contingency Funds Block Grant so long
22 as the total allocation for the line items within those block grants remains the same.

23 24 **"TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF) FUNDS**

25 **"SECTION 12L.1.(g)** The sum of eighty million ninety-three thousand five hundred sixty-six
26 dollars (\$80,093,566) for the 2015-2016 fiscal year and the sum of ~~seventy-eight million~~
27 ~~seventy-three thousand four hundred thirty-seven dollars (\$78,073,437)~~ eighty million ninety-three
28 thousand five hundred sixty-six dollars (\$80,093,566) for the 2016-2017 fiscal year appropriated
29 in this section in TANF funds to the Department of Health and Human Services, Division of
30 Social Services, shall be used for Work First County Block Grants. The Division shall certify
31 these funds in the appropriate State-level services based on prior year actual expenditures. The
32 Division has the authority to realign the authorized budget for these funds among the State-level
33 services based on current year actual expenditures. The Division shall also have the authority to
34 realign appropriated funds from Work First Family Assistance for electing counties to the Work
35 First 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 12L.1.(g1)** The sum of three million six hundred thousand dollars (\$3,600,000)
38 for the 2016-2017 fiscal year appropriated in this section in TANF funds to the Department of
39 Health and Human Services, Division of Social Services, shall be used to support counties in
40 connecting Work First recipients and low income parents in job placements through subsidized
41 employment and targeted support services. The Division shall report on the use of these funds to
42 the Joint Legislative Oversight Committee on Health and Human Services by October 1, 2017.

43 **"SECTION 12L.1.(h)** The sum of nine million four hundred twelve thousand three hundred
44 ninety-one dollars (\$9,412,391) appropriated in this section to the Department of Health and
45 Human Services, Division of Social Services, in TANF funds for each year of the 2015-2017
46 fiscal biennium for child welfare improvements shall be allocated to the county departments of
47 social services for hiring or contracting staff to investigate and provide services in Child Protective
48 Services cases; to provide foster care and support services; to recruit, train, license, and support
49 prospective foster and adoptive families; and to provide interstate and post-adoption services for
50 eligible families.

1 Counties shall maintain their level of expenditures in local funds for Child Protective Services
2 workers. Of the Block Grant funds appropriated for Child Protective Services workers, the total
3 expenditures from State and local funds for fiscal years 2015-2016 and 2016-2017 shall not be less
4 than the total expended from State and local funds for the 2012-2013 fiscal year.

5 **"SECTION 12I.1.(i)** The sum of two million twenty-six thousand eight hundred
6 seventy-seven dollars (\$2,026,877) appropriated in this section in TANF funds to the Department
7 of Health and Human Services, Special Children Adoption Fund, for each year of the 2015-2017
8 fiscal biennium shall be used in accordance with G.S. 108A-50.2. The Division of Social Services,
9 in consultation with the North Carolina Association of County Directors of Social Services and
10 representatives of licensed private adoption agencies, shall develop guidelines for the awarding of
11 funds to licensed public and private adoption agencies upon the adoption of children described in
12 G.S. 108A-50 and in foster care. Payments received from the Special Children Adoption Fund by
13 participating agencies shall be used exclusively to enhance the adoption services program. No
14 local match shall be required as a condition for receipt of these funds.

15 **"SECTION 12I.1.(ii)** The sum of one million four hundred thousand dollars (\$1,400,000)
16 appropriated in this section in TANF funds to the Department of Health and Human Services,
17 Division of Social Services, for the 2016-2017 fiscal year shall be used for child welfare initiatives
18 to (i) enhance the skills of social workers to improve the outcomes for families and children
19 involved in child welfare, and (ii) enhance the provision of services to families in their home in the
20 least restrictive setting.

21 22 **"SOCIAL SERVICES BLOCK GRANT**

23 **"SECTION 12I.1.(j)** The sum of twenty-seven million three hundred thirty-five thousand
24 four hundred fifty-eight dollars (\$27,335,458) for the 2015-2016 fiscal year and the sum of
25 ~~twenty seven million one hundred eight thousand three hundred twenty four dollars~~
26 ~~(\$27,108,324)~~ twenty-seven million two hundred fifteen thousand five hundred eighty-three dollars
27 (\$27,215,583) for the 2016-2017 fiscal year appropriated in this section in the Social Services
28 Block Grant to the Department of Health and Human Services, Division of Social Services, shall
29 be used for county block grants. The Division shall certify these funds in the appropriate
30 State-level services based on prior year actual expenditures. The Division has the authority to
31 realign the authorized budget for these funds, as well as State Social Services Block Grant funds,
32 among the State-level services based on current year actual expenditures.

33 **"SECTION 12I.1.(k)** The sum of one million three hundred thousand dollars (\$1,300,000)
34 appropriated in this section in the Social Services Block Grant to the Department of Health and
35 Human Services, Division of Social Services, for each year of the 2015-2017 fiscal biennium shall
36 be used to support various child welfare training projects as follows:

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

40 **"SECTION 12I.1.(l)** The Department of Health and Human Services is authorized, subject to
41 the approval of the Office of State Budget and Management, to transfer Social Services Block
42 Grant funding allocated for departmental administration between divisions that have received
43 administrative allocations from the Social Services Block Grant.

44 **"SECTION 12I.1.(m)** Social Services Block Grant funds appropriated for the Special
45 Children Adoption Incentive Fund will require a fifty-percent (50%) local match.

46 **"SECTION 12I.1.(n)** The sum of five million forty thousand dollars (\$5,040,000)
47 appropriated in this section in the Social Services Block Grant for each year of the 2015-2017
48 fiscal biennium shall be allocated to the Department of Health and Human Services, Division of
49 Social Services. The Division shall allocate these funds to local departments of social services to
50 replace the loss of Child Protective Services State funds that are currently used by county
51 governments to pay for Child Protective Services staff at the local level. These funds shall be used

1 to maintain the number of Child Protective Services workers throughout the State. These Social
2 Services Block Grant funds shall be used to pay for salaries and related expenses only and are
3 exempt from 10A NCAC 71R .0201(3) requiring a local match of twenty-five percent (25%).

4 **"SECTION 12I.1.(o)** The sum of three million eight hundred fifty-two thousand five hundred
5 dollars (\$3,852,500) appropriated in this section in the Social Services Block Grant to the
6 Department of Health and Human Services, Division of Central Management and Support, shall
7 be used for DHHS competitive block grants pursuant to Section 12A.8 of this act for each year of
8 the 2015-2017 fiscal biennium. These funds are exempt from the provisions of 10A NCAC 71R
9 .0201(3).

10 **SECTION 12I.1.(p)** The sum of three hundred seventy-five thousand dollars (\$375,000)
11 appropriated in this section in the Social Services Block Grant for each year of the 2015-2017
12 fiscal biennium to the Department of Health and Human Services, Division of Social Services,
13 shall be used to continue support for the Child Advocacy Centers, and the funds are exempt from
14 the provisions of 10A NCAC 71R .0201(3).

15 **"SECTION 12I.1.(q)** The sum of four million one hundred seven thousand thirty-two dollars
16 (\$4,107,032) for the 2015-2016 fiscal year and the sum of four million thirty-five thousand seven
17 hundred four dollars (\$4,035,704) for the 2016-2017 fiscal year appropriated in this section in the
18 Social Services Block Grant to the Department of Health and Human Services, Divisions of Social
19 Services and Aging and Adult Services, shall be used for guardianship services pursuant to
20 Chapter 35A of the General Statutes. The Department may expend funds appropriated in this
21 section to support (i) existing corporate guardianship contracts during the 2015-2016 and
22 2016-2017 fiscal years and (ii) guardianship contracts transferred to the State from local
23 management entities or managed care organizations during the 2015-2016 and 2016-2017 fiscal
24 years.

25 **"SECTION 12I.1.(q1)** The sum of seven hundred thirty-seven thousand sixty-seven dollars
26 (\$737,067) appropriated in this section in the Social Services Block Grant for the 2016-2017 fiscal
27 year shall be allocated to the Department of Health and Human Services, Division of Social
28 Services. These funds shall be used to assist with training needs for county child welfare training
29 staff and shall not be used to supplant any other source of funding for staff. County departments of
30 social services are exempt from 10A NCAC 71R .0201(3) requiring a local match of twenty-five
31 percent (25%).

32 **"LOW-INCOME ENERGY ASSISTANCE BLOCK GRANT**

34 **"SECTION 12I.1.(r)** Additional emergency contingency funds received may be allocated for
35 Energy Assistance Payments or Crisis Intervention Payments without prior consultation with the
36 Joint Legislative Oversight Committee on Health and Human Services. Additional funds received
37 shall be reported to the Joint Legislative Oversight Committee on Health and Human Services and
38 the Fiscal Research Division upon notification of the award. The Department of Health and
39 Human Services shall not allocate funds for any activities, including increasing administration,
40 other than assistance payments, without prior consultation with the Joint Legislative Oversight
41 Committee on Health and Human Services.

42 **"SECTION 12I.1.(s)** The sum of forty million two hundred forty-four thousand five hundred
43 thirty-four dollars (\$40,244,534) for the 2015-2016 fiscal year and the sum of ~~thirty-nine million~~
44 ~~three hundred three thousand six hundred seventy-four dollars (\$39,303,674)~~ thirty-seven million
45 one hundred fifty-six thousand four hundred ninety-two dollars (\$37,156,492) for the 2016-2017
46 fiscal year appropriated in this section in the Low-Income Energy Assistance Block Grant to the
47 Department of Health and Human Services, Division of Social Services, shall be used for Energy
48 Assistance Payments for the households of (i) elderly persons age 60 and above with income up to
49 one hundred thirty percent (130%) of the federal poverty level and (ii) disabled persons eligible
50 for services funded through the Division of Aging and Adult Services.

1 County departments of social services shall submit to the Division of Social Services an
2 outreach plan for targeting households with 60-year-old household members no later than August
3 1 of each year. The outreach plan shall comply with the following:

- 4 (1) Ensure that eligible households are made aware of the available assistance, with
5 particular attention paid to the elderly population age 60 and above and
6 disabled persons receiving services through the Division of Aging and Adult
7 Services.
- 8 (2) Include efforts by the county department of social services to contact other
9 State and local governmental entities and community-based organizations to (i)
10 offer the opportunity to provide outreach and (ii) receive applications for
11 energy assistance.
- 12 (3) Be approved by the local board of social services or human services board prior
13 to submission.

14 **"CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT**

15 **"SECTION 12I.1.(t)** Payment for subsidized child care services provided with federal TANF
16 funds shall comply with all regulations and policies issued by the Division of Child Development
17 and Early Education for the subsidized child care program.

18 **"SECTION 12I.1.(u)** If funds appropriated through the Child Care and Development Fund
19 Block Grant for any program cannot be obligated or spent in that program within the obligation or
20 liquidation periods allowed by the federal grants, the Department may move funds to child care
21 subsidies, unless otherwise prohibited by federal requirements of the grant, in order to use the
22 federal funds fully.

23 **"MENTAL HEALTH SERVICES BLOCK GRANT**

24 **"SECTION 12I.1.(v)** The sum of six hundred forty-three thousand four hundred ninety-one
25 dollars (\$643,491) appropriated in this section in the Mental Health Services Block Grant to the
26 Department of Health and Human Services, Division of Mental Health, Developmental
27 Disabilities, and Substance Abuse Services, for ~~each year of the 2015-2017 fiscal biennium~~
28 the 2015-2016 fiscal year and the sum of one million four hundred thirty thousand eight hundred
29 fifty-one dollars (\$1,430,851) for the 2016-2017 fiscal year is allocated for Mental Health Services
30 – First Psychotic Symptom Treatment. The Division shall report on (i) the specific evidence-based
31 treatment and services provided, (ii) the number of persons treated, and (iii) the measured
32 outcomes or impact on the participants served. The Division shall report to the House of
33 Representatives Appropriations Committee on Health and Human Services, the Senate
34 Appropriations Committee on Health and Human Services, and the Fiscal Research Division no
35 later than December 31, 2016.

36 **"SUBSTANCE ABUSE PREVENTION AND TREATMENT BLOCK GRANT**

37 **"SECTION 12I.1.(w)** The sum of two hundred fifty thousand dollars (\$250,000) appropriated
38 in this section in the Substance Abuse Prevention and Treatment Block Grant to the Department of
39 Health and Human Services, Division of Mental Health, Developmental Disabilities, and
40 Substance Abuse Services, for each year of the 2015-2017 fiscal biennium shall be allocated to the
41 Department of ~~Administration, Division of Military and Veterans Affairs~~, to establish a call-in
42 center to assist veterans in locating service benefits and crisis services. The call-in center shall be
43 staffed by certified veteran peers within the ~~Division of Department of Military and Veterans~~
44 Affairs and trained by the Division of Mental Health, Developmental Disabilities, and Substance
45 Abuse Services.

46 **"SECTION 12I.1.(w1)** The sum of five hundred thousand dollars (\$500,000) allocated in this
47 section in the Substance Abuse Prevention and Treatment Block Grant to the Department of
48 Health and Human Services, Division of Mental Health, Developmental Disabilities, and
49

1 Substance Abuse Services, for the 2016-2017 fiscal year shall be used for a medication-assisted
2 opioid use disorder treatment pilot program.

4 **"MATERNAL AND CHILD HEALTH BLOCK GRANT**

5 **"SECTION 12I.1.(x)** If federal funds are received under the Maternal and Child Health Block
6 Grant for abstinence education, pursuant to section 912 of Public Law 104-193 (42 U.S.C. § 710),
7 for the 2015-2016 fiscal year or the 2016-2017 fiscal year, then those funds shall be transferred to
8 the State Board of Education to be administered by the Department of Public Instruction. The
9 Department of Public Instruction shall use the funds to establish an abstinence until marriage
10 education program and shall delegate to one or more persons the responsibility of implementing
11 the program and G.S. 115C-81(e1)(4) and (4a). The Department of Public Instruction shall
12 carefully and strictly follow federal guidelines in implementing and administering the abstinence
13 education grant funds.

14 **"SECTION 12I.1.(y)** The Department of Health and Human Services shall ensure that there
15 will be follow-up testing in the Newborn Screening Program.

16 **"SECTION 12I.1.(z)** The sum of one million five hundred seventy-five thousand dollars
17 (\$1,575,000) appropriated in this section in the Maternal and Child Health Block Grant to the
18 Department of Health and Human Services, Division of Public Health, for each year of the
19 2015-2017 fiscal biennium shall be used for evidence-based programs in counties with the highest
20 infant mortality rates. The Division shall report on (i) the counties selected to receive the
21 allocation, (ii) the specific evidenced-based services provided, (iii) the number of women served,
22 and (iv) any impact on the counties' infant mortality rate. The Division shall report its findings to
23 the House of Representatives Appropriations Committee on Health and Human Services, the
24 Senate Appropriations Committee on Health and Human Services, and the Fiscal Research
25 Division no later than December 31, 2016.

26 **"SECTION 12I.1.(aa)** The sum of one hundred thousand dollars (\$100,000) allocated in this
27 section in the Maternal and Child Health Block Grant to the Department of Health and Human
28 Services, Division of Public Health, for each year of the 2015-2017 fiscal biennium for
29 community-based sickle cell centers shall not be used to supplant existing State or federal funds.

30 **"SECTION 12I.1.(bb)** No more than fifteen percent (15%) of the funds provided in this
31 section in the Maternal and Child Health Block Grant to Carolina Pregnancy Care Fellowship
32 shall be used for administrative purposes. The balance of those funds shall be used for direct
33 services."
34

35 **PART XIII. DEPARTMENT OF AGRICULTURE AND CONSUMER SERVICES**

36 **SPAY/NEUTER PROGRAM ELIGIBILITY**

37 **SECTION 13.1.(a)** G.S. 19A-63(a)(1) reads as rewritten:

38 **"(1)** The county or city offers one or more of the following programs to low-income
39 persons on a year-round basis for the purpose of reducing the cost of spaying
40 and neutering procedures for dogs and cats:

- 41 a. A spay/neuter clinic operated by the county or city.
- 42 b. A spay/neuter clinic operated by a non-profit organization under
43 contract or other arrangement with the county or ~~city, provided that the~~
44 ~~non-profit organization contracts with a local veterinarian to perform the~~
45 ~~spay/neuter procedures.~~ city.
- 46 c. A contract or contracts with one or more veterinarians, whether or not
47 located within the county, to provide reduced-cost spaying and
48 neutering procedures.
- 49 d. Subvention of the spaying and neutering costs incurred by low-income
50 pet owners through the use of vouchers or other procedure that provides
51

1 a discount of the cost of the spaying or neutering procedure fixed by a
2 participating ~~veterinarian~~veterinarian or other provider.

- 3 e. Subvention of the spaying and neutering costs incurred by persons who
4 adopt a pet from an animal shelter operated by or under contract with
5 the county or city."

6 **SECTION 13.1.(b)** G.S. 19A-63(b)(2) reads as rewritten:

7 "(2) Low-income person. – An individual who qualifies for one or more of the
8 programs of public assistance administered by the Department of Health and
9 Human Services pursuant to Chapter 108A of the General Statutes or whose
10 annual household income is lower than one hundred percent (100%) of the
11 federal poverty level guidelines published by the United States Department of
12 Health and Human Services."

13 14 **NEW MARKET OPPORTUNITIES FOR FARMERS**

15 **SECTION 13.2.** The funds available in the Swine Waste Fund (Fund Code
16 23704-2730) shall be repurposed to identify new market opportunities for agricultural and
17 silvicultural producers related to products that producers currently hold, produce or are capable of
18 producing. The funds are available for activities including identifying new markets and barriers to
19 market entry, catalyzing efforts to accelerate and ease market participation, educating local
20 extension officers, and creating mechanisms to ensure quality assurance for products and service
21 providers.

22 23 **PART XIV. DEPARTMENT OF ENVIRONMENTAL QUALITY**

24 25 **MERCURY SWITCH SUNSET MODIFICATION**

26 **SECTION 14.1.(a)** Section 9 of S.L. 2007-142 reads as rewritten:

27 "**SECTION 9.** Sections 1, 2, 6, 7, and 9 of this act become effective when this act becomes
28 law. Sections 3, 4, and 8 of this act become effective 1 July 2007. Section 5 of this act becomes
29 effective 1 July 2007 and applies to violations that occur on or after that date. The Department
30 shall submit the first annual report required by G.S. 130A-310.57, as enacted by Section 7 of this
31 act, on or before 1 October 2008. This act expires on 31 December 2017. Effective June 30, 2017,
32 Part 6 of Article 9 of Chapter 130A of the General Statutes, as amended by this act, is repealed."

33 **SECTION 14.1.(b)** Section 13.10B of S.L. 2011-145 is repealed.

34 **SECTION 14.1.(c)** Subsection (b) of this section becomes effective June 30, 2017.
35 Funds remaining in the Mercury Pollution Prevention Fund (Fund Code 24300-2119) on that date
36 shall be transferred to the Division of Waste Management (Fund Code 14300-1760).

37 38 **MOTOR VEHICLE EMISSIONS INSPECTIONS**

39 **SECTION 14.2.(a)** G.S. 143-215.107A reads as rewritten:

40 "**§ 143-215.107A. Motor vehicle emissions testing and maintenance program.**

41 (a) General Provisions. –

42 (1) G.S. 143-215.107(a)(6) shall be implemented as provided in this section.

43 (2) Motor vehicle emissions inspections shall be performed by a person who holds
44 an emissions inspection mechanic license issued as provided in
45 G.S. 20-183.4A(c) at a station that holds an emissions inspection station license
46 issued under G.S. 20-183.4A(a) or at a place of business that holds an
47 emissions self-inspector license issued as provided in G.S. 20-183.4A(d). Motor
48 vehicle emissions inspections may be performed by a decentralized network of
49 test-and-repair stations as described in 40 Code of Federal Regulations § 51.353
50 (1 July 1998 Edition). The Commission may not require that motor vehicle

1 emissions inspections be performed by a network of centralized or
 2 decentralized test-only stations.
 3 (b) Repealed by Session Laws 2000-134, s. 2, effective July 14, 2000.
 4 (c) Counties Covered. – Motor vehicle emissions inspections shall be performed in the
 5 following counties: Alamance, ~~Brunswick~~, ~~Buncombe~~, ~~Burke~~, ~~Cabarrus~~, ~~Caldwell~~, ~~Carteret~~,
 6 ~~Catawba~~, ~~Chatham~~, ~~Cleveland~~, ~~Craven~~, ~~Cumberland~~, Davidson, Durham, Edgecombe, Forsyth,
 7 ~~Franklin~~, ~~Gaston~~, ~~Granville~~, ~~Guilford~~, ~~Harnett~~, ~~Haywood~~, ~~Henderson~~, Iredell, Johnston, Lee,
 8 ~~Lenoir~~, ~~Lincoln~~, Mecklenburg, Moore, Nash, ~~New Hanover~~, ~~Onslow~~, ~~Orange~~, ~~Pitt~~, ~~Randolph~~,
 9 ~~Robeson~~, ~~Rockingham~~, Rowan, ~~Rutherford~~, ~~Stanly~~, ~~Stokes~~, ~~Surry~~, Union, Wake, Wayne, Wilkes
 10 ~~and Wilson~~ and Wake.

11"

12 **SECTION 14.2.(b)** G.S. 20-183.2(b) reads as rewritten:

13 "(b) Emissions. – A motor vehicle is subject to an emissions inspection in accordance with
 14 this Part if it meets all of the following requirements:

- 15 (1) It is subject to registration with the Division under Article 3 of this Chapter,
 16 except for motor vehicles operated on a federal installation as provided in
 17 sub-subdivision e. of subdivision (5) of this subsection.
- 18 (2) It is not a trailer whose gross weight is less than 4,000 pounds, a house trailer,
 19 or a motorcycle.
- 20 (3) It is (i) a 1996 or later model vehicle with a model year within 20 years of the
 21 current year and older than the three most recent model years or (ii) a 1996 or
 22 later model a vehicle with a model year within 20 years of the current year and
 23 has 70,000 miles or more on its odometer.

24"

25 **SECTION 14.2.(c)** No later than December 31, 2016, the Department of
 26 Environmental Quality shall prepare and submit to the United States Environmental Protection
 27 Agency for approval by that agency a proposed North Carolina State Implementation Plan
 28 amendment based on the change to the motor vehicle emissions testing program provided in
 29 subsection (a) of this section.

30 **SECTION 14.2.(d)** Subsection (a) of this section becomes effective July 1, 2017.
 31 Subsection (b) of this section becomes effective on the later of the following dates and applies to
 32 motor vehicles inspected, or due to be inspected, on or after that effective date:

- 33 (1) January 1, 2019.
- 34 (2) The first day of a month that is 60 days after the Secretary of the Department of
 35 Environmental Quality certifies to the Revisor of Statutes that the United States
 36 Environmental Protection Agency has approved an amendment to the North
 37 Carolina State Implementation Plan submitted in support of the change in
 38 subsection (b) of this section. The Secretary shall provide this notice along with
 39 the effective date of this act on its Web site and by written or electronic notice
 40 to emissions inspection mechanic license holders, emissions inspection station
 41 licensees, and self-inspector licensees in the counties where motor vehicle
 42 emissions inspection requirements are removed by this section.

43
 44 **AIR AND WATER QUALITY ACCOUNT FUNDING**

45 **SECTION 14.3.** G.S. 105-449.125, as amended by Section 4.11(a) of S.L. 2016-5,
 46 reads as rewritten:

47 **"§ 105-449.125. Distribution of tax revenue among various funds and accounts.**

48 (a) Distribution to Funds. – The Secretary shall allocate the amount of revenue collected
 49 under this Article from an excise tax of one-half cent (1/2¢) a gallon to the following funds and
 50 accounts in the fraction indicated:

51 Fund or Account Amount

1 Commercial Leaking Petroleum

2 Underground Storage Tank Cleanup Fund

~~Nineteen thirty seconds~~ Sixty-two and one-half percent (62.5%)

3
4 Water and Air Quality Account

~~Five sixteenths~~ Twenty-eight and one-tenth percent (28.1%).

5
6 (b) Distribution of Remaining Revenue. – The Secretary shall allocate the remaining
7 excise tax revenue collected under this Article, including any revenue that is allocated but not
8 distributed under subsection (a) of this section, as follows:

9 (1) Seventy-one percent (71%) to the Highway Fund.

10 (2) Twenty-nine percent (29%) to the Highway Trust Fund.

11 (c) Accounting. – The Secretary shall charge a proportionate share of a refund allowed
12 under this Article to each fund or account to which revenue collected under this Article is credited.
13 The Secretary shall credit revenue or charge refunds to the appropriate funds or accounts on a
14 monthly basis."

15 16 AUDITOR RECLASSIFICATION

17 **SECTION 14.4.** The Department of Environmental Quality may reclassify an existing
18 vacant position to establish an internal auditor position.

19 20 RISK-BASED MANAGEMENT ACTIONS PREAPPROVAL

21 **SECTION 14.5.** G.S. 143-215.94E(e5) is amended by adding a new subdivision to
22 read:

23 "(10) Each fiscal year, the Department may preapprove and authorize tasks, the cost
24 of which is to be paid or reimbursed from the Commercial Fund and the sum
25 total of which shall not exceed five hundred thousand dollars (\$500,000), that
26 have not been authorized pursuant to subdivisions (5) and (6) of this subsection
27 for the purpose of completing risk-based management actions leading to no
28 further action or closure. A claim for payment or reimbursement of costs for
29 tasks that are authorized under this subdivision shall be paid or reimbursed on
30 the same basis as tasks that are authorized under subdivisions (5) and (6) of this
31 subsection."

