

1 as enumerated, are made for the biennium ending June 30, 2009, according to the
 2 following schedule:

3
 4 **Current Operations – General Fund** **2007-2008** **2008-2009**

5
 6 **EDUCATION**

7			
8	Community Colleges System Office	\$ 919,581,160	\$ 898,393,003
9	Department of Public Instruction	7,620,122,436	7,666,686,081
10	University of North Carolina – Board of Governors		
11	Appalachian State University	121,866,775	123,484,299
12	East Carolina University		
13	Academic Affairs	200,929,741	207,798,168
14	Health Affairs	48,700,539	48,649,036
15	Elizabeth City State University	31,770,080	32,587,386
16	Fayetteville State University	53,131,616	54,059,698
17	North Carolina Agricultural and		
18	Technical State University	91,017,204	91,671,185
19	North Carolina Central University	76,599,430	78,129,122
20	North Carolina School of the Arts	24,650,862	24,042,061
21	North Carolina State University		
22	Academic Affairs	349,253,626	358,675,869
23	Agricultural Extension	42,241,968	42,126,187
24	Agricultural Research	53,406,637	52,144,009
25	University of North Carolina at Asheville	33,648,196	34,151,586
26	University of North Carolina at Chapel Hill		
27	Academic Affairs	269,229,699	275,856,577
28	Health Affairs	188,883,060	194,407,363
29	Area Health Education Centers	47,818,875	47,818,875
30	University of North Carolina at Charlotte	161,588,211	167,100,852
31	University of North Carolina at Greensboro	145,859,443	149,948,462
32	University of North Carolina at Pembroke	53,241,514	54,967,129
33	University of North Carolina at Wilmington	94,683,871	97,233,616
34	Western Carolina University	84,117,070	85,393,621
35	Winston-Salem State University	66,379,070	69,552,386
36	General Administration	42,489,469	42,647,024
37	University Institutional Programs	134,338,874	110,449,559
38	Related Educational Programs	149,629,645	149,933,562
39	North Carolina School of Science and Mathematics	16,859,174	17,065,422
40	UNC Hospitals at Chapel Hill	45,673,970	45,673,970
41	Total University of North Carolina –		
42	Board of Governors	\$ 2,628,008,619	\$ 2,655,567,024

43
 44 **HEALTH AND HUMAN SERVICES**

45			
46	Department of Health and Human Services		
47	Office of the Secretary	62,993,587	64,366,411
48	Division of Aging	35,643,589	35,006,179
49	Division of Blind Services/Deaf/HH	10,552,646	10,521,452
50	Division of Child Development	306,644,018	312,004,939

1	Division of Education Services	38,537,264	38,310,972
2	Division of Facility Services	19,108,545	19,061,591
3	Division of Medical Assistance	2,794,685,861	3,068,689,551
4	Division of Mental Health	712,216,560	718,375,784
5	NC Health Choice	59,391,155	59,391,155
6	Division of Public Health	191,420,132	183,966,681
7	Division of Social Services	212,788,902	216,008,788
8	Division of Vocation Rehabilitation	43,374,525	44,712,409
9	Total Health and Human Services	\$ 4,487,356,784	\$ 4,770,415,912
10			
11	NATURAL AND ECONOMIC RESOURCES		
12			
13	Department of Agriculture and Consumer Services	51,749,141	51,424,944
14			
15	Department of Commerce		
16	Commerce	62,466,647	40,086,833
17	Commerce State-Aid	22,976,478	0
18	NC Biotechnology Center	15,583,395	15,583,395
19	Rural Economic Development Center	43,802,607	24,302,607
20			
21	Department of Environment and Natural Resources	203,599,459	193,550,404
22			
23	Clean Water Management Trust Fund	100,000,000	100,000,000
24			
25	Department of Labor	16,594,758	16,594,951
26			
27	JUSTICE AND PUBLIC SAFETY		
28			
29	Department of Correction	\$ 1,213,715,078	\$ 1,219,540,012
30			
31	Department of Crime Control and Public Safety	47,830,429	36,404,601
32			
33	Judicial Department	448,592,907	450,527,517
34	Judicial Department – Indigent Defense	106,540,251	113,414,917
35			
36	Department of Justice	94,861,199	91,671,670
37			
38	Department of Juvenile Justice and		
39	Delinquency Prevention	156,864,584	129,694,269
40			
41	GENERAL GOVERNMENT		
42			
43	Department of Administration	66,347,940	68,969,534
44			
45	Office of Administrative Hearings	3,858,741	3,689,018
46			
47	Department of State Auditor	12,672,540	12,685,993
48			
49	Office of State Controller	20,710,191	20,727,698
50			
51	Department of Cultural Resources		

1	Cultural Resources	73,422,441	72,361,683
2	Roanoke Island Commission	2,020,023	2,020,023
3			
4	State Board of Elections	6,188,472	6,046,868
5			
6	General Assembly	54,538,665	55,740,786
7			
8	Office of the Governor		
9	Office of the Governor	6,262,319	6,300,587
10	Office of State Budget and Management	5,930,060	5,936,765
11	OSBM – Reserve for Special Appropriations	6,438,446	4,938,446
12	Housing Finance Agency	17,108,417	9,608,417
13			
14	Department of Insurance		
15	Insurance	30,922,133	30,936,704
16	Insurance – Volunteer Safety Workers' Compensation	4,500,000	4,500,000
17			
18	Office of Lieutenant Governor	914,122	915,109
19			
20	Department of Revenue	83,949,579	84,041,959
21			
22	Department of Secretary of State	11,412,917	10,686,083
23			
24	Department of State Treasurer		
25	State Treasurer	9,329,130	9,326,190
26	State Treasurer – Retirement for Fire and		
27	Rescue Squad Workers	9,458,957	9,458,957
28			
29	TRANSPORTATION		
30			
31	Department of Transportation	0	0
32			
33	RESERVES, ADJUSTMENTS AND DEBT SERVICE		
34			
35	Reserve for Compensation Increases	496,685,523	488,655,673
36			
37	Salary Adjustment Fund: 2007-09 Biennium	23,688,000	23,688,000
38			
39	Reserve for Teachers' and State Employees'		
40	Retirement Contribution	29,600,000	29,600,000
41			
42	Reserve for Retirement System Payback	10,000,000	10,000,000
43			
44	Reserve for State Health Plan	120,118,352	127,270,489
45			
46	Public Defenders Retirement	573,000	573,000
47			
48	Judicial Longevity	717,577	717,577
49			
50	Contingency and Emergency Fund	5,000,000	5,000,000
51			

1	Information Technology Fund	29,140,000	7,840,000
2			
3	Reserve for Job Development		
4	Investment Grants (JDIG)	12,400,000	12,400,000
5			
6	Reserve for Eliminated Positions	(34,403,179)	(34,403,179)
7			
8	Internal Auditing	1,000,000	1,000,000
9			
10	Debt Service		
11	General Debt Service	619,793,004	678,387,871
12	Federal Reimbursement	1,616,380	1,616,380
13			
14	TOTAL CURRENT OPERATIONS –		
15	 GENERAL FUND	\$ 19,982,159,682	\$ 20,245,094,771

GENERAL FUND AVAILABILITY STATEMENT

17 **SECTION 2.2.(a)** The General Fund availability used in developing the
 18 2007-2009 biennial budget is shown below:

19		FY 2007-2008	FY 2008-2009
20			
21			
22	Unappropriated Balance Remaining		
23	from Previous Year	\$ 0	\$ 263,022,373
24	Projected Reversions FY 2006-07	125,000,000	0
25	Projected Overcollections FY 2006-07	1,135,200,000	0
26	Less Earmarkings of Year End Fund Balance		
27	Savings Reserve Account	(150,000,000)	0
28	Repairs and Renovations Reserve Account	(145,000,000)	0
29	Beginning Unreserved Fund Balance	\$ 965,200,000	\$ 263,022,373
30			
31	Revenues Based on Existing Tax Structure	\$ 18,532,400,000	\$ 19,551,000,000
32			
33	Nontax Revenues		
34	Investment Income	201,600,000	211,100,000
35	Judicial Fees	173,000,000	177,100,000
36	Disproportionate Share	100,000,000	100,000,000
37	Insurance	55,500,000	57,900,000
38	Other Nontax Revenues	140,400,000	154,300,000
39	Tobacco Trust Fund Transfer	2,000,000	0
40	Highway Trust Fund/Use Tax		
41	Reimbursement Transfer	172,500,000	172,500,000
42	Highway Fund Transfer	18,190,000	17,610,000
43	Subtotal Nontax Revenues	\$ 863,190,000	\$ 890,510,000
44			
45	Total General Fund Availability	\$ 20,360,790,000	\$ 20,704,532,373
46			
47	Adjustments to Availability: 2007 Session		
48	IRC Conformity	(56,900,000)	(49,100,000)
49	Reserve for Tax Adjustments	(30,000,000)	(30,000,000)
50	Health & Human Services/Facility Services Fees	1,705,501	1,642,407
51	Secretary of State Corporate Annual Report Fees	563,016	563,016

1	Net Increase Judicial Fees	36,821,220	36,821,220
2	Transfer from Closed Capital Account	3,506,143	0
3	Adjust Transfer from Treasurer's Office	110,758	98,758
4	Adjust Transfer from Insurance Regulatory Fund	80,274	56,274
5			
6	Subtotal Adjustments to Availability:		
7	2007 Session	\$ (44,113,088)	\$ (39,918,325)
8			
9	Revised General Fund Availability	\$ 20,316,676,912	\$ 20,664,614,048
10			
11	Less: General Fund Appropriations	(20,053,654,539)	(20,245,094,771)
12			
13	Unappropriated Balance Remaining	\$ 263,022,373	\$ 419,519,277
14			

15 **SECTION 2.2.(b)** Notwithstanding the provisions of G.S. 143-15.2 and
 16 G.S. 143-15.3A, the State Controller shall transfer one hundred forty-five million
 17 dollars (\$145,000,000) from the unreserved credit balance to the Repairs and
 18 Renovations Reserve Account on June 30, 2007. This subsection becomes effective
 19 June 30, 2007.

20 **SECTION 2.2.(c)** Funds transferred under this section to the Repairs and
 21 Renovations Reserve Account are appropriated for the 2007-2008 fiscal year to be used
 22 in accordance with G.S. 143C-4-3.

23 **SECTION 2.2.(c1)** Notwithstanding G.S. 143-15.2, G.S. 143-15.3, and
 24 G.S. 143C-4-2, the State Controller shall transfer only one hundred fifty million dollars
 25 (\$150,000,000) from the unreserved credit balance to the Savings Reserve Account on
 26 June 30, 2007. This is not an "appropriation made by law", as that phrase is used in
 27 Article V, Section 7(1) of the North Carolina Constitution. This subsection becomes
 28 effective June 30, 2003.

29 **SECTION 2.2.(d)** Notwithstanding the provisions of G.S. 105-187.9(b)(1),
 30 the sum to be transferred under that subdivision for the 2007-2008 fiscal year is one
 31 hundred seventy million dollars (\$170,000,000) and for the 2008-2009 fiscal year is one
 32 hundred seventy million dollars (\$170,000,000).

33 **SECTION 2.2.(e)** Pursuant to G.S. 105-187.9(b)(2), the sum to be
 34 transferred under that subdivision for the 2007-2008 fiscal year is two million five
 35 hundred thousand dollars (\$2,500,000) and for the 2008-2009 fiscal year is two million
 36 five hundred thousand dollars (\$2,500,000).

37 **SECTION 2.2.(f)** The appropriation made in this act to the Clean Water
 38 Management Trust Fund in the amount of one hundred million dollars (\$100,000,000) is
 39 made pursuant to G.S. 113A-253.1 and is not in addition to the statutory appropriation
 40 made in that section.

41 **SECTION 2.2.(g)** Notwithstanding G.S. 143C-9-3, of the funds credited to
 42 the Tobacco Trust Fund from the Master Settlement Agreement pursuant to Section
 43 6.(2) of S.L. 1999-2 during the 2007-2009 fiscal biennium, the sum of two million
 44 dollars (\$2,000,000) for the 2007-2008 fiscal year shall be transferred from the
 45 Department of Agriculture and Consumer Services, Budget Code 23703 (Tobacco Trust
 46 Fund) to the State Controller to be deposited in Non-tax Budget Code 19978 (Intra State
 47 Transfers) to support General Fund appropriations for the 2007-2008 fiscal year.

48
 49 **PART III. CURRENT OPERATIONS/HIGHWAY FUND**

50
 51 **CURRENT OPERATIONS AND EXPANSION/HIGHWAY FUND**

1 **SECTION 3.1.** Appropriations from the State Highway Fund for the
2 maintenance and operation of the Department of Transportation and for other purposes
3 as enumerated are made for the fiscal biennium ending June 30, 2009, according to the
4 following schedule:

Current Operations – Highway Fund	2007-2008	2008-2009
Department of Transportation		
Administration	\$ 84,037,661	\$ 83,204,187
Division of Highways		
Administration	32,651,442	32,703,136
Construction	161,233,869	150,173,949
Maintenance	908,123,260	909,934,281
Planning and Research	4,700,000	4,700,000
OSHA Program	425,000	425,000
Ferry Operations	31,313,921	31,313,921
State Aid		
Municipalities	93,046,035	93,073,949
Public Transportation	73,466,447	73,466,447
Airports	21,860,122	19,730,033
Railroads	21,951,153	20,951,153
Governor's Highway Safety	334,314	335,449
Division of Motor Vehicles	103,676,924	119,130,944
Transfers, Other State Agencies, And Reserves	269,319,852	255,937,551
TOTAL	\$1,806,140,000	\$1,795,080,000

HIGHWAY FUND AVAILABILITY STATEMENT

33 **SECTION 3.2.** The Highway Fund availability used in developing the
34 2007-2009 biennial budget is shown below:

Highway Fund Availability Statement	2007-2008	2008-2009
Unappropriated Balance From Previous Year	\$ 0	\$ 0
Beginning Credit Balance	30,000,000	-
Estimated Revenue	1,776,140,000	1,795,080,000
Total Highway Fund Availability	\$ 1,806,140,000	\$ 1,795,080,000
Unappropriated Balance	\$ 0	\$ 0

46 **SECTION 3.3.** The appropriations from the Highway Fund and the
47 availability statement for the Highway Fund shall be adjusted to reflect the revenue
48 estimated to be allocated to it from the motor fuel excise tax.

PART IV. HIGHWAY TRUST FUND APPROPRIATIONS

HIGHWAY TRUST FUND APPROPRIATIONS

SECTION 4.1. Appropriations from the State Highway Trust Fund for the maintenance and operation of the Department of Transportation and for other purposes as enumerated are made for the biennium ending June 30, 2009, according to the following schedule:

Current Operations – Highway Trust Fund	2007-2008	2008-2009
Intrastate System	\$ 540,326,825	\$ 550,107,613
Urban Loops	218,485,665	222,440,608
Aid to Municipalities	56,692,887	57,719,120
Secondary Roads	94,808,677	96,786,225
Program Administration	42,722,640	43,386,880
Transfer to General Fund	172,543,306	172,619,554
Negative Reserve	(8,100,000)	(12,100,000)
GRAND TOTAL CURRENT OPERATIONS AND EXPANSION	\$ 1,117,480,000	\$ 1,130,960,000

HIGHWAY TRUST FUND AVAILABILITY STATEMENT

SECTION 4.2. The Highway Trust Fund availability used in developing the 2007-2009 biennial budget is shown below:

Total Highway Trust Fund Availability	\$ 1,117,480,000	\$ 1,130,960,000
--	-------------------------	-------------------------

SECTION 4.3. The appropriations from the Highway Trust Fund and the availability statement for the Highway Trust Fund shall be adjusted to reflect the revenue estimated to be allocated to it from the motor fuel excise tax.

PART V. OTHER AVAILABILITY AND APPROPRIATIONS**CIVIL PENALTIES AND FORFEITURE FUND AVAILABILITY AND APPROPRIATION**

SECTION 5.1.(a) Availability. – The availability used to support appropriations made in this act from the Civil Penalty and Forfeiture Fund is based upon estimated collections of fines and forfeitures from the agencies and in the amounts listed below:

	FY 2007-2008	FY 2008-2009
Department of Revenue	\$63,000,000	\$63,000,000
Department of Transportation	\$15,000,000	\$15,000,000
Employment Security Commission	\$3,000,000	\$3,000,000
Department of Insurance	\$1,000,000	\$1,000,000
University of North Carolina	\$3,500,000	\$3,500,000
Other Agencies	\$10,000,000	\$10,000,000
Total Funds Available	\$95,500,000	\$95,500,000

SECTION 5.1.(b) Appropriations. – Appropriations are made from the Civil Penalty and Forfeiture Fund for the fiscal biennium ending June 30, 2009, as follows:

	FY 2007-2008	FY 2008-2009
School Technology Fund	\$18,000,000	\$18,000,000
State Public School Fund	\$77,500,000	\$77,500,000
Total Appropriation	\$95,500,000	\$95,500,000

EDUCATION LOTTERY

SECTION 5.2.(a) Pursuant to G.S. 18C-164, the revenue used to support appropriations made in this act is transferred from the State Lottery Fund in the amount of three hundred fifty million dollars (\$350,000,000) for the 2007-2008 fiscal year.

SECTION 5.2.(b) The appropriations made from the Education Lottery Fund pursuant to G.S. 18C-164(d) for the 2007-2008 fiscal year are as follows:

Class Size Reduction	\$ 90,364,291
Prekindergarten Program	84,635,709
Public School Building Capital Fund	140,000,000
Scholarships for Needy Students	35,000,000
 Total Appropriation	 \$ 350,000,000

SECTION 5.2.(c) Notwithstanding G.S. 18C-164(f), if the actual net revenues exceed the amounts appropriated for the 2007-2008 fiscal year in subsection (b) of this section, the excess net revenues shall remain in the Education Lottery Fund, and then may be transferred by the Director of the Budget among the four categories in that subsection in the discretion of the Director and are appropriated for those purposes.

SECTION 5.2.(d) This section becomes effective June 30, 2007.

INFORMATION TECHNOLOGY FUND AVAILABILITY AND APPROPRIATION

SECTION 5.3.(a) 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 2007-2008	FY 2008-2009
Receipts from Information Technology Enterprise Fee	\$9,800,000	\$9,800,000
BEACON/Data Integration Funds	\$5,000,000	\$5,000,000
Interest Income	\$100,000	\$100,000
IT Fund Balance June 30	\$600,000	\$690,000
Appropriation from General Fund	\$4,140,000	\$2,840,000
Total Funds Available	\$19,640,000	\$18,430,000

SECTION 5.3.(b) Appropriations are made from the Information Technology Fund for the 2007-2009 fiscal biennium as follows:

Office of Information Technology Services	FY 2007-2008	FY 2008-2009
Information Technology Operations	\$9,452,835	\$8,152,835
Information Technology Projects	\$4,497,165	\$4,497,165
BEACON/Data Integration Funds	\$5,000,000	\$5,000,000
Total	\$18,950,000	\$17,650,000

1
2 **PART VI. GENERAL PROVISIONS**

3
4 **APPROPRIATION OF CASH BALANCES AND RECEIPTS**

5 **SECTION 6.1.(a)** Expenditures of cash balances, federal funds,
6 departmental receipts, grants, and gifts from the various General Fund, Special Revenue
7 Fund, Enterprise Fund, Internal Service Fund, and Trust and Agency Fund budget codes
8 are appropriated and authorized for the 2007-2009 fiscal biennium as follows:

- 9 (1) For all budget codes listed in "North Carolina State Budget,
10 Recommended Operating Budget 2007-2009, Volumes 1 through 6,"
11 cash balances and receipts are appropriated up to the amounts
12 specified in Volumes 1 through 6, as adjusted by the General
13 Assembly, for the 2007-2008 fiscal year and the 2008-2009 fiscal year.
14 Funds may be expended only for the programs, purposes, objects, and
15 line items specified in Volumes 1 through 6, or otherwise authorized
16 by the General Assembly.
- 17 (2) For all budget codes that are not listed in "North Carolina State
18 Budget, Recommended Operating Budget 2007-2009, Volumes 1
19 through 6," cash balances and receipts are appropriated for each year
20 of the 2007-2009 fiscal biennium up to the level of actual expenditures
21 for the 2006-2007 fiscal year, unless otherwise provided by law. Funds
22 may be expended only for the programs, purposes, objects, and line
23 items authorized for the 2006-2007 fiscal year.
- 24 (3) Notwithstanding subdivisions (1) and (2) of this subsection, any
25 receipts that are required to be used to pay debt service requirements
26 for various outstanding bond issues and certificates of participation are
27 appropriated up to the actual amounts received for the 2007-2008
28 fiscal year and the 2008-2009 fiscal year and shall be used only to pay
29 debt service requirements.
- 30 (4) Notwithstanding subdivisions (1) and (2) of this subsection, cash
31 balances and receipts of funds that meet the definition issued by the
32 Governmental Accounting Standards Board of a trust or agency fund
33 are appropriated for and in the amounts required to meet the legal
34 requirements of the trust agreement for the 2007-2008 fiscal year and
35 the 2008-2009 fiscal year.

36 All these cash balances, federal funds, departmental receipts, grants, and gifts
37 shall be expended and reported in accordance with the provisions of the State Budget
38 Act, except as otherwise provided by law and this section.

