

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2015**

**SENATE BILL 534
RATIFIED BILL**

AN ACT AUTHORIZING THE DIRECTOR OF THE BUDGET TO CONTINUE EXPENDITURES FOR THE OPERATION OF GOVERNMENT AT THE LEVEL IN EFFECT ON JUNE 30, 2015.

The General Assembly of North Carolina enacts:

BUDGET CONTINUATION

SECTION 1.(a) The Director of the Budget may continue to allocate funds for recurring expenditures for current operations by State departments, institutions, and agencies at the level at which these operations were authorized on a recurring basis in S.L. 2014-100, as amended, except that current operations funded on a nonrecurring basis in the 2014-2015 fiscal year that are funded at the same level in House Bill 97, 5th edition, and House Bill 97, 7th edition, may continue to receive funds, unless the items are capital expenditures or related to capital grants. The Director of the Budget may continue to allocate funds for the Department of Transportation, Division of Motor Vehicles Tag and Tax Together program for the forty-four (44) time-limited positions established in S.L. 2012-142, Section 24.10. The Director of the Budget shall implement the budget reductions set out in House Bill 97, 5th edition, and House Bill 97, 7th edition, that are not in controversy. The Director of the Budget shall not implement any transfers set out in House Bill 97, 5th edition, House Bill 97, 7th edition, or both.

SECTION 1.(b) To the extent necessary to implement this authorization, there is appropriated from the appropriate State funds and cash balances, federal receipts, and departmental receipts for 2015-2016 fiscal year funds necessary to carry out this section, except that cash balances subject to proposed transfer in House Bill 97, 5th edition, House Bill 97, 7th edition, or both shall not be expended.

SECTION 1.(c) Vacant positions subject to proposed budget reductions in House Bill 97, 5th edition, House Bill 97, 7th edition, or both shall not be filled after June 30, 2015.

SECTION 1.(d) State employees employed in positions subject to elimination in both House Bill 97, 5th edition, and House Bill 97, 7th edition, because of a reduction, in total or in part, in the funds used to support the job or its responsibilities shall, as soon as practicable and in accordance with reduction in force policies, be provided written notification of termination of employment 30 days prior to the effective date of the termination.

SECTION 1.(e) State agencies shall not make grant awards with that portion of funds that is subject to proposed budget reductions in House Bill 97, 5th edition, House Bill 97, 7th edition, or both.

SECTION 1.(f) Except as otherwise provided by this act, the limitations and directions for the 2014-2015 fiscal year in S.L. 2013-360, as amended, and in S.L. 2014-100, as amended, that applied to appropriations to particular agencies or for particular purposes apply to the funds appropriated and authorized for expenditure under this section.

SECTION 1.(g) Funds that would not otherwise revert that were appropriated on a nonrecurring basis in prior fiscal years shall remain available for expenditure in the 2015-2016 fiscal year.

EMPLOYEE SALARIES

SECTION 2.(a) The salary schedules and specific salaries established for the 2014-2015 fiscal year by or under S.L. 2014-100 and in effect on June 30, 2015, for offices and positions shall remain in effect until the effective date of the Current Operations and Capital Improvements Appropriations Act of 2015.



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

SECTION 2.(c) State employees, including those exempt from the classification and compensation rules established by the State Human Resources Commission, shall not receive any automatic step increases, annual, performance, merit, bonuses, or other increments until authorized by the General Assembly.

SECTION 2.(d) Public school employees paid on the teacher salary schedule or school-based administrator salary schedule and other employees shall not move up on salary schedules or receive automatic step increases, annual, performance, merit, or other increments until authorized by the General Assembly, except that effective July 1, 2015, (i) the monthly salary on the "A" salary schedule that corresponds to zero to four years of experience shall be three thousand five hundred dollars (\$3,500) rather than three thousand three hundred dollars (\$3,300), (ii) a teacher who received a bonus under section 9.1(e) of S.L. 2014-100 shall not be paid less pursuant to this section than the teacher was paid in salary and bonus for the 2014-2015 school year, and (iii) a school administrator who received a bonus under section 9.11(i) of S.L. 2014-100 shall not be paid less pursuant to this section than the school administrator was paid in salary and bonus for the 2014-2015 school year.

SALARY-RELATED CONTRIBUTIONS

SECTION 3.(a) The State's employer contribution rates budgeted for retirement and related benefits for the 2015-2016 fiscal year shall be as provided for in Section 35.15 of S.L. 2013-360 and Section 35.13 of S.L. 2014-100.