32 33 EXPEDITE CLOSURE OF LOW-RISK PRE-1983 LANDFILLS

34 **SECTION 14.6.** Of the funds appropriated to the Inactive Hazardous Sites Cleanup
35 Fund (Fund Code 65304-6379), the sum of five million dollars (\$5,000,000) may be used by the
36 Department of Environmental Quality in the 2016-2017 fiscal year to expedite closure of lower
37 risk pre-regulatory landfills by funding the assessment and remedial activities needed to achieve a
38 risk-based closure. The Department's activities under this section may proceed notwithstanding the
39 site's relative priority for action established under G.S. 130A-310.6(c), provided that the
40 Department shall only proceed with remediation and expend funds for cleanup of a site pursuant to
41 this section if the cleanup method proposed is determined to be the most cost-effective cleanup for
42 the site, except if cleanup to a more protective standard is necessary to make the site suitable for a
43 proposed economic development opportunity at the site. The Department shall issue written
44 findings of fact to demonstrate that a cleanup method for a site to be remediated pursuant to this
45 section is the most cost-effective cleanup method and, if applicable, a description of a proposed
46 economic development opportunity for a site that would support a cleanup to a more protective
47 standard. For purposes of this section, the term "cost-effective cleanup" means a cleanup method
48 that meets the following criteria: (i) addresses imminent threats to human health or the
49 environment and (ii) is the least expensive cleanup based on total cost.

50 51 OYSTER BROOD STOCK FUNDING MODIFICATION

1 **SECTION 14.7.** Notwithstanding any other provision of law, funds provided to the
2 Division of Marine Fisheries of the Department of Environmental Quality for contracting with the
3 University of North Carolina Wilmington to develop oyster brood stock to provide seed for
4 aquaculture shall be transferred to, and not through a contractual arrangement with, the University
5 of North Carolina Wilmington for that purpose.

7 **COASTAL RECREATIONAL FISHING LICENSES CONFORMING CHANGE**

8 **SECTION 14.8.** G.S. 113-174.1(f) reads as rewritten:

9 **"§ 113-174.1. License required; general provisions governing licenses.**

10 ...

11 (f) Cancellation of Fraudulent License; Penalties. – The Wildlife Resources Commission
12 may cancel a license issued by the Commission under this Article or Article 25A of this Chapter if
13 the license was issued on the basis of false information supplied by the license applicant. The
14 Division may cancel a For Hire Blanket ~~CRFL License~~ issued under G.S. 113-174.3 ~~or an Ocean~~
15 ~~Fishing Pier Blanket CRFL issued under G.S. 113-174.4~~ if the license was issued on the basis of
16 false information supplied by the license applicant. A cancelled license is void from the date of
17 issuance. It is a Class 1 misdemeanor for an individual to knowingly do any of the following:

18 "

19 **MARINE PATROL/SHELLFISH SANITATION EQUIPMENT SALES**

20 **SECTION 14.9.(a)** The Division of Marine Fisheries of the Department of
21 Environmental Quality may sell the following aircraft and water vessels from its fleet as
22 expeditiously as possible in order to modernize the fleet:

- 23 (1) 1999 48' Sea Ark – patrol vessel "Roanoke".
- 24 (2) 1995 Husky airplane.
- 25 (3) 1998 25' Parker boat hull with trailer.
- 26 (4) 1993 18' Parker boat with engine and trailer.

27 Proceeds from these sales shall be credited to the Advance License Sales fund (Fund
28 Code 24300-2392) within Marine Fisheries for future appropriation by the General Assembly.

29 **SECTION 14.9.(b)** The Division shall report to the Joint Legislative Oversight
30 Committee on Agriculture and Natural and Economic Resources on the proceeds of the
31 dispositions authorized by this section and the Division's plans for use of the proceeds for future
32 equipment acquisitions to (i) support the enforcement efforts of the Marine Patrol and (ii) to
33 support the Shellfish Sanitation and Recreational Water Quality Program.
34

35 **CULTCH MATERIAL PURCHASING**

36 **SECTION 14.10.** For the purpose of purchasing materials and entering contracts for
37 shellfish rehabilitation projects, the Division of Marine Fisheries of the Department of
38 Environmental Quality shall be permitted to carry forward from the 2015-2016 fiscal year to the
39 2016-2017 fiscal year up to five hundred thousand dollars (\$500,000) of State funds appropriated
40 for cultch planting.
41

42 **SHELLFISH LEASING REFORMS**

43 **SECTION 14.11.(a)** G.S. 113-202(j) reads as rewritten:

44 (j) Initial leases begin upon the issuance of the lease by the Secretary and expire at noon
45 on the first day of July following the tenth anniversary of the granting of the lease. Renewal leases
46 are issued for a period of 10 years from the time of expiration of the previous lease. At the time of
47 making application for renewal of a lease, the applicant must pay a filing fee of one hundred
48 dollars (\$100.00). The rental for initial leases is one dollar (\$1.00) per acre until noon on the first
49 day of July following the first anniversary of the lease. Thereafter, for initial leases and from the
50 beginning for renewals of leases entered into after that date, the rental is ten dollars (\$10.00) per
51

1 acre per year. Rental must be paid annually in advance prior to the first day of ~~April~~July each
2 year. Upon initial granting of a lease, the pro rata amount for the portion of the year left until the
3 first day of July must be paid in advance at the rate of one dollar (\$1.00) per acre per year; then,
4 on or before the first day of ~~April~~July next, the lessee must pay the rental for the next full year."

5 **SECTION 14.11.(b)** G.S. 113-202.1 reads as rewritten:

6 "**§ 113-202.1. Water column leases for aquaculture.**

7 (a) To increase the productivity of leases for shellfish culture issued under G.S. 113-202,
8 the Secretary may amend shellfish cultivation leases to authorize use of the water column
9 superjacent to the leased bottom under the terms of this section when he determines the public
10 interest will benefit from amendment of the leases. Leases with water column amendments must
11 produce shellfish in commercial quantities at four times the minimum production rate of leases
12 issued under G.S. 113-202, or any higher quantity required by the Marine Fisheries Commission
13 through duly adopted rules.

14 ...

15 (f) Amendments of shellfish cultivation leases to authorize use of the water column ~~are not~~
16 ~~transferrable except when the Secretary approves the transfer after public notice and hearing~~
17 ~~consistent with subsection (e) of this section.~~may be transferred with a bottom lease for the
18 remainder of the term of the amendment at the same rental rate and term as set forth in subsection
19 (d) of this section, and so long as notice of the transfer is provided to the Secretary as required by
20 G.S. 113-202(k).

21 ...

22 (i) To the extent required by demonstration or research aquaculture development projects,
23 the Secretary may amend existing leases and issue leases that authorize use of the bottom and the
24 water column. Demonstration or research aquaculture development projects may be authorized for
25 ~~two~~five years with no more than one renewal and when the project is proposed or formally
26 sponsored by an educational institution which conducts research or demonstration of aquaculture.
27 Production of shellfish with a sales value in excess of ~~one thousand dollars (\$1,000)~~five thousand
28 dollars (\$5,000) per acre per year shall constitute commercial production. Demonstration or
29 research aquaculture development projects shall be exempt for the rental rate in subsection (d) of
30 this section unless commercial production occurs as a result of the project."

31 **SECTION 14.11.(c)** G.S. 113-202.2 reads as rewritten:

32 "**§ 113-202.2. Water column leases for aquaculture for perpetual franchises.**

33 (a) To increase the productivity of shellfish grants and perpetual franchises for shellfish
34 culture recognized under G.S. 113-206, the Secretary may lease the water column superjacent to
35 such grants or perpetual franchises (hereinafter "perpetual franchises") under the terms of this
36 section when it determines the public interest will benefit from the lease. Perpetual franchises with
37 water column leases must produce shellfish in commercial quantities at four times the minimum
38 production rate of leases issued under G.S. 113-202, or any higher quantity required by the Marine
39 Fisheries Commission by rule.

40 ...

41 (d) Water column leases to perpetual franchises shall be issued for a period of ~~five~~10
42 years and may be renewed pursuant to subsection (g) of this section. The rental for an initial water
43 column lease issued under this section is the same as the rental set in G.S. 113-202.1 for an initial
44 water column amendment issued under that section, and the rental for a renewed water column
45 lease issued under this section is the same as the rental set in G.S. 113-202.1 for a renewed water
46 column amendment issued under that section.

47 ...

48 (f) Water column leases to perpetual franchises ~~are not transferrable except when the~~
49 ~~Secretary approves the transfer after public notice and hearing consistent with G.S. 113-202(f) and~~
50 ~~(g).~~may be transferred with a perpetual franchise for the remainder of the term of the lease at the

1 same rental rate and term as set forth in subsection (d) of this section, and so long as notice of the
2 transfer is provided to the Secretary as required by G.S. 113-202(k).

3 ...

4 (i) Demonstration or research aquaculture development projects may be authorized for
5 ~~two-five~~ years with no more than one renewal and when the project is proposed or formally
6 sponsored by an educational institution which conducts aquaculture research or demonstration
7 projects. Production of shellfish with a sales value in excess of ~~one thousand dollars (\$1,000)~~five
8 thousand dollars (\$5,000) per acre per year shall constitute commercial production. Demonstration
9 or research aquaculture development projects shall be exempt from the rental rate in subsection (d)
10 of this section unless commercial production occurs as a result of the project."

11 CLARIFY AQUATIC WEED CONTROL FUNDING ELIGIBILITY

12 SECTION 14.12.(a) Part 8B of Article 21 of Chapter 143 of the General Statutes
13 reads as rewritten:

14 "Part 8B. Shallow Draft Navigation Channel and ~~Lake Dredging~~ Aquatic Weed Fund.

15 "§ 143-215.73F. **Shallow Draft Navigation Channel Dredging and ~~Lake Maintenance~~**
16 **Aquatic Weed Fund.**

17 (a) Fund Established. – The Shallow Draft Navigation Channel Dredging and ~~Lake~~
18 ~~Maintenance~~ Aquatic Weed Fund is established as a special revenue fund. The Fund consists of
19 fees credited to it under G.S. 75A-3 and G.S. 75A-38, taxes credited to it under G.S. 105-449.126,
20 and funds contributed by non-State entities.

21 (b) Uses of Fund. – Revenue in the Fund may only be used for the following purposes:

22 (1) To provide the State's share of the costs associated with any dredging project
23 designed to keep shallow draft navigation channels located in State waters or
24 waters of the state located within lakes navigable and safe.

25 (2) For aquatic weed control projects in waters of the State ~~located within lakes~~
26 under Article 15 of Chapter 113A of the General Statutes. Funding for aquatic
27 weed control projects is limited to five hundred thousand dollars (\$500,000) in
28 each fiscal year.

29 (c) Cost-Share. – Any project funded by revenue from the Fund must be cost-shared with
30 non-State dollars as follows:

31 ...

32 (3) The cost-share for ~~a lake maintenance~~ an aquatic weed control project shall be
33 at least one non-State dollar for every dollar from the Fund. The cost-share for a
34 lake-an aquatic weed control project located within a component of the State
35 Parks System shall be provided by the Division of Parks and Recreation of the
36 Department of Natural and Cultural Resources. The Division of Parks and
37 Recreation may use funds allocated to the State Parks System for capital
38 projects under G.S. 143B-135.56 for the cost-share.

39"

40 SECTION 14.12.(b) G.S. 75A-3(c) reads as rewritten:

41 (c) The Boating Account is established within the Wildlife Resources Fund created under
42 G.S. 143-250. Interest and other investment income earned by the Account accrues to the Account.
43 All moneys collected pursuant to the numbering and titling provisions of this Chapter shall be
44 credited to this Account. Motor fuel excise tax revenue is credited to the Account under
45 G.S. 105-449.126. The Commission shall use revenue in the Account, subject to the Executive
46 Budget Act and the Personnel Act, for the administration and enforcement of this Chapter; for
47 activities relating to boating and water safety including education and waterway marking and
48 improvement; and for boating access area acquisition, development, and maintenance. The
49 Commission shall use at least three dollars (\$3.00) of each one-year certificate of number fee and
50 at least nine dollars (\$9.00) of each three-year certificate of number fee collected under the
51

1 numbering provisions of G.S. 75A-5 for boating access area acquisition, development, and
2 maintenance. The Commission shall transfer on a quarterly basis fifty percent (50%) of each
3 one-year certificate of number fee and fifty percent (50%) of each three-year certificate of number
4 fee collected under the numbering provisions of G.S. 75A-5 to the Shallow Draft Navigation
5 Channel Dredging and ~~Lake Maintenance~~ Aquatic Weed Fund established by G.S. 143-215.73F."

6 **SECTION 14.12.(c)** G.S. 75A-38(b) reads as rewritten:

7 "(b) The Commission shall charge a fee of thirty dollars (\$30.00) to issue a new or transfer
8 certificate of title. The Commission shall transfer on a quarterly basis at least ten dollars (\$10.00)
9 of each new or transfer certificate of title to the Shallow Draft Navigation Channel Dredging and
10 ~~Lake Maintenance~~ Aquatic Weed Fund established by G.S. 143-215.73F. The Commission shall
11 charge a fee of ten dollars (\$10.00) for each duplicate title it issues and for the recording of a
12 supplemental lien."

13 **SECTION 14.12.(d)** G.S. 105-449.126 reads as rewritten:

14 "**§ 105-449.126. Distribution of part of Highway Fund allocation to Wildlife Resources Fund
15 and Shallow Draft Navigation Channel Dredging and ~~Lake Maintenance~~ Aquatic
16 Weed Fund.**

17 ...

18 (b) The Secretary shall credit to the Shallow Draft Navigation Channel Dredging and ~~Lake
19 Maintenance~~ Aquatic Weed Fund one percent (1%) of the amount that is allocated to the Highway
20 Fund under G.S. 105-449.125 and is from the excise tax on motor fuel. Revenue credited to the
21 Shallow Draft Navigation Channel Dredging and ~~Lake Maintenance~~ Aquatic Weed Fund under
22 this section may be used only for the dredging activities described in G.S. 143-215.73F. The
23 Secretary shall credit revenue to the Shallow Draft Navigation Channel Dredging and ~~Lake
24 Maintenance~~ Aquatic Weed Fund on a quarterly basis. The Secretary must make the distribution
25 within 45 days of the end of each quarter."

27 ENVIRONMENTAL MANAGEMENT OF IMPAIRED WATER BODIES

28 **SECTION 14.13.(a)** Section 14.5(a) of S.L. 2015-241 reads as rewritten:

29 "**SECTION 14.5.(a)** Of the funds appropriated in this act to the Clean Water Management
30 Trust Fund for the 2015-2017 biennium, the Department of ~~Environment and Natural Resources~~
31 ~~shall~~ Environmental Quality may use up to one million five hundred thousand dollars (\$1,500,000)
32 to continue the demonstration project authorized by Section 14.3A of S.L. 2013-360. No later than
33 December 1, 2015, the Department shall extend or modify existing contracts related to in situ
34 water quality remediation strategies for a term ending on or after October 15, 2018, and also may
35 enter into new purchase or lease agreements for equipment, goods, or contractor services needed
36 to continue the demonstration project as set forth in this subsection. If the Department of
37 Environmental Quality chooses to terminate the demonstration project contract prior to the end of
38 the contract term, then the remaining funds shall be used by the Clean Water Management Trust
39 Fund for any other lawful purpose."

40 **SECTION 14.13.(b)** This section becomes effective on the earlier of July 1, 2016, or
41 the date of termination of a contract related to in situ water quality remediation strategies that was
42 extended pursuant to Section 14.5 of S.L. 2015-241.

44 MATTAMUSKEET LODGE ADVANCED PLANNING

45 **SECTION 14.14.** The Wildlife Resources Commission shall undertake advanced
46 planning for the completion of renovations of the Lake Mattamuskeet Lodge and explore
47 opportunities for a public-private partnership for the future operation of the Lodge to optimize the
48 sustainability and benefit of the Lodge to the community. In order to conduct these activities, the
49 Commission may use up to two hundred thousand dollars (\$200,000) of the funds appropriated to
50 it for the 2016-2017 fiscal year. The Commission shall report to the Joint Legislative Oversight

1 Committee on Agriculture and Natural and Economic Resources no later than January 15, 2017,
2 regarding its implementation of the requirements of this section.

3
4 **PART XV. DEPARTMENT OF COMMERCE**

5
6 **USE OF DEOBLIGATED CDBG AND FEDERAL FUNDS**

7 **SECTION 15.1.(a)** Section 15.6(b) of S.L. 2015-241 reads as rewritten:

8 **"SECTION 15.6.(b)** To allow the Department of Commerce and the Department of
9 Environment and Natural Resources to quickly deploy deobligated CDBG funds and surplus
10 federal administrative funds as they are identified throughout each program year, the following
11 shall apply to the use of deobligated CDBG funds and surplus federal administrative funds, unless
12 otherwise expressly provided by law:

13 ...

14 (2) In the 2015-2017 fiscal biennium, the Department of Commerce shall use the
15 sum of ~~five million nine hundred eight thousand four hundred ninety seven~~
16 ~~dollars (\$5,908,497)~~ ten million six hundred forty-eight thousand one hundred
17 eighty-nine dollars (\$10,648,189) in deobligated CDBG funds as follows:

18 a. ~~Four~~ Three million six hundred fifty-eight thousand four hundred
19 ninety-seven dollars (~~\$4,658,497~~) ~~for~~ (\$3,658,497) for providing

20 ~~1.~~ Providing public services and public facilities. The category of
21 public services includes providing substance abuse services and
22 employment services, including job training, to homeless and
23 at-risk veterans in the State.

24 ~~2.~~ If House Bill 108, 2015 Regular Session, becomes law,
25 providing up to one million dollars (\$1,000,000) in the
26 2016-2017 fiscal year to be used to fund a loan fund for site,
27 infrastructure, and building development. Program income
28 generated from awards made from the loan fund shall be
29 captured in the existing CDBG revolving loan fund.

30 b. Five hundred thousand dollars (\$500,000) for existing CDBG programs
31 that encounter cost overruns.

32 c. Up to seven hundred fifty thousand dollars (\$750,000) for providing
33 training and guidance to local governments relative to the CDBG
34 program, its management, and administration requirements.

35 d. Four million dollars (\$4,000,000) to be transferred to the Department of
36 Environmental Quality for water and sewer projects for public schools.

37 e. Three hundred thousand dollars (\$300,000) to be used by the
38 Department to provide a source of funding and assistance for small food
39 retailers operating in the State in low-income areas to improve access to
40 healthy foods.

41 f. One million two hundred fifty thousand dollars (\$1,250,000) to the
42 Department of Commerce for the State Broadband Plan.

43 (3) ~~All deobligated CDBG funds that arise in a category that the Department of~~
44 ~~Commerce is responsible for administering after the provisions of subdivision~~
45 ~~(2) of this subsection have been met, and any~~ Any surplus federal
46 administrative funds, as provided for in subdivision (1) of this subsection, may
47 be used by the Department for all of the following:

48 a. ~~To issue grants in the CDBG economic development program category.~~

49 b. ~~For providing training and guidance to local governments relative to the~~
50 ~~CDBG program, its management, and administrative requirements.~~

1 e. For any other purpose consistent with the Department's administration
2 of the CDBG program if an equal amount of State matching funds is
3 available.
4

...."

5 **SECTION 15.1.(b)** The Department shall report on its proposed broadband initiative
6 and its proposed use of deobligated CDBG funds to support that initiative. The report shall include
7 details about how the initiative complies with the State broadband plan and the State's CDBG
8 requirements. The report shall also include details about (i) the type of sites it intends to serve, (ii)
9 a time line for proposed projects, (iii) the constituents it intends to serve, and (iv) any other
10 expected outcomes. The Department shall submit the report to the chairs of the Economic
11 Development and Global Engagement Committee and the chairs of the Joint Oversight Committee
12 on Agriculture and Natural and Economic Resources on or before February 1, 2017.
13

14 **MODIFY DISBURSEMENT PROCESS FROM ECONOMIC DEVELOPMENT** 15 **RESERVES**

16 **SECTION 15.2.(a)** G.S. 143B-437.63 reads as rewritten:

17 **"§ 143B-437.63. JDIG Program cash flow requirements.**

18 Notwithstanding any other provision of law, grants made through the Job Development
19 Investment Grant Program, including amounts transferred pursuant to G.S. 143B-437.61, shall be
20 budgeted and funded on a cash flow basis. ~~The Office of State Budget and~~
21 ~~Management~~Department of Commerce shall periodically transfer funds from the JDIG Reserve
22 established pursuant to G.S. 143C-9-6 to the Department of Commerce disburse funds in an
23 amount sufficient to satisfy grant obligations and amounts to be transferred pursuant to
24 G.S. 143B-437.61 to be paid during the fiscal year. It is the intent of the General Assembly to
25 appropriate funds annually to the JDIG Program established in this Part in amounts sufficient to
26 meet the anticipated cash requirements for each fiscal year."

27 **SECTION 15.2.(b)** G.S. 143B-437.75 reads as rewritten:

28 **"§ 143B-437.75. Cash flow requirements.**

29 Notwithstanding any other provision of law, moneys allocated from the One North Carolina
30 Fund shall be budgeted and funded on a cash flow basis. ~~The Office of State Budget and~~
31 ~~Management~~Department of Commerce shall periodically transfer funds from the One North
32 Carolina Fund established pursuant to G.S. 143B-437.71 to the Department of Commerce disburse
33 funds in an amount sufficient to satisfy Fund allocations to be transferred pursuant to
34 G.S. 143B-437.72 to be paid during the fiscal year. It is the intent of the General Assembly to
35 appropriate funds annually to the One North Carolina Fund established in this Part in amounts
36 sufficient to meet the anticipated cash requirements for each fiscal year."

37 **SECTION 15.2.(c)** Funds remaining as of June 30, 2016, in JDIG Reserve established
38 pursuant to G.S. 143C-9-6 are transferred to the Department of Commerce for the JDIG Program
39 established pursuant to Part 2G of Article 10 of Chapter 143B of the General Statutes.

40 **SECTION 15.2.(d)** Funds remaining as of June 30, 2016, in One North Carolina Fund
41 Reserve established pursuant to G.S. 143C-9-8 are transferred to the Department of Commerce for
42 the One North Carolina Fund established pursuant to Part 2H of Article 10 of Chapter 143B of the
43 General Statutes.

44 **SECTION 15.2.(e)** G.S. 143C-9-6 and G.S. 143C-9-8 are repealed.

45 **SECTION 15.2.(f)** Funds appropriated to the JDIG and One North Carolina Fund
46 Reserves for the 2016-2017 fiscal year shall be transferred to the Department of Commerce
47 (Budget Code 14600).

48 **SECTION 15.2.(g)** The Office of State Budget and Management shall incorporate the
49 recurring JDIG and One NC Fund appropriations in the base budget of the Department of
50 Commerce.

51 **SECTION 15.2.(h)** This section becomes effective July 1, 2016.

TRANSFER FUNDS TO DPS FOR VETERANS LIFE CENTER

SECTION 15.3. Of the funds appropriated in the 2016-2017 fiscal year to the Department of Commerce for rural economic development grants, the sum of one million dollars (\$1,000,000) shall be transferred to the Department of Public Safety and shall be used to provide nonrecurring funding for program development and implementation of the Veterans Life Center.

REGIONAL FOOD COMMERCIALIZATION CENTERS

SECTION 15.4.(a) Notwithstanding any other provision of law, funds appropriated to the Department of Environmental Quality, Division of Water Infrastructure, for State water and wastewater infrastructure grants for the 2016-2017 fiscal year shall be decreased by the sum of two hundred fifty thousand dollars (\$250,000) in nonrecurring funds.

SECTION 15.4.(b) Notwithstanding any other provision of law, two hundred fifty thousand dollars (\$250,000) in nonrecurring funds shall be provided to the Department of Commerce for Regional Food Commercialization Centers (14600-1912) for the 2016-2017 fiscal year. The funds shall be used for consulting services that provide training and support for food companies and regional food commercialization centers.

EXTEND REPORTING DEADLINE FOR BROUGHTON HOSPITAL STUDY

SECTION 15.5. Section 15.20(c) of S.L. 2014-100 reads as rewritten:

"SECTION 15.20.(c) No later than December 31, 2014, the Department of Commerce shall submit an interim report on the study to the Chairs of the Joint Legislative Oversight Committee on Health and Human Services, to the Chairs of the Joint Legislative Committee on Economic Development and Global Engagement, and to the Chairs of the Joint Legislative Commission on Governmental Operations. No later than June 30, ~~2015,2016~~, the Department of ~~Administration~~ Commerce shall submit a final report on the results of the study to the Chairs of the same committees. The Department of Commerce is designated as the lead agency with respect to the study, as well as the site control and disposition strategies, working closely with the Department of Health and Human Services, the Department of Administration, the City of Morganton, and the County of Burke."

PART XVI. DEPARTMENT OF NATURAL AND CULTURAL RESOURCES**QUEEN ANNE'S REVENGE CARRYFORWARD**

SECTION 16.1. Funds appropriated in the 2015-2017 biennium to continue archaeological work related to the Queen Anne's Revenge marine archaeology site shall not revert but shall remain available until expended.

SALVAGE OF ABANDONED SHIPWRECKS CLARIFICATION

SECTION 16.2. G.S. 121-25 reads as rewritten:

"§ 121-25. License to conduct exploration, recovery or salvage operations.

...