39 **SECTION 6.1.(b)** Receipts collected in a fiscal year in excess of the
40 amounts authorized by this section shall remain unexpended and unencumbered until
41 appropriated by the General Assembly in a subsequent fiscal year, unless the
42 expenditure of overrealized receipts in the fiscal year in which the receipts were
43 collected is authorized by the State Budget Act.

44 Overrealized receipts are appropriated up to the amounts necessary to
45 implement this subsection.

46 In addition to the consultation and reporting requirements set out in
47 G.S. 143C-6-4, the Office of State Budget and Management shall report to the Joint
48 Legislative Commission on Governmental Operations and to the Fiscal Research
49 Division of the Legislative Services Office within 30 days after the end of each quarter
50 on any overrealized receipts approved for expenditure under this subsection by the

1 Director of the Budget. The report shall include the source of the receipt, the amount
2 overrealized, the amount authorized for expenditure, and the rationale for expenditure.

3 **SECTION 6.1.(c)** Notwithstanding subsections (a) and (b) of this section,
4 there is appropriated from the Reserve for Reimbursements to Local Governments and
5 Shared Tax Revenues for each fiscal year an amount equal to the amount of the
6 distributions required by law to be made from that reserve for that fiscal year.

7 8 **EXPENDITURES OF FUNDS IN RESERVES LIMITED**

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

11 12 **REVISE FREQUENCY OF FEE REPORT**

13 **SECTION 6.3.** G.S. 143C-9-4 reads as rewritten:

14 "**§ 143C-9-4. ~~Annual Fee Report.~~ Biennial fee report.**

15 The Office of State Budget and Management shall prepare a report ~~annually~~
16 biennially on the fees charged by each State department, bureau, division, board,
17 commission, institution, and agency during the previous two fiscal ~~year~~ years. The
18 report shall include the statutory or regulatory authority for each fee, the amount of the
19 fee, when the amount of the fee was last changed, the number of times the fee was
20 collected during the prior fiscal year, and the total receipts from the fee during the prior
21 fiscal year."

22 23 **BUDGET REALIGNMENT**

24 **SECTION 6.4.** Notwithstanding G.S. 143C-6-4(b), the Office of State
25 Budget and Management, in consultation with the Office of the State Controller and the
26 Fiscal Research Division, may adjust the enacted budget by making transfers among
27 purposes or programs for the sole purpose of correctly aligning authorized positions and
28 associated operating costs with the appropriate purposes or programs as defined in
29 G.S. 143C-1-1(d)(23). The Office of State Budget and Management shall change the
30 certified budget to reflect these adjustments only after reporting the proposed
31 adjustments to the Joint Legislative Commission on Governmental Operations and the
32 Fiscal Research Division. Under no circumstances shall total General Fund
33 expenditures for a State department exceed the amount appropriated to that department
34 from the General Fund for the fiscal year.

35 36 **CONSULTATION NOT REQUIRED PRIOR TO ESTABLISHING OR** 37 **INCREASING FEES PURSUANT TO THE STATE BUDGET ACT**

38 **SECTION 6.5.** Notwithstanding G.S. 12-3.1, an agency is not required to
39 consult with the Joint Legislative Commission on Governmental Operations prior to
40 establishing or increasing a fee as authorized or anticipated in this act, or in the Senate
41 Appropriations Committee Reports on the Continuation, Expansion and Capital
42 Budgets, that were distributed in the Senate Appropriations and Base Budget
43 Committees and used to explain this act.

44 45 **STAFFING ANALYSIS OF STATE AGENCY BUSINESS FUNCTIONS AND** 46 **REDEPLOYMENT OF RESOURCES FROM HR/PAYROLL** 47 **MANAGEMENT**

48 **SECTION 6.7.(a)** The Office of State Budget and Management, in
49 consultation with the Office of State Controller and the Office of State Personnel, shall
50 conduct annual follow-up analyses of the Human Resources/Payroll Function Mapping
51 Analysis that was completed in fiscal year 2007 by the BEACON staff and the Office of

1 State Budget and Management. This initial analysis was conducted to provide not only
2 a pre-implementation assessment of State agency Human Resources/Payroll staffing
3 prior to BEACON HR/Payroll implementation but also to provide a basis on which new
4 HR/Payroll roles required by BEACON implementation can be mapped. These
5 follow-up analyses of State agency HR/Payroll staffing shall be completed by January 1
6 of each year to assure the staffing levels remain appropriate. The annual staffing
7 analyses shall be conducted throughout the implementation of the BEACON HR/Payroll
8 System and shall continue for a reasonable time after the implementation to assure that
9 the staffing levels are adjusted based on the increased efficiency provided by the
10 implementation.

11 **SECTION 6.7.(b)** The Office of State Budget and Management, in
12 consultation with the Office of State Controller, shall conduct a staffing analysis of the
13 business functions of State government to include, but not be limited to, agency fiscal
14 offices, budget offices, and procurement offices to be completed by April 30, 2008.
15 This initial analysis will serve as a pre-implementation assessment of State agency
16 business functions staffing prior to the proposed implementation of the remaining
17 components of the BEACON ERP System. Follow-up analyses shall be conducted
18 annually and completed by January 1 of each year to assure the staffing levels remain
19 appropriate. The annual staffing analyses shall be conducted throughout the
20 implementation of future BEACON components and shall continue for a reasonable
21 time after the implementation to assure that the staffing levels are adjusted based on the
22 increased efficiency provided by the implementation.

23 **SECTION 6.7.(c)** By April 30, 2008, the Office of State Budget and
24 Management, in consultation with the Office of State Controller, and then by January 1,
25 2009, and annually thereafter, the Office of State Budget and Management, in
26 consultation with the Office of State Controller and the Office of State Personnel, shall
27 report to the Chairs of the House of Representatives Appropriations Committee, to the
28 Chairs of the Senate Committee on Appropriations/Base Budget, to the Joint Legislative
29 Oversight Committee on Information Technology, and to the Fiscal Research Division
30 on the results of the annual staffing analyses of State government business functions
31 conducted pursuant to subsection (a) of this section and on the implementation of the
32 BEACON HR/Payroll System.

33 **SECTION 6.7.(d)** Prior to any staffing changes that result from the staffing
34 analyses conducted pursuant to subsection (b) of this section, the Office of State Budget
35 and Management, in consultation with the Office of State Controller and the Office of
36 State Personnel, shall report to the Chairs of the House of Representatives
37 Appropriations Committee, to the Chairs of the Senate Committee on
38 Appropriations/Base Budget, to the Joint Legislative Oversight Committee on
39 Information Technology, and to the Fiscal Research Division on the annual staffing
40 analyses of State government business functions conducted pursuant to subsection (b) of
41 this section and on the proposed implementation of the remaining components of the
42 BEACON ERP System.

43 **SECTION 6.7.(e)** Notwithstanding any other provision of law, the Office of
44 State Budget and Management may evaluate the impact of the BEACON Program on
45 affected agencies and develop a plan for addressing resources affected by the Program.
46 The State Redeployment Plan shall be implemented to the extent possible. When
47 compliance with federal or State law requires, a new position may be created if a current
48 or contracted position is eliminated. The Office of State Budget and Management, in
49 consultation with the Office of the State Controller, shall report to the Joint Legislative
50 Commission on Governmental Operations within 30 days for each employee change
51 made under the State Redeployment Plan and shall include a five-year fiscal impact

1 incurred by the State when converting any contracted position to a permanent position.
2 This subsection expires June 30, 2008.

3 4 **BEACON DATA INTEGRATION**

5 **SECTION 6.8.(a)** The Office of the State Controller, in cooperation with the
6 State Chief Information Officer, shall develop a Strategic Implementation Plan for the
7 integration of databases and the sharing of information among State agencies and
8 programs. This plan shall be developed and implemented under the governance of the
9 BEACON Project Steering Committee and in conjunction with leadership in State
10 agencies and with the support and cooperation of the Office of State Budget and
11 Management. This plan shall include the following:

- 12 (1) Definition of requirements for achieving statewide data integration.
- 13 (2) An implementation schedule to be reviewed and adjusted by the
14 General Assembly annually based on funding availability.
- 15 (3) Priorities for database integration, commencing with the integration of
16 databases that the BEACON Project Steering Committee identifies as
17 most beneficial in terms of maximizing fund availability and realizing
18 early benefits.
- 19 (4) Identification of current statewide and agency data integration efforts
20 and a long-term strategy for integrating those projects into this effort.
- 21 (5) Detailed cost information for development and implementation, as
22 well as five years of operations and maintenance costs.

23 While it is the intent that this initiative provide broad access to information
24 across State government, the plan shall comply with all necessary security measures and
25 restrictions to ensure that access to any specific information held confidential under
26 federal and State law shall be limited to appropriate and authorized persons.

27 **SECTION 6.8.(b)** Of the funds appropriated from the General Fund to the
28 North Carolina Information Technology Fund, the sum of five million dollars
29 (\$5,000,000) for the 2007-2008 fiscal year shall be used for BEACON data integration
30 as provided by subsection (a) of this section. The Office of the State Controller, in
31 coordination with State agencies and with the support of the Office of State Budget and
32 Management, shall identify and make all efforts to secure any federal matching funds or
33 other resources to assist in funding this initiative.

34 Funds authorized in this section may be used for the following purposes:

- 35 (1) To support the cost of a project manager to conduct the activities
36 outlined herein reportable to the Office of the State Controller.
- 37 (2) To support two business analysts to provide support to the program
38 manager and agencies in identifying requirements under this program.
- 39 (3) To engage a vendor to develop the Strategic Implementation Plan as
40 required herein.
- 41 (4) To conduct integration activities as approved by the Governor and the
42 North Carolina General Assembly.

43 **SECTION 6.8.(c)** The Office of the State Controller, with the assistance of
44 the State Chief Information Officer, shall present the Strategic Implementation Plan
45 directed herein to the 2008 Session of the General Assembly for action as deemed
46 appropriate. Prior to the convening of the 2008 General Assembly, the Office of the
47 State Controller shall provide status reports of this activity to the Joint Legislative
48 Commission on Governmental Operations or the Fiscal Research Division of the
49 General Assembly as requested.

1 **SECTION 6.8.(d)** This effort shall not place any new or additional
2 requirements upon The University of North Carolina or the North Carolina Community
3 College System.

4
5 **USE OF COLLECTION ASSISTANCE FEE**

6 **SECTION 6.9.(a)** G.S. 105-243.1(e)(4) reads as rewritten:

7 "(4) To pay for postage or other delivery charges for correspondence
8 directly and primarily relating to collecting overdue tax debts, not to
9 exceed ~~three hundred fifty three thousand dollars (\$353,000)~~ five
10 hundred thousand dollars (\$500,000) a year."

11 **SECTION 6.9.(b)** The General Assembly finds that a computer system that
12 records tax payments and determines when the payments are overdue directly and
13 primarily relates to the collection of overdue tax debts and that the cost of the computer
14 system is subject to the collection assistance fee set forth in G.S. 105-243.1. The
15 Department of Revenue is authorized to use funds in the 20% Collection Assistance Fee
16 Account, Budget Code 24704-2474, during the 2007-2009 fiscal biennium to replace
17 the Department's current computer system, and these funds are appropriated to the
18 Department for that purpose. The Department shall not use more than forty million
19 dollars (\$40,000,000) from the Account to replace the Department's current computer
20 system. Funds appropriated to the Department in this subsection remain in the Account
21 until withdrawn for expenditures for a replacement computer system and shall remain in
22 the Account if not expended during the 2007-2009 fiscal biennium for the purposes set
23 forth in this subsection.

24
25 **OFFICE OF INFORMATION TECHNOLOGY SERVICES BUDGET REVIEW**

26 **SECTION 6.11.(a)** Notwithstanding G.S. 147-33.88, the Office of
27 Information Technology Services (ITS) shall develop an annual budget for review and
28 approval by the Office of State Budget and Management in accordance with the
29 schedule prescribed by the Director. The approved ITS budget shall be included in the
30 Governor's budget recommendations to the General Assembly.

31 **SECTION 6.11.(b)** The Office of State Budget and Management shall
32 ensure that State agencies have an opportunity to adjust their budgets based on any rate
33 changes proposed by the Office of Information Technology Services.

34
35 **OFFICE OF INFORMATION TECHNOLOGY SERVICES REVIEW OF**
36 **STATE IT BUDGET SUBMISSIONS**

37 **SECTION 6.12.(a)** The State Chief Information Officer (SCIO) shall review
38 each information technology project budget request from the various State departments,
39 agencies, and institutions prior to the formal submission of those requests to the
40 Governor in order to facilitate a coherent and cost-effective State investment strategy
41 for information technology projects and systems. The SCIO's review shall:

- 42 (1) Identify the purpose of the information technology project or system.
- 43 (2) Identify whether the project or system would result in any duplication
44 of effort across governmental agencies, including State, local, and
45 federal agencies.
- 46 (3) Determine the completeness, timeliness, and accessibility of the data
47 developed and used by the system.
- 48 (4) Estimate the cost and actual staffing for the project or system.
- 49 (5) Ascertain the organizational location of the system as well as the
50 hardware and software inventories associated with the system or
51 project.

- 1 (6) Assess the current and potential benefits that the technology
- 2 investment would provide to the State.
- 3 (7) Identify any opportunities for the State to leverage federal and local
- 4 support of the information technology system or project.
- 5 (8) Consider any other information pertinent to the utility, functionality,
- 6 and cost-effectiveness of the project or system.

7 The SCIO shall submit the detailed analysis of each information technology
8 budget request to the Office of State Budget and Management (OSBM). Based on that
9 analysis, the OSBM may require State departments, agencies, and institutions to
10 coordinate information technology budget requests and projects to increase efficiency
11 and eliminate duplication in the governance, organization, staffing, and functionality of
12 information technology projects and systems across State government.

13 **SECTION 6.12.(b)** By February 1, 2008, the Office of State Budget and
14 Management shall report to the General Assembly on its efforts and outcomes relative
15 to increasing the efficiency and cost-effectiveness of the State's information technology
16 projects and programs as prescribed by this section. This report shall include detailed
17 information on initiatives to eliminate duplication.

18 **SECTION 6.12.(c)** This section does not apply to The University of North
19 Carolina System or to the Judicial Branch.

20 **GEOGRAPHIC INFORMATION SYSTEM (GIS) STUDY**

21 **SECTION 6.13.(a)** The Office of State Budget and Management (OSBM),
22 in consultation with the Center for Geographic Information and Analysis (CGIA), the
23 State Chief Information Officer, and the chair of the Geographic Information
24 Coordinating Council (GICC), shall conduct a study to identify the development and
25 use of Geographical Information Systems (GIS) in North Carolina by State agencies.
26 The study shall identify the purpose of each system; any duplication of effort across
27 agencies, including local governments and federal agencies; the completeness,
28 timeliness, and accessibility of the data developed and used by the systems; the cost and
29 actual staffing for each system; the organizational location of each system; and the
30 hardware and software inventories associated with each system. The study shall also
31 assess the current and potential benefits that GIS investments provide to the State and
32 identify opportunities for the State to leverage federal and local support for North
33 Carolina GIS systems.

34 **SECTION 6.13.(b)** OSBM shall make recommendations on the governance,
35 organization, and staffing of GIS in and across State agencies and on a coherent and
36 cost-effective State investment strategy for GIS that appropriately leverages local and
37 federal support and eliminates duplication of capabilities. The report shall include a
38 recommended strategy for consolidating State GIS initiatives. The OSBM shall make a
39 written report of these findings and recommendations to the General Assembly by April
40 30, 2008.

41 **SECTION 6.13.(c)** This section does not apply to The University of North
42 Carolina or to the Judicial Branch.

43 **E-COMMERCE LONG-RANGE STRATEGY REPORT**

44 **SECTION 6.14.** The Office of the State Controller shall evaluate the
45 opportunities for efficiencies in State government through the use of electronic
46 commerce as it relates to both disbursement and collection of funds, and shall report the
47 results of that evaluation to the 2008 Regular Session of the 2007 General Assembly.
48 The report shall include all of the following:
49
50

- 1 (1) Input from the entire State government user base, including State
2 agencies, universities, community colleges, local education agencies,
3 and other units of government that may be disbursing or collecting
4 State funds. Input is also to be obtained from the various central
5 agencies involved in the financial affairs of State government and from
6 the Office of Information Technology.
- 7 (2) Specific proposals that would, if implemented, expand electronic
8 commerce activity in the State government fiscal environment, and
9 which shall include the establishment of an ongoing function within
10 State government to execute the expansion. The recommendations
11 should address activities that are suitable for statewide contractual
12 arrangements, as well as those suitable for governmental entities to
13 pursue individually. The recommendations should include expected
14 costs and benefits of these implementations; recommendations for
15 funding recurring and nonrecurring costs of the specific proposals; and
16 a business case to support the recommendations.
- 17 (3) Proposed legislation that may be considered by the 2008 Regular
18 Session of the 2007 General Assembly to ensure compliance with
19 merchant card industry policies and standards for operations and
20 security.
- 21 (4) Proposed legislation that may be considered by the 2008 Regular
22 Session of the 2007 General Assembly that addresses any
23 inconsistencies or conflicts in existing statutes relating to electronic
24 commerce activities.

25 Periodic updates on this activity may be requested by the Joint Legislative
26 Commission on Governmental Operations. The final report is due no later than April 30,
27 2008.

28
29 **UNC DISTINGUISHED PROFESSOR CHALLENGE-GRANT**
30 **INITIATIVE/REDUCE BACKLOG FOR DISTINGUISHED PROFESSOR**
31 **ENDOWMENT TRUST FUND PROFESSORSHIPS**

32 **SECTION 6.15.(a)** The UNC Distinguished Professor Challenge-Grant
33 Initiative is established as a reserve fund to be administered by the Board of Governors
34 of The University of North Carolina. Funds in the UNC Distinguished Professor
35 Challenge-Grant Initiative shall be used to provide State matching funds for a private
36 challenge-grant initiative and shall be allocated consistent with G.S. 116-41.15. Funds
37 from the UNC Distinguished Professor Challenge-Grant Initiative when matched with
38 private funds shall provide the funding required to endow one distinguished
39 professorship at each of the 16 constituent institutions of The University of North
40 Carolina in the 2007-2008 fiscal year. All professorships endowed through this
41 Initiative shall be in the fields of teacher education, engineering, nursing, or the
42 traditional arts and sciences.

43 **SECTION 6.15.(b)** Funds are allocated in the North Carolina Senate
44 Committee Report on the Continuation, Expansion and Capital Budget for the purpose
45 of addressing the existing backlog of professorships under the Distinguished Professors
46 Endowment Trust Fund.

47
48 **MEDICAID COUNTY SHARE RELIEF**

49 **SECTION 6.16.** In recognition of the increasing cost of Medicaid services
50 and the burden this places on county finances, it is the intent of the General Assembly to
51 develop a method for relieving counties of the county share of the nonfederal share of

1 Medicaid expenditures. It is the further intent of the General Assembly that this relief
2 will be in place by July 1, 2008. Methods being considered will allow counties to use
3 those funds the counties would otherwise spend on Medicaid to support improvements
4 in education at the local level without limiting the State's ability to provide critical
5 State-funded services, including education.

6 7 **ELIMINATION OF VACANT POSITIONS**

8 **SECTION 6.17.** The Office of State Budget and Management shall
9 eliminate all positions across State government that are funded through the General
10 Fund and vacant for more than six months on June 30, 2007, by transferring from the
11 various State departments, agencies, and institutions the salary and benefits-related
12 funding appropriated for State government positions vacant on that date. There is
13 established in the Office of State Budget and Management a Reserve for Eliminated
14 Positions. Notwithstanding G.S. 143C-6-9, the sum of thirty-four million four hundred
15 three thousand one hundred seventy-nine dollars (\$34,403,179) shall be credited to the
16 Reserve for Eliminated Positions from the savings associated with the elimination of
17 vacant positions required by this section, effective July 1, 2007. The provisions of this
18 section do not apply to The University of North Carolina, the community colleges, and
19 the public schools.

20 21 **SALARY RESERVE BALANCES**

22 **SECTION 6.19.** Notwithstanding G.S. 143C-6-4(b)(2), during the
23 2007-2009 fiscal biennium, a State agency may, with approval of the Director of the
24 Budget, spend more than was authorized in the certified budget for a purpose or
25 program if the overexpenditure is required to accommodate the redistribution of salary
26 reserve balances within a State department.

27 28 **CLARIFY THE TERMS AND CONDITIONS OF EMPLOYMENT OF THE** 29 **DIRECTOR OF A LOCAL MANAGEMENT ENTITY**

30 **SECTION 6.20.(a)** G.S. 122C-121 reads as rewritten:

31 **"§ 122C-121. Area director.**

32 (a) The area director is an employee of the area ~~board~~ board, shall serve at the
33 pleasure of the board, and shall be appointed in accordance with G.S. 122C-117(7). ~~The~~
34 ~~area director is the administrative head of the area program. As used in this subsection,~~
35 "employee" means an individual and does not include a corporation, a partnership, a
36 limited liability corporation, or any other business association.

37 (a1) The area board shall establish the area director's salary under Article 3 of
38 Chapter 126 of the General Statutes. An area board may request an adjustment to the
39 salary ranges under G.S. 126-9(b). The request shall include specific information
40 supporting the need for the adjustment, including comparative salary and patient
41 caseload data for other LMEs, and shall also include the specific amount the area board
42 proposes to pay the director. The area board shall not request a salary adjustment that is
43 more than ten percent (10%) above the normal allowable salary range as determined by
44 the State Personnel Commission.

