

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2019**

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**HOUSE BILL 111
Committee Substitute Favorable 7/10/19**

Short Title: Supplemental Appropriations Act.

(Public)

Sponsors:

Referred to:

February 20, 2019

A BILL TO BE ENTITLED

1 AN ACT MAKING SUPPLEMENTAL APPROPRIATIONS FOR THE OPERATION OF
2 GOVERNMENT RELATIVE TO THE AVERAGE DAILY MEMBERSHIP IN THE
3 PUBLIC SCHOOLS, NC PROMISE TUITION PLAN, IN-STATE TUITION FOR
4 CERTAIN VETERANS AND OTHERS, NC FAST OPERATIONS AND
5 MAINTENANCE, SUICIDE PREVENTION, LME/MCO INTERGOVERNMENTAL
6 TRANSFERS, 2018 DISASTER RECOVERY, RAISE THE AGE IMPLEMENTATION,
7 MAINTENANCE OF TAX SYSTEMS, WESTERN CAROLINA STEAM PLANT
8 PROJECT, AND STATE DEBT SERVICE; AND AMENDING THE STATE BUDGET
9 ACT TO CLARIFY THE STATE'S EMPLOYER CONTRIBUTION RATE PROCEDURE
10 FOR BUDGET CONTINUATION.
11

12 The General Assembly of North Carolina enacts:

13
14 **PART I. IMPLEMENTATION IN CONJUNCTION WITH STATUTORY**
15 **PROCEDURES FOR BUDGET CONTINUATION**

16 **SECTION 1.1.** The provisions of this act shall be implemented in conjunction with
17 the procedures for budget continuation specified in G.S. 143C-5-4(b). If the provisions of this
18 act and G.S. 143C-5-4(b) are in conflict, the provisions of this act shall prevail.
19

20 **PART II. PUBLIC SCHOOLS ADM/NC PROMISE/IN-STATE TUITION FOR**
21 **CERTAIN VETERANS AND OTHER INDIVIDUALS**

22 **SECTION 2.1.** There is appropriated from the General Fund to the Department of
23 Public Instruction the sum of fifty million five hundred forty-eight thousand three dollars
24 (\$50,548,003) in recurring funds for the 2019-2020 fiscal year to fully fund increases in Average
25 Daily Membership and average salary adjustments in public schools.

26 **SECTION 2.2.(a)** The funds appropriated by S.L. 2018-5 for enrollment adjustments
27 for The University of North Carolina, including funds for the NC Promise Tuition Plan, to a
28 reserve account in the Office of State Budget and Management for the 2018-2019 fiscal year
29 shall not revert at the end of the 2018-2019 fiscal year but shall remain available until the end of
30 the 2019-2020 fiscal year for the purpose of the "buy down" of any financial obligations resulting
31 from the established tuition rate under G.S. 116-143.11 incurred by Elizabeth City State
32 University, the University of North Carolina at Pembroke, and Western Carolina University or
33 for rapid growth at any of those constituent institutions.

34 **SECTION 2.2.(b)** This section becomes effective June 30, 2019.

35 **SECTION 2.3.(a)** G.S. 116-143.3A reads as rewritten:



1 **"§ 116-143.3A. Waiver of 12-month residency requirement for certain veterans and other**
2 **individuals entitled to federal education benefits under 38 U.S.C. Chapter 30 or**
3 **38 U.S.C. Chapter 33.individuals.**

4 (a) Definitions. – The following definitions apply in this section:

5 (1) Abode. – Has the same meaning as G.S. 116-143.3(a)(1).

6 (2) Armed Forces. – Has the same meaning as G.S. 116-143.3(a)(2).

7 (3) Veteran. – A person who served active duty for not less than 90 days in the
8 Armed Forces, the Commissioned Corps of the U.S. Public Health Service, or
9 the National Oceanic and Atmospheric Administration and who was
10 discharged or released from such service.