(b) All photographs, video recordings, or other documentary materials of a derelict vessel or shipwreck or its contents, relics, artifacts, or historic materials in the custody of any agency of North Carolina government or its subdivisions shall be a public record pursuant to ~~G.S. 132-4~~. ~~There shall be no limitation on the use of or no requirement to alter any such photograph, video recordings, or other documentary material, and any such provision in any agreement, permit, or license shall be void and unenforceable as a matter of public policy.~~ Chapter 132 of the General Statutes."

UMSTEAD ACT CONFORMING CHANGES

SECTION 16.3. G.S. 66-58 reads as rewritten:

"§ 66-58. Sale of merchandise or services by governmental units.

(a) Except as may be provided in this section, it shall be unlawful for any unit, department or agency of the State government, or any division or subdivision of the unit, department or agency, or any individual employee or employees of the unit, department or agency in his, or her, or their capacity as employee or employees thereof, to engage directly or indirectly in the sale of goods, wares or merchandise in competition with citizens of the State, or to engage in the operation of restaurants, cafeterias or other eating places in any building owned by or leased in the name of the State, or to maintain service establishments for the rendering of services to the public ordinarily and customarily rendered by private enterprises, or to provide transportation services, or to contract with any person, firm or corporation for the operation or rendering of the businesses or services on behalf of the unit, department or agency, or to purchase for or sell to any person, firm or corporation any article of merchandise in competition with private enterprise. The leasing or subleasing of space in any building owned, leased or operated by any unit, department or agency or division or subdivision thereof of the State for the purpose of operating or rendering of any of the businesses or services herein referred to is hereby prohibited.

(b) The provisions of subsection (a) of this section shall not apply to:

- ...
- (9) ~~The Department of Environmental Quality.~~The North Carolina Wildlife Resources Commission may sell for the sale of wildlife memorabilia as a service to members of the public interested in wildlife conservation.
- (9a) The North Carolina Forest Service.
- (9b) The Department of Natural and Cultural Resources for the sale of food pursuant to G.S. 111-47.2 and the sale of books, crafts, gifts, and other tourism-related items and revenues from public and private special events, activities, and programming at State parks, State aquariums, historic sites and museums administered by the Department, provided that the resulting profits are used to support the operation of historic sites or museums ~~those facilities~~ and provided further that the Department shall not construct, maintain, operate, or lease a hotel or tourist inn in any park-site or facility over which it has ~~jurisdiction.~~jurisdiction, other than the State parks.

...
...."

CLARIFY VENDING FACILITIES EXEMPTION

SECTION 16.4.(a) G.S. 111-47.2 reads as rewritten:

"§ 111-47.2. Food service at State parks, museums and historic sites operated by the Department of Natural and Cultural Resources.

Notwithstanding this Article, the North Carolina Department of Natural and Cultural Resources may operate or contract for the operation of food or vending services at State parks, museums and historic sites operated by the Department. Notwithstanding G.S. 111-43, the net proceeds of revenue generated by food and vending services ~~provided at museums and historic sites~~ operated by the Department or a vendor with whom the Department has contracted shall be credited to the appropriate fund of the ~~museum or historic site~~Department where the funds were generated and shall be used for the operation of that State park, museum or historic site."

SECTION 16.4.(b) This section shall not apply to any existing contract for food or vending services at any attraction managed by the Department of Natural and Cultural Resources entered into prior to July 1, 2016.

GRASSROOTS SCIENCE AMENDMENTS

SECTION 16.5. G.S. 143B-135.227 reads as rewritten:

1 "§ 143B-135.227. Grassroots science competitiveNorth Carolina science museums grant
2 program.

3 (a) The North Carolina State Museum of Natural Sciences (hereinafter "Museum of
4 Natural Sciences") shall administer the ~~Grassroots Science~~North Carolina Science Museums Grant
5 Program as a competitive grant program. Any museum in the State may apply for a grant under
6 the program, including a museum that has previously received a grant-in-aid from the Program or
7 as a grassroots science museum in prior fiscal years, but grant funds shall be awarded only if the
8 museum meets the criteria established in subsection (d) of this section. No museum shall be
9 guaranteed a grant under the competitive grant program.

10 (b) For the 2016-2017 fiscal year, the Museum of Natural Sciences shall reserve seven
11 hundred fifty thousand dollars (\$750,000) for the purpose of awarding grants to museums located
12 in development tier one counties and six hundred thousand dollars (\$600,000) for museums
13 located in development tier two counties. The development tier designation of a county shall be
14 determined as provided in G.S. 143B-437.08. If, after the initial awarding of grants to all museum
15 applicants who meet the eligibility criteria provided for in subsection (d) of this section, there are
16 funds remaining in any development tier category, the Museum of Natural Sciences may reallocate
17 those funds to another development tier category. The maximum amount of each grant awarded in
18 the 2016-2017 fiscal year shall be (i) seventy-five thousand dollars (\$75,000) for a museum in a
19 development tier one county; (ii) sixty thousand dollars (\$60,000) for a museum in a development
20 tier two county; and (iii) fifty thousand dollars (\$50,000) for a museum in a development tier three
21 county. During the 2016-2017 fiscal year, it is the intent of the General Assembly that the
22 Museum of Natural Sciences shall award grants under this program for a three-year period.

23 (c) Beginning July 1, 2017, it is the intent of the General Assembly that the Museum of
24 Natural Sciences shall award grants under this program for a two-year period. For each two-year
25 grant cycle, the Museum of Natural Sciences shall reserve the amounts for development tier one
26 and tier two counties and shall award the maximum grant amounts for each year of the grant cycle
27 as provided in subsection (b) of this section. All other provisions of subsections (b), (d), and (e) of
28 this section shall apply to the two-year grants. If there are funds remaining after the awarding of
29 grants to all museum applicants meeting the eligibility criteria set forth in subsection (d) of this
30 section in any grant cycle, the remaining balance of funds shall be distributed equally to all
31 museum applicants awarded funds during that grant cycle without regard to the maximum grant
32 amounts established in subsection (b) of this section.

33 (d) To be eligible to receive a grant under the competitive grant program, a museum shall
34 demonstrate:

- 35 (1) That it is a science center or museum or a children's museum that is physically
36 located in the State.
- 37 (2) That it has been open, operating, and exhibiting science or science, technology,
38 engineering, and math (STEM) education objects to the general public at least
39 120 days of each year for the past two or more years.
- 40 (3) That it is either (i) a nonprofit organization that is exempt from federal income
41 taxes pursuant to section 501(c)(3) of the Internal Revenue Code. ~~Code~~ or (ii) an
42 organization that received funding in fiscal year 2015-2016 from the Grassroots
43 Science Program.
- 44 (4) That it has on its staff at least one full-time professional person.
- 45 (5) That its governing body has adopted a mission statement that includes language
46 that shows the museum has a concentration on science or STEM education ~~and~~
47 ~~that the adopted mission statement has been in effect for the past two or more~~
48 ~~years.~~ education.
- 49 (6) In its application, in a format to be determined by the Museum of Natural
50 Sciences, a detailed plan for (i) the proposed use of the funds and (ii)

- 1 measurements to demonstrate at the end of the grant cycle that the use of the
 2 funds has had the projected results.
 3 (e) The Museum of Natural Sciences shall, in awarding grants under this section, give
 4 priority to museums that:
 5 (1) When compared to other museum applicants:
 6 a. Are located in counties that are more economically distressed according
 7 to the annual rankings prepared by the Department of Commerce
 8 pursuant to G.S. 143B-437.08(c).
 9 b. Generate a larger portion of their operating funds from non-State
 10 revenue.
 11 c. Have a higher attendance-to-population ratio.
 12 (2) Partner with other museums in the State to share exhibits, programs, or other
 13 activities.
 14 (3) Are not located in close proximity to other science or STEM education
 15 museums."
 16

17 **MODIFY ZOO AND AQUARIUM SPECIAL FUNDS**

18 **SECTION 16.6.(a)** G.S. 143B-135.209 reads as rewritten:

19 **"§ 143B-135.209. North Carolina Zoo Fund.**

20 ...

21 (b) Disposition of ~~Fees-Receipts~~. – All ~~fee~~-receipts derived from the collection of
 22 admissions charges and other fees and the lease or rental of property or facilities shall be credited
 23 to the North Carolina Zoological Park's General Fund operating budget. At the end of each fiscal
 24 year, the Secretary may transfer from the North Carolina Zoological Park's General Fund
 25 operating budget to the North Carolina Zoo Fund an amount not to exceed ~~one million dollars~~
 26 ~~(\$1,000,000)~~ the sum of one million five hundred thousand dollars (\$1,500,000) and any private
 27 donations received by the North Carolina Zoological Park.

28 (c) Approval. – The Secretary may approve the use of the North Carolina Zoo Fund for
 29 repair and renovation projects at the North Carolina Zoological Park recommended by the Council
 30 that comply with the following:

- 31 (1) The total project cost is less than three hundred thousand dollars (\$300,000).
 32 (2) The project meets the requirements of G.S. 143C-4-3(b).
 33 (3) The project does not obligate the State to provide increased recurring funding
 34 for operations.

35 Funding for eligible projects under this subsection is appropriated for that purpose.

36 "

37 **SECTION 16.6.(b)** G.S. 143B-135.188 reads as rewritten:

38 **"§ 143B-135.188. North Carolina Aquariums; fees; fund.**

39 ...

40 (c) Disposition of ~~Fees-Receipts~~. – All ~~fee~~-receipts derived from the collection of
 41 admissions charges and other fees and the lease or rental of property or facilities shall be credited
 42 to the aquariums' General Fund operating budget. At the end of each fiscal year, the Secretary may
 43 transfer from the North Carolina aquariums' General Fund operating budget to the North Carolina
 44 Aquariums Fund an amount not to exceed the sum of the following:

- 45 (1) ~~One million dollars (\$1,000,000)~~ One million five hundred thousand dollars
 46 (\$1,500,000).
 47 (2) The amount needed to cover the expenses described by subdivision (2) of
 48 subsection (b) this section.
 49 (3) Any private donations received by the North Carolina aquariums.

1 (d) Approval. – The Secretary may approve the use of the North Carolina Aquariums Fund
2 for repair and renovation projects at the aquariums-related facilities that comply with the
3 following:

4 (1) The total project cost is less than three hundred thousand dollars (\$300,000).

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

6 (3) The project does not obligate the State to provide increased recurring funding
7 for operations.

8 Funding for eligible projects under this subsection is appropriated for that purpose.

9"

10 11 **PARKS AND RECREATION TRUST FUND ELIGIBILITY**

12 **SECTION 16.7.** G.S. 143B-135.56(b)(1) reads as rewritten:

13 "(1) Sixty-five percent (65%) for the State Parks System or a State recreational
14 forest for capital projects, repairs and renovations of park facilities, and land
15 acquisition."
16

17 **PART XVII. DEPARTMENT OF PUBLIC SAFETY**

18 19 **SUBPART XVII-A. GENERAL PROVISIONS**

20 21 **REPEAL POSITION RECLASSIFICATION AUTHORITY**

22 **SECTION 17A.1.** Section 16A.3 of S.L. 2015-241 is repealed.
23

24 **NO TRANSFER OF POSITIONS TO THE DEPARTMENT OF MILITARY AND** 25 **VETERANS AFFAIRS**

26 **SECTION 17A.2.(a)** Notwithstanding any other provision of law, the Office of State
27 Budget and Management shall not transfer any positions, personnel, or funds from the Department
28 of Public Safety to the Department of Military and Veterans Affairs during the 2015-2017 fiscal
29 biennium.

30 **SECTION 17A.2.(b)** This section becomes effective July 1, 2015. If any transfers that
31 violate this section are made prior to this section becoming effective, those transfers shall be
32 undone within 15 days of this section becoming effective.
33

34 **SUBPART XVII-B. DIVISION OF LAW ENFORCEMENT**

35 36 **REQUIRE QUARTERLY VIPER REPORT**

37 **SECTION 17B.1.** Section 16B.2 of S.L. 2015-241 reads as rewritten:

38 **"VOICE INTEROPERABILITY PLAN FOR EMERGENCY RESPONSE (VIPER)**
39 **SYSTEM**

40 **"SECTION 16B.2.** The Department of Public Safety shall report ~~annually~~ no later than
41 March 1 and quarterly thereafter to the chairs of the Joint Legislative Oversight Committee on
42 Justice and Public Safety on the progress of the State's VIPER system."
43

44 **CHANGE DOMESTIC VIOLENCE HOMICIDE REPORT DUE DATE**

45 **SECTION 17B.2.** G.S. 143B-901 reads as rewritten:

46 **"§ 143B-901. Reporting system and database on certain domestic-violence-related**
47 **homicides; reports by law enforcement agencies required; annual report to the**
48 **General Assembly.**

49 The Department of Public Safety, in consultation with the North Carolina Council for
50 Women/Domestic Violence Commission, the North Carolina Sheriffs' Association, and the North
51 Carolina Association of Chiefs of Police, shall develop a reporting system and database that

1 reflects the number of homicides in the State where the offender and the victim had a personal
2 relationship, as defined by G.S. 50B-1(b). The information in the database shall also include the
3 type of personal relationship that existed between the offender and the victim, whether the victim
4 had obtained an order pursuant to G.S. 50B-3, and whether there was a pending charge for which
5 the offender was on pretrial release pursuant to G.S. 15A-534.1. All State and local law
6 enforcement agencies shall report information to the Department of Public Safety upon making a
7 determination that a homicide meets the reporting system's criteria. The report shall be made in the
8 format adopted by the Department of Public Safety. The Department of Public Safety shall report
9 to the chairs of the Joint Legislative Oversight Committee on Justice and Public Safety, no later
10 than ~~February~~ April 1 of each year, with the data collected for the previous calendar year."

11 12 **SUBPART XVII-C. DIVISION OF ADULT CORRECTION**

13 14 **MISDEMEANANT CONFINEMENT FUND**

15 **SECTION 17C.1.** Funds appropriated for the Statewide Misdemeanant Confinement
16 Program shall not be transferred to a special fund.

17 18 **INMATE GRIEVANCE RESOLUTION BOARD REPORT CHANGES**

19 **SECTION 17C.2.** Section 16C.13B(b) of S.L. 2015-241 reads as rewritten:

20 "**SECTION 16C.13B.(b)** The Department of Public Safety and the Inmate Grievance
21 Resolution Board shall report by October 1 of each year to the chairs of the House of
22 Representatives and Senate Appropriations Committees on Justice and Public Safety and the Joint
23 Legislative Oversight Committee on Justice and Public Safety on the Inmate Grievance Resolution
24 Board. The annual report shall include the following with respect to the prior fiscal year:

- 25 (1) Brief summary of the inmate grievance process.
- 26 (2) Number of ~~grievances submitted to~~ grievance appeals received by the Board.
- 27 (3) Number of ~~grievances~~ grievance appeals resolved by the Board.
- 28 (4) Type of grievance by category.
- 29 (5) Number of orders ~~filed~~ written by examiners."

30 31 **STUDY WHETHER PROBATION AND PAROLE OFFICERS SHOULD TAKE STATE** 32 **VEHICLES HOME**

33 **SECTION 17C.3.** The Department of Public Safety in consultation with the Division
34 of Adult Correction shall study whether probation and parole officers should be allowed to take
35 their State vehicles home with them and the possible tax implications of doing so and report their
36 findings and recommendations to the chairs of the Joint Legislative Oversight Committee on
37 Justice and Public Safety by March 1, 2017.

38 39 **REVISION TO TREATMENT FOR EFFECTIVE COMMUNITY SUPERVISION** 40 **REPORT**

41 **SECTION 17C.4.** G.S. 143B-1155(c) reads as rewritten:

42 "(c) The Division of Adult Correction The Department of Public Safety, Community
43 Corrections Section, shall report by March 1 of each year to the Chairs of the Senate and House of
44 Representatives Appropriations Subcommittees on Justice and Public Safety and the Joint
45 Legislative Oversight Committee on Justice and Public Safety on the status of the programs
46 funded through the Treatment for Effective Community Supervision Program. The report shall
47 include the following ~~information:~~ information from each of the following components:

- 48 (1) ~~The dollar amount and purpose of funds provided on a contractual basis to~~
49 ~~service providers for the previous fiscal year and the amount of any funds~~
50 ~~carried over from the previous fiscal year.~~ Recidivism Reduction Services:
 - 51 a. The method by which offenders are referred to the program.

- 1 b. The target population.
- 2 c. The amount of services contracted for and the amount of funding
- 3 expended in each fiscal year.
- 4 d. The supervision type.
- 5 e. The risk level of the offenders served.
- 6 f. The number of successful and unsuccessful core service exits with a
- 7 breakdown of reasons for unsuccessful exits.
- 8 g. The demographics of the population served.
- 9 h. The number and kind of mandatory and optional services received by
- 10 offenders in this program.
- 11 i. Employment status at entry and exit.
- 12 j. Supervision outcomes, including completion, revocation, and
- 13 termination.
- 14 (2) ~~An analysis of offender participation data received, including the~~
- 15 ~~following:~~Community Intervention Centers (CIC):
- 16 ~~a. The number of people on probation and post-release supervision that are~~
- 17 ~~in the priority population that received services.~~The target population.
- 18 ~~b. The number of people on probation and post-release supervision that are~~
- 19 ~~in the priority population that did not receive services.~~The amount of
- 20 ~~funds contracted for and expended each fiscal year.~~
- 21 ~~c. The number of people on probation and post-release supervision outside~~
- 22 ~~of the priority population that received services.~~The supervision type.
- 23 ~~d. The type of services provided to these populations, including data on~~
- 24 ~~each program's utilization, capacity, and completion rates.~~The risk level
- 25 ~~of the offenders served.~~
- 26 ~~e. The rate of revocations and the educational progress and employment~~
- 27 ~~status of people who received services.~~The number of successful and
- 28 ~~unsuccessful core service exits with a breakdown of reasons for~~
- 29 ~~unsuccessful exits.~~
- 30 ~~f. Other measures as determined appropriate.~~The demographics of the
- 31 ~~population served.~~
- 32 ~~g. Supervision outcomes, including completion, revocation, and~~
- 33 ~~termination.~~
- 34 (3) ~~The dollar amount needed to provide additional services to meet the needs of~~
- 35 ~~the priority population in the upcoming budget year.~~Transitional and
- 36 ~~Temporary Housing:~~
- 37 a. The target population.
- 38 b. The amount of funds contracted for and expended each fiscal year.
- 39 c. The supervision type.
- 40 d. The risk level of the offenders served.
- 41 e. The number of successful and unsuccessful core service exits with a
- 42 breakdown of reasons for unsuccessful exits.
- 43 f. The demographics of the population served.
- 44 g. The employment status at entry and exit.
- 45 h. Supervision outcomes, including completion, revocation, and
- 46 termination.
- 47 (4) ~~Details of personnel, travel, contractual, operating, and equipment expenditures~~
- 48 ~~for each program type.~~Local Reentry Councils (LRC):
- 49 a. The target population.
- 50 b. The amount of funds contracted for and expended each fiscal year.
- 51 c. The supervision type.

- 1 d. The risk level of the offenders served.
2 e. The number of successful and unsuccessful core service exits with a
3 breakdown of reasons for unsuccessful exits.
4 f. The demographics of the population served.
5 g. The employment status at entry and exit including, wherever possible,
6 the average wage received at entry and exit.
7 h. Supervision outcomes, including completion, revocation, and
8 termination.
9 (5) Intensive Outpatient Services. – If the Department enters into a contract for
10 Intensive Outpatient Services, the Department of Public Safety shall report in
11 the next fiscal year on this service including the following:
12 a. The target population.
13 b. The amount of funds contracted for and expended each fiscal year.
14 c. The supervision type.
15 d. The risk level of the offenders served.
16 e. The number of successful and unsuccessful core service exits with a
17 breakdown of reasons for unsuccessful exits.
18 f. The demographics of the population served.
19 g. Supervision outcomes, including completion, revocation, and
20 termination."

21 22 **SUBPART XVII-D. NATIONAL GUARD**

23
24 **SECTION 17D.1.(a)** Notwithstanding any other provision of law, funds appropriated
25 to the Department of Public Safety for National Guard Armory and Facility Development Projects
26 for the 2016-2017 fiscal year shall be decreased by the sum of sixty-nine thousand dollars
27 (\$69,000) in nonrecurring funds.

28 **SECTION 17D.1.(b)** Notwithstanding any other provision of law, of the nonrecurring
29 funds appropriated to the Department of Public Safety for the 2016-2017 fiscal year, the sum of
30 sixty-nine thousand dollars (\$69,000) shall be used to fund planning of helipads at the Joint Forces
31 Headquarters in Raleigh, North Carolina.

32 33 **PART XVIII. DEPARTMENT OF JUSTICE**

34 35 **CREATION OF SOCIAL MEDIA TRAINING FOR LAW ENFORCEMENT**

36 **SECTION 18.1.** The North Carolina Justice Academy shall develop and make
37 available to law enforcement officers in this State an online training course on the use of social
38 media. The course shall include methods individual law enforcement officers can take to protect
39 their personal information.

40 41 **LAW ENFORCEMENT CERTIFICATION AND TRAINING CLARIFICATIONS**

42 **SECTION 18.2.(a)** Article 4 of Chapter 20 of the General Statutes is amended by
43 adding a new section to read:

44 **"§ 20-188.1 Specialized instructor training.**

45 Notwithstanding any other provision of law, the State Highway Patrol may conduct specialized
46 instructor training as deemed necessary to enhance the efficacy and overall effectiveness of the
47 State Highway Patrol. That training shall be consistent with Chapter 17C of the General Statutes
48 and such rules as may be promulgated by the North Carolina Criminal Justice Education and
49 Training Standards Commission. Topical training areas may include:

- 50 (1) Specialized driver instructor training.
51 (2) Specialized firearms instructor training.

- 1 (3) Specialized subject control arrest techniques instructor training.
2 (4) Specialized physical fitness instructor training.
3 (5) Any other specialized instructor training as mandated by the North Carolina
4 Education and Training Standards Commission or the North Carolina Sheriffs'
5 Education and Training Standards Commission."

6 **SECTION 18.2.(b)** G.S. 17C-6(a)(7) reads as rewritten:

- 7 "(7) Certify and recertify, suspend, revoke, or deny, pursuant to the standards that it
8 has established for the purpose, criminal justice instructors and school directors
9 who participate in programs or courses of instruction that are required by this
10 ~~Chapter~~Chapter or are required and approved by their respective criminal
11 justice agency to include those certified under Chapter 17E or an educational
12 institution accredited by the Commission."

14 **PART XIX. JUDICIAL DEPARTMENT**

16 **SUBPART XIX-A. OFFICE OF INDIGENT DEFENSE SERVICES**

18 **CLARIFICATION OF IDS BUDGET AUTHORITY**

19 **SECTION 19A.1.** G.S. 7A-498.2(e) reads as rewritten:

20 "(e) The Director of the Administrative Office of the Courts may modify the budget of the
21 Office of Indigent Defense Services and may use funds appropriated to the Office ~~without the~~
22 ~~approval of the Commission or the Office of Indigent Defense Services.~~only after direct
23 consultation with a quorum of the Commission."

25 **DIRECT IDS TO STUDY THE NEED FOR SATELLITE OFFICES FOR CAPITAL** 26 **DEFENDERS**

27 **SECTION 19A.2.(a)** The Office of Indigent Defense Services may use appropriated
28 funds during the 2016-2017 fiscal year for the expansion of existing offices currently providing
29 legal services to the indigent population under the oversight of the Office of Indigent Defense
30 Services, considering cost-effectiveness and other needs. Funds may be used for the creation of
31 new positions or offices within existing public defender programs including satellite offices of the
32 Office of Capital Defender, for the establishment of regional public defender programs, or for
33 positions related to the contract system of providing legal services. Notwithstanding the defender
34 districts established by G.S. 7A-498.7, the Office of Indigent Defense Services may use a portion
35 of these funds to create positions within existing public defender programs to handle cases in
36 adjacent counties or districts. These funds may be used for the salaries, benefits, equipment, and
37 related expenses for up to eight attorney positions and four nonattorney positions during the fiscal
38 year with the total annualized cost of these positions to be no more than one million two hundred
39 fifty thousand dollars (\$1,250,000). Prior to using funds for this purpose, the Office of Indigent
40 Defense Services shall report to the chairs of the House of Representatives and the Senate
41 Appropriations Committees on Justice and Public Safety on the proposed expansion by March 1,
42 2017.

43 **SECTION 19A.2.(b)** The Office of Indigent Defense Services shall study the need for
44 new satellite offices to handle potentially capital cases at the trial level which shall be staffed by
45 full-time assistant capital defenders and appropriate support staff in areas in which the use of
46 salaried attorneys will ensure that effective representation is provided in a cost-effective manner.
47 The Office of Indigent Defense Services shall consider the addition of capital defenders to existing
48 public defender offices before making a recommendation as to the creation of separate satellite
49 offices. If it is determined that such offices should be established, the Office of Indigent Defense
50 Services shall provide data regarding (i) the determination to create new satellite offices, (ii) the
51 counties to be serviced by the offices, (iii) the number of attorney appointments made in the

1 counties served, (iv) the number of attorney appointments made in the counties served in the past
2 three fiscal years, and (v) the current number of eligible private counsel and local public defenders
3 who are available in those counties. The Office of Indigent Defense Services shall report its
4 findings and recommendations to the chairs of the Joint Legislative Oversight Committee on
5 Justice and Public Safety by March 1, 2017.

6 7 **STUDY CAPITAL CASE PROSECUTION**

8 **SECTION 19A.3.** The Office of Indigent Defense Services in consultation with the
9 Conference of District Attorneys shall study what changes can be made to the current system of
10 identifying, from the pool of cases in which a defendant is charged with first-degree or
11 undesignated murder, (i) those that merit the cost of a capital prosecution and defense and (ii)
12 what steps can be taken to facilitate the appointment of local counsel in most cases. The Office of
13 Indigent Defense Services shall report its findings and make any recommendations to the chairs of
14 the Joint Legislative Oversight Committee on Justice and Public Safety by October 1, 2016.