45 (a2) The area board shall not provide the director with any benefits that are not
46 also provided by the area board to all permanent employees of the area program. The
47 director shall be reimbursed only for allowable employment-related expenses at the
48 same rate and in the same manner as other employees of the area program.

49 (b) The area board shall evaluate annually the area director for performance
50 based on criteria established by the Secretary and the area board. In conducting the

1 evaluation, the area board shall consider comments from the board of county
2 commissioners.

3 (c) The area director is the administrative head of the area program. In addition
4 to the duties under G.S. 122C-111, the area director shall:

- 5 (1) ~~Appoint and supervise~~ Appoint, supervise, and terminate area program
6 staff.
7 (2) Administer area authority services.
8 (3) Develop the budget of the area authority for review by the area board.
9 (4) Provide information and advice to the board of county commissioners
10 through the county manager.
11 (5) Act as liaison between the area authority and the Department.

12 (d) Except when specifically waived by the Secretary, the area director shall meet
13 all the following minimum qualifications:

- 14 (1) Masters degree.
15 (2) Related experience.
16 (3) Management experience.
17 (4) Any other qualifications required under G.S. 122C-120.1."

18 **SECTION 6.20.(b)** G.S. 122C-121(a1), as enacted in subsection (a) of this
19 section, applies to salary plans submitted and contracts entered into, extended, modified,
20 or renewed on or after July 1, 2007.

21 22 **CONTINUATION REVIEW OF CERTAIN FUNDS, PROGRAMS, AND** 23 **DIVISIONS**

24 **SECTION 6.21.(a)** No later than February 1, 2008, the Administrative
25 Office of the Courts shall provide a written report to the Appropriations Committees of
26 the Senate and House of Representatives on the following funds, programs, or divisions:

- 27 (1) Dispute Resolution and Community Mediation Programs.
28 (2) Association of Clerks of Superior Court.
29 (3) The Conference of District Attorneys.

30 The report shall include all of the information listed in subsection (j) of this
31 section.

32 **SECTION 6.21.(b)** No later than February 1, 2008, the Office of Indigent
33 Defense Services shall provide a written report to the Appropriations Committees of the
34 Senate and House of Representatives on the Division of Sentencing Services. The
35 report shall include all of the information listed in subsection (j) of this section.

36 **SECTION 6.21.(c)** No later than February 1, 2008, the Department of
37 Correction shall provide a written report to the Appropriations Committees of the
38 Senate and House of Representatives on the following funds, programs, or divisions:

- 39 (1) Criminal Justice Partnership Program.
40 (2) Harriet's House.
41 (3) Women at Risk.
42 (4) Summit House.
43 (5) Contracts for long-term residential treatment beds: Evergreen; Mary
44 Frances Center.

45 The report shall include all of the information listed in subsection (j) of this
46 section.

47 **SECTION 6.21.(d)** No later than February 1, 2008, the Department of
48 Juvenile Justice and Delinquency Prevention shall provide a written report to the
49 Appropriations Committees of the Senate and House of Representatives on the
50 following funds, programs, or divisions:

- 51 (1) The Boys and Girls Clubs.

- (2) Juvenile Assessment Center.
- (3) Project Challenge.
- (4) Juvenile Crime Prevention Council.
- (5) The Governor's One-on-One Program.
- (6) Support Our Students (SOS).

The report shall include all of the information listed in subsection (j) of this section.

SECTION 6.21.(e) No later than February 1, 2008, the Department of Justice shall provide a written report to the Appropriations Committees of the Senate and House of Representatives on the North Carolina Legal Education Assistance Fund. The report shall include all of the information listed in subsection (j) of this section.

SECTION 6.21.(f) No later than February 1, 2008, the Department of Crime Control and Public Safety shall provide a written report to the Appropriations Committees of the Senate and House of Representatives on the following funds, programs, or divisions:

- (1) North Carolina Victims Assistance Network.
- (2) National Guard Tarheel Challenge Program.
- (3) Butner Public Safety Division.

The report shall include all of the information listed in subsection (j) of this section.

SECTION 6.21.(g) No later than February 1, 2008, the Department of Environment and Natural Resources shall provide a written report to the Appropriations Committees of the Senate and House of Representatives on the Environmental Stewardship Initiative. The report shall include all of the information listed in subsection (j) of this section.

SECTION 6.21.(h) No later than February 1, 2008, the Department of Commerce shall provide a written report to the Appropriations Committees of the Senate and House of Representatives on the following funds, programs, or divisions:

- (1) Regional Partnerships.
- (2) Council of Government funds.
- (3) State Aid to Nonprofits.

The report shall include all of the information listed in subsection (j) of this section.

SECTION 6.21.(h1) No later than February 1, 2008, the Board of Governors of The University of North Carolina shall provide a written report to the Appropriations Committees of the Senate and House of Representatives on the Center for Nursing. The report shall include all of the information listed in subsection (j) of this section.

SECTION 6.21.(i) No later than February 1, 2008, the Department of Health and Human Services shall provide a written report to the Appropriations Committees of the Senate and House of Representatives on the following funds, programs, or divisions:

- (1) Office of Policy and Planning.
- (2) Senior Games.
- (3) Dental Supplies/Division of Public Health.

The report shall include all of the information listed in subsection (j) of this section.

SECTION 6.21.(j) The reports required in subsections (a) through (i) of this section shall include the following information for each program:

- (1) A description of the program, including information on services provided, the recipients of the services, and the resource requirements.
- (2) Meaningful measures of program performance and whether the program is meeting these measures.

- 1 (3) The rationale for continuing, reducing, or eliminating funding.
- 2 (4) The consequences of discontinuing program funding.
- 3 (5) Recommendations for improving services.
- 4 (6) Recommendations for reducing costs.
- 5 (7) The identification of policy issues that should be brought to the
- 6 attention of the General Assembly.

7 **SECTION 6.21.(k)** The Appropriations Committees of the Senate and
8 House of Representatives may review the funds, programs, and divisions listed in this
9 section and shall determine whether to continue, reduce, or eliminate funding for the
10 funds, programs, and divisions, subject to the continuation review program. The Fiscal
11 Research Division may issue instructions to the State departments and agencies
12 referenced in subsections (a) through (i) of this section regarding the expected content
13 and format of the reports required by this section.

14 **AT LEAST 20% OF PARKING LOT MUST BE PERVIOUS**

15 **SECTION 6.22.(a)** G.S. 143-214.7 is amended by adding a new subsection
16 to read:

17 "(d2) At least twenty percent (20%) of any area designed to be used for vehicular
18 parking, except for a covered area or a multilevel area, shall be a pervious surface."

19 **SECTION 6.22.(b)** G.S. 143-215.6A(a)(11) reads as rewritten:

20 "(a) A civil penalty of not more than twenty-five thousand dollars (\$25,000) may
21 be assessed by the Secretary against any person who:

- 22 ...
- 23 (11) Violates or fails to act in accordance with
24 ~~G.S. 143-214.7(d1)~~.G.S. 143-214.7(d1) or (d2)."

25 **SECTION 6.22.(c)** This section becomes effective July 1, 2008, and applies
26 to any area designed to be used for vehicular parking for which an application for a
27 building permit, a zoning application, or a subdivision plat, is submitted on or after that
28 date.
29

30 **UNIVERSITY CANCER RESEARCH FUND**

31 **SECTION 6.23.(a)** Effective July 1, 2007, Chapter 116 of the General
32 Statutes is amended by adding a new section to read:

33 **"§ 116-29.1. University Cancer Research Fund.**

34 (a) The University Cancer Research Fund is established as a special revenue fund
35 in the Office of the President of The University of North Carolina. Allocations from the
36 fund shall be made to UNC Hospitals at the discretion of the President of The
37 University of North Carolina only for the purpose of cancer research.

38 (b) The General Assembly finds that it is imperative that the State provide a
39 minimum of sixteen million dollars (\$16,000,000) each calendar year to the University
40 Cancer Research Fund; therefore, effective July 1 of each calendar year:

- 41 (1) Notwithstanding G.S. 143C-9-3, the unobligated balance of the funds
42 credited to the Tobacco Trust Account in an amount not to exceed
43 sixteen million dollars (\$16,000,000) is hereby transferred from the
44 Tobacco Trust Account to the University Cancer Research Fund and
45 appropriated for this purpose.
 - 46 (2) There is appropriated from the General Fund to the University Cancer
47 Research Fund an amount equal to the difference between the amount
48 transferred pursuant to subdivision (1) of this subsection and sixteen
49 million dollars (\$16,000,000).
- 50

1 (c) The University Cancer Research Fund may also receive revenue from other
2 sources.

3 (d) Fund Earnings, Assets, and Balances. – The State Treasurer shall hold the
4 Fund separate and apart from all other moneys, funds, and accounts. Investment
5 earnings credited to the assets of the Fund shall become part of the Fund. Any balance
6 remaining in the Fund at the end of any fiscal year shall be carried forward in the Fund
7 for the next succeeding fiscal year."

8 **SECTION 6.23.(b)** Effective July 1, 2008, G.S. 116-29.1(b), as enacted in
9 subsection (a) of this section, is amended by deleting "sixteen million dollars
10 (\$16,000,000)" each place it appears and substituting "thirty-two million dollars
11 (\$32,000,000)".

12 **SECTION 6.23.(c)** Effective July 1, 2009, G.S. 116-29.1(b), as amended in
13 subsection (b) of this section, is amended by deleting "thirty-two million dollars
14 (\$32,000,000)" each place it appears and substituting "fifty million dollars
15 (\$50,000,000)".

16 **STATE SUPPORT OF OUR MILITARY PERSONNEL**

17 **SECTION 6.24.** The General Assembly finds that North Carolina has a rich
18 military heritage and is the site of some of the nation's major military installations,
19 including Camp Lejeune, Fort Bragg, Pope Air Force Base, Seymour Johnson Air Force
20 Base, New River Marine Corps Air Station, United States Coast Guard Air Station,
21 Elizabeth City, and Cherry Point Marine Corps Air Station. The General Assembly
22 further finds that North Carolina is the home to more than 770,000 veterans of our
23 nation's armed forces and about 120,000 active-duty military personnel, one of the
24 largest active-duty military populations in our entire country. In appreciation of and
25 gratitude to those North Carolinians, both living and deceased, who have served in our
26 armed forces in service to our country, the General Assembly provides funding for and
27 support of the following initiatives:

- 28 (1) Defense and Security Technology Accelerator.
- 29 (2) Mental Health Services for Returning Veterans.
- 30 (3) The Soldier Institute for Regenerative Medicine.
- 31 (4) Military Morale, Welfare, and Recreation Fund.
- 32 (5) National Guard Family Assistance Centers.
- 33 (6) National Guard Pension Fund.

34 **PART VII. PUBLIC SCHOOLS**

35 **TEACHER SALARY SCHEDULES**

36 **SECTION 7.1.(a)** Effective for the 2007-2008 school year, the Director of
37 the Budget shall transfer from the Reserve for Compensation Increases funds necessary
38 to implement the teacher salary schedules set out in subsection (b) of this section and
39 for longevity in accordance with subsection (d) of this section, including funds for the
40 employer's retirement and social security contributions for all teachers whose salaries
41 are supported from the State's General Fund.

42 These funds shall be allocated to individuals according to rules adopted by
43 the State Board of Education.

44 **SECTION 7.1.(b)** The following monthly salary schedules shall apply for
45 the 2007-2008 fiscal year to certified personnel of the public schools who are classified
46 as teachers. The schedule contains 31 steps with each step corresponding to one year of
47 teaching experience.
48
49
50
51

2007-2008 Monthly Salary Schedule			
"A" Teachers			
Years of Experience	"A" Teachers	NBPTS Certification	
1	0	\$2,975	N/A
2	1	\$3,017	N/A
3	2	\$3,061	N/A
4	3	\$3,217	\$3,603
5	4	\$3,357	\$3,760
6	5	\$3,491	\$3,910
7	6	\$3,620	\$4,054
8	7	\$3,724	\$4,171
9	8	\$3,772	\$4,225
10	9	\$3,821	\$4,280
11	10	\$3,871	\$4,336
12	11	\$3,920	\$4,390
13	12	\$3,971	\$4,448
14	13	\$4,022	\$4,505
15	14	\$4,075	\$4,564
16	15	\$4,129	\$4,624
17	16	\$4,184	\$4,686
18	17	\$4,239	\$4,748
19	18	\$4,298	\$4,814
20	19	\$4,356	\$4,879
21	20	\$4,414	\$4,944
22	21	\$4,476	\$5,013
23	22	\$4,537	\$5,081
24	23	\$4,603	\$5,155
25	24	\$4,667	\$5,227
26	25	\$4,732	\$5,300
27	26	\$4,798	\$5,374
28	27	\$4,866	\$5,450
29	28	\$4,937	\$5,529
30	29	\$5,008	\$5,609
31	30+	\$5,106	\$5,719

2007-2008 Monthly Salary Schedule			
"M" Teachers			
Years of Experience	"M" Teachers	NBPTS Certification	
32	0	\$3,273	N/A
33	1	\$3,319	N/A
34	2	\$3,367	N/A
35	3	\$3,539	\$3,964
36	4	\$3,693	\$4,136
37	5	\$3,840	\$4,301
38	6	\$3,982	\$4,460
39	7	\$4,096	\$4,588
40	8	\$4,149	\$4,647
41	9	\$4,203	\$4,707
42	10	\$4,258	\$4,769
43	11	\$4,312	\$4,829
44	12	\$4,368	\$4,892

1	13	\$4,424	\$4,955
2	14	\$4,483	\$5,021
3	15	\$4,542	\$5,087
4	16	\$4,602	\$5,154
5	17	\$4,663	\$5,223
6	18	\$4,728	\$5,295
7	19	\$4,792	\$5,367
8	20	\$4,855	\$5,438
9	21	\$4,924	\$5,515
10	22	\$4,991	\$5,590
11	23	\$5,063	\$5,671
12	24	\$5,134	\$5,750
13	25	\$5,205	\$5,830
14	26	\$5,278	\$5,911
15	27	\$5,353	\$5,995
16	28	\$5,431	\$6,083
17	29	\$5,509	\$6,170
18	30+	\$5,617	\$6,291

19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35
36
37
38
39
40
41
42
43
44
45
46
47
48
49
50
51

SECTION 7.1.(c) Annual longevity payments for teachers shall be at the rate of one and one-half percent (1.5%) of base salary for 10 to 14 years of State service, two and twenty-five hundredths percent (2.25%) of base salary for 15 to 19 years of State service, three and twenty-five hundredths percent (3.25%) of base salary for 20 to 24 years of State service, and four and one-half percent (4.5%) of base salary for 25 or more years of State service. The longevity payment shall be paid in a lump sum once a year.

SECTION 7.1.(d) Certified public schoolteachers with certification based on academic preparation at the six-year degree level shall receive a salary supplement of one hundred twenty-six dollars (\$126.00) per month in addition to the compensation provided for certified personnel of the public schools who are classified as "M" teachers. Certified public schoolteachers with certification 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 compensation provided for certified personnel of the public schools who are classified as "M" teachers.

SECTION 7.1.(e) The first step of the salary schedule for school psychologists shall be equivalent to Step 5, corresponding to five years of experience, on the salary schedule established in this section for certified personnel of the public schools who are classified as "M" teachers. Certified psychologists shall be placed on the salary schedule at an appropriate step based on their years of experience. Certified psychologists shall receive longevity payments based on years of State service in the same manner as teachers.

Certified psychologists with certification based on academic preparation at the six-year degree level shall receive a salary supplement of one hundred twenty-six dollars (\$126.00) per month in addition to the compensation provided for certified psychologists. Certified psychologists with certification 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 compensation provided for certified psychologists.

SECTION 7.1.(f) Speech pathologists who are certified as speech pathologists at the master's degree level and audiologists who are certified as

1 audiologists at the master's degree level and who are employed in the public schools as
 2 speech and language specialists and audiologists shall be paid on the school
 3 psychologist salary schedule.

4 Speech pathologists and audiologists with certification based on academic
 5 preparation at the six-year degree level shall receive a salary supplement of one hundred
 6 twenty-six dollars (\$126.00) per month in addition to the compensation provided for
 7 speech pathologists and audiologists. Speech pathologists and audiologists with
 8 certification based on academic preparation at the doctoral degree level shall receive a
 9 salary supplement of two hundred fifty-three dollars (\$253.00) per month in addition to
 10 the compensation provided for speech pathologists and audiologists.

11 **SECTION 7.1.(g)** Certified school nurses who are employed in the public
 12 schools as nurses shall be paid on the "M" salary schedule.

13 **SECTION 7.1.(h)** As used in this section, the term "teacher" shall also
 14 include instructional support personnel.

15
 16 **SCHOOL-BASED ADMINISTRATOR SALARY SCHEDULE**

17 **SECTION 7.2.(a)** Effective for the 2007-2008 school year, the Director of
 18 the Budget shall transfer from the Reserve for Compensation Increases funds necessary
 19 to implement the salary schedules for school-based administrators as provided in this
 20 section. These funds shall be used for State-paid employees only.

21 **SECTION 7.2.(b)** The base salary schedule for school-based administrators
 22 shall apply only to principals and assistant principals. The base salary schedule for the
 23 2007-2008 fiscal year, commencing July 1, 2007, is as follows:

24
 25 2007-2008 Principal and Assistant Principal Salary Schedules
 26 Classification

27 Years of Exp	Assistant Principal	Prin I (0-10)	Prin II (11-21)	Prin III (22-32)	Prin IV (33-43)
29 0-4	\$3,730	-	-	-	-
30 5	\$3,878	-	-	-	-
31 6	\$4,022	-	-	-	-
32 7	\$4,137	-	-	-	-
33 8	\$4,190	\$4,190	-	-	-
34 9	\$4,245	\$4,245	-	-	-
35 10	\$4,301	\$4,301	\$4,355	-	-
36 11	\$4,355	\$4,355	\$4,412	-	-
37 12	\$4,412	\$4,412	\$4,468	\$4,528	-
38 13	\$4,468	\$4,468	\$4,528	\$4,587	\$4,648
39 14	\$4,528	\$4,528	\$4,587	\$4,648	\$4,710
40 15	\$4,587	\$4,587	\$4,648	\$4,710	\$4,775
41 16	\$4,648	\$4,648	\$4,710	\$4,775	\$4,840
42 17	\$4,710	\$4,710	\$4,775	\$4,840	\$4,904
43 18	\$4,775	\$4,775	\$4,840	\$4,904	\$4,973
44 19	\$4,840	\$4,840	\$4,904	\$4,973	\$5,041
45 20	\$4,904	\$4,904	\$4,973	\$5,041	\$5,114
46 21	\$4,973	\$4,973	\$5,041	\$5,114	\$5,185
47 22	\$5,041	\$5,041	\$5,114	\$5,185	\$5,257
48 23	\$5,114	\$5,114	\$5,185	\$5,257	\$5,331
49 24	\$5,185	\$5,185	\$5,257	\$5,331	\$5,407
50 25	\$5,257	\$5,257	\$5,331	\$5,407	\$5,485
51 26	\$5,331	\$5,331	\$5,407	\$5,485	\$5,564

1	27	\$5,407	\$5,407	\$5,485	\$5,564	\$5,675
2	28	\$5,485	\$5,485	\$5,564	\$5,675	\$5,789
3	29	\$5,564	\$5,564	\$5,675	\$5,789	\$5,905
4	30	\$5,675	\$5,675	\$5,789	\$5,905	\$6,023
5	31	\$5,789	\$5,789	\$5,905	\$6,023	\$6,143
6	32	-	\$5,905	\$6,023	\$6,143	\$6,266
7	33	-	-	\$6,143	\$6,266	\$6,391
8	34	-	-	\$6,266	\$6,391	\$6,519
9	35	-	-	-	\$6,519	\$6,649
10	36	-	-	-	\$6,649	\$6,782
11	37	-	-	-	-	\$6,918

2007-2008 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+)
0-14	\$4,775	-	-	-
15	\$4,840	-	-	-
16	\$4,904	\$4,973	-	-
17	\$4,973	\$5,041	\$5,185	-
18	\$5,041	\$5,114	\$5,257	\$5,331
19	\$5,114	\$5,185	\$5,331	\$5,407
20	\$5,185	\$5,257	\$5,407	\$5,485
21	\$5,257	\$5,331	\$5,485	\$5,564
22	\$5,331	\$5,407	\$5,564	\$5,675
23	\$5,407	\$5,485	\$5,675	\$5,789
24	\$5,485	\$5,564	\$5,789	\$5,905
25	\$5,564	\$5,675	\$5,905	\$6,023
26	\$5,675	\$5,789	\$6,023	\$6,143
27	\$5,789	\$5,905	\$6,143	\$6,266
28	\$5,905	\$6,023	\$6,266	\$6,391
29	\$6,023	\$6,143	\$6,391	\$6,519
30	\$6,143	\$6,266	\$6,519	\$6,649
31	\$6,266	\$6,391	\$6,649	\$6,782
32	\$6,391	\$6,519	\$6,782	\$6,918
33	\$6,519	\$6,649	\$6,918	\$7,056
34	\$6,649	\$6,782	\$7,056	\$7,197
35	\$6,782	\$6,918	\$7,197	\$7,341
36	\$6,918	\$7,056	\$7,341	\$7,488
37	\$7,056	\$7,197	\$7,488	\$7,638
38	\$7,197	\$7,341	\$7,638	\$7,791
39	-	\$7,488	\$7,791	\$7,947
40	-	\$7,638	\$7,947	\$8,106
41	-	-	\$8,106	\$8,268

SECTION 7.2.(c) 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
----------------	-------------------------------

1		
2	Assistant Principal	
3	Principal I	Fewer than 11 Teachers
4	Principal II	11-21 Teachers
5	Principal III	22-32 Teachers
6	Principal IV	33-43 Teachers
7	Principal V	44-54 Teachers
8	Principal VI	55-65 Teachers
9	Principal VII	66-100 Teachers
10	Principal VIII	More than 100 Teachers
11		

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

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

19 **SECTION 7.2.(d)** A principal shall be placed on the step on the salary
 20 schedule that reflects total number of years of experience as a certificated employee of
 21 the public schools and an additional step for every three years of experience as a
 22 principal. A principal or assistant principal shall also continue to receive any additional
 23 State-funded percentage increases earned for the 1997-1998, 1998-1999, and 1999-2000
 24 school years for improvement in student performance or maintaining a safe and orderly
 25 school.