11 (b) ~~Waiver of 12-Month Residency Requirement for Veteran.~~ Certain Individuals. – Any
12 ~~veteran~~ veteran, dependent of a veteran, or other individual who qualifies for admission to an
13 institution of higher education as defined in G.S. 116-143.1(a)(3) is eligible to be charged the
14 in-State tuition rate and applicable mandatory fees for ~~enrollment~~ enrollment, to the extent
15 required by Section 702 of the Veterans Access, Choice, and Accountability Act of 2014, as
16 amended, 38 U.S.C. § 3679, without satisfying the 12-month residency requirement under
17 G.S. 116-143.1, provided the ~~veteran~~ individual meets all of the following criteria:

18 (1) ~~The veteran applies for admission to the institution of higher education and~~
19 ~~enrolls within three years of the veteran's discharge or release from the Armed~~
20 ~~Forces, the Commissioned Corps of the U.S. Public Health Service, or the~~
21 ~~National Oceanic and Atmospheric Administration.~~

22 (2) ~~The veteran qualifies for and uses educational benefits pursuant to 38 U.S.C.~~
23 ~~Chapter 30 (Montgomery G.I. Bill Active Duty Education Assistance~~
24 ~~Program) or 38 U.S.C. Chapter 33 (Post 9/11 Educational Assistance), as~~
25 ~~administered by the U.S. Department of Veterans Affairs.~~

26 (3) ~~The veteran's~~ individual's abode is North Carolina.

27 (4) ~~The veteran~~ individual provides the institution of higher education at which
28 the ~~veteran~~ individual intends to enroll a letter of intent to establish residence
29 in North Carolina.

30 (5) The individual meets the definition of a "covered individual" under 38 U.S.C.
31 § 3679(c).

32 (c) ~~Eligibility of Other Individuals Entitled to Federal Educational Benefits Under 38~~
33 ~~U.S.C. Chapter 30 or 38 U.S.C. Chapter 33.~~ – Any person who is entitled to federal educational
34 benefits under 38 U.S.C. Chapter 30 or 38 U.S.C. Chapter 33 is also eligible to be charged the
35 in-State tuition rate and applicable mandatory fees for enrollment without satisfying the
36 12-month residency requirement under G.S. 116-143.1, if the person meets all of the following
37 criteria:

38 (1) ~~The person qualifies for admission to the institution of higher education as~~
39 ~~defined in G.S. 116-143.1(a)(3) and, with the exception of individuals~~
40 ~~described in subsections (c1) and (c2) of this section, enrolls in the institution~~
41 ~~of higher education within three years of the veteran's discharge or release~~
42 ~~from the Armed Forces, the Commissioned Corps of the U.S. Public Health~~
43 ~~Service, or the National Oceanic and Atmospheric Administration.~~

44 (2) ~~The person is the recipient of federal educational benefits pursuant to 38~~
45 ~~U.S.C. Chapter 30 (Montgomery G.I. Bill Active Duty Education Assistance~~
46 ~~Program) or 38 U.S.C. Chapter 33 (Post 9/11 Educational Assistance), as~~
47 ~~administered by the U.S. Department of Veterans Affairs.~~

48 (3) ~~The person's~~ abode is North Carolina.

49 (4) ~~The person provides the institution of higher education at which the person~~
50 ~~intends to enroll a letter of intent to establish residence in North Carolina.~~

1 (c1) Recipients using transferred Post 9/11 GI Bill benefits (38 U.S.C. § 3319) while the
2 transferor is on active duty in the Armed Forces, the commissioned corps of the U.S. Public
3 Health Service, or the National Oceanic and Atmospheric Administration are eligible for the
4 in-State tuition rate, provided the recipient's abode is in North Carolina and the recipient provides
5 the institution of higher education a letter of intent to establish residency in North Carolina.

6 (c2) Recipients of the Marine Gunnery Sergeant John David Fry Scholarship (38 U.S.C. §
7 3311(b)(9)), whose parent or spouse died in the line of duty, without regard as to whether the
8 death in the line of duty followed a period of active duty service of 90 days or more, are eligible
9 to receive in-State tuition under this section, provided the recipient's abode is in North Carolina
10 and the recipient provides the institution of higher education a letter of intent to establish
11 residency in North Carolina.

12 (d) After the expiration of the three-year period following discharge as described in 38
13 U.S.C. § 3679(c), any enrolled veteran entitled to federal educational benefits under 38 U.S.C.
14 Chapter 30 or 38 U.S.C. Chapter 33 and any other enrolled individual described in subsection (c)
15 of this section entitled to federal educational benefits under 38 U.S.C. Chapter 30 or 38 U.S.C.
16 Chapter 33 who is eligible for in-State tuition under this section shall continue to be eligible for
17 the in-State tuition rate so long as the covered individual remains continuously enrolled (other
18 than during regularly scheduled breaks between courses, quarters, terms, or semesters) at that
19 institution of higher education.