15 16 **SUBPART XIX-B. ADMINISTRATIVE OFFICE OF THE COURTS**

17 18 **GRANT FUNDS**

19 **SECTION 19B.1.** Section 18A.4 of S.L. 2015-241 reads as rewritten:

20 "SECTION 18A.4. Notwithstanding G.S. 143C-6-9, the Administrative Office of the Courts
21 may use up to the sum of one million five hundred thousand dollars (\$1,500,000) in each year of
22 the fiscal biennium from funds available to the Department to provide the State match needed in
23 order to receive grant funds. Prior to using funds for this purpose, the Department shall report to
24 the Chairs of the House of Representatives and Senate Appropriations Committees on Justice and
25 Public Safety on the grants to be matched using these funds."

26 27 **COLLECTION OF WORTHLESS CHECK FUNDS**

28 **SECTION 19B.2.** Section 18A.5(a) of S.L. 2015-241 reads as rewritten

29 "SECTION 18A.5.(a) Notwithstanding the provisions of G.S. 7A-308(c), the Judicial
30 Department may use any balance remaining in the Collection of Worthless Checks Fund on June
31 30, 2015, for the purchase or repair of office or information technology equipment during the
32 2015-2016 fiscal year and may use any balance remaining in the Collection of Worthless
33 Checks Fund on June 30, 2016, for the purchase or repair of office or information technology
34 equipment during the 2016-2017 fiscal year. Prior to using any funds under this section, the
35 Judicial Department shall report to the chairs of the House of Representatives and Senate
36 Appropriations Committees on Justice and Public Safety and the Office of State Budget and
37 Management on the equipment to be purchased or repaired and the reasons for the purchases."

38 39 **PART XX. DEPARTMENT OF MILITARY AND VETERANS AFFAIRS**

40 41 **RENAME BLACK MOUNTAIN VETERANS HOME**

42 **SECTION 20.1.** The North Carolina State Veterans Home in Black Mountain shall be
43 renamed the "Zebulon Doyle Alley State Veterans Home".

44 45 **PART XXI. OFFICE OF ADMINISTRATIVE HEARINGS [RESERVED]**

46 47 **PART XXII. TREASURER**

48 49 **LINE OF DUTY DEATH BENEFITS TO INCLUDE CANCER AS OCCUPATIONAL** 50 **DISEASE**

51 **SECTION 22.1.(a)** G.S. 143-166.2(c) reads as rewritten:

1 (c) The term "killed in the line of duty" shall apply to any law-enforcement officer,
2 firefighter, rescue squad worker who is killed or dies as a result of bodily injuries sustained or of
3 extreme exercise or extreme activity experienced in the course and scope of his official duties
4 while in the discharge of his official duty or duties. When applied to a senior member of the Civil
5 Air Patrol as defined in this Article, "killed in the line of duty" shall mean any such senior member
6 of the North Carolina Wing-Civil Air Patrol who is killed or dies as a result of bodily injuries
7 sustained or of extreme exercise or extreme activity experienced in the course and scope of his
8 official duties while engaged in a State requested and approved mission pursuant to Article 13 of
9 Chapter 143B of the General Statutes. For purposes of this Article, when a law enforcement
10 officer, firefighter, rescue squad worker, or senior Civil Air Patrol member dies as the direct and
11 proximate result of a myocardial infarction suffered while on duty or within 24 hours after
12 participating in a training exercise or responding to an emergency situation, the law enforcement
13 officer, firefighter, rescue squad worker, or senior Civil Air Patrol member is presumed to have
14 been killed in the line of duty. For the purposes of this Article, when a firefighter dies as a direct
15 and proximate result of any of the following cancers that are occupationally related to firefighting,
16 that firefighter is presumed to have been killed in the line of duty:

17 (1) Mesothelioma.

18 (2) Testicular cancer.

19 (3) Intestinal cancer."

20 **SECTION 22.1.(b)** This section becomes effective October 1, 2016, and applies to
21 deaths occurring on or after that date.

22 23 **PART XXIII. DEPARTMENT OF INSURANCE**

24 25 **INSURANCE REGULATORY CHARGE**

26 **SECTION 23.1.** The percentage rate to be used in calculating the insurance regulatory
27 charge under G.S. 58-6-25 is six and one-half percent (6.5%) for the 2017 calendar year.

28 29 **PART XXIV. STATE BOARD OF ELECTIONS**

30 31 **STATE BOARD OF ELECTIONS/ACCESS TO DMV RECORDS**

32 **SECTION 24.1.** G.S. 20-43(a) reads as rewritten:

33 (a) All records of the Division, other than those declared by law to be confidential for the
34 use of the Division, shall be open to public inspection during office hours in accordance with
35 G.S. 20-43.1. A signature recorded in any format by the Division for a drivers license or a special
36 identification card is confidential and shall not be released except for law enforcement
37 ~~purposes~~ purposes or to the State Chief Information Officer for purposes of G.S. 143B-1385 or the
38 State Board of Elections in connection with its official duties under Chapter 163 of the General
39 Statutes. A photographic image recorded in any format by the Division for a drivers license or a
40 special identification card is confidential and shall not be released except for law enforcement
41 purposes or to the State Chief Information Officer for the purposes of
42 G.S. 143B-1385.G.S. 143B-1385 or the State Board of Elections in connection with its official
43 duties under Chapter 163 of the General Statutes."

44 45 **PART XXV.GENERAL ASSEMBLY [RESERVED]**

46 47 **PART XXVI. OFFICE OF THE GOVERNOR [RESERVED]**

48 49 **PART XXVII. OFFICE OF STATE BUDGET AND MANAGEMENT**

50 51 **IMPROVE BUDGETING TRANSPARENCY/OFFICE OF STATE TREASURER**

1 **SECTION 27.1.(a)** The Office of State Budget and Management shall study the
2 feasibility of converting the following Funds within Budget Code 13410, Department of the State
3 Treasurer, from receipt-supported to General Fund-supported: 1110 General Administration, 1130
4 Escheat Fund, 1150 Information Services, 1210 Investment Management Division, 1310 Local
5 Government, 1410 Retirement Operations Division Fund, and 1510 Financial Operations Division.
6 The Office of State Budget and Management shall develop a proposed plan and schedule to adjust
7 the Base Budget as follows:

- 8 (1) Show that receipts from the Funds listed in this subsection are used to offset
9 General Fund appropriations.
- 10 (2) Reflect that receipts generated from the Investment Management Division, the
11 Escheat Fund, and the Local Government Operations Division Fund and any
12 interest earnings be deposited as nontax revenue.
- 13 (3) Eliminate all transfers used to pay for administration in Funds 1110, 1150, and
14 1510 from Funds 1130, 1210, 1310, and 1410.
- 15 (4) Identify any amendments to current law needed to implement the proposed
16 plan.
- 17 (5) Require the Department of the State Treasurer's expenditures be recorded in the
18 North Carolina Accounting System in the appropriate budget code, fund code,
19 and account code and not be charged directly to the Investment Asset Classes.

20 **SECTION 27.1.(b)** The Office of State Budget and Management shall present its
21 proposed plan and recommendations to the December 2016 meeting of the Joint Legislative
22 Oversight Committee on General Government. The Office of State Budget and Management shall
23 not make any changes to the presentation of the Treasurer's budget until the General Assembly
24 enacts changes.

25 **SYMPHONY CHALLENGE GRANT**

26 **SECTION 27.2.** Section 23.1(a) of S.L. 2015-241 reads as rewritten:

27 "**SECTION 23.1.(a)** Of the funds appropriated in this act to the Office of State Budget and
28 Management, Special Appropriations, the sum of ~~one two million five hundred thousand~~ dollars
29 ~~(\$1,500,000)~~(\$2,000,000) in recurring funds for ~~each year of the 2015-2017~~the 2016-2017
30 ~~biennium and the sum of five hundred thousand dollars (\$500,000) in nonrecurring funds for each~~
31 ~~year of the 2015-2017 fiscal biennium year~~ shall be allocated to the North Carolina Symphony in
32 accordance with this section. It is the intent of the General Assembly that the North Carolina
33 Symphony raise at least nine million dollars (\$9,000,000) in non-State funds each year of the
34 2015-2017 fiscal biennium. The North Carolina Symphony cannot use funds transferred from the
35 organization's endowment to its operating budget to achieve the fund-raising targets set out in
36 subsections (b) and (c) of this section."
37

38 **CONNECT NC BOND ADMINISTRATION**

39 **SECTION 27.3.** Of the funds appropriated in this act to the Reserve Connect NC
40 Bond Administration, Office of State Budget and Management shall allocate a portion of the funds
41 to the North Carolina Community Colleges System Office to be used specifically to support
42 System Office review of Connect NC bond project requests and assistance to colleges to ensure
43 compliance with capital improvement regulations and processes. The Office of State Budget and
44 Management shall allocate a portion to the State Construction Office, Department of
45 Administration, to be used only as provided G.S. 143-341(3) and G.S. 143-135.25. The remaining
46 funds shall be used by the Office of State Budget and Management.
47

48 **PART XXVIII. STATE AUDITOR [RESERVED]**

49 **PART XXIX. HOUSING FINANCE AGENCY [RESERVED]**

50
51

1
2 **PART XXX. DEPARTMENT OF THE SECRETARY OF STATE [RESERVED]**

3
4 **PART XXXI. OFFICE OF LT. GOVERNOR [RESERVED]**

5
6 **PART XXXII. DEPARTMENT OF ADMINISTRATION**

7
8 **STUDY E-PROCUREMENT SERVICE**

9 **SECTION 32.1.** The Joint Legislative Oversight Committee on General Government
10 shall study the management of North Carolina's E-Procurement Service, including the amount of
11 the vendor transaction fee charged to suppliers and the delay in implementation of an e-bidding
12 module within the system. The Committee shall report its findings, including any
13 recommendations for proposed legislation, to the 2017 General Assembly.
14

15 **DOA/SPECIAL FUND FOR ELECTRONIC APPLICATION DEVELOPMENT FUNDS**

16 **SECTION 32.3.** Article 1 of Chapter 138A of the General Statutes is amended by
17 adding a new section to read as follows:

18 **"§ 138A-5. Electronic Application Development Fund.**

19 The Electronic Application Development Fund is established as a special fund in the
20 Department of Administration. The Fund consists of appropriations by the General Assembly.
21 Monies in the Fund shall be used by the State Ethics Commission to fund the development and
22 implementation of a new electronic application system to allow individuals to file and amend
23 statements of economic interest electronically and to provide relevant updates to the ethics training
24 modules. Any appropriated and unencumbered monies remaining in the Fund at the end of each
25 fiscal year shall not revert to the General Fund."
26

27 **PART XXXIII. DEPARTMENT OF REVENUE [RESERVED]**

28
29 **PART XXXIV. OFFICE OF STATE CONTROLLER [RESERVED]**

30
31 **PART XXXV. DEPARTMENT OF TRANSPORTATION**

32
33 **STABILIZATION OF FUNDING FOR THE FERRY SYSTEM**

34 **SECTION 35.1.(a)** G.S. 136-82 reads as rewritten:

35 **"§ 136-82. Department of Transportation to establish and maintain ferries.**

36 (a) Powers of Department. – The Department of Transportation is vested with authority to
37 provide for the establishment and maintenance of ferries connecting the parts of the State highway
38 system, whenever in its discretion the public good may require, and shall prescribe and collect
39 tolls on the ferry routes as established by the Board of Transportation following the procedures set
40 forth in this section. require. To accomplish the purpose of this section, the Department is
41 authorized to acquire, own, lease, charter, or otherwise control all necessary vessels, boats,
42 terminals, or other facilities required for the proper operation of the ferries or to enter into
43 contracts with persons, firms, or corporations for the operation thereof and to pay the reasonable
44 sums that in the opinion of the Department represent the fair value of the public service rendered.

45 (b) ~~Establishment of Tolling. — The Board of Transportation may establish tolls on any~~
46 ~~untolled ferry route as set forth in this subsection. Prior to establishing tolls on an untolled ferry~~
47 ~~route, the Board of Transportation must receive a resolution approved by the Transportation~~
48 ~~Advisory Committee of each affected local transportation planning organization requesting tolls~~
49 ~~on that route. No later than March 1, 2014, the Department shall hold a separate public hearing in~~
50 ~~the geographic area of each untolled ferry route and invite each affected local transportation~~
51 ~~planning organization. At the public hearing, the Department shall present an explanation of the~~

1 toll setting methodology, the impact of tolling on the availability of funding for other local
2 transportation priorities, and the minimum and maximum toll rates. After the public hearing, an
3 affected local transportation planning organization may consider and adopt a ferry tolling
4 resolution. The Board of Transportation shall adopt the toll at its next regularly scheduled meeting
5 after receipt of the ferry tolling resolutions required by this subsection. The Department shall
6 collect the toll as soon as is feasible following its adoption, but in no case more than 180 days
7 after adoption of the toll. The establishment of tolls by the Board of Transportation pursuant to the
8 authority granted in this section shall be exempt from the provisions of Chapter 150B of the
9 General Statutes. For purposes of this section, "affected local transportation planning
10 organization" means any Metropolitan Planning Organization or Rural Transportation Planning
11 Organization with geographic jurisdiction over any part of an untolled ferry route, and "untolled
12 ferry route" means any ferry route for which no tolls were in effect as of June 30, 2013.

13 (c) ~~Revisions of Tolls.~~—The Department of Transportation shall report to the Fiscal
14 Research Division, the Joint Legislative Transportation Oversight Committee, and all affected
15 local transportation planning organizations 30 days prior to any change in toll rates or change in
16 the toll setting methodology by the Board of Transportation.

17 (d) ~~Use of Toll Proceeds.~~—The Department of Transportation shall credit the proceeds
18 from tolls collected on North Carolina Ferry System routes and certain receipts generated under
19 subsection (f) of this section to reserve accounts within the Highway Fund for each of the
20 Highway Divisions in which system terminals are located and fares are earned. For the purposes of
21 this subsection, fares are earned based on the terminals from which a passenger trip originates and
22 terminates. Commuter pass receipts shall be credited proportionately to each reserve account
23 based on the distribution of trips originating and terminating in each Highway Division. The
24 proceeds credited to each reserve account shall be used exclusively for prioritized North Carolina
25 Ferry System ferry passenger vessel replacement projects in the Division in which the proceeds
26 are earned. Proceeds may be used to fund ferry passenger vessel replacement projects or
27 supplement funds allocated for ferry passenger vessel replacement projects approved in the
28 Transportation Improvement Program.

29 (e) ~~Powers of Department.~~—To accomplish the purpose of this section, the Department of
30 Transportation is authorized to acquire, own, lease, charter or otherwise control all necessary
31 vessels, boats, terminals or other facilities required for the proper operation of the ferries or to
32 enter into contracts with persons, firms or corporations for the operation thereof and to pay the
33 reasonable sums that in the opinion of the Department of Transportation represent the fair value of
34 the public service rendered.

35 (f) ~~Authority to Generate Certain Receipts.~~ — The Department—of
36 Transportation, Department, notwithstanding any other provision of law, may operate or contract
37 for the following receipt-generating activities and, except as otherwise provided in subsection
38 ~~(f1)(f2)~~ of this section, use credit the proceeds for ferry passenger vessel replacement projects in
39 the manner set forth in subsection (d) of this section: to a reserve account within the Highway Fund
40 for the State Ferry System:

- 41 (1) Operation of, concessions on the ferries and at ferry facilities to provide to
42 passengers on the ferries food, drink, and other refreshments, personal comfort
43 items, Internet access, and souvenirs publicizing the ferry system.
- 44 (2) Sponsorships, including, but not limited to, the sale of naming rights to any
45 ferry vessel, ferry route, or ferry facility.
- 46 (3) Advertising on or within any ferry vessel or at any ferry facility, including, but
47 not limited to, display advertising and advertising delivered to passengers
48 through the use of video monitors, public address systems installed in passenger
49 areas, and other electronic media.
- 50 (4) Any other receipt-generating activity not otherwise forbidden by applicable law
51 pertaining to public health or safety.

1 ~~The Department may issue rules to implement this subsection.~~

2 (f1) Use of Funds. – Proceeds and other funds credited to the reserve account described in
3 subsection (f) of this section shall be used exclusively for improvements to the State Ferry System,
4 which includes the following:

5 (1) The acquisition, construction, and rehabilitation of marine vessels used for
6 support and the transport of persons or vehicles between Ferry System
7 terminals. For purposes of this subdivision, the term "marine vessels" means
8 tugs, barges, dredges, and ferries other than passenger-only vessels.

9 (2) Replacement and rehabilitation of infrastructure allowing connection to Ferry
10 System terminals, including ramps, gantries, and bulkheads.

11 ~~(f1)(f2)Use of Receipts Generated From Shipyard. – The Department of Transportation shall~~
12 ~~credit the proceeds from receipts generated under subsection (f) of this section from activities~~
13 ~~performed by the North Carolina State Shipyard to a reserve account within the Highway Fund to~~
14 ~~be used exclusively for improvements to the Shipyard, including equipment and associated~~
15 ~~infrastructure. Notwithstanding the restrictions on the use of proceeds set forth in subsections (d)~~
16 ~~and (f) of this section, the Department may use a proportional amount of the proceeds credited to~~
17 ~~each reserve account described in subsection (d) of this section to replace or repair equipment in~~
18 ~~accordance with this subsection if there is an insufficient amount of funds in the reserve account~~
19 ~~within the Highway Fund for the Shipyard.~~

20 (f3) Disposition of Marine Vessels. – It is the intent of the General Assembly to modernize
21 the Ferry System fleet of marine vessels. Once a marine vessel reaches the end of its useful life, as
22 determined by the Department, the Department shall dispose of the vessel in a timely fashion.
23 Notwithstanding any provision of law to the contrary, any proceeds received from the disposition
24 of a marine vessel under this subsection shall be credited to the reserve account described in
25 subsection (f) of this section.

26 (g) Confidentiality of Personal Information. – Identifying information obtained by the
27 Department related to operation of the ferry system is not a public record under Chapter 132 of the
28 General Statutes and is subject to the disclosure limitations in 18 U.S.C. § 2721 of the federal
29 Driver's Privacy Protection Act. The Department shall maintain the confidentiality of all
30 information required to be kept confidential under 18 U.S.C. § 2721(a), as well as any financial
31 information, transaction history, and information related to the collection of a toll or user fee from
32 a person, including, but not limited to, photographs or other recorded images or automatic vehicle
33 identification or driver account information generated by radio-frequency identification or other
34 electronic means. The Department may use identifying information only for purposes of collecting
35 and enforcing tolls-user fees. Nothing in this section is intended to limit the right of any person to
36 examine that person's own account information, or the right of any party, by authority of a proper
37 court order, to inspect and examine identifying information.

38 (h) Report Prior to Acquisition or Construction of Marine Vessel. – Prior to the acquisition
39 or construction of a marine vessel pursuant to subsection (f1) of this section, the Department shall
40 report to the chairs of the House of Representatives Committee on Transportation Appropriations
41 and the Senate Appropriations Committee on Department of Transportation. The report shall
42 provide an estimate of the capital costs of acquiring or constructing the vessel, the costs of
43 operating the vessel, the vessel that will be decommissioned, the timing of the disposition of the
44 decommissioned vessel, and an estimate of the net proceeds that will be received from the
45 disposition. If the General Assembly is not in session at the time the report is to be submitted, the
46 Department shall instead report to the Joint Legislative Transportation Oversight Committee.

47 (i) Quarterly Report. – Beginning October 1, 2016, the Ferry Division of the Department
48 of Transportation shall provide a quarterly report to the following on any updates to its capital
49 improvement plan, any actions taken in deviation from its current capital improvement plan, the
50 status of authorized projects, and any obligations and expenses for the reserve accounts described
51 in subsections (f) and (f2) of this section:

1 (1) When the General Assembly is in session, to the chairs of the House of
 2 Representatives Committee on Transportation Appropriations and the Senate
 3 Appropriations Committee on Department of Transportation.

4 (2) When the General Assembly is not in session, to the chairs of the Joint
 5 Legislative Transportation Oversight Committee.

6 (3) To the Fiscal Research Division of the General Assembly."

7 **SECTION 35.1.(b)** G.S. 143B-350(f2) reads as rewritten:

8 "(f2) Approval of aircraft ~~and ferry~~ purposes. – Before approving the purchase of an aircraft
 9 from the Equipment Fund ~~or a ferry in a Transportation Improvement Program Fund~~, the Board of
 10 Transportation shall prepare an estimate of the operational costs and capital costs associated with
 11 the addition of the aircraft ~~or ferry~~ and shall report those additional costs to the General Assembly
 12 pursuant to G.S. 136-12(b), and to the Joint Legislative Commission on Governmental
 13 Operations."

14 **SECTION 35.1.(c)** G.S. 7A-312(a) reads as rewritten:

15 "(a) A juror in the General Court of Justice including a petit juror, or a coroner's juror, but
 16 excluding a grand juror, shall receive twelve dollars (\$12.00) for the first day of service and
 17 twenty dollars (\$20.00) per day afterwards, except that if any person serves as a juror for more
 18 than five days in any 24-month period, the juror shall receive forty dollars (\$40.00) per day for
 19 each day of service in excess of five days. A grand juror shall receive twenty dollars (\$20.00) per
 20 day. A juror required to remain overnight at the site of the trial shall be furnished adequate
 21 accommodations and subsistence. If required by the presiding judge to remain in a body during the
 22 trial of a case, meals shall be furnished the jurors during the period of sequestration. Jurors from
 23 out of the county summoned to sit on a special venire shall receive mileage at the same rate as
 24 State employees. ~~Persons summoned as jurors shall be exempt during their period of service from~~
 25 ~~paying a ferry toll required under G.S. 136-82 to travel to and from their homes and the site of that~~
 26 ~~service."~~

27 **SECTION 35.1.(d)** G.S. 136-189.11(b)(8) is repealed.

28 **SECTION 35.1.(e)** G.S. 136-189.10(2)h. is repealed.

29 **SECTION 35.1.(f)** The Board of Transportation shall cease collecting ferry tolls on
 30 the effective date of this section and shall take action as expeditiously as possible to repeal its
 31 regulations implementing ferry tolls. Prepaid tolls or commuter pass payments received by the
 32 Department of Transportation for ferry trips on or after the effective date of this section shall be
 33 refunded or, in the case of prepaid commuter passes, partially refunded based on the proportion of
 34 the time period covered by the commuter pass for which tolls were in effect. Any funds remaining
 35 in the reserve accounts described in G.S. 136-82(d) as of the effective date of this section shall be
 36 used for any costs associated with the initiation of passenger-only ferry service on the
 37 Hatteras-Ocracoke ferry route.

38 **SECTION 35.1.(g)** Notwithstanding G.S. 150B-21.1(a), the Department of
 39 Transportation may adopt temporary rules to administer this section.

40 **SECTION 35.1.(h)** G.S. 136-82(f3), as enacted by subsection (a) of this section,
 41 becomes effective July 1, 2016, and applies to dispositions on or after that date. The remainder of
 42 this section becomes effective July 1, 2016.

43 44 **CASH FLOW HIGHWAY FUND AND HIGHWAY TRUST FUND APPROPRIATIONS**

45 **SECTION 35.2.(a)** Subsections (a) and (b) of Section 29.1 of S.L. 2015-241 are
 46 repealed.

47 **SECTION 35.2.(b)** The General Assembly authorizes and certifies anticipated
 48 revenues for the Highway Fund as follows:

49	For Fiscal Year 2017-2018	\$2,027.8 million
50	For Fiscal Year 2018-2019	\$2,077.8 million
51	For Fiscal Year 2019-2020	\$2,121.9 million

1	For Fiscal Year 2020-2021	\$2,170.2 million
2	SECTION 35.2.(c) The General Assembly authorizes and certifies anticipated	
3	revenues for the Highway Trust Fund as follows:	
4	For Fiscal Year 2017-2018	\$1,393.0 million
5	For Fiscal Year 2018-2019	\$1,423.8 million
6	For Fiscal Year 2019-2020	\$1,441.9 million
7	For Fiscal Year 2020-2021	\$1,463.3 million

8
9 **ELIMINATE PORTION OF DMV TRANSACTION FEES SET ASIDE FOR MERCURY**
10 **SWITCH REMOVAL ACCOUNT**

11 **SECTION 35.3.** G.S. 20-85(a1) reads as rewritten:

12 "(a1) One dollar (\$1.00) of the fee imposed for any transaction assessed a fee under
13 subdivision (a)(1), (a)(2), (a)(3), (a)(7), (a)(8), or (a)(9) of this section shall be credited to the
14 North Carolina Highway Fund. The Division shall use the fees derived from transactions with
15 commission contract agents for the payment of compensation to commission contract agents. ~~An~~
16 ~~additional fifty cents (50¢) of the fee imposed for any transaction assessed a fee under subdivision~~
17 ~~(a)(1) of this section shall be credited to the Mercury Switch Removal Account in the Department~~
18 ~~of Environmental Quality."~~

19
20 **PROMOTE NORTH CAROLINA HISTORICAL SITES**

21 **SECTION 35.4.** G.S. 136-42.3 reads as rewritten:

22 **"§ 136-42.3. Historical marker program.**

23 The Department of Transportation may spend up to ~~fortysixty~~ thousand dollars
24 ~~(\$40,000)~~(\$60,000) a year to purchase historical markers prepared and delivered to it by the
25 Department of Natural and Cultural Resources. The Department of Transportation shall erect the
26 markers on sites selected by the Department of Natural and Cultural Resources. This expenditure
27 is hereby declared to be a valid expenditure of State highway maintenance funds. No provision in
28 this section shall be construed to prevent the expenditure of any federal highway funds that may be
29 available for this purpose."
30

31 **INCREASE DOT BID THRESHOLD & REPORT**

32 **SECTION 35.5.(a)** G.S. 136-28.1 reads as rewritten:

33 **"§ 136-28.1. Letting of contracts to bidders after advertisement; exceptions.**

34 (a) All contracts over ~~twofive~~ million ~~five hundred thousand~~ dollars
35 ~~(\$2,500,000)~~(\$5,000,000) that the Department of Transportation may let for construction,
36 maintenance, operations, or repair necessary to carry out the provisions of this ~~Chapter~~Chapter,
37 shall be let to a responsible bidder after public advertising under rules and regulations to be made
38 and published by the Department of Transportation. The right to reject any and all bids shall be
39 reserved to the Board of Transportation. Contracts for construction or repair for federal aid
40 projects entered into pursuant to this section shall not contain the standardized contract clauses
41 prescribed by 23 U.S.C. § 112(e) and 23 C.F.R. § 635.109 for differing site conditions,
42 suspensions of work ordered by the engineer or significant changes in the character of the work.
43 For those federal aid projects, the Department of Transportation shall use only the contract
44 provisions for differing site conditions, suspensions of work ordered by the engineer, or significant
45 changes in the character of the work developed by the North Carolina Department of
46 Transportation and approved by the Board of Transportation.