26 **SECTION 7.2.(e)** Principals and assistant principals with certification based
 27 on academic preparation at the six-year degree level shall be paid a salary supplement of
 28 one hundred twenty-six dollars (\$126.00) per month and at the doctoral degree level
 29 shall be paid a salary supplement of two hundred fifty-three dollars (\$253.00) per
 30 month.

31 **SECTION 7.2.(f)** Longevity pay for principals and assistant principals shall
 32 be as provided for State employees under the State Personnel Act.

33 **SECTION 7.2.(g)** If a principal is reassigned to a higher job classification
 34 because the principal is transferred to a school within a local school administrative unit
 35 with a larger number of State-allotted teachers, the principal shall be placed on the
 36 salary schedule as if the principal had served the principal's entire career as a principal
 37 at the higher job classification.

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

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

48 **SECTION 7.2.(h)** Participants in an approved full-time master's in school
 49 administration program shall receive up to a 10-month stipend at the beginning salary of
 50 an assistant principal during the internship period of the master's program. For the
 51 2006-2007 fiscal year and subsequent fiscal years, the stipend shall not exceed the

1 difference between the beginning salary of an assistant principal plus the cost of tuition,
 2 fees, and books and any fellowship funds received by the intern as a full-time student,
 3 including awards of the Principal Fellows Program. The Principal Fellows Program or
 4 the school of education where the intern participates in a full-time master's in school
 5 administration program shall supply the Department of Public Instruction with
 6 certification of eligible full-time interns.

7 **SECTION 7.2.(i)** During the 2007-2008 fiscal year, the placement on the
 8 salary schedule of an administrator with a one-year provisional assistant principal's
 9 certificate shall be at the entry-level salary for an assistant principal or the appropriate
 10 step on the teacher salary schedule, whichever is higher.

11
 12 **CENTRAL OFFICE SALARIES**

13 **SECTION 7.3.(a)** The monthly salary ranges that follow apply to assistant
 14 superintendents, associate superintendents, directors/coordinators, supervisors, and
 15 finance officers for the 2007-2008 fiscal year, beginning July 1, 2007.

16	School Administrator I	\$3,217	\$6,041
17	School Administrator II	\$3,414	\$6,407
18	School Administrator III	\$3,624	\$6,797
19	School Administrator IV	\$3,770	\$7,068
20	School Administrator V	\$3,922	\$7,354
21	School Administrator VI	\$4,161	\$7,799
22	School Administrator VII	\$4,328	\$8,113

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

29 **SECTION 7.3.(b)** The monthly salary ranges that follow apply to public
 30 school superintendents for the 2007-2008 fiscal year, beginning July 1, 2007.

31	Superintendent I	\$4,594	\$8,606
32	Superintendent II	\$4,877	\$9,126
33	Superintendent III	\$5,174	\$9,682
34	Superintendent IV	\$5,491	\$10,270
35	Superintendent V	\$5,828	\$10,896

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

40 **SECTION 7.3.(c)** Longevity pay for superintendents, assistant
 41 superintendents, associate superintendents, directors/coordinators, supervisors, and
 42 finance officers shall be as provided for State employees under the State Personnel Act.

43 **SECTION 7.3.(d)** Superintendents, assistant superintendents, associate
 44 superintendents, directors/coordinators, supervisors, and finance officers with
 45 certification based on academic preparation at the six-year degree level shall receive a
 46 salary supplement of one hundred twenty-six dollars (\$126.00) per month in addition to
 47 the compensation provided pursuant to this section. Superintendents, assistant
 48 superintendents, associate superintendents, directors/coordinators, supervisors, and
 49 finance officers with certification based on academic preparation at the doctoral degree
 50 level shall receive a salary supplement of two hundred fifty-three dollars (\$253.00) per
 51 month in addition to the compensation provided for under this section.

1 **SECTION 7.3.(e)** The State Board of Education shall not permit local
2 school administrative units to transfer State funds from other funding categories for
3 salaries for public school central office administrators.

4 **SECTION 7.3.(f)** The annual salary increase for all permanent full-time
5 personnel paid from the Central Office Allotment shall be four percent (4%),
6 commencing July 1, 2007. The State Board of Education shall allocate these funds to
7 local school administrative units. The local boards of education shall establish
8 guidelines for providing salary increases to these personnel.
9

10 **NONCERTIFIED PERSONNEL SALARIES**

11 **SECTION 7.4.(a)** The annual salary increase for permanent, full-time
12 noncertified public school employees whose salaries are supported from the State's
13 General Fund shall be four percent (4%) commencing July 1, 2007.

14 **SECTION 7.4.(b)** Local boards of education shall increase the rates of pay
15 for such employees who were employed for all or part of fiscal year 2006-2007 and who
16 continue their employment for fiscal year 2007-2008 by providing an annual salary
17 increase for employees of four percent (4%).

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

20 **SECTION 7.4.(c)** The State Board of Education may adopt salary ranges for
21 noncertified personnel to support increases of four percent (4%) for the 2007-2008
22 fiscal year.
23

24 **BONUS FOR CERTIFIED PERSONNEL AT THE TOP OF THEIR SALARY** 25 **SCHEDULES**

26 **SECTION 7.5.** Effective July 1, 2007, any permanent certified personnel
27 employed during the 2006-2007 school year and paid on the teacher salary schedule
28 with 30+ years of experience during the 2006-2007 school year shall receive a one-time
29 bonus equivalent to one and sixty-six hundredths of one percent (1.66%), the average
30 increase of the 27 to 30 year steps on the 2006-2007 teacher salary schedule. Effective
31 July 1, 2007, any permanent personnel employed during the 2006-2007 school year and
32 paid at the top of the principal and assistant principal salary schedule during the
33 2006-2007 school year shall receive a one-time bonus equivalent to two percent (2%).

34 For permanent part-time personnel, the one-time bonus shall be adjusted pro
35 rata. Personnel defined under G.S. 115C-325(a)(5a) are not eligible to receive the
36 bonus.
37

38 **USE OF SUPPLEMENTAL FUNDING IN LOW-WEALTH COUNTIES**

39 **SECTION 7.6.(a)** Funds for Supplemental Funding. – The General
40 Assembly finds that it is appropriate to provide supplemental funds in low-wealth
41 counties to allow those counties to enhance the instructional program and student
42 achievement. Therefore, funds are appropriated to State Aid to Local School
43 Administrative Units for the 2007-2008 fiscal year and the 2008-2009 fiscal year to be
44 used for supplemental funds for the schools.

45 **SECTION 7.6.(b)** Use of Funds for Supplemental Funding. – All funds
46 received pursuant to this section shall be used only: (i) to provide instructional
47 positions, instructional support positions, teacher assistant positions, clerical positions,
48 school computer technicians, instructional supplies and equipment, staff development,
49 and textbooks; (ii) for salary supplements for instructional personnel and instructional
50 support personnel; and (iii) to pay an amount not to exceed ten thousand dollars

1 (\$10,000) of the plant operation contract cost charged by the Department of Public
2 Instruction for services.

3 Local boards of education are encouraged to use at least twenty-five percent
4 (25%) of the funds received pursuant to this section to improve the academic
5 performance of children who are performing at Level I or II on either reading or
6 mathematics end-of-grade tests in grades 3-8 and children who are performing at Level
7 I or II on the writing tests in grades 4 and 7. Local boards of education shall report to
8 the State Board of Education on an annual basis on funds used for this purpose, and the
9 State Board shall report this information to the Joint Legislative Education Oversight
10 Committee. These reports shall specify how these funds were targeted and used to
11 implement specific improvement strategies of each local school administrative unit and
12 its schools, such as teacher recruitment, closing the achievement gap, improving student
13 accountability, addressing the needs of at-risk students, and establishing and
14 maintaining safe schools.

15 **SECTION 7.6.(c)** Definitions. – As used in this section:

- 16 (1) "Anticipated county property tax revenue availability" means the
17 county-adjusted property tax base multiplied by the effective State
18 average tax rate.
- 19 (2) "Anticipated total county revenue availability" means the sum of the:
20 a. Anticipated county property tax revenue availability,
21 b. Local sales and use taxes received by the county that are levied
22 under Chapter 1096 of the 1967 Session Laws or under
23 Subchapter VIII of Chapter 105 of the General Statutes,
24 c. Sales tax hold harmless reimbursement received by the county
25 under G.S. 105-521, and
26 d. Fines and forfeitures deposited in the county school fund for the
27 most recent year for which data are available.
- 28 (3) "Anticipated total county revenue availability per student" means the
29 anticipated total county revenue availability for the county divided by
30 the average daily membership of the county.
- 31 (4) "Anticipated State average revenue availability per student" means the
32 sum of all anticipated total county revenue availability divided by the
33 average daily membership for the State.
- 34 (5) "Average daily membership" means average daily membership as
35 defined in the North Carolina Public Schools Allotment Policy
36 Manual, adopted by the State Board of Education. If a county contains
37 only part of a local school administrative unit, the average daily
38 membership of that county includes all students who reside within the
39 county and attend that local school administrative unit.
- 40 (6) "County-adjusted property tax base" shall be computed as follows:
41 a. Subtract the present-use value of agricultural land, horticultural
42 land, and forestland in the county, as defined in G.S. 105-277.2,
43 from the total assessed real property valuation of the county,
44 b. Adjust the resulting amount by multiplying by a weighted
45 average of the three most recent annual sales assessment ratio
46 studies,
47 c. Add to the resulting amount the:
48 1. Present-use value of agricultural land, horticultural land,
49 and forestland, as defined in G.S. 105-277.2,

1 county current expense appropriations and adjusted property tax
2 valuations are available. If real property in a county has been revalued
3 one year prior to the most recent sales assessment ratio study, a
4 weighted average of the two most recent sales assessment ratios shall
5 be used. If property has been revalued the year of the most recent sales
6 assessment ratio study, the sales assessment ratio for the year of
7 revaluation shall be used.

8 **SECTION 7.6.(d)** Eligibility for Funds. – Except as provided in subsection
9 (h) of this section, the State Board of Education shall allocate these funds to local school
10 administrative units located in whole or in part in counties in which the county wealth
11 as a percentage of the State average wealth is less than one hundred percent (100%).

12 **SECTION 7.6.(e)** Allocation of Funds. – Except as provided in subsection
13 (g) of this section, the amount received per average daily membership for a county shall
14 be the difference between the State average current expense appropriations per student
15 and the current expense appropriations per student that the county could provide given
16 the county's wealth and an average effort to fund public schools. (To derive the current
17 expense appropriations per student that the county could be able to provide given the
18 county's wealth and an average effort to fund public schools, multiply the county wealth
19 as a percentage of State average wealth by the State average current expense
20 appropriations per student.)

21 The funds for the local school administrative units located in whole or in part
22 in the county shall be allocated to each local school administrative unit located in whole
23 or in part in the county based on the average daily membership of the county's students
24 in the school units.

25 If the funds appropriated for supplemental funding are not adequate to fund
26 the formula fully, each local school administrative unit shall receive a pro rata share of
27 the funds appropriated for supplemental funding.

28 **SECTION 7.6.(f)** Formula for Distribution of Supplemental Funding
29 Pursuant to This Section Only. – The formula in this section is solely a basis for
30 distribution of supplemental funding for low-wealth counties and is not intended to
31 reflect any measure of the adequacy of the educational program or funding for public
32 schools. The formula is also not intended to reflect any commitment by the General
33 Assembly to appropriate any additional supplemental funds for low-wealth counties.

34 **SECTION 7.6.(g)** Minimum Effort Required. – Counties that had effective
35 tax rates in the 1996-1997 fiscal year that were above the State average effective tax
36 rate but that had effective rates below the State average in the 1997-1998 fiscal year or
37 thereafter shall receive reduced funding under this section. This reduction in funding
38 shall be determined by subtracting the amount that the county would have received
39 pursuant to Section 17.1(g) of Chapter 507 of the 1995 Session Laws from the amount
40 that the county would have received if qualified for full funding and multiplying the
41 difference by ten percent (10%). This method of calculating reduced funding shall
42 apply one time only.

43 This method of calculating reduced funding shall not apply in cases in which
44 the effective tax rate fell below the statewide average effective tax rate as a result of a
45 reduction in the actual property tax rate. In these cases, the minimum effort required
46 shall be calculated in accordance with Section 17.1(g) of Chapter 507 of the 1995
47 Session Laws.

48 If the county documents that it has increased the per student appropriation to
49 the school current expense fund in the current fiscal year, the State Board of Education
50 shall include this additional per pupil appropriation when calculating minimum effort
51 pursuant to Section 17.1(g) of Chapter 507 of the 1995 Session Laws.

1 **SECTION 7.6.(h)** Nonsupplant Requirement. – A county in which a local
2 school administrative unit receives funds under this section shall use the funds to
3 supplement local current expense funds and shall not supplant local current expense
4 funds. For the 2007-2009 fiscal biennium, the State Board of Education shall not
5 allocate funds under this section to a county found to have used these funds to supplant
6 local per student current expense funds. The State Board of Education shall make a
7 finding that a county has used these funds to supplant local current expense funds in the
8 prior year, or the year for which the most recent data are available, if:

- 9 (1) The current expense appropriation per student of the county for the
10 current year is less than ninety-five percent (95%) of the average of the
11 local current expense appropriations per student for the three prior
12 fiscal years; and
13 (2) The county cannot show: (i) that it has remedied the deficiency in
14 funding or (ii) that extraordinary circumstances caused the county to
15 supplant local current expense funds with funds allocated under this
16 section.

17 The State Board of Education shall adopt rules to implement this section.

18 **SECTION 7.6.(i)** Reports. – The State Board of Education shall report to the
19 Joint Legislative Education Oversight Committee prior to May 1, 2008, if it determines
20 that counties have supplanted funds.

21 **SECTION 7.6.(j)** Department of Revenue Reports. – The Department of
22 Revenue shall provide to the Department of Public Instruction a preliminary report for
23 the current fiscal year of the assessed value of the property tax base for each county
24 prior to March 1 of each year and a final report prior to May 1 of each year. The reports
25 shall include for each county the annual sales assessment ratio and the taxable values of
26 (i) total real property, (ii) the portion of total real property represented by the
27 present-use value of agricultural land, horticultural land, and forestland as defined in
28 G.S. 105-277.2, (iii) property of public service companies determined in accordance
29 with Article 23 of Chapter 105 of the General Statutes, and (iv) personal property.

30 **SMALL SCHOOL SYSTEM SUPPLEMENTAL FUNDING**

31 **SECTION 7.7.(a)** Funds for Small School Systems. – Except as provided in
32 subsections (b) and (g) of this section, the State Board of Education shall allocate funds
33 appropriated for small school system supplemental funding (i) to each county school
34 administrative unit with an average daily membership of fewer than 3,175 students and
35 (ii) to each county school administrative unit with an average daily membership from
36 3,175 to 4,000 students if the county in which the local school administrative unit is
37 located has a county-adjusted property tax base per student that is below the
38 State-adjusted property tax base per student and if the total average daily membership of
39 all local school administrative units located within the county is from 3,175 to 4,000
40 students. The allocation formula shall:

- 41 (1) Round all fractions of positions to the next whole position.
42 (2) Provide five and one-half additional regular classroom teachers in
43 counties in which the average daily membership per square mile is
44 greater than four and seven additional regular classroom teachers in
45 counties in which the average daily membership per square mile is
46 four or fewer.
47 (3) Provide additional program enhancement teachers adequate to offer
48 the standard course of study.
49 (4) Change the duty-free period allocation to one teacher assistant per 400
50 average daily membership.
51

- 1 (5) Provide a base for the consolidated funds allotment of at least seven
2 hundred eighty-eight thousand seven hundred eighty-nine dollars
3 (\$788,789), excluding textbooks for the 2007-2008 fiscal year and a
4 base of at least seven hundred eighty-eight thousand seven hundred
5 eighty-nine dollars (\$788,789) for the 2008-2009 fiscal year.

- 6 (6) Allot vocational education funds for grade 6 as well as for grades 7-12.

7 If funds appropriated for each fiscal year for small school system
8 supplemental funding are not adequate to fully fund the program, the State Board of
9 Education shall reduce the amount allocated to each county school administrative unit
10 on a pro rata basis. This formula is solely a basis for distribution of supplemental
11 funding for certain county school administrative units and is not intended to reflect any
12 measure of the adequacy of the educational program or funding for public schools. The
13 formula is also not intended to reflect any commitment by the General Assembly to
14 appropriate any additional supplemental funds for such county school administrative
15 units.

16 **SECTION 7.7.(b) Nonsupplant Requirement.** – A county in which a local
17 school administrative unit receives funds under this section shall use the funds to
18 supplement local current expense funds and shall not supplant local current expense
19 funds. For the 2007-2009 fiscal biennium, the State Board of Education shall not
20 allocate funds under this section to a county found to have used these funds to supplant
21 local per student current expense funds. The State Board of Education shall make a
22 finding that a county has used these funds to supplant local current expense funds in the
23 prior year, or the year for which the most recent data are available, if:

- 24 (1) The current expense appropriation per student of the county for the
25 current year is less than ninety-five percent (95%) of the average of the
26 local current expense appropriations per student for the three prior
27 fiscal years; and
28 (2) The county cannot show: (i) that it has remedied the deficiency in
29 funding or (ii) that extraordinary circumstances caused the county to
30 supplant local current expense funds with funds allocated under this
31 section.

32 The State Board of Education shall adopt rules to implement this section.

33 **SECTION 7.7.(c) Phase-Out Provisions.** – If a local school administrative
34 unit becomes ineligible for funding under this formula because of (i) an increase in the
35 population of the county in which the local school administrative unit is located or (ii)
36 an increase in the county-adjusted property tax base per student of the county in which
37 the local school administrative unit is located, funding for that unit shall be continued
38 for seven years after the unit becomes ineligible.

39 **SECTION 7.7.(d) Definitions.** – As used in this section:

- 40 (1) "Average daily membership" means within two percent (2%) of the
41 average daily membership as defined in the North Carolina Public
42 Schools Allotment Policy Manual adopted by the State Board of
43 Education.
44 (2) "County-adjusted property tax base per student" means the total
45 assessed property valuation for each county, adjusted using a weighted
46 average of the three most recent annual sales assessment ratio studies,
47 divided by the total number of students in average daily membership
48 who reside within the county.
49 (2a) "Local current expense funds" means the most recent county current
50 expense appropriations to public schools, as reported by local boards

1 of education in the audit report filed with the Secretary of the Local
2 Government Commission pursuant to G.S. 115C-447.

3 (3) "Sales assessment ratio studies" means sales assessment ratio studies
4 performed by the Department of Revenue under G.S. 105-289(h).

5 (4) "State-adjusted property tax base per student" means the sum of all
6 county-adjusted property tax bases divided by the total number of
7 students in average daily membership who reside within the State.

8 (4a) "Supplant" means to decrease local per student current expense
9 appropriations from one fiscal year to the next fiscal year.

10 (5) "Weighted average of the three most recent annual sales assessment
11 ratio studies" means the weighted average of the three most recent
12 annual sales assessment ratio studies in the most recent years for which
13 county current expense appropriations and adjusted property tax
14 valuations are available. If real property in a county has been revalued
15 one year prior to the most recent sales assessment ratio study, a
16 weighted average of the two most recent sales assessment ratios shall
17 be used. If property has been revalued during the year of the most
18 recent sales assessment ratio study, the sales assessment ratio for the
19 year of revaluation shall be used.

20 **SECTION 7.7.(e) Reports.** – The State Board of Education shall report to
21 the Joint Legislative Education Oversight Committee prior to May 1, 2008, if it
22 determines that counties have supplanted funds.

23 **SECTION 7.7.(f) Use of Funds.** – Local boards of education are encouraged
24 to use at least twenty percent (20%) of the funds they receive pursuant to this section to
25 improve the academic performance of children who are performing at Level I or II on
26 either reading or mathematics end-of-grade tests in grades 3-8 and children who are
27 performing at Level I or II on the writing tests in grades 4 and 7. Local boards of
28 education shall report to the State Board of Education on an annual basis on funds used
29 for this purpose, and the State Board shall report this information to the Joint
30 Legislative Education Oversight Committee. These reports shall specify how these
31 funds were targeted and used to implement specific improvement strategies of each
32 local school administrative unit and its schools such as teacher recruitment, closing the
33 achievement gap, improving student accountability, addressing the needs of at-risk
34 students, and establishing and maintaining safe schools.