SECTION 3.(b) The State's employer contribution rates established by this section are effective until the Current Operations and Capital Improvements Appropriations Act of 2015 becomes law and are subject to revision in that act. If the Current Operations and Capital Improvements Appropriations Act of 2015 modifies these rates, the Director of the Budget shall further modify the rates set in that act for the remainder of the 2015-2016 fiscal year so as to compensate for the different amount contributed between July 1, 2015, and the date the Current Operations and Capital Improvements Appropriations Act of 2015 becomes law so that the effective rates for the entire year reflect the rates set in the Current Operations and Capital Improvements Appropriations Act of 2015.

FUNDS SHALL NOT REVERT

SECTION 4.(a) If the provisions of either House Bill 97, 5th edition, House Bill 97, 7th edition, or both direct that funds shall not revert, the funds shall not revert on June 30, 2015. Unless these funds are encumbered on or before June 30, 2015, these funds shall not be expended after June 30, 2015, except as provided by a law enacted after June 30, 2015.

SECTION 4.(b) This section becomes effective June 30, 2015.

STATE CONTROLLER SHALL NOT TRANSFER FUNDS ON JUNE 30

SECTION 5.(a) Notwithstanding G.S. 143C-4-3, for the 2014-2015 fiscal year only, funds shall not be reserved to the Repairs and Renovations Reserve Account, and the State Controller shall not transfer funds from the unreserved credit balance to the Repairs and Renovation Reserve Account on June 30, 2015.

SECTION 5.(b) Notwithstanding G.S. 143C-4-2, for the 2014-2015 fiscal year only, funds shall not be reserved to the Savings Reserve Account, and the State Controller shall not transfer funds from the unreserved credit balance to the Savings Reserve Account on June 30, 2015.

SECTION 5.(c) This section becomes effective June 30, 2015.

FEDERAL BLOCK GRANTS

SECTION 6. The Director of the Budget shall continue to allocate federal block grant funds at the levels provided in Section 12J.1 of S.L. 2014-100, Section 15.14 of S.L. 2013-360, and as otherwise provided by law, and appropriations from federal block grants are hereby made.

PUBLIC SCHOOLS

SECTION 7.(a) Effective July 1, 2015, there is appropriated from the General Fund to the Department of Public Instruction the sum of one hundred million two hundred thirty-six thousand five hundred forty-two dollars (\$100,236,542) for the 2015-2016 fiscal year to fully fund changes in average daily membership in public schools, subject to adjustment by the General Assembly. Local boards of education shall use funds available to them, including a fee for instruction charged to students pursuant to G.S. 115C-216(g), to offer noncredit driver education courses in high schools. Local school administrative units may transfer funds between allotment categories under G.S. 115C-105.25.

SECTION 7.(b) Notwithstanding G.S. 115C-238.51A(c) and G.S. 115C-238.54, the Watauga Career Academy, Pitt Early College, Wilson Academy of Applied Technology, Academy at High Point Central, the Academy at Ben L. Smith High School, STEM Early College at NC A&T State University, Middle College at the University of North Carolina at Greensboro, Vernon Malone College and Career Academy, and the Northeast Regional School of Biotechnology and Agriscience shall be permitted to operate in accordance with G.S. 115C-238.53 and G.S. 115C-238.54 as cooperative innovative high schools approved under G.S. 115C-238.51A(c) and shall be subject to the evaluation requirements of G.S. 115C-238.55.

MEDICAID STATE PLAN AMENDMENTS AND WAIVERS

SECTION 8. To achieve the proposed budget reductions or expansions for the 2015-2017 fiscal biennium, the Department of Health and Human Services (Department) shall prepare the necessary State plan amendments and waivers for the Centers for Medicare and Medicaid Services (CMS) that reflect the Medicaid reduction or expansion items in House Bill 97, 5th edition, and House Bill 97, 7th edition, so that the State plan amendments and waivers can be submitted to CMS at the earliest possible date after the Current Operations and Capital Improvements Appropriations Act of 2015 becomes law.

EFFECTIVE DATE

SECTION 9. Except as otherwise provided, this act becomes effective July 1, 2015, and expires August 14, 2015, at 11:59 P.M.

In the General Assembly read three times and ratified this the 30th day of June, 2015.

s/ Daniel J. Forest
President of the Senate

s/ Tim Moore
Speaker of the House of Representatives

Pat McCrory
Governor

Approved _____m. this _____ day of _____, 2015