20 (e) The individual applying for the benefit of this section has the burden of proving
21 entitlement to the benefit."

22 **SECTION 2.3.(b)** This section applies to qualifying veterans and other individuals
23 who are enrolled or who enroll in institutions of higher education for any academic quarter, term,
24 or semester that begins on or after the date this act becomes law.

25 **PART III. FUNDS FOR NC FAST OPERATIONS AND MAINTENANCE**

26 **SECTION 3.1.(a)** There is appropriated from the General Fund to the Department
27 of Health and Human Services, Division of Central Management and Support, the sum of five
28 million seven hundred forty-six thousand one hundred seventy-two dollars (\$5,746,172) in
29 recurring funds, for the 2019-2020 fiscal year, to be used for operations and maintenance of the
30 North Carolina Families Accessing Services Through Technology (NC FAST) System.

31 **SECTION 3.1.(b)** Departmental receipts are hereby appropriated for the 2019-2020
32 fiscal year in the amount of twelve million seven hundred sixty-seven thousand two hundred
33 dollars (\$12,767,200) in recurring funds and in the amount of two million three hundred sixty-two
34 thousand nine hundred eighty-two dollars (\$2,362,982) in nonrecurring funds, to be used for the
35 purposes specified in subsection (a) of this section.
36
37

38 **PART IV. USE OF MEDICAID TRANSFORMATION FUND FOR NONRECURRING** 39 **EXPENDITURES OF THE NORTH CAROLINA FAMILIES ACCESSING SERVICES** 40 **THROUGH TECHNOLOGY (NC FAST) SYSTEM**

41 **SECTION 4.1.(a)** The State Controller shall transfer the sum of four million seven
42 hundred sixty-three thousand seven hundred twenty-five dollars (\$4,763,725) for the 2019-2020
43 fiscal year from funds available in the Medicaid Transformation Reserve in the General Fund to
44 the Medicaid Transformation Fund established under Section 12H.29 of S.L. 2015-241.

45 **SECTION 4.1.(b)** Notwithstanding the stated purpose of the Medicaid
46 Transformation Fund established under Section 12H.29 of S.L. 2015-241, there is transferred
47 from the Medicaid Transformation Fund to the Department of Health and Human Services,
48 Division of Central Management and Support the following amounts:

- 49 (1) The sum of three million seven hundred five thousand five hundred five
50 dollars (\$3,705,505) in nonrecurring funds for the 2019-2020 fiscal year.
51 These funds shall be used solely for the following purposes relative to the

1 North Carolina Families Accessing Services Through Technology (NC
 2 FAST) System: (i) to implement changes to the child welfare case
 3 management component required by the Family First Prevention Services Act,
 4 (ii) to implement comprehensive child welfare information system updates
 5 necessitated by updated federal requirements, and (iii) to fund a federally
 6 required contract for independent verification and validation of the system.

7 (2) The sum of one million fifty-eight thousand two hundred twenty dollars
 8 (\$1,058,220) in nonrecurring funds for the 2019-2020 fiscal year, to be used
 9 for nonrecurring operations and maintenance of the NC FAST System.

10 **SECTION 4.1.(c)** Departmental receipts are hereby appropriated in the sum of four
 11 million eight hundred thirteen thousand thirty-seven dollars (\$4,813,037) in nonrecurring funds
 12 for the 2019-2020 fiscal year, to be used for the purposes described in subsection (a) of this
 13 section.

14
 15 **PART V. FUNDS FOR SUICIDE PREVENTION LIFELINE**

16 **SECTION 5.1.** There is appropriated from the General Fund to the Department of
 17 Health and Human Services, Division of Mental Health, Developmental Disabilities, and
 18 Substance Abuse Services, the sum of three hundred forty-eight thousand five hundred fifty-eight
 19 dollars (\$348,558) in nonrecurring funds for the 2019-2020 fiscal year, to be used for the Suicide
 20 Prevention Lifeline.