35 **SECTION 7.7.(g)** Of the expansion funds appropriated for small school
36 system supplemental funding in this act, the sum of seven hundred eighty-four thousand
37 seven hundred three dollars (\$784,703) shall be distributed to county school
38 administrative units that have less than 1,300 students and have experienced a decline in
39 average daily membership since the 2001-2002 school year. These funds shall be used
40 to reduce the ratio of students to teachers in grades K-5 by one, in grades 6-8 by two,
41 and in grades 9-12 by three.

42 **DISADVANTAGED STUDENT SUPPLEMENTAL FUNDING**

43 **SECTION 7.8.(a)** Funds are appropriated in this act to address the capacity
44 needs of local school administrative units to meet the needs of disadvantaged students.
45 Each local school administrative unit shall use funds allocated to it for disadvantaged
46 student supplemental funding to implement a plan jointly developed by the unit and the
47 LEA Assistance Program team. The plan shall be based upon the needs of students in
48 the unit not achieving grade-level proficiency. The plan shall detail how these funds
49 shall be used in conjunction with all other supplemental funding allotments such as
50 Low-Wealth, Small County, At-Risk Student Services/Alternative Schools, and
51

1 Improving Student Accountability, to provide instructional and other services that meet
2 the educational needs of these students. Prior to the allotment of disadvantaged student
3 supplemental funds, the plan shall be approved by the State Board of Education.

4 Funds received for disadvantaged student supplemental funding shall be used,
5 consistent with the policies and procedures adopted by the State Board of Education,
6 only to:

- 7 (1) Provide instructional positions or instructional support positions and/or
8 professional development;
- 9 (2) Provide intensive in-school and/or after-school remediation;
- 10 (3) Purchase diagnostic software and progress-monitoring tools; and
- 11 (4) Provide funds for teacher bonuses and supplements. The State Board
12 of Education shall set a maximum percentage of the funds that may be
13 used for this purpose.

14 The State Board of Education may require districts receiving funding under
15 the Disadvantaged Student Supplemental Fund to purchase the Education Value Added
16 Assessment System in order to provide in-depth analysis of student performance and
17 help identify strategies for improving student achievement. This data shall be used
18 exclusively for instructional and curriculum decisions made in the best interest of
19 children and for professional development for their teachers and administrators.

20 **SECTION 7.8.(b)** Funds are appropriated in this act to evaluate the
21 Disadvantaged Student Supplemental Funding Initiatives and Low-Wealth Initiatives.
22 The State Board of Education shall use these funds to:

- 23 (1) Evaluate the strategies implemented by local school administrative
24 units with Disadvantaged Student Supplemental Funds and
25 Low-Wealth Funds and assess their impact on student performance;
26 and
- 27 (2) Evaluate the efficiency and effectiveness of the technical assistance
28 and support provided to local school administrative units by the
29 Department of Public Instruction.

30 The State Board of Education shall report the results of the evaluation to the
31 Office of State Budget and Management, the Joint Legislative Education Oversight
32 Committee, and the Fiscal Research Division by January 15 of each year.

33 **SECTION 7.8.(c)** Funds appropriated to a local school administrative unit
34 for disadvantaged student supplemental funding shall be allotted based on: (i) the local
35 school administrative unit's eligible DSSF population and (ii) the difference between a
36 teacher-to-student ratio of 1:21 and the following teacher-to-student ratios:

- 37 (1) For counties with wealth greater than ninety percent (90%) of the
38 statewide average, a ratio of 1:20.2;
- 39 (2) For counties with wealth not less than eighty percent (80%) and not
40 greater than ninety percent (90%) of the statewide average, a ratio of
41 1:19.7;
- 42 (3) For counties with wealth less than eighty percent (80%) of the
43 statewide average, a ratio of 1:19.4; and
- 44 (4) For LEAs receiving DSSF funds in 2005-2006, a ratio of 1:16. These
45 LEAs shall receive no less than the DSSF amount allotted in
46 2006-2007.

47 For the purpose of this subsection, wealth shall be calculated under the low-wealth
48 supplemental formula.

49 **SECTION 7.8.(d)** If a local school administrative unit's wealth increases to a
50 level that adversely affects the unit's DSSF allotment ratio, the DSSF allotment for that
51 unit shall be maintained at the prior year level for one additional fiscal year.

STUDENTS WITH LIMITED ENGLISH PROFICIENCY

SECTION 7.9.(a) The State Board of Education shall develop guidelines for identifying and providing services to students with limited proficiency in the English language.

The State Board shall allocate these funds to local school administrative units and to charter schools under a formula that takes into account the average percentage of students in the units or the charters over the past three years who have limited English proficiency. The State Board shall allocate funds to a unit or a charter school only if (i) average daily membership of the unit or the charter school includes at least 20 students with limited English proficiency or (ii) students with limited English proficiency comprise at least two and one-half percent (2.5%) of the average daily membership of the unit or charter school. For the portion of the funds that is allocated on the basis of the number of identified students, the maximum number of identified students for whom a unit or charter school receives funds shall not exceed ten and six-tenths percent (10.6%) of its average daily membership.

Local school administrative units shall use funds allocated to them to pay for classroom teachers, teacher assistants, tutors, textbooks, classroom materials/instructional supplies/equipment, transportation costs, and staff development of teachers for students with limited English proficiency.

A county in which a local school administrative unit receives funds under this section shall use the funds to supplement local current expense funds and shall not supplant local current expense funds.

SECTION 7.9.(b) The Department of Public Instruction shall prepare a current head count of the number of students classified with limited English proficiency by December 1 of each year.

Students in the head count shall be assessed at least once every three years to determine their level of English proficiency. A student who scores "superior" on the standard English language proficiency assessment instrument used in this State shall not be included in the head count of students with limited English proficiency.

CHILDREN WITH DISABILITIES

SECTION 7.10. The State Board of Education shall allocate funds for children with disabilities on the basis of three thousand one hundred eighty-six dollars and fifty-seven cents (\$3,186.57) per child for a maximum of 172,317 children for the 2007-2008 school year. Each local school administrative unit shall receive funds for the lesser of (i) all children who are identified as children with disabilities or (ii) twelve and five-tenths percent (12.5%) of the 2007-2008 allocated average daily membership in the local school administrative unit.

The dollar amounts allocated under this section for children with disabilities shall also adjust in accordance with legislative salary increments, retirement rate adjustments, and health benefit adjustments for personnel who serve children with disabilities.

FUNDS FOR ACADEMICALLY GIFTED CHILDREN

SECTION 7.11. The State Board of Education shall allocate funds for academically or intellectually gifted children on the basis of one thousand forty-two dollars and fifty-three cents (\$1,042.53) per child. A local school administrative unit shall receive funds for a maximum of four percent (4%) of its 2007-2008 allocated average daily membership, regardless of the number of children identified as

1 academically or intellectually gifted in the unit. The State Board shall allocate funds for
2 no more than 58,470 children for the 2007-2008 school year.

3 The dollar amounts allocated under this section for academically or
4 intellectually gifted children shall also adjust in accordance with legislative salary
5 increments, retirement rate adjustments, and health benefit adjustments for personnel
6 who serve academically or intellectually gifted children.

7 8 **EXPENDITURE OF FUNDS TO IMPROVE STUDENT ACCOUNTABILITY**

9 **SECTION 7.12.(a)** Funds appropriated for the 2007-2008 and 2008-2009
10 fiscal years for Student Accountability Standards shall be used to assist students to
11 perform at or above grade level in reading and mathematics in grades 3-8 as measured
12 by the State's end-of-grade tests. The State Board of Education shall allocate these funds
13 to local school administrative units based on the number of students who score at Level
14 I or Level II on either reading or mathematics end-of-grade tests in grades 3-8. Funds in
15 the allocation category shall be used to improve the academic performance of (i)
16 students who are performing at Level I or II on either reading or mathematics
17 end-of-grade tests in grades 3-8 or (ii) students who are performing at Level I or II on
18 the writing tests in grades 4 and 7. These funds may also be used to improve the
19 academic performance of students who are performing at Level I or II on the high
20 school end-of-course tests. These funds shall not be transferred to other allocation
21 categories or otherwise used for other purposes. Except as otherwise provided by law,
22 local boards of education may transfer other funds available to them into this allocation
23 category.

24 The principal of a school receiving these funds, in consultation with the
25 faculty and the site-based management team, shall implement plans for expending these
26 funds to improve the performance of students.

27 Local boards of education are encouraged to use federal funds such as Title I
28 Comprehensive School Reform Development Funds and to examine the use of State
29 funds to ensure that every student is performing at or above grade level in reading and
30 mathematics.

31 These funds shall be allocated to local school administrative units for the
32 2007-2008 fiscal year within 30 days of the date this act becomes law.

33 **SECTION 7.12.(b)** Funds appropriated for Student Accountability
34 Standards shall not revert at the end of each fiscal year but shall remain available for
35 expenditure until August 31 of the subsequent fiscal year.

36 37 **LITIGATION RESERVE FUNDS**

38 **SECTION 7.13.** The State Board of Education may expend up to two
39 hundred thousand dollars (\$200,000) each year for the 2007-2008 and 2008-2009 fiscal
40 years from unexpended funds for certified employees' salaries to pay expenses related to
41 pending litigation.

42 43 **REPLACEMENT SCHOOL BUSES FUNDS**

44 **SECTION 7.14.(a)** The State Board of Education may impose any of the
45 following conditions on allotments to local boards of education for replacement school
46 buses:

- 47 (1) The local board of education shall use the funds only to make the first,
48 second, or third year's payment on a financing contract entered into
49 pursuant to G.S. 115C-528.
- 50 (2) The term of a financing contract entered into under this section shall
51 not exceed three years.

- 1 (3) The local board of education shall purchase the buses only from
2 vendors selected by the State Board of Education and on terms
3 approved by the State Board of Education.
- 4 (4) The Department of Administration, Division of Purchase and Contract,
5 in cooperation with the State Board of Education, shall solicit bids for
6 the direct purchase of school buses and activity buses and shall
7 establish a statewide term contract for use by the State Board of
8 Education. Local boards of education and other agencies shall be
9 eligible to purchase from the statewide term contract. The State Board
10 of Education shall also solicit bids for the financing of school buses.
- 11 (5) A bus financed pursuant to this section shall meet all State and federal
12 motor vehicle safety regulations for school buses.
- 13 (6) Any other condition the State Board of Education considers
14 appropriate.

15 **SECTION 7.14.(b)** Any term contract for the purchase or lease-purchase of
16 school buses or school activity buses shall not require vendor payment of the electronic
17 procurement transaction fee of the North Carolina E-Procurement Service.

18 **DISCREPANCIES BETWEEN ANTICIPATED AND ACTUAL ADM**

19 **SECTION 7.15.(a)** If the State Board of Education does not have sufficient
20 resources in the ADM Contingency Reserve line item to make allotment adjustments in
21 accordance with the Allotment Adjustments for ADM Growth provisions of the North
22 Carolina Public Schools Allotment Policy Manual, the State Board of Education may
23 use funds appropriated to State Aid for Public Schools for this purpose.

24 **SECTION 7.15.(b)** If the higher of the first or second month average daily
25 membership in a local school administrative unit is at least two percent (2%) or 100
26 students lower than the anticipated average daily membership used for allotments for
27 the unit, the State Board of Education shall reduce allotments for the unit. The reduced
28 allotments shall be based on the higher of the first or second month average daily
29 membership plus one-half of the number of students overestimated in the anticipated
30 average daily membership.

31 The allotments reduced pursuant to this subsection shall include only those
32 allotments that may be increased pursuant to the Allotment Adjustments for ADM
33 Growth provisions of the North Carolina Public Schools Allotment Policy Manual.

34 **MENTOR TEACHER FUNDS MAY BE USED FOR FULL-TIME MENTORS**

35 **SECTION 7.17.(a)** The State Board of Education shall grant flexibility to a
36 local board of education regarding the use of mentor funds to provide mentoring
37 support, provided the local board submits a detailed plan on the use of the funds to the
38 State Board and the State Board approves that plan. The plan shall include information
39 on how all mentors in the local school administrative unit have been or will be
40 adequately trained to provide mentoring support.

41 Local boards of education shall use funds allocated for mentor teachers to
42 provide mentoring support to all State-paid newly certified teachers, second-year
43 teachers who were assigned mentors during the prior school year, and entry-level
44 instructional support personnel who have not previously been teachers.

45 **SECTION 7.17.(b)** The State Board, after consultation with the Professional
46 Teaching Standards Commission, shall adopt standards for mentor training.

47 **SECTION 7.17.(c)** Each local board of education with a plan approved
48 pursuant to subsection (a) of this section shall report to the State Board on the impact of
49 its mentor program on teacher retention. The State Board shall analyze these reports to
50

1 determine the characteristics of mentor programs that are most effective in retaining
2 teachers and shall report its findings to the Joint Legislative Education Oversight
3 Committee by October 15 of each year of the biennium.

4 **SECTION 7.17.(d)** In addition to the report required in subsection (c) of this
5 section, the State shall also evaluate the effectiveness of a representative sample of local
6 mentor programs and report on its findings to the Joint Legislative Education Oversight
7 Committee and the Fiscal Research Division by December 15 of each year of the
8 biennium. The evaluation shall focus on quantitative evidence, quality of service
9 delivery, and satisfaction of those involved. The report shall include the results of the
10 evaluation and recommendations both for improving mentor programs generally and for
11 an appropriate level of State support for mentor programs.

12 13 **FUNDS TO IMPLEMENT THE ABCS OF PUBLIC EDUCATION**

14 **SECTION 7.18.(a)** The State Board of Education shall use funds
15 appropriated in this act for State Aid to Local School Administrative Units to provide
16 incentive funding for schools that met or exceeded the projected levels of improvement
17 in student performance during the 2006-2007 school year, in accordance with the ABCs
18 of Public Education Program. In accordance with State Board of Education policy:

- 19 (1) Incentive awards in schools that achieve higher than expected
20 improvements may be:
- 21 a. Up to one thousand five hundred dollars (\$1,500) for each
22 teacher and for certified personnel; and
 - 23 b. Up to five hundred dollars (\$500.00) for each teacher assistant.
- 24 (2) Incentive awards in schools that meet the expected improvements may be:
- 25 a. Up to seven hundred fifty dollars (\$750.00) for each teacher and
26 for certified personnel; and
 - 27 b. Up to three hundred seventy-five dollars (\$375.00) for each
28 teacher assistant.

29
30 **SECTION 7.18.(b)** The State Board of Education may use funds
31 appropriated to the State Public School Fund to implement the consolidated assistance
32 program, as directed in Section 7.6(b) of S.L. 2006-66. The Board shall report to the
33 Joint Legislative Education Oversight Committee by January 15, 2008, on any
34 restructuring of the program pursuant to this section.

35 36 **LEARN AND EARN HIGH SCHOOLS**

37 **SECTION 7.19.(a)** Funds are appropriated in this act for the Learn and Earn
38 high school workforce development program. The purpose of the program is to create
39 rigorous and relevant high school options that provide students with the opportunity and
40 assistance to earn an associate degree or two years of college credit by the conclusion of
41 the year after their senior year in high school. The State Board of Education shall work
42 closely with the Education Cabinet and the New Schools Project in administering the
43 program.

44 **SECTION 7.19.(b)** These funds shall be used to establish new high schools
45 in which a local school administrative unit, two- and four-year colleges and universities,
46 and local employers work together to ensure that high school and postsecondary college
47 curricula operate seamlessly and meet the needs of participating employers.

48 Funds shall not be allotted until Learn and Earn high schools are certified as
49 operational.

50 **SECTION 7.19.(c)** During the first year of its operation, a high school
51 established under G.S. 115C-238.50 shall be allotted a principal regardless of the

1 number of State-paid teachers assigned to the school or the number of students enrolled
2 in the school. The budget flexibility authorized by G.S. 115C-105.25 does not apply to
3 these positions.

4 **SECTION 7.19.(d)** The State Board of Education, in consultation with the
5 State Board of Community Colleges and The University of North Carolina Board of
6 Governors, shall conduct an annual evaluation of this program. The evaluation shall
7 include measures as identified in G.S. 115C-238.55. It shall also include: (i) an
8 accounting of how funds and personnel resources were utilized and their impact on
9 student achievement, retention, and employability; (ii) recommended statutory and
10 policy changes; and (iii) recommendations for improvement of the program. The State
11 Board of Education shall report the results of this evaluation to the Office of State
12 Budget and Management, the Joint Legislative Education Oversight Committee, and the
13 Fiscal Research Division by January 15 of each fiscal year.

14 **SECTION 7.19.(e)** Enrollment fees and tuition for The University of North
15 Carolina courses in which Learn and Earn students are enrolled are allowable uses of
16 these funds. Tuition costs may include laboratory fees assessed to all students enrolled
17 in the course or a similar course.

18 **SECTION 7.19.(f)** Textbooks required for college courses in which Learn
19 and Earn students are enrolled may be purchased with these funds.

20 **SECTION 7.19.(g)** Payment of fees from these funds by local school
21 administrative units to partnering community colleges and universities are restricted to
22 technology or course fees. Funds appropriated in this act shall not be used to support the
23 cost of athletic or other student activity or campus fees not required by enrollment in a
24 specific course.

25 **SECTION 7.19.(h)** The State Board of Education shall allot funds for
26 university enrollment, tuition and fees, and textbooks on the basis of and after
27 verification of the credit hour enrollment of Learn and Earn students in university
28 courses. The State Board of Education shall allot funds for community college fees and
29 textbooks on the basis of and after verification of the credit hour enrollment of Learn
30 and Earn students in community college courses.

31 **SECTION 7.19.(i)** Of the funds appropriated to the State Public School
32 Fund for the 2007-2008 fiscal year, the State Board of Education may use up to eight
33 hundred fifty thousand dollars (\$850,000) to establish additional Learn and Earn high
34 schools that become certified as operational.

35 36 **NORTH CAROLINA VIRTUAL PUBLIC SCHOOL**

37 **SECTION 7.20.(a)** The North Carolina Virtual Public School (NCVPS)
38 program shall report to the State Board of Education and shall maintain an
39 administrative office at the Department of Public Instruction.

40 **SECTION 7.20.(b)** The Director of NCVPS shall continue to ensure that
41 course quality standards are established and met and that all e-learning opportunities
42 offered by State-funded entities to public school students are consolidated under the
43 North Carolina Virtual Public School Program, eliminating course duplication.

44 **SECTION 7.20.(c)** Subsequent to course consolidation, the Director shall
45 prioritize e-learning course offerings for students residing in rural and low-wealth
46 county LEAs, in order to expand available instructional opportunities. First-available
47 e-learning instructional opportunities should include courses required as part of the
48 standard course of study for high school graduation and AP offerings not otherwise
49 available.

1 **SECTION 7.20.(d)** The State Board of Education shall implement an
2 allotment formula developed pursuant to Section 7.16(d) of S.L. 2006-66, for funding
3 e-learning, effective in the 2008-2009 fiscal year.

4 **SECTION 7.20.(e)** The North Carolina Virtual Public School (NCVPS)
5 shall be available at no cost to all students in North Carolina who are enrolled in North
6 Carolina's public schools, Department of Defense schools, and schools operated by the
7 Bureau of Indian Affairs. The Department of Public Instruction shall communicate to
8 local school administrative units all applicable guidelines regarding the enrollment of
9 nonpublic school students in these courses.