47 (b) For contracts let to carry out the provisions of this Chapter in which the amount of
48 work to be let to contract for transportation infrastructure construction or repair is ~~twofive~~ million
49 ~~five hundred thousand~~ dollars ~~(\$2,500,000)~~(\$5,000,000) or less, and for transportation
50 infrastructure maintenance, excluding resurfacing, that is ~~twofive~~ million ~~five hundred thousand~~
51 dollars ~~(\$2,500,000)~~(\$5,000,000) per year or less, at least three informal bids shall be solicited.

1 The term "informal bids" is defined as bids in writing, received pursuant to a written request,
2 without public advertising. All such contracts shall be awarded to the lowest responsible bidder.
3 The Secretary of Transportation shall keep a record of all bids submitted, which record shall be
4 subject to public inspection at any time after the bids are opened.

5 ...

6 (f) Notwithstanding any other provision of law, the Department of Transportation may
7 solicit proposals under rules and regulations adopted by the Department of Transportation for all
8 contracts for professional engineering services and other kinds of professional or specialized
9 services necessary in connection with the planning, operations, design, maintenance, repair, and
10 construction of transportation infrastructure. In order to promote engineering and design quality
11 and ensure maximum competition by professional firms of all sizes, the Department may establish
12 fiscal guidelines and limitations necessary to promote cost-efficiencies in overhead, salary, and
13 expense reimbursement rates. The right to reject any and all proposals is reserved to the Board of
14 Transportation.

15"

16 **SECTION 35.5.(b)** The Department of Transportation shall provide an annual report
17 by May 1 to the chairs of the House of Representatives Committee on Transportation
18 Appropriations and the Senate Appropriations Committee on Department of Transportation on the
19 impact of the implementation of this section, specifically the impact of the implementation of this
20 section on small businesses.

21 **SECTION 35.5.(c)** This section becomes effective July 1, 2016, and applies to bids
22 solicited on or after that date.

23 24 **REVISE DOT BIDDING PROCESS**

25 **SECTION 35.6.(a)** G.S. 136-28.1, as amended by Section 35.5 of this act, reads as
26 rewritten:

27 **"§ 136-28.1. Letting of contracts to bidders after advertisement; exceptions.**

28 ...

29 (b) For contracts let to carry out the provisions of this Chapter in which the amount of
30 work to be let to contract for transportation infrastructure construction or repair is five million
31 dollars (\$5,000,000) or less, and for transportation infrastructure maintenance, excluding
32 resurfacing, that is five million dollars (\$5,000,000) per year or less, at least three informal bids
33 shall be solicited. The term "informal bids" is defined as bids in writing, received pursuant to a
34 written request, without public advertising. All such contracts shall be awarded to the lowest
35 responsible bidder. Where public advertising is used for a contract subject to this subsection, the
36 Highway Division shall post the advertisement at least 14 calendar days prior to the letting date of
37 the contract. The Secretary of Transportation shall keep a record of all bids submitted, which
38 record shall be subject to public inspection at any time after the bids are opened. The Highway
39 Divisions shall publish the results of a bidding process no later than three business days after the
40 contract bid upon is awarded.

41 (b1) Notwithstanding any provision of G.S. 136-28.5 to the contrary, and except as
42 prohibited by other State or federal law, the Department of Transportation shall, at the time and
43 place bids solicited for a contract subject to this section are opened, make public all cost estimates
44 prepared by the Department for the purpose of comparing the bids.

45"

46 **SECTION 35.6.(b)** This section becomes effective July 1, 2016, and applies to bids
47 solicited on or after that date.

48 49 **ADJUST UNPAVED ROADS FUNDING EXPENDITURES**

50 **SECTION 35.7.(a)** G.S. 136-44.2D reads as rewritten:

51 **"§ 136-44.2D. Secondary unpaved road paving program.**

1 The Department of Transportation shall expend fifty percent (50%) of the funds allocated to
2 the paving of unpaved secondary roads for the paving of unpaved secondary roads based on a
3 statewide prioritization. The Department shall expend the remainder of the funds equally among
4 the 14 Highway Divisions for the paving of unpaved secondary roads within each Highway
5 Division based on the same statewide prioritization. The Department shall pave the eligible
6 unpaved secondary roads that receive the highest priority ranking within this statewide
7 prioritization. Nothing in this subsection shall be interpreted to require the Department to pave any
8 unpaved secondary roads that do not meet secondary road system addition standards as set forth in
9 G.S. 136-44.10 and G.S. 136-102.6. The Highway Trust Fund shall not be used to fund the paving
10 of unpaved secondary roads."

11 **SECTION 35.7.(b)** This section becomes effective July 1, 2016, and applies to funds
12 allocated on or after that date.

13 14 **SECONDARY ROAD MAINTENANCE AND IMPROVEMENT FUND/USE PORTION** 15 **OF FUNDS FOR LITTER REMOVAL**

16 **SECTION 35.8.** Of the funds appropriated in this act to the Department of
17 Transportation and allocated to the Secondary Road Maintenance and Improvement Fund, the
18 Department may use up to the sum of ten million dollars (\$10,000,000) in nonrecurring funds for
19 the 2016-2017 fiscal year to cover costs associated with the removal of litter alongside
20 State-maintained roads.

21 22 **STUDY/OFF-HIGHWAY PARKING FOR TRACTOR-TRAILERS & SEMI-TRAILERS**

23 **SECTION 35.9.(a)** Study. – The Department of Transportation, in collaboration with
24 the Department of Public Safety, shall study ways to provide additional off-highway parking and
25 rest areas for tractor-trailers and semi-trailers. Included within the study shall be the feasibility and
26 cost of converting abandoned highway rest stops into parking and rest areas for tractor-trailers and
27 semi-trailers.

28 **SECTION 35.9.(b)** Report. – By February 1, 2017, the Departments shall jointly
29 report their findings and recommendations, including any legislative proposals, to the chairs of the
30 House of Representatives Committee on Transportation Appropriations and the Senate
31 Appropriations Committee on Department of Transportation.

32 33 **CLARIFY THAT DOT MAY PERFORM WORK IMPROVING CULVERTS**

34 **SECTION 35.10.** Section 34.18(a) of S.L. 2014-100, as amended by Section 29.6 of
35 S.L. 2015-241, reads as rewritten:

36 **"SECTION 34.18.(a)** The Department of Transportation shall rename the "system
37 preservation program" (fund center 1500/157839) the "bridge program." Funds allocated to this
38 program shall be used for improvements to culverts associated with a component of the State
39 highway system and improvements to structurally deficient and functionally obsolete bridges. All
40 projects funded under this program, with the exception of inspection, pre-engineering, contract
41 preparation, contract administration and oversight, and planning activities, shall be outsourced to
42 private contractors. No more than ten percent (10%) of the funds allocated to this program shall be
43 used for improvements to culverts associated with a component of the State highway system, ~~and~~
44 the funds shall only be used for culverts that are 54 inches or greater in size and rated by the
45 Department as in poor ~~condition~~-condition, and the Department may perform the work to improve
46 the culverts."

47 48 **DOT/REPORT ON RECOMMENDATIONS FOR REVISING METHOD FOR** 49 **MEASURING OUTSOURCING OF PRECONSTRUCTION ACTIVITIES**

50 **SECTION 35.11.** Section 34.13(d) of S.L. 2014-100, as amended by Section 29.13(b)
51 of S.L. 2015-241, reads as rewritten:

1 "SECTION 34.13.(d) The Department shall report no later than October 1, 2015, and
2 quarterly thereafter, to the Joint Legislative Transportation Oversight Committee and the Fiscal
3 Research Division regarding its implementation of this section, including any reductions in force
4 used to meet privatization requirements. In addition, the Department shall report by March 1,
5 2017, to the chairs of the House of Representatives Committee on Transportation Appropriations
6 and the Senate Appropriations Committee on Department of Transportation on the Department's
7 recommendations for revising, based on the study and review required under Section 29.14(d) of
8 S.L. 2015-241, the method used for measuring the outsourcing of preconstruction activities subject
9 to subsection (a) of this section."

10 11 **DOT/MORATORIUM ON RESTRUCTURING AND OUTSOURCING**

12 **SECTION 35.11A.** Notwithstanding subsection (d) of Section 29.14 of S.L. 2015-241
13 and subsections (a) through (c) of Section 34.13 of S.L. 2014-100, as amended, the Department of
14 Transportation shall not eliminate any filled positions or increase outsourcing in accordance with
15 the requirements of subsection (d) of Section 29.14 of S.L. 2015-241 and subsections (a) through
16 (c) of Section 34.13 of S.L. 2014-100, as amended, until the Department provides a report by
17 February 1, 2017, to the chairs of the House of Representatives Committee on Transportation
18 Appropriations and the Senate Appropriations Committee on Department of Transportation, on the
19 amount of cost savings, if any, that may be achieved from the elimination and outsourcing of
20 positions.

21 22 **REPEAL LIGHT RAIL FUNDING CAP**

23 **SECTION 35.12.** Subsection (e1) of G.S. 136-189.11 is repealed.
24

25 **REPEAL SUNSET ON LATE FEE FOR MOTOR VEHICLE REGISTRATIONS**

26 **SECTION 35.13.** Subsection (u) of Section 29.30 of S.L. 2015-241 reads as rewritten:
27 "**SECTION 29.30.(u)** Subsections (a) and (u) of this section become effective October 1,
28 2015. Subsections (s) and (t) of this section become effective July 1, 2020. Subsection (m) of this
29 section becomes effective July 1, 2016, and applies to renewal motor vehicle registrations on or
30 after that date. ~~Subsection (m) of this section expires December 31, 2017.~~ The remainder of this
31 section becomes effective January 1, 2016, and applies to issuances, renewals, restorations, and
32 requests on or after that date."
33

34 **DMV/FUNDING FOR CONTRACTUAL DRIVER LICENSE EXAMINER STAFFING**

35 **SECTION 35.14.** Of the funds appropriated in this act to the Department of
36 Transportation, the sum of two million nine hundred one thousand six hundred fifty-six dollars
37 (\$2,901,656) in recurring funds for the 2016-2017 fiscal year shall be allocated to the Division of
38 Motor Vehicles to be used for contractual driver license examiner staffing to provide additional
39 support, improve customer service, and decrease wait times in high-volume Division office
40 locations. Nothing in this section shall be construed as authorizing the Division to hire permanent
41 or temporary employees to serve as additional driver license examiner staffing.
42

43 **MAKE TIME-LIMITED POSITIONS IN SUPPORT OF THE COMBINED MOTOR** 44 **VEHICLE REGISTRATION AND PROPERTY TAX COLLECTION SYSTEM** 45 **PERMANENT**

46 **SECTION 35.15.(a)** Section 24.10(a) of S.L. 2012-142, as amended by Section 29.37
47 of S.L. 2015-241, reads as rewritten:

48 "**SECTION 24.10.(a)** Upon request from the Department of Transportation and
49 notwithstanding any other provision of law to the contrary, the Office of State Budget and
50 Management may authorize the creation of ~~time limited, permanent,~~ full-time equivalent positions
51 within the Department of Transportation and its Division of Motor Vehicles in excess of the

1 positions authorized by this act for the ~~sole~~ purposes of implementing and administering the
2 combined motor vehicle registration and property tax collection ~~system~~ system and providing
3 other support as determined necessary by the Commissioner of the Division of Motor Vehicles.
4 Positions created under this authorization shall be funded with receipts from the fee assessed under
5 ~~G.S. 105-330.5(b) and shall terminate no later than June 30, 2016.~~ G.S. 105-330.5(b)."

6 **SECTION 35.15.(b)** Nothing in subsection (a) of this section shall be construed as
7 authorizing the creation of any positions in addition to the 45 remaining positions authorized
8 under Section 24.10(a) of S.L. 2012-142.

9 **SECTION 35.15.(c)** This section becomes effective June 30, 2016.

10 11 **PERMANENT REGISTRATION PLATES FOR CERTAIN TRANSIT PROVIDERS**

12 **SECTION 35.16.** Subsection (b) of G.S. 20-84 is amended by adding a new
13 subdivision to read:

14 "(b) Permanent Registration Plates. – The Division may issue permanent plates for the
15 following motor vehicles:

16 ...

17 (20) A motor vehicle owned by a public transportation service provider that is a
18 designated recipient or direct recipient of Federal Transit Administration
19 formula grant funds pursuant to 49 U.S.C. § 5311 or 49 U.S.C. § 5307."

20 21 **RESERVE FOR GENERAL MAINTENANCE & SECONDARY ROAD MAINTENANCE** 22 **AND IMPROVEMENT FUND**

23 **SECTION 35.17A.** Notwithstanding any provision of this act to the contrary, the net
24 appropriations for the Reserve for General Maintenance (Fund Code 0934) and the Secondary
25 Road Maintenance and Improvement Fund (Fund Code 7822) are each increased by the sum of
26 four million three hundred fifty thousand dollars (\$4,350,000).

27 28 **DOT/DISPOSE OF MURPHY BRANCH RAIL LINE**

29 **SECTION 35.18.(a)** Disposition. – In accordance with the procedures set forth in
30 Article 7 of Chapter 146 of the General Statutes, the Department of Administration shall dispose
31 of by sale the Murphy Branch rail line, including any appurtenance thereto, that runs from
32 Andrews, North Carolina, to Murphy, North Carolina. Nothing in this subsection shall be
33 construed as (i) authorizing the Department to dispose of any property not owned by the State or
34 (ii) superseding or altering the terms of any written agreement, deed, or other form of conveyance
35 setting forth a different process for disposing of the Murphy Branch rail line.

36 **SECTION 35.18.(b)** Fair Market Value. – Notwithstanding G.S. 146-29.1 and any
37 other provision of Article 7 of Chapter 146 of the General Statutes to the contrary, the Department
38 shall not dispose of the Murphy Branch rail line for less than fair market value.

39 **SECTION 35.18.(c)** Use of Proceeds. – Notwithstanding G.S. 146-30, the Department
40 shall deposit the net proceeds from the disposition of the Murphy Branch rail line into the Freight
41 Rail & Rail Crossing Safety Improvement Fund of the Highway Fund.

42 43 **RESTORE FUNDING FOR SMALL CONSTRUCTION PROJECTS**

44 **SECTION 35.19.(a)** Section 29.2(a)(1) of S.L. 2015-241 reads as rewritten:

45 "(1) Two million five hundred thousand dollars (\$2,500,000) ~~for the 2015-2016~~
46 fiscal year in nonrecurring funds shall be allocated in each fiscal year for small
47 construction projects recommended by the Chief Engineer in consultation with
48 the Chief Operating Officer and approved by the Secretary of Transportation.
49 These funds shall be allocated equally in each fiscal year of the biennium
50 among the 14 Highway Divisions for small construction projects."

1 **SECTION 35.19.(b)** Notwithstanding any provision of this act to the contrary, the
 2 revised net appropriations for the 2016-2017 fiscal year to the Reserve for General Maintenance
 3 (Fund Code 0934) and the Secondary Road Maintenance and Improvement Fund (Fund Code
 4 7822) shall each be reduced by the sum of one million two hundred fifty thousand dollars
 5 (\$1,250,000).

6
 7 **PART XXXVI. SALARIES AND BENEFITS**

8
 9 **GOVERNOR AND COUNCIL OF STATE**

10 **SECTION 36.1.** Section 30.1 of S.L. 2015-241 reads as rewritten:

11 **"SECTION 30.1.(a)** The salary of the Governor as provided by G.S. 147-11(a) shall remain
 12 unchanged for the ~~2015-2017 fiscal biennium, 2015-2016 fiscal year.~~

13 **"SECTION 30.1.(a1)** Effective July 1, 2016, G.S. 147-11(a) reads as rewritten:

14 "(a) The salary of the Governor shall be ~~one hundred forty two thousand two hundred~~
 15 ~~sixty five dollars (\$142,265)~~ one hundred forty-five thousand one hundred ten dollars (\$145,110)
 16 annually, payable monthly."

17 **"SECTION 30.1.(b)** The annual salaries for members of the Council of State, payable
 18 monthly, shall remain unchanged for the ~~2015-2017 fiscal biennium, 2015-2016 fiscal year,~~ as
 19 follows:

<u>Council of State</u>	<u>Annual Salary</u>
Lieutenant Governor	\$125,676
Attorney General	125,676
Secretary of State	125,676
State Treasurer	125,676
State Auditor	125,676
Superintendent of Public Instruction	125,676
Agriculture Commissioner	125,676
Insurance Commissioner	125,676
Labor Commissioner	125,676

30 **"SECTION 30.1.(b1)** Effective July 1, 2016, the annual salaries for members of the Council
 31 of State, payable monthly, are increased by two percent (2%), as follows:

<u>Council of State</u>	<u>Annual Salary</u>
<u>Lieutenant Governor</u>	<u>\$128,190</u>
<u>Attorney General</u>	<u>128,190</u>
<u>Secretary of State</u>	<u>128,190</u>
<u>State Treasurer</u>	<u>128,190</u>
<u>State Auditor</u>	<u>128,190</u>
<u>Superintendent of Public Instruction</u>	<u>128,190</u>
<u>Agriculture Commissioner</u>	<u>128,190</u>
<u>Insurance Commissioner</u>	<u>128,190</u>
<u>Labor Commissioner</u>	<u>128,190</u>

42 "

43
 44 **CERTAIN EXECUTIVE BRANCH OFFICIALS**

45 **SECTION 36.2.** Section 30.2 of S.L. 2015-241 reads as rewritten:

46 **"SECTION 30.2.(a)** The annual salaries, payable monthly, for the following executive branch
 47 officials shall remain unchanged for the ~~2015-2017 fiscal biennium, 2015-2016 fiscal year,~~ as
 48 follows:

<u>Executive Branch Officials</u>	<u>Annual Salary</u>
Chairman, Alcoholic Beverage Control Commission	\$111,868
State Controller	156,159

1	Commissioner of Banks	125,676
2	Chair, Board of Review, Division of Employment Security	123,255
3	Members, Board of Review, Division of Employment Security	121,737
4	Chairman, Parole Commission	123,255
5	Members of the Parole Commission	113,887
6	Chairman, Utilities Commission	139,849
7	Members of the Utilities Commission	125,676
8	Executive Director, North Carolina	
9	Agricultural Finance Authority	108,915
10	"SECTION 30.2.(a1) <u>The annual salaries, payable monthly, for the following executive</u>	
11	<u>branch officials for the 2016-2017 fiscal year are increased by two percent (2%), as follows:</u>	
12	<u>Executive Branch Officials</u>	<u>Annual Salary</u>
13	<u>Chairman, Alcoholic Beverage Control Commission</u>	<u>\$114,105</u>
14	<u>State Controller</u>	<u>159,282</u>
15	<u>Commissioner of Banks</u>	<u>128,190</u>
16	<u>Chair, Board of Review, Division of Employment Security</u>	<u>125,720</u>
17	<u>Members, Board of Review, Division of Employment Security</u>	<u>124,172</u>
18	<u>Chairman, Parole Commission</u>	<u>125,720</u>
19	<u>Members of the Parole Commission</u>	<u>116,165</u>
20	<u>Chairman, Utilities Commission</u>	<u>142,646</u>
21	<u>Members of the Utilities Commission</u>	<u>128,190</u>
22	<u>Executive Director, North Carolina</u>	
23	<u> Agricultural Finance Authority</u>	<u>111,093"</u>

JUDICIAL BRANCH SALARIES

SECTION 36.3. Section 30.3 of S.L. 2015-241 reads as rewritten:

"SECTION 30.3.(a) Effective July 1, 2015, the annual salaries, payable monthly, for specified judicial branch officials for the 2015-2017 fiscal biennium, 2015-2016 fiscal year, are as follows:

30	<u>Judicial Branch Officials</u>	<u>Annual Salary</u>
31	Chief Justice, Supreme Court	\$143,623
32	Associate Justice, Supreme Court	139,896
33	Chief Judge, Court of Appeals	137,682
34	Judge, Court of Appeals	134,109
35	Judge, Senior Regular Resident Superior Court	130,492
36	Judge, Superior Court	126,875
37	Chief Judge, District Court	115,301
38	Judge, District Court	111,684
39	District Attorney	121,737
40	Assistant Administrative Officer of the Courts	118,152
41	Public Defender	121,737
42	Director of Indigent Defense Services	125,498

"SECTION 30.3.(a1) Effective July 1, 2016, the annual salaries, payable monthly, for specified judicial branch officials for the 2016-2017 fiscal year, are as follows:

45	<u>Judicial Branch Officials</u>	<u>Annual Salary</u>
46	<u>Chief Justice, Supreme Court</u>	<u>\$146,495</u>
47	<u>Associate Justice, Supreme Court</u>	<u>142,694</u>
48	<u>Chief Judge, Court of Appeals</u>	<u>140,436</u>
49	<u>Judge, Court of Appeals</u>	<u>136,791</u>
50	<u>Judge, Senior Regular Resident Superior Court</u>	<u>133,102</u>
51	<u>Judge, Superior Court</u>	<u>129,413</u>

1	<u>Chief Judge, District Court</u>	<u>117,607</u>
2	<u>Judge, District Court</u>	<u>113,918</u>
3	<u>District Attorney</u>	<u>124,172</u>
4	<u>Assistant Administrative Officer of the Courts</u>	<u>120,515</u>
5	<u>Public Defender</u>	<u>124,172</u>
6	<u>Director of Indigent Defense Services</u>	<u>128,008</u>

7 "SECTION 30.3.(b) The annual salaries of permanent full-time employees of the Judicial
 8 Department whose salaries are not itemized in this act shall not be legislatively increased for the
 9 ~~2015-2017 fiscal biennium,~~ 2015-2016 fiscal year, but may be increased as otherwise allowed by
 10 law.

11 "SECTION 30.3.(c) The district attorney or public defender of a judicial district, with the
 12 approval of the Administrative Officer of the Courts or the Commission on Indigent Defense
 13 Services, respectively, shall set the salaries of assistant district attorneys or assistant public
 14 defenders, respectively, in that district such that the average salaries of assistant district attorneys
 15 or assistant public defenders in that district do not exceed seventy-two thousand seven hundred
 16 ninety-seven dollars (\$72,797) and the minimum salary of any assistant district attorney or
 17 assistant public defender is at least thirty-eight thousand six hundred twenty-eight dollars
 18 (\$38,628), effective July 1, 2015.

19 "SECTION 30.3.(c1) The district attorney or public defender of a judicial district, with the
 20 approval of the Administrative Officer of the Courts or the Commission on Indigent Defense
 21 Services, respectively, shall set the salaries of assistant district attorneys or assistant public
 22 defenders, respectively, in that district such that the average salaries of assistant district attorneys
 23 or assistant public defenders in that district do not exceed seventy-six thousand four hundred
 24 thirty-seven dollars (\$76,437) and the minimum salary of any assistant district attorney or assistant
 25 public defender is at least forty thousand five hundred fifty-nine dollars (\$40,559), effective July
 26 1, 2016.

27"

28
 29 **CLERK OF SUPERIOR COURT**

30 **SECTION 36.4.** Effective July 1, 2016, G.S. 7A-101(a) reads as rewritten:

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

34	Population	Annual Salary
35	Less than 100,000	\$84,390 <u>\$86,078</u>
36	100,000 to 149,999	94,578 <u>96,470</u>
37	150,000 to 249,999	104,766 <u>106,861</u>
38	250,000 and above	114,958 <u>117,257</u>

39 When a county changes from one population group to another, the salary of the clerk shall be
 40 changed, on July 1 of the fiscal year for which the change is reported, to the salary appropriate for
 41 the new population group, except that the salary of an incumbent clerk shall not be decreased by
 42 any change in population group during his continuance in office."
 43

44 **ASSISTANT AND DEPUTY CLERKS OF COURT**

45 **SECTION 36.5.** Effective July, 2016, G.S. 7A-102(c1) reads as rewritten:

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

49	Assistant Clerks and Head Bookkeeper	Annual Salary
50	Minimum	\$32,609 <u>\$33,261</u>
51	Maximum	56,424 <u>57,552</u>

1	Deputy Clerks	Annual Salary
2	Minimum	\$28,223 \$28,787
3	Maximum	44,107 <u>44,989</u> ."

5 **MAGISTRATES**

6 **SECTION 36.6.** Effective July 1, 2016, G.S. 7A-171.1 reads as rewritten:

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

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

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

19 Table of Salaries of Full-Time Magistrates

20	Step Level	Annual Salary
21	Entry Rate	\$35,275 <u>\$35,981</u>
22	Step 1	37,950 <u>38,709</u>
23	Step 2	40,835 <u>41,652</u>
24	Step 3	43,890 <u>44,768</u>
25	Step 4	47,550 <u>48,501</u>
26	Step 5	51,960 <u>52,999</u>
27	Step 6	56,900 <u>58,038</u> .