21
 22 **PART VI. LME/MCO INTERGOVERNMENTAL TRANSFERS**

23 **SECTION 6.1.(a)** The local management entities/managed care organizations
 24 (LME/MCOs) shall make intergovernmental transfers to the Department of Health and Human
 25 Services, Division of Health Benefits (DHB), in an aggregate amount of eighteen million
 26 twenty-eight thousand two hundred seventeen dollars (\$18,028,217) in the 2019-2020 fiscal year.
 27 The due date and frequency of the intergovernmental transfer required by this section shall be
 28 determined by DHB. The amount of the intergovernmental transfer that each individual
 29 LME/MCO is required to make in each fiscal year shall be as follows:

	2019-2020
30 Alliance Behavioral Healthcare	\$2,994,453
31 Cardinal Innovations Healthcare	\$4,032,586
32 Eastpointe	\$1,701,156
33 Partners Behavioral Health Management	\$1,914,860
34 Sandhills Center	\$1,978,939
35 Trillium Health Resources	\$3,119,822
36 Vaya Health	\$2,286,401

37
 38 **SECTION 6.1.(b)** In the event that any county disengages from an LME/MCO and
 39 realigns with another LME/MCO during the 2019-2020 fiscal year, DHB shall have the authority
 40 to reallocate the amount of the intergovernmental transfer that each affected LME/MCO is
 41 required to make under subsection (a) of this section, taking into consideration the change in
 42 catchment area and covered population, provided that the aggregate amount of the transfers
 43 received from all LME/MCOs are achieved.

44 **SECTION 6.1.(c)** If DHB does not make the additional capitation payment
 45 associated with the Medicaid risk reserve to an LME/MCO in any given month, then the
 46 intergovernmental transfer required to be made by that LME/MCO under subsection (a) of this
 47 section shall be reduced on a pro rata basis and the aggregate amount to be collected by DHB
 48 shall be adjusted accordingly.

49
 50 **PART VII. CLARIFICATION AND IMPLEMENTATION OF 2018 DISASTER**
 51 **RECOVERY**

1 **SECTION 7.1.(a)** Expand Uses/Golden L.E.A.F. Hurricane Florence Allocation. –
2 Notwithstanding any provision of S.L. 2018-136 or the Committee Report described in Section
3 6.1 of that act to the contrary, the funds allocated to the Office of State Budget and Management
4 for Golden L.E.A.F. (Long Term Economic Advancement Foundation), Inc., for infrastructure
5 may be used for the replacement, improvement, or construction of new infrastructure to support
6 hazard mitigation.

7 **SECTION 7.1.(b)** Clarify Volunteer Fire Department Assistance. – Notwithstanding
8 any provision of S.L. 2018-136 or the Committee Report described in Section 6.1 of that act to
9 the contrary, the funds allocated to the Department of Insurance, Office of State Fire Marshal,
10 for financial assistance to volunteer fire departments is available to be used to repair damages
11 not covered by insurance policy proceeds.

12 **SECTION 7.1.(c)** CAMA Emergency General Permit Extension. – Notwithstanding
13 the time lines set forth in 15A NCAC 07H .2502 or other applicable law to the contrary, Coastal
14 Area Management Act Emergency General Permits authorized in response to Hurricanes
15 Florence and Michael and activated by the Secretary of the Department of Environmental Quality
16 in a September 20, 2018, statement, as amended on October 12, 2018, shall be subject to the
17 following schedule:

18 (1) All emergency general permits must be issued by October 12, 2019.

19 (2) All work authorized by the emergency general permits must be completed by
20 October 12, 2020.

21 **SECTION 7.1.(d)** Expand DACS Farmer Assistance. – Notwithstanding the
22 deadline set forth in Section 5.11(e) of S.L. 2018-136, as amended by S.L. 2018-141, a person
23 who experienced a verifiable loss of agricultural commodities as a result of excessive rain and
24 flooding that occurred during May 15, 2018, through December 31, 2018, and whose farm is
25 located in a North Carolina county that, between January 31, 2019, and February 15, 2019, was
26 included in a Secretarial Disaster Declaration, either as a primary county or as a contiguous
27 county, as a result of excessive rain and flooding that occurred during May 15, 2018, through
28 December 31, 2018, issued by the United States Secretary of Agriculture, is eligible for financial
29 assistance for losses of agricultural commodities pursuant to Section 5.11 of S.L. 2018-136. This
30 subsection is effective when this act becomes law. The Department shall accept completed
31 applications from persons eligible for financial assistance pursuant to this subsection for no more
32 than 10 consecutive business days on which the federal government is not partially or fully shut
33 down, beginning on the effective date of this subsection. This subsection shall expire on the date
34 the Department has processed all applications validly received during this period.
35