10 **SMALL RESTRUCTURED HIGH SCHOOLS**

11 **SECTION 7.21.** The State Board of Education shall report to the Office of
12 State Budget and Management, the Fiscal Research Division, and the Joint Legislative
13 Education Oversight Committee no later than January 15 of each year on the results of
14 its evaluation of the small, restructured high school program. The evaluation shall
15 include measures as identified in G.S. 115C-238.55. It shall also include: (i) an
16 accounting of how funds and personnel resources were utilized and their impact on
17 student achievement, retention, and employability; and (ii) recommendations for
18 improvement of the program.
19

20 **NC WISE POSITIONS**

21 **SECTION 7.22.** Notwithstanding G.S. 143C-6-4, the State Board of
22 Education may, subject to the approval of the Office of State Budget and Management,
23 in consultation with the Office of Information Technology Services, and after
24 consultation with the Joint Legislative Commission on Governmental Operations, use
25 funds appropriated in this act for NC WISE to create a maximum of 10 positions and
26 incur expenditures necessary to maintain and administer the NC WISE system within
27 the Department of Public Instruction.
28

29 **21ST CENTURY LITERACY COACHES**

30 **SECTION 7.23.** Funds are appropriated in this act to support the selection
31 and hiring of new literacy coaches for middle schools or other public schools with an
32 eighth grade class. No more than one literacy coach shall be placed in each such school.
33 The State Board of Education, in consultation with the North Carolina Teacher
34 Academy, shall develop a site selection process including formal criteria. The site must
35 receive formal approval by the State Board of Education to receive funds for this
36 purpose. To be selected schools must:
37

- 38 (1) Contain an eighth grade class, and
- 39 (2) Ensure that literacy coaches will have no administrative
40 responsibilities in the schools in which they are placed.
41

42 **MORE AT FOUR PROGRAM AND OFFICE OF SCHOOL READINESS**

43 **SECTION 7.24.(a)** The Department of Public Instruction shall continue the
44 implementation of the "More at Four" prekindergarten program for at-risk
45 four-year-olds who are at risk of failure in kindergarten. The program is available
46 statewide to all counties that choose to participate, including underserved areas. The
47 goal of the program is to provide quality prekindergarten services to a greater number of
48 at-risk children in order to enhance kindergarten readiness for these children. The
49 program shall be consistent with standards and assessments established jointly by the
50 Department of Health and Human Services and the Department of Public Instruction.
51 The program shall include:

- 1 (1) A process and system for identifying children at risk of academic
2 failure.
- 3 (2) A process and system for identifying children who are not being
4 served in formal early education programs, such as child care, public
5 or private preschools, Head Start, Early Head Start, early intervention
6 programs, or other such programs, who demonstrate educational needs,
7 and who are eligible to enter kindergarten the next school year, as well
8 as children who are underserved.
- 9 (3) A curriculum or several curricula that are research-based and/or built
10 on sound instructional theory. These curricula shall: (i) focus primarily
11 on oral language and emergent literacy; (ii) engage children through
12 key experiences and provide background knowledge requisite for
13 formal learning and successful reading in the early elementary years;
14 (iii) involve active learning; (iv) promote measurable kindergarten
15 language-readiness skills that focus on emergent literacy and
16 mathematical skills; and (v) develop skills that will prepare children
17 emotionally and socially for kindergarten.
- 18 (4) An emphasis on ongoing family involvement with the prekindergarten
19 program.
- 20 (5) Evaluation of child progress through a statewide evaluation, as well as
21 ongoing assessment of the children by teachers.
- 22 (6) Guidelines for a system to reimburse local school boards and systems,
23 private child care providers, and other entities willing to establish and
24 provide prekindergarten programs to serve at-risk children.
- 25 (7) A system built upon existing local school boards and systems, private
26 child care providers, and other entities that demonstrate the ability to
27 establish or expand prekindergarten capacity.
- 28 (8) A quality-control system. Participating providers shall comply with
29 standards and guidelines as established by the Department of Health
30 and Human Services and the Department of Public Instruction. The
31 Department may use the child care rating system to assist in
32 determining program participation.
- 33 (9) Standards for minimum teacher qualifications. A portion of the
34 classroom sites initially funded shall have at least one teacher who is
35 certified or provisionally certified in birth-to-kindergarten education.
- 36 (10) A local contribution. Programs must demonstrate that they are
37 accessing resources other than "More at Four."
- 38 (11) A system of accountability.
- 39 (12) Consideration of the reallocation of existing funds. In order to
40 maximize current funding and resources, the Department of Health and
41 Human Services and the Department of Public Instruction shall
42 consider the reallocation of existing funds from State and local
43 programs that provide prekindergarten-related care and services.

44 **SECTION 7.24.(b)** The Department of Public Instruction shall implement a
45 plan to expand "More at Four" program standards within existing resources to include
46 four- and five-star-rated centers and schools serving four-year-olds and develop
47 guidelines for these programs. The "NC Prekindergarten Program Standards" initiative
48 shall recognize four- and five-star-rated centers that choose to apply and meet
49 equivalent "More at Four" program standards as high quality pre-k classrooms.
50 Classrooms meeting these standards shall have access to training and workshops for

1 "More at Four" programs. Whenever expansion slots are available, these classrooms
2 shall have first priority to receive them.

3 The "More at Four" program shall review the number of slots filled by
4 counties on a monthly basis and shift the unfilled slots to counties with waiting lists.
5 The shifting of slots shall occur through January 31 of each year, at which time any
6 remaining funds for slots unfilled shall be used to meet the needs of the waiting list for
7 subsidized child care.

8 **SECTION 7.24.(c)** The Department of Public Instruction shall submit a
9 report by February 1, 2008, to the Joint Legislative Commission on Governmental
10 Operations, the Joint Legislative Education Oversight Committee, the Senate
11 Appropriations Committee on Education, the House of Representatives Appropriations
12 Subcommittee on Education, and the Fiscal Research Division. This final report shall
13 include the following:

- 14 (1) The number of children participating in the program.
- 15 (2) The number of children participating in the program who have never
16 been served in other early education programs, such as child care,
17 public or private preschool, Head Start, Early Head Start, or early
18 intervention programs.
- 19 (3) The expected expenditures for the programs and the source of the local
20 match for each grantee.
- 21 (4) The location of program sites and the corresponding number of
22 children participating in the program at each site.
- 23 (5) A comprehensive cost analysis of the program, including the cost per
24 child served by the program.
- 25 (6) The status of the NC Prekindergarten initiatives as outlined in this
26 section.

27 **SECTION 7.24.(d)** For the 2007-2008 and the 2008-2009 fiscal years, the
28 "More at Four" program shall establish income eligibility requirements for the program
29 not to exceed seventy-five percent (75%) of the State median income. Up to twenty
30 percent (20%) of children enrolled may have family incomes in excess of seventy-five
31 percent (75%) of median income if they have other designated risk factors.

32 **SECTION 7.24.(e)** The "More at Four" program funding shall not supplant
33 any funding for classrooms serving four-year-olds as of the 2005-2006 fiscal year.
34 Support of existing four-year-old classrooms with "More at Four" program funding
35 shall be permitted when current funding is eliminated, reduced, or redirected as required
36 to meet other specified federal or State educational mandates.

37 38 **ADMINISTRATIVE FUNDING FOR TEACHING FELLOWS PROGRAM**

39 **SECTION 7.25.(a)** G.S. 115C-363.23A(f) reads as rewritten:

40 "(f) All funds appropriated to or otherwise received by the Teaching Fellows
41 Program for scholarships, all funds received as repayment of scholarship loans, and all
42 interest earned on these funds, shall be placed in a revolving fund. This revolving fund
43 shall be used for scholarship loans granted under the Teaching Fellows Program. With
44 the prior approval of the General Assembly in the Current Operations Appropriations
45 Act, the revolving fund may also be used for campus and summer program support, and
46 costs related to disbursement of awards and collection of loan repayments.

47 ~~With the prior approval of the General Assembly in the Current Operations~~
48 ~~Appropriations Act, the revolving fund may also be used by the~~ The Public School
49 Forum, as administrator for the Teaching Fellows Program, for Program, may use up to
50 eight hundred ten thousand dollars (\$810,000) annually from the fund balance for costs
51 associated with administration of the Teaching Fellows Program."

1 **SECTION 7.25.(b)** The funding provided for in this section shall be used to
2 meet current administrative expenses of the Program and continue minority recruitment
3 initiatives.

4 **SECTION 7.25.(c)** The Teaching Fellows Program shall report to the Joint
5 Legislative Education Oversight Committee by March 15, 2008, on:

6 (1) Actual expenditures for the 2006-2007 fiscal year and budgeted
7 expenditures for the 2007-2008 fiscal year for administration of the
8 Program and

9 (2) Initiatives to recruit minorities to the Program.

10 **SECTION 7.25.(d)** The General Assembly urges the North Carolina
11 Teaching Fellows Commission to use funds available in the revolving fund to establish
12 additional teaching fellows scholarships.
13

14 **NO COST SUMMER SCHOOL OR OTHER REMEDIATION ACTIVITIES**

15 **SECTION 7.26.(a)** G.S. 115C-105.41 prohibits charging tuition or fees to
16 Students at Risk for Academic Failure. Effective July 1, 2007, local school
17 administrative units shall formally communicate to at-risk students and their parents or
18 guardians that there will be no charge for participation in intervention
19 activities/practices offered by the local school administrative units to at-risk students, or
20 for transportation necessary for participation in the intervention activities.

21 **SECTION 7.26.(b)** Effective July 1, 2007, local school administrative units
22 shall formally communicate to students and their parents or guardians that tuition and
23 fees will not be charged for summer school courses that are required for remediation or
24 courses that are necessary for the student to meet graduation requirements.
25

26 **LEARN AND EARN ONLINE**

27 **SECTION 7.27.(a)** Funds are appropriated in this act for the Learn and Earn
28 Online program. This program will allow high school students to enroll in college
29 courses to qualify for college credit. Online courses will be made available to students
30 through The University of North Carolina and the North Carolina Community College
31 System.

32 **SECTION 7.27.(b)** Funds shall be used for course tuition, and only those
33 technology and course fees, and textbooks required for course participation. Funds shall
34 also support a liaison position to be housed at the Department of Public Instruction to
35 coordinate with The University of North Carolina and the North Carolina Community
36 College System, and to communicate course availability and related information to high
37 school administrators, teachers, and counselors.

38 **SECTION 7.27.(c)** The State Board of Education shall determine the
39 allocation of Learn and Earn Online course offerings across the State.

40 **SECTION 7.27.(d)** The State Board of Education shall allot funds for
41 tuition, fees, and textbooks on the basis of and after verification of the credit hour
42 enrollment of high school students in Learn and Earn Online courses. Community
43 college student enrollments in Learn and Earn Online shall not be considered as a
44 regular budget full-time equivalent (FTE) in the curriculum enrollment formula, but
45 shall be accounted for separately and funds shall be allotted as a special allotment.

46 **SECTION 7.27.(e)** The University of North Carolina program shall report to
47 The University of North Carolina Board of Governors, and the North Carolina
48 Community College program shall report to the North Carolina Community College
49 Board of Trustees. The Department of Public Instruction shall report to the State Board
50 of Education.

1 **SECTION 7.27.(f)** Both The University of North Carolina and the North
2 Carolina Community College System shall provide oversight and coordination,
3 including coordination with the Department of Public Instruction, and with the North
4 Carolina Virtual Public School (NCVPS) to avoid course duplication.

5 **SECTION 7.27.(g)** Course quality and rigor standards shall be established,
6 and each program shall conduct course evaluations to ensure that the online courses
7 made available to students meet the established standards.

8 **SECTION 7.27.(h)** The State Board of Education, The University of North
9 Carolina, and the North Carolina Community College System shall report to the Joint
10 Legislative Education Oversight Committee, the Office of State Budget and
11 Management, and the Fiscal Research Division no later than April 15, 2008, on the
12 implementation of the program for the 2007-2008 school year and the proposed
13 operating plan for the 2008-2009 school year. The report shall include the number of
14 students enrolled in courses under the Learn and Earn Online program and the number
15 of students who completed courses during the fall semester of the 2007-2008 school
16 year.

17 **SCHOOL CONNECTIVITY INITIATIVE**

18 **SECTION 7.28.(a)** Funds are appropriated in this act to support the
19 enhancement of the technology infrastructure for public schools. These funds shall be
20 used for broadband access, equipment, and support services that create, improve, and
21 sustain equity of access for instructional opportunities for public school students and
22 educators.
23

24 **SECTION 7.28.(b)** As recommended in the Joint Report on Information
25 Technology February 2007, the State Board of Education shall contract with an entity
26 that has existing core network capability and demonstrated success in providing
27 network services to education institutions within the State to serve as the administrator
28 of the School Connectivity Initiative. The funds appropriated in this act shall be used to
29 implement a plan approved by the State Board of Education to enhance the technology
30 infrastructure for public schools that supports teaching and learning in the classrooms.
31 The plan shall include the following components:

- 32 (1) A business plan with time lines, clearly defined outcomes, and an
33 operational model including a governance structure, personnel, e-Rate
34 reimbursement, support services to local school administrative units
35 and schools, and a budget;
- 36 (2) Assurances for a fair and open bidding and contracting process;
- 37 (3) Technology assessment site survey template;
- 38 (4) Documentation of technology assessments;
- 39 (5) Documentation of how the technology will be used to enhance
40 teaching and learning;
- 41 (6) Documentation of how existing State-invested funds for technology
42 are maximized to implement the School Connectivity Initiative; and
- 43 (7) The number, location, and schedule of sites to be served in 2007-2008
44 and in 2008-2009.

45 **SECTION 7.28.(c)** Funds currently used for the services covered by these
46 new funds shall not be supplanted by this additional funding and shall be used to
47 support instructional technologies and local infrastructure in schools in support of
48 acquisition and delivery of instructional technology resources to the classroom. Any
49 refunds received for services paid with these technology funds shall return to the
50 originating technology fund.

1 **SECTION 7.28.(d)** The State Board of Education shall report January 15,
2 2008, on its progress towards achieving the connectivity initiative and annually
3 thereafter to the Joint Legislative Oversight Committee on Information Technology, the
4 Joint Legislative Education Oversight Committee, the Office of State Budget and
5 Management, the State Information Technology Officer, and the Fiscal Research
6 Division.

7 **SECTION 7.28.(e)** As recommended in the E-Learning Report, February
8 2006, the Education Cabinet shall develop a plan to:

- 9 (1) Coordinate E-learning activities across the public and private
10 universities and colleges, the community colleges, and the public
11 schools;
- 12 (2) Establish a clear purpose and goals for the NCVirtual based on
13 stakeholder needs and requirements;
- 14 (3) Develop a strategic plan with measurable goals with reports provided
15 to the Education Cabinet;
- 16 (4) Develop, track, and report regularly to the Education Cabinet on
17 appropriate accountability measures for those goals;
- 18 (5) Develop and manage an E-learning portal for the NCVirtual; and
- 19 (6) Use State-invested funds for E-Learning to eliminate duplication of
20 service.

21 **SECTION 7.28.(f)** Up to three hundred thousand dollars (\$300,000) may be
22 transferred to the Office of the Governor to establish NCVirtual (NCV) within the
23 Education Cabinet. These funds may be used for services to coordinate E-learning
24 activities across all State educational agencies.

25 **SECTION 7.28.(g)** The Education Cabinet shall report on its progress
26 towards developing the plan on January 1, 2008, and annually thereafter to the Joint
27 Legislative Oversight Committee on Information Technology, the Joint Legislative
28 Education Oversight Committee, the Office of State Budget and Management, the State
29 Information Technology Officer, and the Fiscal Research Division.

30 **REORGANIZATION OF THE DEPARTMENT OF PUBLIC INSTRUCTION**

31 **SECTION 7.29.(a)** Notwithstanding G.S. 143C-6-4, the Department of
32 Public Instruction may reorganize in accordance with the plan adopted by the State
33 Board of Education. The Department shall report to the Joint Legislative Commission
34 on Governmental Operations on the reorganization.

35 **SECTION 7.29.(b)** This section expires June 30, 2008.

36 **HIGH PRIORITY SCHOOLS**

37 **SECTION 7.34.(a)** The State Board of Education may develop a policy for a
38 two-year phaseout of the special supplementary funding currently provided to the two
39 remaining high priority elementary schools and may use funds in the ADM Contingency
40 Reserve to support any additional cost of the two-year phaseout.

41 **SECTION 7.34.(b)** The State Board of Education shall not use funds
42 appropriated for State Aid to Local Administrative Units to contract with an outside
43 organization to evaluate the high priority schools initiative begun in the 2001-2002
44 fiscal year. The Board may, however, use up to five hundred thousand dollars
45 (\$500,000) previously identified for this purpose to support the ongoing evaluation of
46 the Disadvantaged Student Supplemental Funding Initiative.

47 **DISTANCE EDUCATION**

1 **SECTION 7.35.** Notwithstanding G.S. 143C-6-4, the State Board of
2 Education may use monies from the State Public School Fund in the 2007-2008 fiscal
3 year only to pay for the additional costs associated with an increased number of
4 registration fees for students enrolling in Distance Education courses.
5

6 **CHILD NUTRITION OPERATING FUNDS**

7 **SECTION 7.36.** The State Board of Education shall establish a
8 reimbursement formula for lunches served in public schools to help offset the cost of the
9 elementary school lunches. This reimbursement shall be in addition to the amount of
10 federal reimbursement for free and reduced-price lunches served.
11

12 **PART VIII. COMMUNITY COLLEGES**

13 **USE OF FUNDS FOR THE COLLEGE INFORMATION SYSTEM PROJECT**

14 **SECTION 8.1.(a)** Funds appropriated to the Community Colleges System
15 Office for the College Information System Project shall not revert at the end of the
16 2006-2007 fiscal year but shall remain available until expended.
17

18 **SECTION 8.1.(b)** Notwithstanding G.S. 143C-6-4, the Community Colleges
19 System Office may, subject to the approval of the Office of State Budget and
20 Management, in consultation with the Office of Information Technology Services, and
21 after consultation with the Joint Legislative Commission on Governmental Operations,
22 use funds appropriated in this act for the College Information System Project to create a
23 maximum of 10 positions or incur expenditures necessary to transfer the maintenance
24 and administration of the College Information System Project from the vendor to the
25 System Office. Personnel positions created pursuant to this subsection shall be located
26 in community colleges across the State.

27 **SECTION 8.1.(c)** The Community Colleges System Office shall report on a
28 quarterly basis to the Joint Legislative Education Oversight Committee on the
29 implementation of the College Information System Project.

30 **SECTION 8.1.(d)** Subsection (a) of this section becomes effective June 30,
31 2007.
32

33 **CARRYFORWARD OF EQUIPMENT FUNDS FOR COMMUNITY** 34 **COLLEGES**

35 **SECTION 8.2.(a)** Subject to the approval of the Office of State Budget and
36 Management and cash availability, the North Carolina Community Colleges System
37 Office may carry forward an amount not to exceed ten million dollars (\$10,000,000) of
38 the operating funds that were not reverted in fiscal year 2006-2007 to be reallocated to
39 the State Board of Community Colleges' Equipment Reserve Fund. These funds shall
40 be distributed to colleges consistent with G.S. 115D-31.

41 **SECTION 8.2.(b)** This section becomes effective June 30, 2007.
42

43 **INSTRUCTIONAL RESOURCE ALLOCATION FORMULA**

44 **SECTION 8.3.** The State Board of Community Colleges shall develop a new
45 funding formula for library books and related instructional resources before distributing
46 funds appropriated for this purpose for the 2007-2009 fiscal biennium. The revised
47 instructional resource allocation formula shall reflect the availability of online
48 subscription resources and electronic media and should include a base amount per
49 college.
50

51 **REPORT ON NCCCS DISTANCE LEARNING AND ONLINE CAPABILITIES**

1 **SECTION 8.4.** The Community Colleges System Office shall report by
 2 March 1, 2008, to the Joint Legislative Education Oversight Committee, the Fiscal
 3 Research Division, and the Office of State Budget and Management on its efforts
 4 regarding distance learning opportunities. This report shall complement the report
 5 authorized by the General Assembly in Part 6 of S.L. 2004-179 and shall address the
 6 following:

- 7 (1) The expenditure of funds appropriated in this act for bandwidth at
 8 community colleges, including a description of each community
 9 college's current bandwidth capacity;
- 10 (2) A five-year history of the number of courses offered and number of
 11 FTE students served through distance learning;
- 12 (3) Results from student and instructor evaluations of distance learning
 13 courses;
- 14 (4) Current and anticipated future joint efforts between the North Carolina
 15 Community College System and The University of North Carolina and
 16 North Carolina private colleges, regarding distance learning; and
- 17 (5) Analysis of necessary changes or enhancements to improve the sharing
 18 of distance learning and online opportunities with The University of
 19 North Carolina and the Department of Public Instruction.

20
 21 **COMMUNITY COLLEGE FACULTY SALARY PLAN**

22 **SECTION 8.5.(a)** It is the intent of the General Assembly to establish a
 23 community college faculty salary plan that (i) provides accountability to the General
 24 Assembly, (ii) maintains local flexibility and autonomy for the community colleges, and
 25 (iii) ensures that community college faculty members have a uniform minimum salary
 26 based on level of education, equivalent applicable experience, or both.

27 **SECTION 8.5.(b)** The minimum salaries for community college faculty
 28 shall be based on the following education levels:

- 29 (1) Vocational Diploma/Certificate or Less. – This education level
 30 includes faculty members who are high school graduates, have
 31 vocational diplomas, or have completed one year of college.
- 32 (2) Associate Degree or Equivalent. – This education level includes
 33 faculty members who have an associate degree or have completed two
 34 or more years of college but have no degree.
- 35 (3) Bachelor's Degree.
- 36 (4) Master's Degree or Education Specialist.
- 37 (5) Doctoral Degree.

38 **SECTION 8.5.(c)** For the 2007-2008 school year, the minimum salaries for
 39 nine-month, full-time, curriculum community college faculty shall be as follows:

Education Level	Minimum Salary
Vocational Diploma/Certificate or Less	\$33,314
Associate Degree or Equivalent	\$33,805
Bachelor's Degree	\$35,931
Master's Degree or Education Specialist	\$37,817
Doctoral Degree	\$40,537.

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

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

50 **SECTION 8.5.(d)**

- 1 (1) It is the intent of the General Assembly to encourage community
2 colleges to make faculty salaries a priority and to reward colleges that
3 have taken steps to achieve the national average, therefore:
4 a. If the average faculty salary at a community college is one
5 hundred percent (100%) or more of the national average
6 community college faculty salary, the college may transfer up
7 to eight percent (8%) of the State funds allocated to it for
8 faculty salaries.
9 b. If the average faculty salary at a community college is at least
10 ninety-five percent (95%) but less than one hundred percent
11 (100%) of the national average community college faculty
12 salary, the college may transfer up to six percent (6%) of the
13 State funds allocated to it for faculty salaries.
14 c. If the average faculty salary at a community college is at least
15 ninety percent (90%) but less than ninety-five percent (95%) of
16 the national average community college faculty salary, the
17 college may transfer up to five percent (5%) of the State funds
18 allocated to it for faculty salaries.
19 d. If the average faculty salary at a community college is at least
20 eighty-five percent (85%) but less than ninety percent (90%) of
21 the national average community college faculty salary, the
22 college may transfer up to three percent (3%) of the State funds
23 allocated to it for faculty salaries.
24 e. If the average faculty salary at a community college is
25 eighty-five percent (85%) or less of the national average
26 community college faculty salary, the college may transfer up
27 to two percent (2%) of the State funds allocated to it for faculty
28 salaries.