28 ...

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

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

34		<u>Minimum</u>	<u>Maximum</u>
35	<u>Less than 1 year of service</u>		<u>\$27,846</u>
36	<u>1 or more but less than 3 years of service</u>	<u>28,027</u>	<u>– 29,027</u>
37	<u>3 or more but less than 5 years of service</u>	<u>30,405</u>	<u>– 31,405</u>

38 ~~Upon completion of five years of service, those magistrates shall receive the~~
39 ~~salary set as the Entry Rate in the table in subsection (a).~~

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

43		<u>Minimum</u>	<u>Maximum</u>
44	<u>Less than 1 year of service</u>		<u>\$28,403</u>
45	<u>1 or more but less than 3 years of service</u>	<u>28,588</u>	<u>– 29,608</u>
46	<u>3 or more but less than 5 years of service</u>	<u>31,013</u>	<u>– 32,033</u>

47 Upon completion of five years of service, those magistrates shall receive the
48 salary set as the Entry Rate in the table in subsection (a) of this section.

49"

51 **LEGISLATIVE BRANCH SALARIES**

1 **SECTION 36.7.** Section 30.4 of S.L. 2015-241 reads as rewritten:

2 **"SECTION 30.4.(a)** For the 2015-2017 fiscal biennium, the salaries of members and officers
3 of the General Assembly shall remain unchanged at the amounts set under G.S. 120-3, as provided
4 in 1994 by the 1993 General Assembly.

5 **"SECTION 30.4.(b)** The annual salaries of the Legislative Services Officer and of nonelected
6 employees of the General Assembly in effect on June 30, 2015, shall not be legislatively increased
7 for the ~~2015-2017 fiscal biennium, 2015-2016 fiscal year,~~ but may be increased as otherwise
8 allowed by law.

9 **"SECTION 30.4.(b1)** The annual salaries of the Legislative Services Officer and of
10 nonelected employees of the General Assembly in effect on June 30, 2016, are increased by two
11 percent (2%).

12 **"SECTION 30.4.(c)** Legislative employees paid pursuant to subsection (b) of this section
13 shall receive the compensation bonus awarded by this act."
14

15 **GENERAL ASSEMBLY PRINCIPAL CLERKS**

16 **SECTION 36.8.** Effective July 1, 2016, G.S. 120-37(c) reads as rewritten:

17 "(c) The principal clerks shall be full-time officers. Each principal clerk shall be entitled to
18 other benefits available to permanent legislative employees and shall be paid an annual salary of
19 ~~one hundred six thousand three hundred thirty-three dollars (\$106,333),~~ one hundred eight
20 thousand four hundred sixty dollars (\$108,460), payable monthly. Each principal clerk shall also
21 receive such additional compensation as approved by the Speaker of the House of Representatives
22 or the President Pro Tempore of the Senate, respectively, for additional employment duties beyond
23 those provided by the rules of their House. The Legislative Services Commission shall review the
24 salary of the principal clerks prior to submission of the proposed operating budget of the General
25 Assembly to the Governor and shall make appropriate recommendations for changes in those
26 salaries. Any changes enacted by the General Assembly shall be by amendment to this paragraph."
27

28 **SERGEANT-AT-ARMS AND READING CLERKS**

29 **SECTION 36.9.** Effective July 1, 2016, G.S. 120-37(b) reads as rewritten:

30 "(b) The sergeant-at-arms and the reading clerk in each house shall be paid a salary of ~~four~~
31 ~~hundred four dollars (\$404.00)~~ four hundred twelve dollars (\$412.00) per week plus subsistence at
32 the same daily rate provided for members of the General Assembly, plus mileage at the rate
33 provided for members of the General Assembly for one round trip only from their homes to
34 Raleigh and return. The sergeants-at-arms shall serve during sessions of the General Assembly and
35 at such time prior to the convening of, and subsequent to adjournment or recess of, sessions as
36 may be authorized by the Legislative Services Commission. The reading clerks shall serve during
37 sessions only."
38

39 **COMMUNITY COLLEGES PERSONNEL**

40 **SECTION 36.10.** Section 30.5 of S.L. 2015-241 reads as rewritten:

41 **"SECTION 30.5.(a)** The minimum salaries for nine-month, full-time curriculum community
42 college faculty for the ~~2015-2017 fiscal biennium 2015-2016 fiscal year~~ shall remain unchanged
43 as follows:

44 <u>Education Level</u>	<u>Minimum Salary</u>
45 Vocational Diploma/Certificate or Less	\$35,314
46 Associate Degree or Equivalent	35,819
47 Bachelor's Degree	38,009
48 Master's Degree or Education Specialist	39,952
49 Doctoral Degree	42,753

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

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

3 "SECTION 30.5.(a1) The minimum salaries for nine-month, full-time curriculum community
4 college faculty for the 2016-2017 fiscal year are as follows:

<u>Education Level</u>	<u>Minimum Salary</u>
<u>Vocational Diploma/Certificate or Less</u>	<u>\$36,020</u>
<u>Associate Degree or Equivalent</u>	<u>36,535</u>
<u>Bachelor's Degree</u>	<u>38,769</u>
<u>Master's Degree or Education Specialist</u>	<u>40,751</u>
<u>Doctoral Degree</u>	<u>43,608</u>

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

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

15 "SECTION 30.5.(b) For the 2015-2017 fiscal biennium, the community college boards of
16 trustees may provide personnel a salary increase pursuant to the policies adopted by the State
17 Board of Community Colleges.

18 ~~Funds~~ For the 2015-2016 fiscal year, funds for compensation increases may be used for any
19 one or more of the following purposes: (i) merit pay, (ii) across-the-board increases, (iii)
20 recruitment bonuses, (iv) retention increases, and (v) any other compensation increase pursuant to
21 policies adopted by the State Board of Community Colleges. The State Board of Community
22 Colleges shall make a report on the use of these funds to the 2016 Regular Session of the 2015
23 General Assembly no later than March 1, 2016.

24 For the 2016-2017 fiscal year, the additional compensation funds appropriated in this act are
25 allocated as follows:

26 (1) The sum of at least eight million dollars (\$8,000,000) shall be used for
27 compensation increases for faculty members.

28 (2) The sum of up to two million dollars (\$2,000,000) may be used for
29 compensation increases for other community college personnel.

30 These compensation increases may be used for one or more of the following purposes: (i) merit
31 pay, (ii) recruitment bonuses, (iii) retention increases, and (iv) any other compensation increase,
32 except for across-the-board increases, pursuant to policies adopted by the State Board of
33 Community Colleges. The State Board of Community Colleges shall make a report on the use of
34 these funds to the 2017 General Assembly no later than March 1, 2017.

35 "SECTION 30.5.(b1) Effective July 1, 2016, the annual compensation of community college
36 faculty and nonfaculty employees is increased by two percent (2%)."

37 38 UNIVERSITY OF NORTH CAROLINA SYSTEM

39 **SECTION 36.11.** Section 30.6 of S.L. 2015-241 reads as rewritten:

40 "SECTION 30.6.(a) Effective for the ~~2015-2017 fiscal biennium, 2015-2016 fiscal year,~~ the
41 annual compensation of all full-time University of North Carolina SHRA and EHRA employees
42 shall not be legislatively increased for the 2015-2017 fiscal biennium, but may be increased as
43 otherwise allowed by law.

44 "SECTION 30.6.(a1) Effective for the 2016-2017 fiscal year, the annual compensation of all
45 full-time University of North Carolina SHRA and EHRA employees are increased by two percent
46 (2%)."

47 48 STATE AGENCY TEACHERS

49 **SECTION 36.12.** Employees of schools operated by the Department of Health and
50 Human Services, the Department of Public Safety, the State Board of Education, and employees of
51 the School of Science and Mathematics of The University of North Carolina, who are paid on the

1 Teacher Salary Schedule, shall receive any experience step increases authorized by Section 9.1 of
2 this act.

3 4 **SBI/ALE/INCREASES**

5 **SECTION 36.13.** By September 1, 2016, the Director of the State Bureau of
6 Investigation shall report to the Joint Legislative Oversight Committee on Justice and Public
7 Safety and the Fiscal Research Division regarding their plan to adjust the salaries of Alcohol Law
8 Enforcement agents and State Bureau of Investigation officers, respectively.

9 10 **ALL STATE-SUPPORTED PERSONNEL**

11 **SECTION 36.14.** Section 30.8 of S.L. 2015-241 reads as rewritten:

12 **"SECTION 30.8.(a)** For the ~~2015-2017 fiscal biennium~~; 2015-2016 fiscal year:

- 13 (1) Except as provided by Part 9, Section 30.5, Section 30.7, and Section 30.15 of
14 this act, the annual salaries of all employees subject to or exempt from the
15 North Carolina Human Resources Act shall not be legislatively increased, but
16 may be increased as otherwise provided by law.
- 17 (2) All eligible State-supported personnel shall receive a compensation bonus as
18 authorized by this Part.

19 **"SECTION 30.8.(a1)** For the 2016-2017 fiscal year:

- 20 (1) Unless otherwise specifically provided, the annual salaries of all employees
21 subject to or exempt from the North Carolina Human Resources Act are
22 increased by two percent (2%).
- 23 (2) All eligible State-supported personnel shall receive a compensation bonus as
24 authorized by this Part.

25 **"SECTION 30.8.(b)** Salaries and Related Benefits for Positions That Are Funded. –

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

34 **"SECTION 30.8.(c)** ~~Except~~ For the 2015-2016 fiscal year, except as otherwise provided, the
35 salary increases provided in this act do not apply to persons separated from State service due to
36 resignation, dismissal, reduction in force, death, or retirement, or whose last workday is prior to
37 July 1, 2015.

38 **"SECTION 30.8.(c1)** For the 2016-2017 fiscal year, except as otherwise provided, the salary
39 increases provided in this act do not apply to persons separated from State service due to
40 resignation, dismissal, reduction in force, death, or retirement, or whose last workday is prior to
41 July 1, 2016.

42 **"SECTION 30.8.(d)** ~~Employees~~ For the 2015-2016 fiscal year, employees shall receive the
43 statutory increases provided by G.S. 20-187.3, 7A-102, and 7A-171.1. Notwithstanding
44 G.S. 20-187.3, the increases authorized by that statute for members of the State Highway Patrol
45 become effective January 1, 2016. Notwithstanding any provision of law to the contrary, the salary
46 increases authorized on the employee anniversary date by G.S. 7A-171.1 for magistrates and
47 G.S. 7A-102 for assistant and deputy clerks of superior court shall become effective January 1,
48 2016.

49 **"SECTION 30.8.(e)** ~~Payroll~~ For the 2015-2016 fiscal year, payroll checks issued to
50 employees after July 1, 2015, that represent payment of services provided prior to July 1, 2015,
51 shall not be eligible for salary increases provided for in this act. This subsection applies to all

1 employees paid from State funds, whether or not subject to or exempt from the North Carolina
2 Human Resources Act, including employees of public schools, community colleges, and The
3 University of North Carolina.

4 "SECTION 30.8.(e1) For the 2016-2017 fiscal year, payroll checks issued to employees after
5 July 1, 2016, that represent payment of services provided prior to July 1, 2016, shall not be
6 eligible for salary increases provided for in this act. This subsection applies to all employees paid
7 from State funds, whether or not subject to or exempt from the North Carolina Human Resources
8 Act, including employees of public schools, community colleges, and The University of North
9 Carolina.

10 "SECTION 30.8.(f) Nothing in this act authorizes the transfer of funds between the General
11 Fund and the Highway Fund for salary increases."
12

13 MOST STATE EMPLOYEES

14 SECTION 36.15. Section 30.9 of S.L. 2015-241 reads as rewritten:

15 "SECTION 30.9.(a) For the ~~2015-2017 fiscal biennium~~, 2015-2016 fiscal year, except as
16 otherwise provided by this Part, the annual salaries in effect June 30, 2015, for the following
17 employees shall not be legislatively increased, but may be increased as otherwise allowed by law:

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

24 "SECTION 30.9.(a1) For the 2016-2017 fiscal year, except as otherwise specifically
25 provided, the annual salaries in effect June 30, 2016, for the following employees are increased by
26 two percent (2%):

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

33 34 COMPENSATION BONUS AWARDED FOR FISCAL YEAR 2016-2017

35 SECTION 36.16.(a) Any person (i) whose salary is set by this Part, pursuant to the
36 North Carolina Human Resources Act, or as otherwise authorized in this act and (ii) who is
37 employed in a State-funded position on September 1, 2016, shall be awarded a one-time, lump
38 sum compensation bonus for the 2016-2017 fiscal year in the amount of five hundred dollars
39 (\$500.00) payable during the month of October 2016, except as provided by subsection (a1) of this
40 section.

41 SECTION 36.16.(a1) The following persons are not eligible to receive the bonus
42 awarded by subsection (a) of this section:

- 43 (1) Persons receiving step increases under G.S. 20-187.3, 7A-102, or 7A-171.1.
- 44 (2) Persons compensated under Section 30.3(c1) of S.L. 2015-241, as enacted by
45 this act.
- 46 (3) Teachers paid on the Salary Schedule in Section 9.1 of this act.
- 47 (4) School-based administrators paid on the Salary Schedule in Section 9.2 of this
48 act.

49 SECTION 36.16.(b) Notwithstanding G.S. 135-1(7a), the compensation bonus
50 awarded by this section is not compensation under Article 1 of Chapter 135 of the General
51 Statutes, the Teachers' and State Employees' Retirement System.

1 **SECTION 36.16.(c)** The compensation bonus awarded by this section is not part of
2 annual salary and shall be paid out separately. The compensation bonus shall be awarded to
3 eligible permanent employees without regard to an employee's placement within the salary range,
4 including employees at the top of the salary range. The compensation bonus shall be adjusted pro
5 rata for permanent part-time employees.

6 **SECTION 36.16.(d)** Recipients of disability benefits under Article 6 of Chapter 135
7 of the General Statutes who have not terminated their employment and who otherwise meet the
8 conditions of this section are eligible to receive the bonus, which shall be paid by the employing
9 agency. The Disability Income Plan will neither pay the bonus nor reimburse the employer for
10 payment.

11 **SECTION 36.16.(e)** The funds available for the bonus authorized by this section shall
12 be paid to The University of North Carolina EHRA employees in accordance with policies
13 adopted by the Board of Governors of The University of North Carolina.

14 **SECTION 36.16.(f)** For part-time employees, the bonus shall be pro rata based on the
15 number of hours worked.

16 17 **USE OF FUNDS APPROPRIATED FOR LEGISLATIVELY MANDATED SALARY** 18 **INCREASES/COMPENSATION BONUSES/EMPLOYEE BENEFITS**

19 **SECTION 36.17.(a)** The appropriations set forth in Section 2.1 of this act include
20 appropriations for legislatively mandated salary increases and compensation bonuses in amounts
21 set forth in the committee report described in Section 39.2 of this act. The Office of State Budget
22 and Management shall ensure that those funds are used only for the purposes of legislatively
23 mandated salary increases, compensation bonuses, and employee benefits. Any funds remaining in
24 the compensation and benefits reserves shall be used to adjust the salaries of any positions that fall
25 below the minimum of the new salary grade assigned to those positions during the realignment of
26 salary grades pursuant to the Office of State Human Resources' Statewide Compensation System
27 Project. Any funds remaining following the adjustment to these positions shall revert in
28 accordance with G.S. 143C-1-2(b), unless otherwise provided by law.

29 **SECTION 36.17.(b)** If the Director of the Budget determines that funds appropriated
30 to a State agency for legislatively mandated salary increases, compensation bonuses, and
31 employee benefits exceed the amount required by that agency for those purposes, the Director may
32 reallocate those funds to other State agencies that received insufficient funds for legislatively
33 mandated salary increases, compensation bonuses, and employee benefits.

34 **SECTION 36.17.(c)** No later than March 1, 2017, the Office of State Budget and
35 Management shall report to the Joint Legislative Commission on Governmental Operations on the
36 expenditure of funds for legislatively mandated salary increases, compensation bonuses, and
37 employee benefits. This report shall include at least the following information for each State
38 agency for the 2016-2017 fiscal year:

- 39 (1) The total amount of funds that the agency received for legislatively mandated
40 salary increases, compensation bonuses, and employee benefits.
 - 41 (2) The total amount of funds transferred from the agency to other State agencies
42 pursuant to subsection (b) of this section. This section of the report shall
43 identify the amounts transferred to each recipient State agency.
 - 44 (3) The total amount of funds used by the agency for legislatively mandated salary
45 increases, compensation bonuses, and employee benefits.
 - 46 (4) The use of any funds under subsection (a) of this section to adjust the salaries of
47 any positions that fall below the minimum of the new salary grade assigned to
48 those positions during the realignment of salary grades pursuant to the Office of
49 State Human Resources' Statewide Compensation System Project.
 - 50 (5) The amount of funds expected to revert under subsection (a) of this section.
- 51

STUDY SPECIAL BONUS LEAVE/INCENTIVES

SECTION 36.18. The Office of State Budget and Management (OSBM) shall study the development of a voluntary bonus leave incentive program to encourage State employees to use or to cash in special bonus leave benefits that have accrued pursuant Section 28.3A of S.L. 2002-126, Section 30.12B(a) of S.L. 2003-284, Section 29.14A of S.L. 2005-276, and Section 35.10A of S.L. 2014-100. OSBM shall consider how special leave could be liquidated, the funding source to pay employees who cash in bonus leave, a method for collecting demographic information on employees who chose to use or cash in special leave, and any other relevant fiscal or contractual matters. OSBM shall report its findings and recommendations no later than February 1, 2017, to the chairs of the Senate Appropriations/Base Budget Committee, the chairs of the House Appropriations Committee, and the Fiscal Research Division.

EXTEND VOLUNTARY SHARED LEAVE TO COMMUNITY COLLEGES EMPLOYEES

SECTION 36.19. G.S. 115D-25.3 reads as rewritten:

"§ 115D-25.3. Voluntary shared leave.

(a) The State Board of Community Colleges, in cooperation with the State Board of Education and the State Human Resources Commission, shall adopt rules and policies to allow any employee at a community college to share leave voluntarily with an immediate family member who is an employee of a community college, public school, or State agency; and with a coworker's immediate family member who is an employee of a community college, public school, or State agency. For the purposes of this section, the term "immediate family member" means a spouse, parent, child, brother, sister, grandparent, or grandchild. The term includes the step, half, and in-law relationships. The term "coworker" means that the employee donating the leave is employed by the same agency, department, institution, university, local school administrative unit, or community college as the employee whose immediate family member is receiving the leave.

(b) The State Board of Community Colleges, in cooperation with the State Human Resources Commission, shall adopt rules and policies consistent with policies of the Commission to allow any employee at a community college to share sick leave voluntarily with a nonfamily member who is an employee of a community college. A community college employee who donates sick leave to a community college employee who is a nonfamily member shall not donate more than five days of sick leave per year to any one nonfamily community college employee. The combined total of sick leave donated to a community college employee from nonfamily community college employee donors shall not exceed 20 days per year. Donated sick leave shall not be used for retirement purposes and community college employees who donate sick leave shall be notified in writing of the consequences of donating sick leave in regard to State retirement system service credit.

DELAY STATEWIDE COMPENSATION SYSTEM PROJECT IMPLEMENTATION

SECTION 36.19A. The Office of State Human Resources shall not commence the implementation phase of the Statewide Compensation System Project prior to February 1, 2017.

SALARY-RELATED CONTRIBUTIONS

SECTION 36.20. Section 30.20 of S.L. 2015-241 reads as rewritten:

"SALARY-RELATED CONTRIBUTIONS

...

"SECTION 30.20.(b) Effective July 1, 2015, the State's employer contribution rates budgeted for retirement and related benefits as a percentage of covered salaries for the ~~2015-2017 fiscal biennium~~2015-2016 fiscal year are (i) fifteen and thirty-two hundredths percent (15.32%) – Teachers and State Employees; (ii) twenty and thirty-two hundredths percent (20.32%) – State Law Enforcement Officers; (iii) twelve and eighty-five hundredths percent (12.85%) – University

1 Employees' Optional Retirement Program; (iv) twelve and eighty-five hundredths percent
2 (12.85%) – Community College Optional Retirement Program; (v) thirty-two and eighty-one
3 hundredths percent (32.81%) – Consolidated Judicial Retirement System; and (vi) seven and forty
4 hundredths percent (7.40%) – Legislative Retirement System. Each of the foregoing contribution
5 rates includes five and sixty hundredths percent (5.60%) for hospital and medical benefits. The
6 rate for the Teachers and State Employees, State Law Enforcement Officers, University
7 Employees' Optional Retirement Program, and the Community College Optional Retirement
8 Program includes forty-one hundredths percent (0.41%) for the Disability Income Plan. The rates
9 for Teachers and State Employees and State Law Enforcement Officers include sixteen hundredths
10 percent (0.16%) for the Death Benefits Plan. The rate for State Law Enforcement Officers includes
11 five percent (5%) for Supplemental Retirement Income. The rate for Teachers and State
12 Employees and State Law Enforcement Officers includes one hundredth percent (0.01%) for the
13 Qualified Excess Benefit Arrangement.

14 "SECTION 30.20.(b1) Effective July 1, 2016, the State's employer contribution rates
15 budgeted for retirement and related benefits as a percentage of covered salaries for the 2016-2017
16 fiscal year are (i) sixteen and fifty-five hundredths percent (16.55%) – Teachers and State
17 Employees; (ii) twenty-one and fifty-five hundredths percent (21.55%) – State Law Enforcement
18 Officers; (iii) thirteen and three hundredths percent (13.03%) – University Employees' Optional
19 Retirement Program; (iv) thirteen and three hundredths percent (13.03%) – Community College
20 Optional Retirement Program; (v) thirty-five and fifty-three hundredths percent (35.53%) –
21 Consolidated Judicial Retirement System; and (vi) twenty-four and twenty-four hundredths
22 percent (24.24%) – Legislative Retirement System. Each of the foregoing contribution rates
23 includes five and eighty-one hundredths percent (5.81%) for hospital and medical benefits. The
24 rate for the Teachers and State Employees, State Law Enforcement Officers, University
25 Employees' Optional Retirement Program, and the Community College Optional Retirement
26 Program includes thirty-eight hundredths percent (0.38%) for the Disability Income Plan. The
27 rates for Teachers and State Employees and State Law Enforcement Officers include sixteen
28 hundredths percent (0.16%) for the Death Benefits Plan. The rate for State Law Enforcement
29 Officers includes five percent (5%) for Supplemental Retirement Income. The rate for Teachers
30 and State Employees and State Law Enforcement Officers includes one hundredths percent
31 (0.01%) for the Qualified Excess Benefit Arrangement.

32 "SECTION 30.20.(c) Effective July 1, 2015, the maximum annual employer contributions,
33 payable monthly, by the State for each covered employee or retiree for the 2015-2016 fiscal year
34 to the State Health Plan for Teachers and State Employees are (i) Medicare-eligible employees and
35 retirees – four thousand two hundred fifty-one dollars (\$4,251) and (ii) non-Medicare-eligible
36 employees and retirees – five thousand four hundred seventy-one dollars (\$5,471).

37 "SECTION 30.20.(c1) Effective July 1, 2016, the maximum annual employer contributions,
38 payable monthly, by the State for each covered employee or retiree for the 2016-2017 fiscal year
39 to the State Health Plan for Teachers and State Employees are (i) Medicare-eligible employees and
40 retirees – four thousand three hundred ninety-seven dollars (\$4,397) and (ii) non-Medicare-eligible
41 employees and retirees – five thousand six hundred fifty-nine dollars (\$5,659)."

42
43 **PROVIDE COST-OF-LIVING INCREASES FOR RETIREES OF THE TEACHERS' AND**
44 **STATE EMPLOYEES' RETIREMENT SYSTEM, THE JUDICIAL RETIREMENT**
45 **SYSTEM, AND THE LEGISLATIVE RETIREMENT SYSTEM**

46 **SECTION 36.21.(a)** G.S. 135-5 is amended by adding a new subsection to read:

47 "(uuu) From and after July 1, 2016, the retirement allowance to or on account of beneficiaries
48 whose retirement commenced on or before July 1, 2015, shall be increased by one and six-tenths
49 percent (1.6%) of the allowance payable on June 1, 2016, in accordance with G.S. 135-5(o).
50 Furthermore, from and after July 1, 2016, the retirement allowance to or on account of
51 beneficiaries whose retirement commenced after July 1, 2015, but before June 30, 2016, shall be

1 increased by a prorated amount of one and six-tenths percent (1.6%) of the allowance payable as
2 determined by the Board of Trustees based upon the number of months that a retirement allowance
3 was paid between July 1, 2015, and June 30, 2016."