36 **PART VIII. FUNDING FOR RAISE THE AGE IMPLEMENTATION**

37 **SECTION 8.1.** The following sums are appropriated from the General Fund for the
38 2019-2020 fiscal year to be used to implement the provisions of Section 16D.4 of S.L. 2017-57,
39 including costs associated with hiring 180 full-time employees:

40 (1) The sum of twenty-two million nine hundred eighty-two thousand one
41 hundred twenty-three dollars (\$22,982,123) in recurring funds and the sum of
42 four million forty thousand nine hundred fourteen dollars (\$4,040,914) in
43 nonrecurring funds to the Department of Public Safety.

44 (2) The sum of eighty-seven thousand six hundred eighty-one dollars (\$87,681)
45 in recurring funds to the Office of Indigent Defense Services.
46

47 **PART IX. DEPARTMENT OF REVENUE/OPERATIONS AND MAINTENANCE OF** 48 **TAX SYSTEMS**

49 **SECTION 9.1.** The sum of twelve million five hundred thousand dollars
50 (\$12,500,000) in nonrecurring funds for the 2019-2020 fiscal year shall be transferred from the
51 Collections Assistance Fee Special Fund in the Department of Revenue to the Department's

1 Division of Information Technology (14700-1605) to support the Portfolio Warehouse, the
2 Modernized eFile, and tax systems operations and maintenance upgrades.

3
4 **PART X. WESTERN CAROLINA STEAM PLANT PROJECT**

5 **SECTION 10.1.** There is appropriated from the General Fund to Western Carolina
6 University the sum of sixteen million five hundred thousand dollars (\$16,500,000) in
7 nonrecurring funds for the 2019-2020 fiscal year to be used for the steam plant replacement
8 project.

9
10 **PART XI. DEPARTMENT OF TRANSPORTATION/ADDITIONAL DEBT SERVICE**

11 **SECTION 11.1.** Consistent with G.S. 143C-5-4(b)(1), which requires the Director
12 of Budget to ensure the prompt payment of the principal and interest on bonds and notes of the
13 State according to their terms, there is appropriated from the Highway Trust Fund to the
14 Department of Transportation the sum of seventeen million three hundred ten thousand dollars
15 (\$17,310,000) in recurring funds to be used for Debt Service – Principal Due (Fund Code 6005)
16 and the sum of eleven million two hundred fifty thousand dollars (\$11,250,000) in recurring
17 funds to be used for Debt Service – Interest (Fund Code 6006) for the 2019-2020 fiscal year.

18
19 **PART XII. CLARIFY STATE'S EMPLOYER CONTRIBUTION RATE PROCEDURE**
20 **FOR BUDGET CONTINUATION**

21 **SECTION 12.1.** G.S. 143C-5-4(b) reads as rewritten:

22 "(b) Procedure for Budget Continuation. – If a fiscal year begins for which no Current
23 Operations Appropriations Act providing for current operations of State government during that
24 fiscal year has become law, then the following procedures shall be followed and the following
25 limitations shall apply:

26 ...
27 (7) State's employer contribution rate. – The State's employer contribution rates
28 budgeted for retirement and related benefits for the current fiscal year shall
29 remain the same as ~~they are on the recurring portion of the rates in effect as of~~
30 June 30 of the prior fiscal year. These rates are effective until the Current
31 Operations Appropriations Act for the current fiscal year becomes law and are
32 subject to revision in that act. If that act modifies those rates, the Director of
33 the Budget shall further modify the rates set in that act for the remainder of
34 the fiscal year so as to compensate for the different amount contributed
35 between July 1 and the date the Current Operations Appropriations Act
36 becomes law so that the effective rates for the entire year reflect the rates set
37 in the Current Operations Appropriations Act.

38"

39
40 **PART XIII. EFFECTIVE DATE**

41 **SECTION 13.1.** Except as otherwise provided, this act becomes effective July 1,
42 2019.