29 Except as provided by subdivision (2) of this subsection, a
30 community college shall not transfer a greater percentage of the State
31 funds allocated to it for faculty salaries than is authorized by this
32 subsection.

- 33 (2) With the approval of the State Board of Community Colleges, a
34 community college at which the average faculty salary is eighty-five
35 percent (85%) or less of the national average may transfer a greater
36 percentage of the State funds allocated to it for faculty salaries than is
37 authorized by sub-subdivision e. of subdivision (1) of this subsection.
38 The State Board shall approve the transfer only for purposes that
39 directly affect student services.

40 The State Board of Community Colleges shall adopt guidelines to
41 implement the provisions of this subdivision.

- 42 (3) A local community college may use all State funds allocated to it
43 except for Literacy Funds and Funds for New and Expanding
44 Industries to increase faculty salaries.

45 **SECTION 8.5.(e)** As used in this section:

- 46 (1) "Average faculty salary at a community college" means the total
47 nine-month salary from all sources of all nine-month, full-time,
48 curriculum faculty at the college, as determined by the North Carolina
49 Community College System on October 1 of each year.
50 (2) "National average community college faculty salary" means the
51 nine-month, full-time, curriculum salary average, as published by the

1 Integrated Postsecondary Education Data System (IPEDS), for the
2 most recent year for which data are available.

3 **SECTION 8.5.(f)** The State Board of Community Colleges shall adopt
4 guidelines to implement the provisions of this section.

5 **SECTION 8.5.(g)** The State Board of Community Colleges shall report to
6 the appropriations subcommittees on education, the Speaker of the House of
7 Representatives, the President Pro Tempore of the Senate, the Fiscal Research Division,
8 and the Office of State Budget and Management by December 1, 2007, and every year
9 thereafter through December 1, 2009, on the implementation of this section.

10 **STUDY COMMUNITY COLLEGE ACCESS**

11 **SECTION 8.6.** The Joint Legislative Education Oversight Committee shall
12 conduct a study to determine whether the North Carolina Community College System is
13 appropriately organized to provide adequate geographic access, while minimizing
14 overhead costs. Specifically, the Committee shall review the organization and structure
15 of the Community College System, the number of colleges and satellite campuses
16 within the System, and the location and size of the colleges. The Committee shall also
17 study the State Board of Community Colleges' policy and procedure for approving new
18 programs and whether the State could realize any savings from consolidating high-cost
19 programs at regional locations.
20

21 **COMMUNITY COLLEGE CONNECTIVITY FUNDS**

22 **SECTION 8.7.** In expending funds appropriated for increasing the
23 bandwidth capacity among the colleges of the North Carolina Community College
24 System, the Community Colleges System Office shall seek the best value among
25 information technology providers in order to maximize online instruction, provide
26 accurate data transmission, and utilize video services.
27

28 **STUDY OF FTE FUNDING FORMULA**

29 **SECTION 8.8.** The Fiscal Research Division, in consultation with the North
30 Carolina Community College System, shall consider modifications to community
31 college funding formulas to ensure that colleges have sufficient funds to adequately
32 serve students when enrollment increases. In the course of the study, the Fiscal
33 Research Division shall:
34

- 35 (1) Make findings and recommendations for a new formula budget
36 computation for the Basic Skills Block Grant, which has not been
37 reviewed for at least two decades and may be impacted by potential
38 changes in the allocation of federal funds for literacy education
39 through the Workforce Investment Act, Title II;
- 40 (2) Consider whether funding for equipment and instructional resources
41 should be incorporated into the FTE funding formula;
- 42 (3) Make findings and recommendations regarding the appropriateness of
43 adjusting the "Other Costs" factors in the Instructional and Institutional
44 Support formulas; and
- 45 (4) Review the Institutional Support formula to determine whether
46 funding is appropriately allocated between the Base Allotment and
47 Enrollment Allotment.

48 The Fiscal Research Division shall report the results of its study to the Joint Legislative
49 Education Oversight Committee and to the chairs of the Senate Committee on
50 Appropriations/Base Budget and the House of Representatives Appropriations
51 Committee by April 15, 2008.

REALIGNMENT OF STATE AID ALLOCATIONS

SECTION 8.9. The State Board of Community Colleges shall examine new State Aid allocation options that more closely align the allocation and expenditure of State-appropriated resources. The State Board shall realign the 2007-2008 formula budget computation to incorporate the Academic Support Supplement into the Institutional Support Formula.

EDUCATION INSIGHT PROJECT EXEMPT FROM CERTAIN INFORMATION TECHNOLOGY LAWS

SECTION 8.12.(a) Except as provided by subsection (b) of this section, and notwithstanding any other provision of law, the North Carolina Community College System and the Department of Public Instruction are exempt from the provisions of Article 3D of Chapter 147 of the General Statutes with regard to their participation in the Birth-20 Education Insight Project, which is a collaborative effort between The University of North Carolina, the North Carolina Community College System, the Department of Public Instruction, and private information technology providers.

SECTION 8.12.(b) The exemption provided by this act does not relieve the North Carolina Community College System and the Department of Public Instruction from information technology security responsibilities under G.S. 147-33.111.

PART IX. UNIVERSITIES**NC SCHOOL OF SCIENCE AND MATHEMATICS ENROLLMENT GROWTH FORMULA**

SECTION 9.1. The Office of State Budget and Management jointly with The University of North Carolina and the Fiscal Research Division of the General Assembly shall conduct a study to create a formula for enrollment growth at the North Carolina School of Science and Mathematics. This formula shall be used to calculate the amount of funds needed for enrollment growth for the North Carolina School of Science and Mathematics. The formula shall also be used for calculating the enrollment growth funding request to be submitted to the 2008 Session of the North Carolina General Assembly.

REPORTING ON UNC FACULTY WORKLOAD

SECTION 9.2.(a) The Board of Governors of The University of North Carolina shall conduct a study on faculty workload at The University of North Carolina. The study shall be done using the Delaware Study Method of collecting data. Information in the report shall include all of the following:

- (1) The faculty workload data for each constituent institution of The University of North Carolina compared to The University of North Carolina enrollment model.
- (2) The University of North Carolina faculty workload average as compared to The University of North Carolina enrollment model student credit hours per instructional position.
- (3) The faculty workload of regional and peer institutions as compared to each constituent institution faculty average and to The University of North Carolina faculty workload average.

SECTION 9.2.(b) The Board of Governors of The University of North Carolina shall submit the study report to the Joint Legislative Education Oversight

1 Committee, the Office of State Budget and Management, and the Fiscal Research
2 Division no later than March 1, 2008.

3 4 **USE OF ESCHEAT FUND FOR NEED-BASED FINANCIAL AID PROGRAMS**

5 **SECTION 9.3.(a)** There is appropriated from the Escheat Fund income to
6 the Board of Governors of The University of North Carolina the sum of seventy-five
7 million six hundred thirty-eight thousand sixteen dollars (\$75,638,016) for the
8 2007-2008 fiscal year and the sum of seventy-five million six hundred thirty-eight
9 thousand sixteen dollars (\$75,638,016) for the 2008-2009 fiscal year. There is
10 appropriated from the Escheat Fund income to the State Board of Community Colleges
11 the sum of thirteen million nine hundred eighty-one thousand two hundred two dollars
12 (\$13,981,202) for the 2007-2008 fiscal year and the sum of thirteen million nine
13 hundred eighty-one thousand two hundred two dollars (\$13,981,202) for the 2008-2009
14 fiscal year. There is appropriated from the Escheat Fund income to the Department of
15 Administration, Division of Veterans Affairs, the sum of six million two hundred
16 twenty-eight thousand six hundred thirty-three dollars (\$6,228,633) for the 2007-2008
17 fiscal year and the sum of six million five hundred twenty thousand nine hundred
18 sixty-four dollars (\$6,520,964) for the 2008-2009 fiscal year. The funds appropriated by
19 this subsection shall be allocated by the State Educational Assistance Authority for
20 need-based student financial aid in accordance with G.S. 116B-7.

21 If the interest income generated from the Escheat Fund is less than the
22 amounts referenced in this subsection, the difference may be taken from the Escheat
23 Fund principal to reach the appropriations referenced in this subsection; however, under
24 no circumstances shall the Escheat Fund principal be reduced below the sum of four
25 hundred million dollars (\$400,000,000).

26 **SECTION 9.3.(b)** The North Carolina State Education Assistance Authority
27 (SEAA) shall perform all of the administrative functions necessary to implement this
28 program of financial aid. The SEAA shall conduct periodic evaluations of expenditures
29 of the Scholarship Programs to determine if allocations are utilized to ensure access to
30 institutions of higher learning and to meet the goals of the respective programs. SEAA
31 may make recommendations for redistribution of funds to The University of North
32 Carolina, Department of Administration, and the Community College System regarding
33 the respective scholarship programs, and then may authorize redistribution of unutilized
34 funds for a particular fiscal year.

35 **SECTION 9.3.(c)** There is appropriated from the Escheat Fund to the Board
36 of Governors of The University of North Carolina the sum of one million one hundred
37 fifty-seven thousand dollars (\$1,157,000) for the 2007-2008 fiscal year and the sum of
38 one million one hundred fifty-seven thousand dollars (\$1,157,000) for the 2008-2009
39 fiscal year to be allocated to the SEAA for need-based student financial aid to be used in
40 accordance with G.S. 116B-7 and this act. The SEAA shall use these funds only to
41 provide scholarship loans (known as the Millennium Teaching Scholarship Loan
42 Program) to North Carolina high school seniors interested in preparing to teach in the
43 State's public schools who also enroll at any of the Historically Black Colleges and
44 Universities that do not have Teaching Fellows. An allocation of 20 grants of six
45 thousand five hundred dollars (\$6,500) each shall be given to Elizabeth City State
46 University, Fayetteville State University, and Winston-Salem State University, the three
47 universities without any Teaching Fellows, for the purposes specified in this subsection.
48 The SEAA shall administer these funds and shall establish any additional criteria
49 needed to award these scholarship loans, the conditions for forgiving the loans, and the
50 collection of the loan repayments when necessary.

1 **SECTION 9.3.(d)** All obligations to students for uses of the funds set out in
2 this section that were made prior to the effective date of this section shall be fulfilled as
3 to students who remain eligible under the provisions of the respective programs.
4

5 **BOARD OF GOVERNORS' MEDICAL SCHOLARSHIPS**

6 **SECTION 9.4.(a)** Chapter 116 of the General Statutes is amended by adding
7 a new section to read:

8 **"§ 116-40.9. Board of Governors' Medical Scholarship Loan Program.**

9 (a) Administration of Medical Scholarship Loan Program. – The Board of
10 Governors' Medical Scholarship Loan Program was established by the Board of
11 Governors of The University of North Carolina. The Board of Governors' Medical
12 Scholarship Loan Program operates under the purview of the Board of Governors and is
13 administered by the Board of Governors.

14 (b) Medical Scholarship Loan Program. – Pursuant to this section, the Board of
15 Governors' Medical Scholarship Loan Program may provide a four-year scholarship
16 loan of relevant tuition and fees, mandatory medical insurance, required laptop
17 computers, and an annual stipend of five thousand dollars (\$5,000) per year to any
18 student who has been accepted for admission to the Duke University School of
19 Medicine, the Brody School of Medicine at East Carolina University, the University of
20 North Carolina at Chapel Hill School of Medicine, or the Wake Forest University
21 School of Medicine.

22 (c) Criteria for Awarding Scholarship Loans. – The Board of Governors may
23 adopt standards, including minimum grade point average and scholastic aptitude test
24 scores, for awarding these scholarship loans to ensure that only the most qualified
25 students receive them. The Board of Governors shall make an effort to identify and
26 encourage minority and economically disadvantaged youth to enter the program.

27 (d) Terms of Scholarship Loans. – All awards made under this section shall be
28 made as scholarship loans and shall be evidenced by notes made payable to the Board of
29 Governors that shall bear interest at the rate of ten percent (10%) per year beginning
30 September 1 after completion of the program, or immediately after termination of the
31 scholarship loan, whichever is earlier. The scholarship loan may be terminated by the
32 recipient withdrawing from school or by the recipient not meeting the standards set by
33 the Board of Governors. The Board of Governors shall forgive the loan if, within seven
34 years after graduation, the recipient practices medicine in North Carolina for four years.
35 The Board of Governors shall also forgive the loan if it finds that it is impossible for the
36 recipient to practice medicine in North Carolina for four years, within seven years after
37 graduation, because of the death or permanent disability of the recipient.

38 (e) Reversions. – All unused funds appropriated to or otherwise received by the
39 Board of Governors for scholarship loans, all funds received as repayment of
40 scholarship loans, and all interest earned on these funds shall revert to the General Fund
41 at the end of each fiscal year."

42 **SECTION 9.4.(b)** This section becomes effective July 1, 2007, and applies
43 to all awards from the Board of Governors' Medical Scholarship Program made to
44 students admitted into medical school on or after July 1, 2007.
45

46 **BOARD OF GOVERNORS' DENTAL SCHOLARSHIPS**

47 **SECTION 9.5.(a)** Chapter 116 of the General Statutes is amended by adding
48 a new section to read:

49 **"§ 116-40.10. Board of Governors' Dental Scholarship Loan Program.**

50 (a) Administration of Dental Scholarship Program. – The Board of Governors'
51 Dental Scholarship Loan Program was established by the Board of Governors of The

1 University of North Carolina. The Board of Governors' Dental Scholarship Loan
2 Program operates under the purview of the Board of Governors and is administered by
3 the Board of Governors.

4 (b) Dental Scholarship Loan Program. – Pursuant to this section, the Board of
5 Governors' Dental Scholarship Loan Program may provide a four-year scholarship loan
6 of relevant tuition and fees, mandatory medical insurance, required laptop computers to
7 any first-year students, required dental equipment, and an annual stipend of five
8 thousand dollars (\$5,000) per year to any student who has been accepted for admission
9 to the School of Dentistry at the University of North Carolina at Chapel Hill.

10 (c) Criteria for Awarding Scholarship Loans. – The Board of Governors may
11 adopt standards, including minimum grade point average and scholastic aptitude test
12 scores, for awarding these scholarship loans to ensure that only the most qualified
13 students receive them. The Board of Governors shall make an effort to identify and
14 encourage minority and economically disadvantaged youth to enter the program.

15 (d) Terms of Scholarship Loans. – All awards made under this section shall be
16 made as scholarship loans and shall be evidenced by notes made payable to the Board
17 that shall bear interest at the rate of ten percent (10%) per year beginning September 1
18 after completion of the program, or immediately after termination of the scholarship
19 loan, whichever is earlier. The scholarship loan may be terminated by the recipient
20 withdrawing from school or by the recipient not meeting the standards set by the Board
21 of Governors. The Board of Governors shall forgive the loan if, within seven years after
22 graduation, the recipient practices dentistry in North Carolina for four years. The Board
23 of Governors shall also forgive the loan if it finds that it is impossible for the recipient
24 to practice dentistry in North Carolina for four years, within seven years after
25 graduation, because of the death or permanent disability of the recipient.

26 (e) Reversions. – All unused funds appropriated to or otherwise received by the
27 Board for scholarship loans, all funds received as repayment of scholarship loans, and
28 all interest earned on these funds shall revert to the General Fund at the end of each
29 fiscal year."

30 **SECTION 9.5.(b)** This section becomes effective July 1, 2007, and applies
31 to all awards from the Board of Governors' Dental Scholarship Program made to
32 students admitted to the School of Dentistry at the University of North Carolina at
33 Chapel Hill on or after July 1, 2007.

34 35 **GRADUATE NURSE SCHOLARSHIP LOANS FOR FULL-TIME NURSING** 36 **FACULTY IN THE NC COMMUNITY COLLEGE SYSTEM**

37 **SECTION 9.6.(a)** G.S. 90-171.100 reads as rewritten:

38 **"§ 90-171.100. Graduate Nurse Scholarship Program for Faculty Production**
39 **established; administration.**

40 (a) There is established the Graduate Nurse Scholarship Program for Faculty
41 Production. The North Carolina Nursing Scholars Commission shall determine selection
42 criteria, methods of selection, and shall select recipients of scholarship loans made
43 under the Graduate Nurse Scholarship Program for Faculty Production.

44 (b) The Graduate Nurse Scholarship Program for Faculty Production shall be
45 used to provide the following:

- 46 (1) A scholarship loan for up to two years in the amount of fifteen
47 thousand dollars (\$15,000) per year, per recipient, to students enrolled
48 in a masters degree program in nursing education or any other area of
49 the nursing field that would permit them to become a nursing
50 instructor at a North Carolina community college or university.

1 (2) A scholarship loan for up to three years in the amount of fifteen
2 thousand dollars (\$15,000) per year, per recipient, to students enrolled
3 in a doctoral degree program in nursing education or any other area of
4 the nursing field that would permit them to become a nursing
5 instructor at a North Carolina community college or university.

6 (3) A scholarship loan for up to two years in the amount of fifteen
7 thousand dollars (\$15,000) per year, per recipient, to nursing faculty in
8 the North Carolina Community College System enrolled in a master's
9 degree program in nursing education.

10 (b1) The State Education Assistance Authority shall adopt specific rules to
11 regulate these scholarship loans.

12 (c) If a recipient is awarded a scholarship loan under this program and is
13 enrolled, or accepted for enrollment, in an eligible program, but is unable to pursue the
14 course of study in nursing for a semester due to limited faculty resources at the
15 institution for that semester, then the recipient shall continue to receive the scholarship
16 loan for that semester and shall not be required to forfeit or repay the scholarship loan
17 for that semester, provided that the recipient remains otherwise eligible for the program.
18 This waiver shall be valid for only one semester of study and may extend a recipient's
19 eligibility for funding under the program by no more than one semester.

20 (d) The Commission shall adopt stringent standards, which may include
21 minimum grade point average, scholastic aptitude test scores, and other standards
22 deemed appropriate by the Commission, to ensure that only the best potential students
23 receive loans under the Graduate Nurse Scholarship Program for Faculty Production.
24 Standards adopted by the Commission shall include provisions for ensuring that the
25 qualifications of applicants who are or would be nontraditional students are considered
26 fairly in providing them with opportunities to compete for the loans. Standards adopted
27 by the Commission shall also provide that community college nursing faculty receive
28 preference in awarding scholarship loans under this section. Loans under the Graduate
29 Nurse Scholarship Program for Faculty Production shall be awarded only to applicants
30 who meet the standards set by the Commission and who agree to teach in a North
31 Carolina public or private nursing program upon completion of the nursing education
32 program supported by the loan. If a recipient under this section is a nursing faculty
33 member at a community college, then as a condition of a scholarship loan received
34 under G.S. 90-171.100(b)(3), the recipient shall agree to continue to work for the
35 community college system in North Carolina as provided in G.S. 90-171.101(b).

36 (e) The Commission shall develop and administer the Graduate Nurse
37 Scholarship Program for Faculty Production in cooperation with nursing schools at
38 institutions approved by the Commission and the North Carolina Board of Nursing. The
39 Graduate Nurse Scholarship Program for Faculty Production shall provide for
40 participants to be exposed to a range of extracurricular activities while in school, which
41 activities shall be aimed at instilling in students a strong motivation to remain in the
42 practice of nursing education and to provide leadership for the nursing profession.

43 (f) The Commission shall make an effort to identify and encourage minority
44 students and students who may not otherwise consider a career in nursing to apply for
45 the Graduate Nurse Scholarship Program for Faculty Production.

46 (g) Upon the naming of recipients of loans from the Graduate Nurse Scholarship
47 Program for Faculty Production, the Commission shall inform the State Education
48 Assistance Authority (SEAA) of its decisions. The SEAA shall perform all of the
49 administrative functions necessary to implement this Article, which functions shall
50 include: rulemaking, dissemination of information to the public, distribution and receipt

1 of applications for scholarship loans, and the functions necessary for the execution,
2 payment, and enforcement of promissory notes required under this Article."

3 **SECTION 9.6.(b)** G.S. 90-171.101(b) reads as rewritten:

4 "(b) The State Education Assistance Authority shall forgive the loan if, within
5 seven years after graduation from a nursing education program, the recipient teaches in
6 a public or private nursing education program in a public or private educational
7 institution in North Carolina for one year for every year a scholarship loan was
8 ~~provided.~~ provided; unless the recipient was a nursing faculty member of a community
9 college. In those circumstances, the State Education Assistance Authority shall forgive
10 the loan if, within seven years after graduation from a nursing education program, the
11 recipient teaches in a community college nursing education program in North Carolina
12 for one year for every year a scholarship loan was provided. If the recipient repays the
13 scholarship loan by cash payments, all indebtedness shall be repaid within 10 years. The
14 Authority may provide for accelerated repayment and for less than full-time
15 employment options to encourage the practice of nursing education in either geographic
16 or nursing specialty shortage areas. The Authority shall adopt specific rules to designate
17 these geographic areas and these nursing specialty shortage areas, upon
18 recommendations of the North Carolina Center for Nursing. The North Carolina Center
19 for Nursing shall base its recommendations on objective information provided by
20 interested groups or agencies and upon objective information collected by the Center.
21 The Authority may forgive the scholarship loan if it determines that it is impossible for
22 the recipient to teach in a public or private nursing ~~program-program,~~ or in a community
23 college nursing program if that was a condition of the scholarship loan, in North
24 Carolina for a sufficient time to repay the loan because of the death or permanent
25 disability of the recipient within 10 years following graduation or termination of
26 enrollment in a nursing education program."