4 **SECTION 36.21.(b)** G.S. 135-65 is amended by adding a new subsection to read:

5 "(ff) From and after July 1, 2016, the retirement allowance to or on account of beneficiaries
6 whose retirement commenced on or before July 1, 2015, shall be increased by one and six-tenths
7 percent (1.6%) of the allowance payable on June 1, 2016. Furthermore, from and after July 1,
8 2016, the retirement allowance to or on account of beneficiaries whose retirement commenced
9 after July 1, 2015, but before June 30, 2016, shall be increased by a prorated amount of one and
10 six-tenths percent (1.6%) of the allowance payable as determined by the Board of Trustees based
11 upon the number of months that a retirement allowance was paid between July 1, 2015, and June
12 30, 2016."

13 **SECTION 36.21.(c)** G.S. 120-4.22A is amended by adding a new subsection to read:

14 "(z) In accordance with subsection (a) of this section, from and after July 1, 2016, the
15 retirement allowance to or on account of beneficiaries whose retirement commenced on or before
16 January 1, 2016, shall be increased by one and six-tenths percent (1.6%) of the allowance payable
17 on June 1, 2016. Furthermore, from and after July 1, 2016, the retirement allowance to or on
18 account of beneficiaries whose retirement commenced after January 1, 2016, but before June 30,
19 2016, shall be increased by a prorated amount of one and six-tenths percent (1.6%) of the
20 allowance payable as determined by the Board of Trustees based upon the number of months that
21 a retirement allowance was paid between January 1, 2016, and June 30, 2016."

22
23 **ENHANCE THE BENEFITS OF PROBATION/PAROLE OFFICERS WHO ARE**
24 **MEMBERS OF THE TEACHERS' AND STATE EMPLOYEES' RETIREMENT**
25 **SYSTEM**

26 **SECTION 36.22.(a)** G.S. 135-1 reads as rewritten:

27 **"§ 135-1. Definitions.**

28 The following words and phrases as used in this Chapter, unless a different meaning is plainly
29 required by the context, shall have the following meanings:

30 ...

31 (11c) "Law-Enforcement Officer" means a full-time paid employee of an employer
32 who is actively serving in a position with assigned primary duties and
33 responsibilities for prevention and detection of crime or the general
34 enforcement of the criminal laws of the State of North Carolina or serving civil
35 processes, and who possesses the power of arrest by virtue of an oath
36 administered under the authority of the State. "Law-Enforcement Officer" also
37 means a probation/parole officer as defined in this section with respect to any
38 service rendered on or after July 1, 2016.

39 ...

40 (17a) "Probation/Parole Officer" means a full-time paid employee of the Division of
41 Adult Correction of the Department of Public Safety whose duties include
42 supervising, evaluating, or otherwise instructing adult offenders who have been
43 placed on probation, parole, post-release supervision, or have been assigned to
44 any other community-based program operated by the Division of Adult
45 Correction.

46"

47 **SECTION 36.22.(b)** G.S. 143-166.41(b) reads as rewritten:

48 "(b) As used in this section, "creditable service" means the service for which credit is
49 allowed under the retirement system of which the officer is a member, provided that at least fifty
50 percent (50%) of the service is as a law enforcement officer as herein ~~defined~~ defined or as a
51 probation/parole officer as defined in G.S. 135-1(17a)."

1 **SECTION 36.22.(c)** This section becomes effective July 1, 2016, and applies to
 2 persons retiring on or after that date.

3
 4 **QUALIFIED EXCESS BENEFIT ARRANGEMENT**

5 **SECTION 36.23.(a)** G.S. 135-151(j) reads as rewritten:

6 "(j) Sunset of Eligibility to Participate in the QEBA. – No member of the Teachers' and
 7 State Employees' Retirement System ~~retiring on or after August 1, 2016, who became a member of~~
 8 the Retirement System on or after January 1, 2015, shall be eligible to participate in the QEBA,
 9 and the Retirement System shall not pay any new ~~retiree-member~~ more retirement benefits than
 10 allowed under the limitations of section 415(b) of the Internal Revenue Code."

11 **SECTION 36.23.(b)** G.S. 128-38.10(k) reads as rewritten:

12 "(k) Sunset of Eligibility to Participate in the QEBA. – No member of the North Carolina
 13 Local Governmental Employees' Retirement System ~~retiring on or after August 1, 2016, who~~
 14 became a member of the Retirement System on or after January 1, 2015, shall be eligible to
 15 participate in the QEBA, and the Retirement System shall not pay any new ~~retiree-member~~ more
 16 retirement benefits than allowed under the limitations of section 415(b) of the Internal Revenue
 17 Code."

18
 19 **STATE HEALTH PLAN COST CONTROLLING MEASURES**

20 **SECTION 36.24.(a)** The General Assembly finds that the State Treasurer and the
 21 Board of Trustees of the State Health Plan for Teachers and State Employees (Board of Trustees)
 22 have adopted sufficient measures for the 2017 calendar year to limit projected employer
 23 contribution increases. The State Treasurer and the Board of Trustees shall adopt additional
 24 measures applicable to the 2018 and 2019 calendar years to limit projected employer contribution
 25 increases during the 2017-2019 fiscal biennium.

26 **SECTION 36.24.(b)** Section 30.26 of S.L. 2015-241 is repealed.

27
 28 **DISTRIBUTION OF COMPENSATION INCREASE RESERVE**

29 **SECTION 36.25.(a)** The funds appropriated for salaries and benefits set forth in this
 30 act shall be distributed to the respective State agencies, departments, and institutions based on the
 31 provisions of Part 9 and Part 36 of this act.

32 **SECTION 36.25.(b)** In order to effectuate the salary and benefits increase authorized
 33 by this act in the Department of Transportation, funds appropriated for the Secondary Road
 34 Maintenance and Improvement Program are reduced by the sum of seven million eighty-six
 35 thousand seven hundred fifty-eight dollars (\$7,086,758) for the 2016-2017 fiscal year and funds
 36 appropriated to the Reserve for General Maintenance are reduced by the sum of seven million
 37 eighty-six thousand seven hundred fifty-eight dollars (\$7,086,758) for the 2016-2017 fiscal year.

38
 39 **PART XXXVII. CAPITAL APPROPRIATIONS**

40
 41 **CAPITAL APPROPRIATIONS/GENERAL FUND**

42 **SECTION 37.1.** Section 31.2 of S.L. 2015-241 reads as rewritten:

43 "**SECTION 31.2.** There is appropriated from the General Fund for the 2015-2017 fiscal
 44 biennium the following amounts for capital improvements:

45

46 Capital Improvements – General Fund	46 2015-2016	46 2016-2017
47 Department of Agriculture and Consumer Services		
48 Dorton Arena Roof Replacement	48 2,305,000	48 –
49 <u>DuPont Forest–Bathroom, Utility, and Parking</u>		
50 <u>Lot Improvements</u>		50 <u>\$3,000,000</u>

51

1			
2	Department of Cultural Resources		
3	USS North Carolina Hull Repair and Cofferdam	3,500,000	–
4			
5	Department of Environment and Natural Resources		
6	Water Resources Development	5,083,000	<u>5,020,000</u>
7			
8	<u>Department of Health and Human Services</u>		
9	<u>Chief Medical Examiner Office Planning</u>		<u>1,000,000</u>
10			
11	Department of Public Safety		
12	Armory and Facility Development Projects	868,000	5,087,500
13			
14	University of North Carolina		
15	North Carolina School of Science and		
16	Mathematics – Technology Upgrades and		
17	Building Repair	4,000,000	–
18	NC State University Engineering Building		
19	Advance Planning	1,000,000	1,000,000
20			
21	TOTAL CAPITAL IMPROVEMENTS –		
22	GENERAL FUND	\$16,756,000	\$6,087,500 <u>\$15,107,500</u>
23			

WATER RESOURCES DEVELOPMENT PROJECTS

SECTION 37.2.(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 thirty-two million one hundred fifty thousand dollars (\$32,150,000) in federal funds.

32	Name of Project		2016-2017
33			
34	(1) Neuse River – Goldsboro, Section 1135		\$ 150,000
35	(2) Carolina Beach Coastal Storm Damage Reduction		75,000
36	(3) Kure Beach Coastal Storm Damage Reduction		81,000
37	(4) Wrightsville Beach Coastal Storm Damage Reduction		561,000
38	(5) Ocean Isle Beach Coastal Storm Damage Reduction		1,535,000
39	(6) Eastern NC Stream Debris Removal		500,000
40	(7) State/Local Water Resources Development Grants		1,000,000
41	(8) Cape Fear Lock & Dam #2 Fish Ramp – Phase 1		500,000
42	(9) North Topsail Beach Shoreline Protection Project – Phase 2		500,000
43	(10) Environmental Quality Incentives Program- NRCS		2,000,000
44	(11) Town of Burgaw – Pender Hospital Drainage Improvements		347,000
45	(12) Ararat River, Surry County		500,000
46	(13) Town of Rutherfordton Stream Restoration		500,000
47	(14) Wilmington Harbor Maintenance		-
48	(15) Morehead City Harbor Maintenance		2,000,000
49	(16) Water Resources Planning Assistance to Communities		25,000
50	(17) Stream Database		250,000
51			

1 **TOTALS** **\$ 10,524,000**

2
3 **SECTION 37.2.(b)** It is the intent of the General Assembly that funds carried forward
4 from previous fiscal years be used to supplement the five million twenty thousand dollars
5 (\$5,020,000) appropriated for water resources development projects in Section 31.2 of S.L.
6 2015-241, as amended by Section 37.1 of this act. Therefore, the following funds carried forward
7 from previous fiscal years shall be used for the following projects:

9 Name of Project	9 Amount Carried Forward
10 (1) Morehead City Harbor Maintenance	\$ 2,000,000
11 (2) Ocean Isle Beach CSDR	1,029,000
12 (3) NRCS Equipment	2,000,000
13 (4) Planning Assistant to Communities	25,000
14 (5) Wrightsville Beach CSDR	200,000
15 (6) Stream Database	250,000

16
17 **TOTALS** **\$ 5,504,000**

18
19 **SECTION 37.2.(c)** Where the actual costs are different from the estimated costs under
20 subsection (a) of this section, the Department may adjust the allocations among projects as needed.
21 If any projects funded under subsection (a) of this section are delayed and the budgeted State
22 funds cannot be used during the 2016-2017 fiscal year or if the projects funded under subsection
23 (a) of this section are accomplished at a lower cost, the Department may use the resulting fund
24 availability to fund any of the following:

- 25 (1) U.S. Army Corps of Engineers project feasibility studies.
- 26 (2) U.S. Army Corps of Engineers projects whose schedules have advanced and
27 require State-matching funds in the 2016-2017 fiscal year.
- 28 (3) State local water resources development projects.

29 Funds subject to this subsection that are not expended or encumbered for the purposes
30 set forth in subdivisions (1) through (3) of this subsection shall revert to the General Fund at the
31 end of the 2017-2018 fiscal year.

32 **SECTION 37.2.(d)** The Department shall make semiannual reports on the use of these
33 funds to the Joint Legislative Commission on Governmental Operations, the Fiscal Research
34 Division, and the Office of State Budget and Management. Each report shall include all of the
35 following:

- 36 (1) All projects listed in this section.
- 37 (2) The estimated cost of each project.
- 38 (3) The date that work on each project began or is expected to begin.
- 39 (4) The date that work on each project was completed or is expected to be
40 completed.
- 41 (5) The actual cost of each project.

42 The semiannual reports also shall show those projects advanced in schedule, those
43 projects delayed in schedule, and an estimate of the amount of funds expected to revert to the
44 General Fund.

45 **SECTION 37.2.(e)** Notwithstanding any provision of law to the contrary, funds
46 appropriated for a water resources development project shall be used to provide no more than fifty
47 percent (50%) of the nonfederal portion of funds for the project. This subsection applies to funds
48 appropriated in this act and to funds appropriated prior to the 2015-2017 fiscal biennium that are
49 unencumbered and proposed for reallocation to provide the nonfederal portion of funds for water
50 resources development projects. The limitation on fund usage contained in this subsection applies

only to projects in which a local government or local governments participate. This subsection shall not apply to:

- (1) The NRCS EQIP project, also referred to as the NRCS EQIP (65/35) project or the Environmental Quality Incentives Program–NRCS project.
- (2) The Stream Database project.

SECTION 37.2.(f) Section 31.3(a) of S.L. 2015-241 reads as rewritten:

"SECTION 31.3.(a) The Department of Environment and Natural Resources 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 forty-four million three hundred fifty-three thousand dollars (\$44,353,000) in federal funds.

Name of Project	2015-2016
...	
(20) Assistance to Counties—EAP Preparation <u>Stream Database</u>	250,000
...."	

NON-GENERAL FUND CAPITAL IMPROVEMENT AUTHORIZATIONS

SECTION 37.3. Section 31.4(a) of S.L. 2015-241, as amended by Section 9.1 of S.L. 2015-268, reads as rewritten:

"SECTION 31.4.(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 2015-2016	FY 2016-2017
Department of Agriculture and Consumer Services		
WNC Farmers Market Improvements/Robert G. Shaw Piedmont Triad Farmers Market Improvements	\$3,000,000	–
WNC Agricultural Center Events/Restroom Building	500,000	–
NC Forest Service Mountain Island Educational Forest-Visitor and Interpretive Center	4,000,000	–
Deer Fence on Research Stations	200,000	–
Aviary Egg Layer Research Building	1,750,000	–
State Fair Renovations/Infrastructure Improvements	2,500,000	–
State Fair Horse Complex	1,000,000	–
Animal Disease Diagnostic Laboratory Equipment	500,000	–
Department of Environment and Natural Resources		
Fort Fisher Aquarium Salt Water Well	590,000	590,000
Gorilla Expansion	450,000	–
Department of Public Safety		
National Guard – Wilmington Replacement	14,200,000	–
<u>Nash Print Plant Roof Replacement</u>		<u>1,508,000</u>
<u>Harnett Visitor Center</u>		<u>549,000</u>

Wildlife Resources Commission

1	Boating Access New Construction	3,750,000	3,750,000
2	Land Acquisition	900,000	900,000
3	Jordan Lake Depot	500,000	—
4	Fishing Access Construction	—	200,000

5
6 **TOTAL AMOUNT OF NON-GENERAL**
7 **FUND CAPITAL PROJECTS**
8 **AUTHORIZED**

\$33,840,200 ~~5,440,000~~ 7,497,000"

9
10 **REPAIRS AND RENOVATIONS CHANGES**

11 **SECTION 37.4.** Section 31.5 of S.L. 2015-241 reads as rewritten:

12 **"SECTION 31.5.(a)** Of the funds remaining in the Reserve for Repairs and Renovations for
13 the 2015-2016 and the 2016-2017 fiscal ~~years~~, years after the allocations required by subsection (f)
14 of this section have been made, the following allocations shall be made to the following agencies
15 for repairs and renovations pursuant to G.S. 143C-4-3:

- 16 (1) One-third of the funds for the 2015-2016 fiscal year and one-half (1/2) of the
17 funds for the 2016-2017 fiscal year shall be allocated to the Board of Governors
18 of The University of North Carolina.
19 (2) Two-thirds of the funds for the 2015-2016 fiscal year and one-half (1/2) of the
20 funds for the 2016-2017 fiscal year shall be allocated to the Office of State
21 Budget and Management.

22 The Office of State Budget and Management shall consult with or report to the Joint
23 Legislative Commission on Governmental Operations, as appropriate, in accordance with
24 G.S. 143C-4-3(d). The Board of Governors shall report to the Joint Legislative Commission on
25 Governmental Operations in accordance with G.S. 143C-4-3(d).

26 **"SECTION 31.5.(b)** Notwithstanding G.S. 143C-4-3(d), of the funds allocated to the Board
27 of Governors of The University of North Carolina in subsection (a) of this section, a portion shall
28 be used each fiscal year by the Board of Governors for the installation of fire sprinklers in
29 University residence halls. This portion shall be in addition to funds otherwise appropriated in this
30 act for the same purpose. Such funds shall be allocated among the University's constituent
31 institutions by the President of The University of North Carolina, who shall consider the following
32 factors when allocating those funds:

- 33 (1) The safety and well-being of the residents of campus housing programs.
34 (2) The current level of housing rents charged to students and how that compares to
35 an institution's public peers and other UNC institutions.
36 (3) The level of previous authorizations to constituent institutions for the
37 construction or renovation of residence halls funded from the General Fund or
38 from bonds or certificates of participation supported by the General Fund since
39 1996.
40 (4) The financial status of each constituent institution's housing system, including
41 debt capacity, debt coverage ratios, credit rankings, required reserves, the
42 planned use of cash balances for other housing system improvements, and the
43 constituent institution's ability to pay for the installation of fire sprinklers in all
44 residence halls.
45 (5) The total cost of each proposed project, including the cost of installing fire
46 sprinklers and the cost of other construction, such as asbestos removal and
47 additional water supply needs.

48 The Board of Governors shall submit progress reports to the Joint Legislative Commission on
49 Governmental Operations. Reports shall include the status of completed, current, and planned
50 projects. Reports also shall include information on the financial status of each constituent
51 institution's housing system, the constituent institution's ability to pay for fire protection in

1 residence halls, and the timing of installation of fire sprinklers. Reports shall be submitted on
2 January 1 and July 1 until all residence halls have fire sprinklers.

3 "**SECTION 31.5.(c)** Notwithstanding G.S. 143C-4-3(d), of the funds allocated to the Board
4 of Governors of The University of North Carolina in subsection (a) of this section, a portion shall
5 be used each fiscal year by the Board of Governors for campus public safety improvements
6 allowable under G.S. 143C-4-3(b).

7 "**SECTION 31.5.(d)** In making campus allocations of funds allocated to the Board of
8 Governors of The University of North Carolina in subsection (a) of this section, the Board of
9 Governors shall ~~negatively weight the availability of non-State resources and carryforward funds~~
10 ~~available for repair and renovations and shall include information about the manner in which this~~
11 ~~subsection was complied with in any report submitted pursuant to G.S. 143C-4-3(d).~~ shall consider
12 all of and only the following:

13 (1) The amount of each campus's deficiencies documented pursuant to the
14 Facilities Condition Assessment Program.

15 (2) The availability of non-State resources and carryforward funds available for
16 repair and renovations at each campus, which shall be negatively weighted in
17 making allocation decisions.

18 "**SECTION 31.5.(d1)** The Board of Governors shall include information about the manner in
19 which subsection (d) of this section was compiled within any report submitted pursuant to
20 G.S. 143C-4-3(d).

21 "**SECTION 31.5.(e)** Of the funds allocated to the Office of State Budget and Management in
22 subsection (a) of this section, the sum of nine million five hundred thousand dollars (\$9,500,000)
23 shall be used for Legislative Building Roof Replacement and Asbestos Abatement.

24 "**SECTION 31.5.(f)** Notwithstanding G.S. 143C-4-3(d), of the funds in the Reserve for
25 Repairs and Renovations for the 2016-2017 fiscal year, the following sums shall be allocated for
26 the following projects:

27 (1) Six hundred thousand dollars (\$600,000) shall be allocated to renovate and
28 remodel portions of the State Library and Archives and History Building.

29 (2) Four million five hundred thousand dollars (\$4,500,000) shall be allocated for
30 repairs and renovations at the North Carolina Zoo.

31 (3) Nine hundred twenty-three thousand dollars (\$923,000) shall be allocated for
32 repairs and renovations of the North Carolina State Capitol.

33 (4) Three million dollars (\$3,000,000) shall be allocated for repairs and renovations
34 to the Western North Carolina Agricultural Center."

35
36 **ALLOW REPAIRS & RENOVATIONS FUNDS TO BE USED FOR BUILDING**
37 **DEMOLITION AND INSTALLATION OF ELECTRICAL, PLUMBING, AND**
38 **RELATED SYSTEMS**

39 **SECTION 37.5.** G.S. 143C-4-3(b) reads as rewritten:

40 "(b) Use of Funds. – The funds in the Repairs and Renovations Reserve shall be used only
41 for the repair and renovation of (i) State facilities and related infrastructure that are supported from
42 the General Fund or (ii) Department of Information Technology facilities and related
43 infrastructure. Funds from the Repairs and Renovations Reserve shall be used only for the
44 following types of projects:

45 (1) Roof repairs and replacements;

46 (2) Structural repairs;

47 (3) Repairs and renovations to meet federal and State standards;

48 (4) Repairs to or installation of new electrical, plumbing, and heating, ventilating,
49 and air-conditioning systems;

50 (5) Improvements to meet the requirements of the Americans with Disabilities Act,
51 42 U.S.C. § 12101, et seq., as amended;

- 1 (6) Improvements to meet fire safety needs;
- 2 (7) Improvements to existing facilities for energy efficiency;
- 3 (8) Improvements to remove asbestos, lead paint, and other contaminants,
- 4 including the removal and replacement of underground storage tanks;
- 5 (9) Improvements and renovations to improve use of existing space;
- 6 (10) Historical restoration;
- 7 (11) Improvements to roads, walks, drives, utilities infrastructure; and
- 8 (12) Drainage and landscape improvements.
- 9 (13) Building demolition.

10 Funds from the Repairs and Renovations Reserve shall not be used for new construction or the
 11 expansion of the building area (sq. ft.) of an existing facility unless required in order to comply
 12 with federal or State codes or standards."
 13

14 **UNC DEBT AFFORDABILITY STUDY MODIFICATIONS**

15 **SECTION 37.6.** G.S. 116D-56(b) and (c) read as rewritten:

16 "(b) Board of Governors Reporting Required. – The Board shall report its findings and
 17 recommendations to the Office of State Budget and Management, the Joint Legislative
 18 Commission on Governmental Operations, the State Treasurer, and The University of North
 19 Carolina General Administration by ~~February 1~~ April 1 of each year. The report shall be
 20 accompanied by each of the reports provided to the Board pursuant to subsection (c) of this
 21 section.

22 (c) Constituent Institution Reporting Required. – No later than ~~November 1~~ February 1 of
 23 each year, each constituent institution shall report to the Board of Governors on its current and
 24 anticipated debt levels. The report shall be made in a uniform format to be prescribed by the Board
 25 of Governors. Each report shall include at least the following:

- 26 (1) The amount and type of outstanding debt of the institution.
- 27 (2) The sources of repayment of the debt.
- 28 (3) The amount of debt that the institution plans to issue or incur during the next
 29 five years.
- 30 (4) A description of projects financed with the debt.
- 31 (5) The current bond rating of the institution and information about any changes to
 32 that bond rating since the last report was submitted.
- 33 (6) Information about the constituent institution's debt management policies and
 34 any recommendations for methods to maintain or improve the University's bond
 35 rating.
- 36 (7) Debt burden comparisons to comparable peer institutions.
- 37 (8) Any other information requested by the Board of Governors."
 38

39 **ENHANCE OVERSIGHT OF CERTAIN CAPITAL PROJECTS**

40 **SECTION 37.7.(a)** G.S. 146-25 reads as rewritten:

41 "**§ 146-25. Leases and rentals.**

42 (a) General Procedure. – If, after investigation, the Department of Administration
 43 determines that it is in the best interest of the State that land be leased or rented for the use of the
 44 State or of any State agency, the Department shall proceed to negotiate with the owners for the
 45 lease or rental of such property. All lease and rental agreements entered into by the Department
 46 shall be promptly submitted to the Governor and Council of State for approval or disapproval.

47 (b) Leases Exceeding 30-Year Terms. – The Department of Administration shall not enter
 48 into a lease of real property for a period of more than 30 years, or a renewal of a lease of real
 49 property if the renewal would make the total term of the lease exceed 30 years, unless specifically
 50 authorized to do so by the General Assembly. The Department of Administration shall report to
 51 the Joint Legislative Commission on Governmental Operations at least 30 days prior to entering or

1 renewing such a lease and shall include a copy of the legislation authorizing the lease or lease
2 renewal in the report. This subsection shall not apply to leases by a University endowment to a
3 University."

4 **SECTION 37.7.(b)** G.S. 146-29 reads as rewritten:

5 "**§ 146-29. Procedure for sale, lease, or rental.**

6 (a) General Procedure. – If, after investigation, the Department of Administration
7 determines that it is in the best interest of the State that land be sold, leased, or rented, the
8 Department shall proceed with its sale, lease, or rental, as the case may be, in accordance with
9 rules adopted by the Governor and approved by the Council of State. If an agreement of sale,
10 lease, or rental is reached, the proposed transaction shall then be submitted to the Governor and
11 Council of State for their approval or disapproval. Every conveyance in fee of land owned by the
12 State or by any State agency shall be made and executed in the manner prescribed in G.S. 146-74
13 through 146-78.

14 (b) Limitations on Certain Leases. – The Department of Administration shall not enter into
15 a lease or lease renewal of the following types unless specifically authorized to do so by the
16 General Assembly:

17 (1) A lease of real property for a period of more than 30 years, or a renewal of a
18 lease of real property if the renewal would make the total term of the lease
19 exceed 30 years.

20 (2) A lease of real property, or a renewal of a lease of real property, for any term if
21 both of the following conditions are satisfied:

22 a. State personnel or State functions would need to be relocated as a result
23 of the lease or renewal.

24 b. The agency to which the property is currently allocated possesses
25 insufficient operating funds to cover the cost of both the relocation and
26 the ongoing provision of State functions affected by the relocation.

27 (c) Reporting Required. – The Department of Administration shall report to the Joint
28 Legislative Commission on Governmental Operations at least 30 days prior to entering or
29 renewing any lease described in subdivision (b)(1) of this section or any lease or renewal that will
30 require the relocation of State personnel or State functions. The report shall include all of the
31 following:

32 (1) If the lease or lease renewal will require State personnel or State functions to be
33 relocated, a statement of the legislation authorizing the lease or lease renewal or
34 a detailed statement of the operating funds that will be used to cover the cost of
35 both the relocation and the ongoing provision of State functions affected by the
36 relocation, as applicable.

37 (2) If the lease or lease renewal will have a term of more than 30 years, a statement
38 of the legislation authorizing the lease or lease renewal.

39 (d) Exemptions. – This section shall not apply to the following:

40 (1) Leases to a county, city, or other political subdivision of the State.

41 (2) The granting of utility easements, including the lease of interests in real property
42 pursuant to G.S. 146-29.2.

43 (3) Leases for student housing projects, including a ground lease to a University
44 endowment for the purpose of facilitating the construction of student housing.

45 (4) Leases made as part of the Voice Interoperability Plan for Emergency
46 Responders (VIPER) project being managed by the Department of Public
47 Safety."

48 **SECTION 37.7.(c)** G.S. 146-29.1 is amended by adding a new subsection to read:

49 "(h) Any lease or rental entered into pursuant to this section shall be subject to the
50 requirements and limitations of G.S. 146-29."

51 **SECTION 37.7.(e)** G.S. 146-32 reads as rewritten:

1 "§ 146-32. Exemptions as to leases, etc.

2 (a) The Governor, acting with the approval of the Council of State, may adopt rules and
3 regulations:

- 4 (1) Exempting from any or all of the requirements of this Subchapter such classes
5 of lease, rental, easement, and right-of-way transactions as he deems advisable;
6 and
7 (2) Authorizing any State agency to enter into and/or approve those classes of
8 transactions exempted by such rules and regulations from the requirements of
9 this Chapter.
10 (3) No rule or regulation adopted under this section may exempt from the
11 provisions of G.S. 146-25.1 any class of lease or rental which has a duration of
12 more than 21 days, unless the class of lease or rental:
13 a. Is a lease or rental necessitated by a fire, flood, or other disaster that
14 forces the agency seeking the new lease or rental to cease use of real
15 property;
16 b. Is a lease or rental necessitated because an agency had intended to move
17 to new or renovated real property that was not completed when planned,
18 but a lease or rental exempted under this subparagraph may not be for a
19 period of more than six months; or
20 c. Is a lease or rental which requires a unique location or a location that
21 adjoins or is in close proximity to an existing rental location.

22 (b) No rule or regulation adopted pursuant to subsection (a) of this section may exempt
23 any lease from the provisions of G.S. 146-25(b) or G.S. 146-29(b) or (c)."

24 SECTION 37.7.(f) G.S. 143C-8-4 reads as rewritten:

25 "§ 143C-8-4. Agency capital improvement needs estimates.

26 ...
27 (c) Real Property and New Construction or Facility Rehabilitation Needs Estimate. – The
28 second part of the capital improvement needs estimates shall include only proposals for real
29 property acquisition and projects involving construction of new facilities or rehabilitation of
30 existing facilities to accommodate uses for which the existing facilities were not originally
31 designed. Each project included in this part shall be justified by reference to the needs evaluation
32 criteria established by the Office of State Budget and Management pursuant to
33 ~~G.S. 143C-8-3~~ G.S. 143C-8-3 and shall include the information required by G.S. 143C-3-3(d)(5).

34 For capital projects of The University of North Carolina and its constituent institutions, the
35 Office of State Budget and Management shall utilize the needs evaluation information approved
36 by the Board of Governors of The University of North Carolina developed pursuant to ~~G.S.~~
37 ~~116-11(9)~~ G.S. 116-11(9) and shall include the information required by G.S. 143C-3-3(d)(5)."

38 SECTION 37.7.(g) G.S. 143C-8-5 reads as rewritten:

39 "§ 143C-8-5. Six-year capital improvements plan.

40 ...
41 (c) Real Property Acquisition, New Construction, or Facility Rehabilitations. – The second
42 part of the capital improvement plan shall set forth an integrated schedule for real property
43 acquisition, new construction, or rehabilitation of existing facilities that, in the judgment of the
44 Director of the Budget, should be initiated within each year of the six-year planning period. The
45 plan shall contain for each project (i) estimates of real property acquisition, and construction or
46 rehabilitation ~~costs~~ costs, (ii) a means of financing the ~~project~~ project, ~~and project~~, (iii) an estimated
47 schedule for the completion of the ~~project~~ project, ~~and~~ (iv) an estimate of maintenance and
48 operating costs, including personnel, for the project, covering the first five years of operation.
49 Where the means of financing would involve direct or indirect debt service obligations, a schedule
50 of those obligations shall be presented."

51 SECTION 37.7.(h) G.S. 143C-8-6 reads as rewritten:

1 **"§ 143C-8-6. Recommendations for capital improvements set forth in the Recommended**
2 **State Budget.**

3 ...
4 (e) Other Capital Projects in the Budget Support Document. – The Budget Support
5 Document shall contain for each capital project recommended in accordance with subsection (d)
6 of this section: (i) a detailed project description and justification, (ii) a detailed estimate of
7 acquisition, planning, design, site development, construction, contingency and other related costs,
8 (iii) an estimated schedule of cash flow requirements over the life of the project, (iv) an estimated
9 schedule for the completion of the project, ~~(v) an estimate of maintenance and operating costs,~~
10 ~~including personnel, for the project, covering the first five years of operation,~~ (vi)(v) an estimate
11 of revenues, if any, likely to be derived from the project, covering the first five years of operation,
12 and ~~(vii)(vi)~~ an explanation of the means of financing.

13 (f) All Recommended Capital Projects. – The Director of the Budget shall ensure that
14 recommendations in the Recommended State Budget for repairs and renovations of existing
15 facilities, real property acquisition, new construction, or rehabilitation of existing facilities include
16 all of the following information:

- 17 (1) An estimate of maintenance and operating costs, including personnel, for the
18 project, covering the first five years of operation. If no increase in these
19 expenditures is anticipated because the recommended project would replace an
20 existing facility, then the level of expenditures for the previous five years of
21 operation shall be included instead.
22 (2) A recommended funding source for the operating costs identified pursuant to
23 subdivision (1) of this subsection."

24 **SECTION 37.7.(i)** No later than October 1, 2016, the Director of the Budget shall
25 prepare and transmit to the General Assembly a preliminary six-year capital improvement plan
26 that complies with the requirements of G.S. 143C-8-5, as amended by subsection (g) of this
27 section, and G.S. 143C-8-3(b), as enacted by subsection (j) of this section. This plan shall be in
28 addition to any other six-year capital improvement plan required by G.S. 143C-8-5.

29 **SECTION 37.7.(j)** G.S. 143C-8-3 reads as rewritten:

30 **"§ 143C-8-3. Capital improvement needs criteria.**

31 (a) Criteria. – The Office of State Budget and Management shall develop a weighted list of
32 factors that may be used to evaluate the need for capital improvement projects. The list shall
33 include all of the following:

- 34 (1) Preservation, adequacy and use of existing facilities.
35 (2) Health and safety considerations.
36 (3) Operational efficiencies.
37 (4) Projected demand for governmental services.

38 (b) Reporting. – The Office of State Budget and Management shall include the following
39 in each six-year capital improvement plan submitted to the General Assembly pursuant to
40 G.S. 143C-8-5:

- 41 (1) The list of factors developed pursuant to subsection (a) of this section.
42 (2) The most recent results of applying the factors developed pursuant to
43 subsection (a) of this section to capital funds requests from State agencies."

44 **SECTION 37.7.(k)** This section is effective when it becomes law and applies to
45 leases entered into or renewed, and to budgets recommended by the Director of the Budget, on or
46 after that date.

47
48 **PART XXXVIII. FINANCE PROVISIONS**

49
50 **INCREASE ZERO TAX BRACKET**

1 **SECTION 38.1(a)** Effective for taxable years beginning on or after January 1, 2017,
2 G.S. 105-153.5(a)(1) reads as rewritten:

3 "(1) Standard deduction amount. – The standard deduction amount is zero for a
4 person who is not eligible for a standard deduction under section 63 of the
5 Code. For all other taxpayers, the standard deduction amount is equal to the
6 amount listed in the table below based on the taxpayer's filing status:

Filing Status	Standard Deduction
Married, filing jointly	\$15,500 <u>\$16,000</u>
Head of Household	12,400 <u>12,800</u>
Single	7,750 <u>8,000</u>
Married, filing separately	7,750 <u>8,000.</u> "

12 **SECTION 38.1(b)** Effective for taxable years beginning on or after January 1, 2018,
13 G.S. 105-153.5(a)(1), as amended by subsection (a) of this section, reads as rewritten:

14 "(1) Standard deduction amount. – The standard deduction amount is zero for a
15 person who is not eligible for a standard deduction under section 63 of the
16 Code. For all other taxpayers, the standard deduction amount is equal to the
17 amount listed in the table below based on the taxpayer's filing status:

Filing Status	Standard Deduction
Married, filing jointly	\$16,000 <u>\$16,500</u>
Head of Household	12,800 <u>13,200</u>
Single	8,000 <u>8,250</u>
Married, filing separately	8,000 <u>8,250.</u> "

23 **SECTION 38.1(c)** Effective for taxable years beginning on or after January 1, 2019,
24 G.S. 105-153.5(a)(1), as amended by subsection (b) of this section, reads as rewritten:

25 "(1) Standard deduction amount. – The standard deduction amount is zero for a
26 person who is not eligible for a standard deduction under section 63 of the
27 Code. For all other taxpayers, the standard deduction amount is equal to the
28 amount listed in the table below based on the taxpayer's filing status:

Filing Status	Standard Deduction
Married, filing jointly	\$16,500 <u>\$17,000</u>
Head of Household	13,200 <u>13,600</u>
Single	8,250 <u>8,500</u>
Married, filing separately	8,250 <u>8,500.</u> "

34 **SECTION 38.1(d)** Effective for taxable years beginning on or after January 1, 2020,
35 G.S. 105-153.5(a)(1), as amended by subsection (c) of this section, reads as rewritten:

36 "(1) Standard deduction amount. – The standard deduction amount is zero for a
37 person who is not eligible for a standard deduction under section 63 of the
38 Code. For all other taxpayers, the standard deduction amount is equal to the
39 amount listed in the table below based on the taxpayer's filing status:

Filing Status	Standard Deduction
Married, filing jointly	\$17,000 <u>\$17,500</u>
Head of Household	13,600 <u>14,000</u>
Single	8,500 <u>8,750</u>
Married, filing separately	8,500 <u>8,750.</u> "

45 **SECTION 38.1(e)** Except as otherwise provided, this section is effective when it
46 becomes law.

47 **REDUCE TAXATION OF MILL MACHINERY**

48 **SECTION 38.2(a)** G.S. 105-187.51B reads as rewritten:

49 "**§ 105-187.51B. Tax imposed on machinery, equipment, and other tangible personal**
50 **property purchased by certain recyclers, research and development companies,**
51

~~industrial machinery refurbishing companies, and companies located at ports facilities.companies.~~

(a) Tax. – A privilege tax is imposed on the following:

...

(5) A company located at a ports facility for waterborne commerce that purchases ~~specialized equipment to be used at the facility to unload or process bulk cargo to make it suitable for delivery to and use by manufacturing facilities.~~any of the following:

a. Machinery and equipment that is used at the facility to unload or to facilitate the unloading or processing of bulk cargo to make it suitable for delivery to and use by manufacturing facilities.

b. Parts, accessories, or attachments used to maintain, repair, replace, upgrade, improve, or otherwise modify such machinery and equipment.

(b) Rate. – The tax is one percent (1%) of the sales price of the equipment or other tangible personal property. The maximum tax is eighty dollars (\$80.00) per article."

SECTION 38.2.(b) G.S. 105-187.51B(a), as amended by subsection (a) of this section, is amended by adding the following new subdivision:

"(6) A company primarily engaged at the establishment in either (i) recycling if the company is a secondary metals recycler, as defined in G.S. 66-420, or (ii) processing tangible personal property for the purpose of extracting precious metals, as defined in G.S. 66-406, to determine the value for potential purchase for the purchase of equipment, or an attachment or repair part for equipment, that meets all of the requirements listed in this subdivision. This subdivision does not apply to equipment, including a motor vehicle, or an attachment or repair part for equipment, used to transport converted products from the establishment. The requirements are as follows:

a. The equipment is capitalized by the company for tax purposes under the Code.

b. The equipment is primarily for use in a process by which ferrous metals, nonferrous metals, or precious metals are gathered or obtained and converted into products consisting of prepared grades and that have an existing or potential economic value by methods including the processing, sorting, cutting, classifying, cleaning, baling, wrapping, shredding, shearing, or changing of the physical form or chemical content of the metals, but not including the exclusive use of hand tools."

SECTION 38.2.(c) Subsection (a) of this section is effective when it becomes law, applies retroactively to purchases made on or after July 1, 2013. Subsection (b) of this section is effective when it becomes law, applies retroactively to purchases made on or after July 1, 2010. Notwithstanding G.S. 105-241.6, a taxpayer that paid sales and use tax on items that are taxable under G.S. 105-187.51B, as amended by this section, may apply to the Department of Revenue for a refund of the excess tax paid to the extent the refund is the result of the change in the law enacted by this section. Except as otherwise provided, this section is effective when it becomes law.

SECTION 38.3.(a) Article 5F of Chapter 105 of the General Statutes and G.S. 105-164.13(5a) are repealed.

SECTION 38.3.(b) G.S. 105-164.4I(b) reads as rewritten:

"(b) Exemptions. – The tax imposed by this section does not apply to the sales price of or the gross receipts derived from a service contract applicable to any of the following items:

...

~~(4) An item subject to tax under Article 5F of Chapter 105 of the General Statutes.~~

...."

1 **SECTION 38.3.(c)** G.S. 105-164.13 is amended by adding the following new
2 subdivisions to read:

3 **"§ 105-164.13. Retail sales and use tax.**

4 ...

5 (5e) Sales of mill machinery or mill machinery parts or accessories to any of the
6 following:

7 a. A manufacturing industry or plant. A manufacturing industry or plant
8 does not include (i) a delicatessen, cafe, cafeteria, restaurant, or another
9 similar retailer that is principally engaged in the retail sale of foods
10 prepared by it for consumption on or off its premises; or (ii) a
11 production company.

12 b. A contractor or subcontractor if the purchase is for use in the
13 performance of a contract with a manufacturing industry or plant.

14 c. A subcontractor if the purchase is for use in the performance of a
15 contract with a general contractor that has a contract with a
16 manufacturing industry or plant.

17 (5f) Sales to a major recycling facility of any of the following tangible personal
18 property for use in connection with the facility:

19 a. Cranes, structural steel crane support systems, and foundations related
20 to the cranes and support systems.

21 b. Port and dock facilities.

22 c. Rail equipment.

23 d. Material handling equipment.

24 (5g) Sales of equipment, or an attachment or repair part for equipment, that meets all
25 of the following requirements:

26 a. Is sold to a company primarily engaged at the establishment in research
27 and development activities in the physical, engineering, and life
28 sciences included in industry group 54171 of NAICS.

29 b. Is capitalized by the company for tax purposes under the Code.

30 c. Is used by the company at the establishment in the research and
31 development of tangible personal property.

32 (5h) Sales of equipment, or an attachment or repair part for equipment, that meets all
33 of the following requirements:

34 a. Is sold to a company primarily engaged at the establishment in software
35 publishing activities included in industry group 5112 of NAICS.

36 b. Is capitalized by the company for tax purposes under the Code.

37 c. Is used by the company at the establishment in the research and
38 development of tangible personal property.

39 (5i) Sales of equipment, or an attachment or repair part for equipment, that meets all
40 of the following requirements:

41 a. Is sold to a company primarily engaged at the establishment in industrial
42 machinery refurbishing activities included in industry group 811310 of
43 NAICS.

44 b. Is capitalized by the company for tax purposes under the Code.

45 c. Is used by the company at the establishment in repairing or refurbishing
46 tangible personal property.

47 (5j) Sales of the following to a company located at a ports facility for waterborne
48 commerce:

49 a. Machinery and equipment used at the facility to unload or to facilitate
50 the unloading or processing of bulk cargo and to make it suitable for
51 delivery to and use by manufacturing facilities.

- 1 b. Parts, accessories, or attachments used to maintain, repair, replace,
2 upgrade, improve, or otherwise modify such machinery and equipment.
- 3 (5k) Sales of equipment, or an attachment or repair part for equipment, that meets all
4 of the following requirements:
- 5 a. Is sold to a company that is engaged in the fabrication of metal work
6 and that has annual gross receipts, including the gross receipts of all
7 related persons as defined in G.S. 105-163.010, from the fabrication of
8 metal work of at least eight million dollars (\$8,000,000).
- 9 b. Is capitalized by the company for tax purposes under the Code.
- 10 c. Is used by the company at the establishment to create metal products for
11 use by the company.
- 12 (5l) Sales of equipment, or an attachment or repair part for equipment, that meets all
13 of the requirements listed in this subdivision. This subdivision does not apply to
14 sales of equipment, including a motor vehicle, or an attachment or repair part
15 for equipment, that is used to transport converted products to or from the
16 establishment. The requirements are:
- 17 a. The equipment is sold to a company primarily engaged at the
18 establishment in either (i) recycling if the company is a secondary
19 metals recycler, as defined in G.S. 66-420, or (ii) processing tangible
20 personal property for the purpose of extracting precious metals, as
21 defined in G.S. 66-406, to determine the value for potential purchase.
- 22 b. The equipment is capitalized by the company for tax purposes under the
23 Code.
- 24 c. The equipment is primarily for use in a process by which ferrous metals,
25 nonferrous metals, or precious metals are gathered or obtained and
26 converted into products consisting of prepared grades and that have an
27 existing or potential economic value by methods including the
28 processing, sorting, cutting, classifying, cleaning, baling, wrapping,
29 shredding, shearing, or changing of the physical form or chemical
30 content of the metals, but not including the exclusive use of hand tools.
- 31 (5m) Sales of repair or replacement parts for a ready-mix concrete mill, regardless of
32 whether the mill is freestanding or affixed to a motor vehicle, to a company that
33 primarily sells ready-mix concrete.
- 34 (5n) Sales to a large manufacturing and distribution facility of mill machinery,
35 distribution machinery, or parts or accessories for mill machinery or
36 distribution machinery. The term "accessories" does not include electricity.
- 37 a. Definition. – For the purposes of this subdivision, a "large
38 manufacturing and distribution facility" is a facility that is to be used
39 primarily for manufacturing or assembling products and distributing
40 finished products for which the Secretary of Commerce makes a
41 certification that an investment of private funds of at least eighty million
42 dollars (\$80,000,000) has been or will be made in real and tangible
43 personal property for the facility within five years after the date on
44 which the first property investment is made and that the facility will
45 achieve an employment level of at least 550 within five years after the
46 date the facility is placed into service and maintain that minimum level
47 of employment throughout its operation.
- 48 b. Forfeiture. – If the required level of investment or employment to
49 qualify as a large manufacturing and distribution facility is not timely
50 made, achieved, or maintained, then the exemption provided under this
51 subdivision is forfeited. If the exemption is forfeited due to a failure to

1 timely make the required investment or to timely achieve the minimum
 2 required employment level, then the exemption provided under this
 3 subdivision is forfeited on all purchases. If the exemption is forfeited
 4 due to a failure to maintain the minimum required employment level
 5 once that level has been achieved, then the exemption provided under
 6 this subdivision is forfeited for those purchases occurring on or after the
 7 date the taxpayer fails to maintain the minimum required employment
 8 level. A taxpayer that forfeits a exemption under this subdivision is
 9 liable for all past sales and use taxes avoided as a result of the forfeiture,
 10 computed at the applicable State and local exemptions from the date the
 11 taxes would otherwise have been due, plus interest at the rate
 12 established under G.S. 105-241.21. Interest is computed from the date
 13 the sales or use tax would otherwise have been due. A credit is allowed
 14 against the State sales or use tax owed as a result of the forfeiture
 15 provisions of this sub-subdivision for privilege taxes paid pursuant to
 16 this subdivision. For purposes of applying this credit, the fact that
 17 payment of the privilege tax occurred in a period outside the statute of
 18 limitations provided under G.S. 105-241.6 is not considered. The credit
 19 reduces the amount forfeited, and interest applies only to the reduced
 20 amount. The past taxes and interest are due 30 days after the date of
 21 forfeiture. A taxpayer that fails to pay the past taxes and interest by the
 22 due date is subject to the provisions of G.S. 105-236.

23 c. Sunset. – This subdivision expires for sales occurring on or after July 1,
 24 2018.

25 ...

26 (57a) Fuel, piped natural gas, and electricity sold to a secondary metals recycler for
 27 use in recycling at its facility at which the primary activity is recycling.

28"

29 **SECTION 38.3.(d)** This section becomes effective July 1, 2016, and applies to sales
 30 made on or after that date.

31 **PART XXXIX. MISCELLANEOUS PROVISIONS**

32 **STATE BUDGET ACT APPLIES**

33
 34 **SECTION 39.1.** The provisions of the State Budget Act, Chapter 143C of the General
 35 Statutes, are reenacted and shall remain in full force and effect and are incorporated in this act by
 36 reference.
 37

38 **COMMITTEE REPORT**

39 **SECTION 39.2.(a)** The N.C. House of Representatives Appropriations Committee
 40 Report on the Base, Expansion and Capital Budgets for House Bill 1030, dated May 17, 2016,
 41 which was distributed in the House of Representatives and used to explain this act, shall indicate
 42 action by the General Assembly on this act and shall, therefore, be used to construe this act, as
 43 provided in the State Budget Act, Chapter 143C of the General Statutes, as appropriate, and for
 44 these purposes shall be considered a part of this act and, as such, shall be printed as a part of the
 45 Session Laws.
 46

47 **SECTION 39.2.(b)** The budget enacted by the General Assembly is for the
 48 maintenance of the various departments, institutions, and other spending agencies of the State for
 49 the 2016-2017 budget as provided in G.S. 143C-3-5. This budget includes the appropriations of
 50 State funds as defined in G.S. 143C-1-1(d)(25).

1 The Director of the Budget submitted recommended adjustments to the budget to the
2 General Assembly in April 2016 in the document "The Governor of North Carolina's
3 Recommended Budget Adjustments" for the 2016-2017 fiscal year for the various departments,
4 institutions, and other spending agencies of the State. The adjustments to these documents made
5 by the General Assembly are set out in the Committee Report.

6 **SECTION 39.2.(c)** The budget enacted by the General Assembly shall also be
7 interpreted in accordance with G.S. 143C-5-5, the special provisions in this act, and other
8 appropriate legislation. In the event that there is a conflict between the line-item budget certified
9 by the Director of the Budget and the budget enacted by the General Assembly, the budget enacted
10 by the General Assembly shall prevail.

11 **SECTION 39.2.(d)** Notwithstanding subsection (a) of this section, the following
12 portions of the Committee Report are for reference, and do not expand, limit, or define the text of
13 the Committee Report:

- 14 (1) Summary pages setting forth the enacted budget, legislative changes, the
15 revised budget, and related FTE information for a particular budget code and
16 containing no other substantive information.
- 17 (2) Summary pages setting forth the enacted budget, legislative changes, the
18 revised budget, and related FTE information for multiple fund codes within in a
19 single budget code and containing no other substantive information.

20 21 **REPORT BY FISCAL RESEARCH DIVISION**

22 **SECTION 39.3.** The Fiscal Research Division shall issue a report on budget actions
23 taken by the 2015 Regular Session of the General Assembly in 2016. The report shall be in the
24 form of a revision of the Committee Report adopted for House Bill 1030 pursuant to
25 G.S. 143C-5-5. The Director of the Fiscal Research Division shall send a copy of the report issued
26 pursuant to this section to the Director of the Budget. The report shall be published on the General
27 Assembly's Internet Web site for public access.

28 29 **MOST TEXT APPLIES ONLY TO THE 2016-2017 FISCAL YEAR**

30 **SECTION 39.4.** Except for statutory changes or other provisions that clearly indicate
31 an intention to have effects beyond the 2016-2017 fiscal year, the textual provisions of this act
32 apply only to funds appropriated for, and activities occurring during, the 2016-2017 fiscal year.

33 34 **EFFECT OF HEADINGS**

35 **SECTION 39.5.** The headings to the parts and sections of this act are a convenience
36 to the reader and are for reference only. The headings do not expand, limit, or define the text of
37 this act, except for effective dates referring to a part.

38 39 **APPROPRIATIONS LIMITATIONS AND DIRECTIONS APPLY**

40 **SECTION 39.6.(a)** Except where expressly repealed or amended by this act, the
41 provisions of S.L. 2015-241, S.L. 2015-263, S.L. 2015-264, S.L. 2015-267, S.L. 2015-268, S.L.
42 2015-276, S.L. 2015-286, and S.L. 2016-5 remain in effect.

43 **SECTION 39.6.(b)** Notwithstanding any modifications by this act in the amounts
44 appropriated, except where expressly repealed or amended, the limitations and directions for the
45 2015-2017 fiscal biennium in S.L. 2015-241, S.L. 2015-263, S.L. 2015-264, S.L. 2015-267, S.L.
46 2015-268, S.L. 2015-276, S.L. 2015-286, and S.L. 2016-5 that applied to appropriations to
47 particular agencies or for particular purposes apply to the newly enacted appropriations and budget
48 reductions of this act for those same particular purposes.

49 50 **SEVERABILITY CLAUSE**

1 **SECTION 39.7.** If any section or provision of this act is declared unconstitutional or
2 invalid by the courts, it does not affect the validity of this act as a whole or any part other than the
3 part so declared to be unconstitutional or invalid.
4

5 **EFFECTIVE DATE**

6 **SECTION 39.8.** Except as otherwise provided, this act becomes effective July 1,
7 2016.