27
28 **ESTABLISH THE EDUCATION ACCESS REWARDS NORTH CAROLINA**
29 **SCHOLARS FUND (EARN)**

30 **SECTION 9.7.(a)** Article 23 of Chapter 116 of the General Statutes is
31 amended by adding the following new section to read:

32 **"§ 116-209.26. Education Access Rewards North Carolina Scholars Fund.**

33 (a) The following definitions apply to this section:

- 34 (1) Academic year. – A period of time in which a student in matriculated
35 status is expected to complete the equivalent of at least two semesters'
36 or three quarters' academic work.
37 (2) Eligible postsecondary institution. – A school that is:
38 a. A constituent institution of The University of North Carolina as
39 defined in G.S. 116-2(4); or
40 b. A community college as defined in G.S. 115D-2(2).
41 (3) Matriculated status. – Being recognized as a first-time candidate for a
42 degree or certificate, exclusive of any course credits earned while in
43 high school, in a defined program of study at an eligible postsecondary
44 institution.
45 (4) Title IV. – Title IV of the Higher Education Act of 1965, as amended.

46 (b) There is established the Education Access Rewards North Carolina Scholars
47 Fund. The purpose of the Fund is to provide grants to certain eligible students to enable
48 them to obtain an education beyond the high school level at certain postsecondary
49 institutions in North Carolina without incurring student loans to meet their financial
50 need during the first two years of their postsecondary education. The State Education
51 Assistance Authority (SEAA) shall administer the Fund.

1 (c) Criteria for awarding the grants shall be developed by the SEAA and include
2 all of the following:

3 (1) The student must qualify as a legal resident of North Carolina, a legal
4 resident of the United States, and as a resident for tuition purposes in
5 accordance with G.S. 116-143.1.

6 (2) Within seven months of the fiscal year in which the grant is to be
7 disbursed, the student must have:

8 a. Graduated from a North Carolina high school;

9 b. Received a General Education Development (GED) Certificate
10 from a North Carolina institution; or

11 c. Completed a high school education in a home school setting
12 meeting the qualifications and requirements under
13 G.S. 115C-564.

14 (3) The student must meet enrollment standards by being admitted,
15 enrolled, and classified as an undergraduate student in a matriculated
16 status on a full-time basis at an eligible postsecondary institution in
17 North Carolina.

18 (4) The student must be an eligible dependent student. For purposes of this
19 subdivision, an "eligible dependent student" is a student who:

20 a. Either is classified as dependent for the Title IV programs or is
21 a ward or dependent of the court; and

22 b. Demonstrates total family income not exceeding two hundred
23 percent (200%) of the applicable federal poverty guideline,
24 according to standards set by the SEAA and measured using
25 data elements available to the SEAA from the Free Application
26 for Federal Student Aid (FAFSA) or such other source as the
27 SEAA may deem appropriate.

28 (5) The student must meet all other eligibility requirements for the federal
29 Pell Grant.

30 (6) In order to retain eligibility for a grant for the student's second
31 academic year, the student must meet achievement standards by
32 maintaining satisfactory academic progress in a course of study in
33 accordance with the standards and practices used for Title IV programs
34 by the eligible postsecondary institution in which the student is
35 enrolled.

36 (7) The student may not receive a grant in an amount that, when combined
37 with the federal Pell Grant, exceeds the student's cost of attendance as
38 defined under Title IV.

39 (8) The student may not receive a grant under this section for more than
40 the equivalent of two academic years.

41 (d) The maximum grant for which a student is eligible under this section shall be
42 four thousand dollars (\$4,000) per academic year. In the event there are not sufficient
43 funds to provide each eligible student with the maximum grant, it is the intent of the
44 General Assembly that eligible students who have matriculated into an eligible
45 postsecondary institution in North Carolina with at least one academic year of college
46 credit receive the maximum grant amount and all other eligible students shall receive a
47 reduced grant amount.

48 (e) The grants provided for in this section shall be administered by the State
49 Education Assistance Authority pursuant to rules adopted by the SEAA not inconsistent
50 with this section.

1 (f) The State Education Assistance Authority shall report to the Joint Legislative
2 Education Oversight Committee by December 1, 2009, and by each December 1
3 thereafter, regarding the Fund and grants awarded from the Fund.

4 (g) Grant funds unexpended shall remain available to the SEAA for future grants
5 to be awarded under this section."

6 **SECTION 9.7.(b)** There is appropriated from the Escheat Fund to the State
7 Education Assistance Authority the sum of fifty million dollars (\$50,000,000) for the
8 2007-2008 fiscal year and the sum of fifty million dollars (\$50,000,000) for the
9 2008-2009 fiscal year to implement this section. Notwithstanding subsection (a) of this
10 section, no grant shall be disbursed to an eligible student under G.S. 116-209.26, as
11 enacted by this act, before July 1, 2008.

12
13 **MANAGEMENT FLEXIBILITY TO REORGANIZE BUDGET CODE 16012**
14 **UNC BOARD OF GOVERNORS RELATED EDUCATIONAL PROGRAMS**

15 **SECTION 9.8.(a)** Notwithstanding G.S. 143C-6-4, for the 2007-2008 fiscal
16 year, the General Administration of The University of North Carolina and the State
17 Educational Assistance Authority shall, with the approval of the Office of State Budget
18 and Management, reorganize budget code 16012, UNC Board of Governors Related
19 Educational Programs, so that the budget reflects and segregates each specific program
20 individually. The Office of State Budget and Management shall work with the
21 University of North Carolina General Administration and the State Educational
22 Assistance Authority to ensure that each program represented in code 16012 is
23 identified and budgeted separately.

24 **SECTION 9.8.(b)** The University of North Carolina General Administration
25 shall report the new budget structure for budget code 16012, as approved by the Office
26 of State Budget and Management, to the Fiscal Research Division of the General
27 Assembly no later than March 31, 2008.

28
29 **FUTURE TEACHERS OF NC SCHOLARSHIP LOAN PROGRAM**

30 **SECTION 9.9.** G.S. 116-209.38(a) reads as rewritten:

31 "(a) There is established the Future Teachers of North Carolina Scholarship Loan
32 Fund. The purpose of the Fund is to provide a two-year scholarship loan of six thousand
33 five hundred dollars (\$6,500) per year for any North Carolina student pursuing a college
34 degree to teach in the public schools of the State. The scholarship loan shall be paid
35 only for the student's junior and senior years. The scholarship loan is available if the
36 student is enrolled in a State institution of higher education or a private institution of
37 higher education located in this State that has an accredited teacher preparation program
38 for students planning to become certified teachers in North Carolina. The State
39 Education Assistance Authority shall administer the Fund and shall award ~~100~~150
40 scholarship loans annually."

41
42 **PRINCIPALS' EXECUTIVE PROGRAM**

43 **SECTION 9.10.(a)** The operating budget of the Principals' Executive
44 Program (PEP) is appropriated on a nonrecurring basis for the 2007-2009 fiscal
45 biennium until the General Assembly receives data showing the program has a positive,
46 measurable impact on conditions for teaching and learning in schools.

47 **SECTION 9.10.(b)** The Principals' Executive Program shall develop a
48 formalized admissions policy that does all of the following:

- 49 (1) Gives priority to school administrators working in high-need schools
50 so that State resources are targeted to those who most need support.

- 1 (2) Takes into account geographic diversity to ensure that school
2 administrators statewide are served. If more school administrators seek
3 admission than slots are available, the Principals' Executive Program
4 shall retain those names and offer priority admission to those on the
5 waiting list for the next class. The Principals' Executive Program shall
6 also use these waiting lists to assess demand and determine how best
7 to allocate resources among the various executive training courses.

8 **SECTION 9.10.(c)** The State Board of Education and the Board of
9 Governors of The University of North Carolina shall recommend to the Joint Legislative
10 Education Oversight Committee a plan to provide input on the Principals' Executive
11 Program's priorities and feedback on its performance. This plan shall be presented no
12 later than April 1, 2008.

13
14 **REPEAL NORTH CAROLINA PROGRESS BOARD**

15 **SECTION 9.11.** Part 2A of Article 9 of Chapter 143B of the General
16 Statutes is repealed.

17
18 **REVERT MOTORSPORTS CAPITAL ACCOUNT**

19 **SECTION 9.12.** Effective June 30, 2007, the unencumbered balance of the
20 funds appropriated to the NC Motor Sports Testing and Research Complex in Section
21 32.1 of S.L. 2004-124, as amended by Section 3 of S.L. 2004-184, shall revert to the
22 General Fund.

23
24 **TRANSFER AGRICULTURAL RESEARCH STATIONS AND RESEARCH
25 FARMS FROM THE DEPARTMENT OF AGRICULTURE AND
26 CONSUMER SERVICES TO UNC BOARD OF GOVERNORS FOR NC
27 STATE UNIVERSITY**

28 **SECTION 9.15.(a)** The Division of Research Stations is transferred from
29 the Department of Agriculture and Consumer Services to the Board of Governors of
30 The University of North Carolina to be allocated to North Carolina State University.
31 This transfer shall have all of the elements of a Type I transfer, as defined in
32 G.S. 143A-6. The agricultural research stations and research farms transferred by this
33 section shall be under the direction and control of North Carolina State University, in
34 consultation with North Carolina Agricultural and Technical State University.

35 **SECTION 9.15.(b)** North Carolina State University is designated as the lead
36 agency for all of the State's agricultural research stations and research farms, including
37 those already under the direction and control of North Carolina State University on June
38 30, 2007, and those that are transferred to North Carolina State University by subsection
39 (a) of this section. As lead agency for the management of all of the State's agricultural
40 research stations and research farms, North Carolina State University shall do all of the
41 following:

- 42 (1) Manage the agricultural research stations and research farms pursuant
43 to G.S. 116-40.9.
44 (2) Consolidate and downsize the agricultural research stations and
45 research farms to make them operate more efficiently and to reduce
46 administrative costs beginning with the 2008-2009 fiscal year.
47 (3) Evaluate each agricultural research station and research farm to
48 determine which of the stations or farms should be retained by the
49 State and which are noncritical and should be divested by the State.

50 **SECTION 9.15.(c)** North Carolina State University shall consult with North
51 Carolina Agricultural and Technical State University, the Department of Agriculture

1 and Consumer Services, the Farm Bureau, and other interested parties as appropriate in
2 implementing subdivisions (2) and (3) of subsection (b) of this section. The Board of
3 Governors of The University of North Carolina shall consult with North Carolina
4 Agricultural and Technical State University prior to consolidating, downsizing, or
5 closing any agricultural research station or research farm at which North Carolina
6 Agricultural and Technical State University has ongoing research.

7 **SECTION 9.15.(d)** By March 15, 2008, North Carolina State University
8 shall report its findings and recommendations regarding the implementation of this
9 section to the Board of Governors of The University of North Carolina.

10 **SECTION 9.15.(e)** Notwithstanding G.S. 146-30, the proceeds from the sale
11 of any agricultural research station or research farm sold pursuant to this section shall be
12 reinvested in the State's agricultural research efforts, as determined by the Board of
13 Governors of The University of North Carolina.

14 **SECTION 9.15.(e1)** North Carolina State University shall not take any
15 action to consolidate, downsize, or close any agricultural research station or research
16 farm or to determine which of the stations or farms should be retained by the State and
17 which should be divested, prior to reporting to the General Assembly on any such
18 proposed action and any findings and recommendations supporting those actions.

19 **SECTION 9.15.(f)** Part 3 of Article 1 of the General Statutes is amended by
20 adding a new section to read:

21 "**§ 116-40.9. State farms.**

22 State-owned farmland, including timberland, allocated to North Carolina State
23 University, shall be managed by North Carolina State University, in consultation with
24 North Carolina Agricultural and Technical State University, for research, teaching, and
25 demonstration in agriculture, forestry, and aquaculture. Research projects on the State
26 farms shall be approved by North Carolina State University. North Carolina State
27 University may sell surplus commodities produced on the farms."

28 **SECTION 9.15.(g)** G.S. 106-22.1 is repealed.

29 **SECTION 9.15.(h)** G.S. 66-58(c)(1b) reads as rewritten:

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

31 ...
32 (1b) The sale by North Carolina State University at University-owned
33 facilities of dairy products, including ice cream, cheeses, milk-based
34 beverages, and the by-products of heavy cream, produced by the Dairy
35 and Process Applications Laboratory, so long as any profits are used to
36 support the Department of Food Science and College of Agriculture
37 and Life Sciences at North Carolina State University. The sale by
38 North Carolina State University of surplus commodities on State
39 farms, as allowed by G.S. 116-40.9.

40"

41
42 **UNC ITEMIZED BUDGET REQUEST FOR 2009-2011 FISCAL BIENNIUM**

43 **SECTION 9.16.** Notwithstanding any other provisions of law, for the
44 2009-2010 fiscal year and for the 2010-2011 fiscal year, the Board of Governors of The
45 University of North Carolina shall submit an itemized budget request to the Director of
46 the Budget for each of the constituent institutions, affiliated entities, and General
47 Administration. The request shall contain the following information:

48 (1) A description of State-funded activities and a justification for the
49 existence of each activity as aligned with the mission of The
50 University of North Carolina.

- 1 (2) An itemized account of expenditures by personnel and non-personnel
2 costs required to maintain the activity at the current level of service.
- 3 (3) An itemized account of progress made toward implementation of
4 recommendations of the President's Advisory Committee on
5 Efficiency and Effectiveness (PACE) and additional recommendations
6 proposed and implemented by the chancellors of the constituent
7 institutions.
- 8 (4) An itemized account of actual PACE cost savings and cost avoidance
9 and the uses of the repurposed funds.
- 10 (5) A request for total required expenditures for the 2009-2010 fiscal year
11 and for the 2010-2011 fiscal year showing increases and decreases that
12 are properly and correctly aligned to reflect how the funds are to be
13 expended for each activity.
14

15 STATE SUPPORT FOR HIGHER EDUCATION COSTS

16 SECTION 9.17.(a) Article 1 of Chapter 116 of the General Statutes is
17 amended by adding a new Part to read:

18 "Part 2C. State Support Received By Students for Higher Education Costs.

19 **"§ 116-30.25. Information regarding State support received by students for higher
20 education costs at constituent institutions.**

21 (a) The University of North Carolina General Administration shall develop
22 methodology for reporting the approximate amount of total State support provided to
23 students attending constituent institutions of The University of North Carolina.

24 (b) Each constituent institution shall provide to students, upon graduation, a letter
25 detailing the approximate amount that the State of North Carolina contributed to the
26 support of their education. The amount of State support shall be based on the
27 methodology developed by the University of North Carolina General Administration
28 pursuant to subsection (a) of this section.

29 (c) Each letter shall also provide an opportunity for students to donate to
30 need-based scholarships. The President of The University of North Carolina shall
31 establish a Need-Based Scholarship Trust Fund for receiving donations, and the
32 proceeds shall be administered by the State Education Assistance Authority."

33 SECTION 9.17.(b) This section applies to the fall term of the 2007-2008
34 academic year and each subsequent academic term.
35

36 PART X. DEPARTMENT OF HEALTH AND HUMAN SERVICES

37 PHYSICIAN SERVICES

38 SECTION 10.1. With the approval of the Office of State Budget and
39 Management, the Department of Health and Human Services may use funds
40 appropriated in this act for across-the-board salary increases and performance pay to
41 offset similar increases in the costs of contracting with private and independent
42 universities for the provision of physician services to clients in facilities operated by the
43 Division of Mental Health, Developmental Disabilities, and Substance Abuse Services.
44 This offsetting shall be done in the same manner as is currently done with the
45 constituent institutions of The University of North Carolina.
46
47

48 LIABILITY INSURANCE

49 SECTION 10.2.(a) The Secretary of the Department of Health and Human
50 Services, the Secretary of the Department of Environment and Natural Resources, and
51 the Secretary of the Department of Correction may provide medical liability coverage

1 not to exceed one million dollars (\$1,000,000) per incident on behalf of employees of
2 the Departments licensed to practice medicine or dentistry, on behalf of all licensed
3 physicians who are faculty members of The University of North Carolina who work on
4 contract for the Division of Mental Health, Developmental Disabilities, and Substance
5 Abuse Services for incidents that occur in Division programs, and on behalf of
6 physicians in all residency training programs from The University of North Carolina
7 who are in training at institutions operated by the Department of Health and Human
8 Services. This coverage may include commercial insurance or self-insurance and shall
9 cover these individuals for their acts or omissions only while they are engaged in
10 providing medical and dental services pursuant to their State employment or training.

11 **SECTION 10.2.(b)** The coverage provided under this section shall not cover
12 any individual for any act or omission that the individual knows or reasonably should
13 know constitutes a violation of the applicable criminal laws of any state or the United
14 States or that arises out of any sexual, fraudulent, criminal, or malicious act or out of
15 any act amounting to willful or wanton negligence.

16 **SECTION 10.2.(c)** The coverage provided pursuant to this section shall not
17 require any additional appropriations and shall not apply to any individual providing
18 contractual service to the Department of Health and Human Services, the Department of
19 Environment and Natural Resources, or the Department of Correction, with the
20 exception that coverage may include physicians in all residency training programs from
21 The University of North Carolina who are in training at institutions operated by the
22 Department of Health and Human Services and licensed physicians who are faculty
23 members of The University of North Carolina who work for the Division of Mental
24 Health, Developmental Disabilities, and Substance Abuse Services.

25 26 **FUNDS FOR JIM "CATFISH" HUNTER CHAPTER OF THE ALS** 27 **ASSOCIATION**

28 **SECTION 10.3.** Funds appropriated in this act for the Jim "Catfish" Hunter
29 Chapter of the ALS Association shall be expended only for services provided within
30 North Carolina.

31 32 **DHHS PAYROLL DEDUCTION FOR CHILD CARE SERVICES**

33 **SECTION 10.4.** Subject to rules adopted by the State Controller, an
34 employee of the Department of Health and Human Services may authorize, in writing,
35 the periodic deduction from the employee's salary or wages for employment by the
36 State, a designated lump sum to be paid to satisfy the cost of services received for child
37 care provided by the Department.

38 39 **NON-MEDICAID REIMBURSEMENT CHANGES**

40 **SECTION 10.5.** Providers of medical services under the various State
41 programs, other than Medicaid, offering medical care to citizens of the State shall be
42 reimbursed at rates no more than those under the North Carolina Medical Assistance
43 Program.

44 The Department of Health and Human Services may reimburse hospitals at
45 the full prospective per diem rates without regard to the Medical Assistance Program's
46 annual limits on hospital days. When the Medical Assistance Program's per diem rates
47 for inpatient services and its interim rates for outpatient services are used to reimburse
48 providers in non-Medicaid medical service programs, retroactive adjustments to claims
49 already paid shall not be required.

50 Notwithstanding the provisions of paragraph one, the Department of Health
51 and Human Services may negotiate with providers of medical services under the various

1 Department of Health and Human Services programs, other than Medicaid, for rates as
 2 close as possible to Medicaid rates for the following purposes: contracts or agreements
 3 for medical services and purchases of medical equipment and other medical supplies.
 4 These negotiated rates are allowable only to meet the medical needs of its non-Medicaid
 5 eligible patients, residents, and clients who require such services which cannot be
 6 provided when limited to the Medicaid rate.

7 Maximum net family annual income eligibility standards for services in these
 8 programs shall be as follows:

9 <u>Family Size</u>	10 <u>Rehabilitation Except</u> <u>DSB Over 55 Grant</u>	11 <u>Other</u>
11 1	\$8,364	\$4,200
12 2	10,944	5,300
13 3	13,500	6,400
14 4	16,092	7,500
15 5	18,648	7,900
16 6	21,228	8,300
17 7	21,708	8,800
18 8	22,220	9,300

19 The eligibility level for children in the Medical Eye Care Program in the
 20 Division of Services for the Blind shall be one hundred percent (100%) of the federal
 21 poverty guidelines, as revised annually by the United States Department of Health and
 22 Human Services and in effect on July 1 of each fiscal year. The eligibility level for
 23 adults in the Medical Eye Care Program in the Division of Services for the Blind shall
 24 be up to one hundred twenty-five percent (125%) of the federal poverty guidelines, as
 25 revised annually by the United States Department of Health and Human Services and in
 26 effect on July 1 of each fiscal year. The eligibility level for adults 55 years of age or
 27 older who qualify for services through the Division of Services for the Blind,
 28 Independent Living Rehabilitation Program, shall be two hundred percent (200%) of the
 29 federal poverty guidelines, as revised annually by the United States Department of
 30 Health and Human Services and in effect on July 1 of each fiscal year. The eligibility
 31 level for adults in the Atypical Antipsychotic Medication Program in the Division of
 32 Mental Health, Developmental Disabilities, and Substance Abuse Services shall be one
 33 hundred fifty percent (150%) of the federal poverty guidelines, as revised annually by
 34 the United States Department of Health and Human Services and in effect on July 1 of
 35 each fiscal year. Additionally, those adults enrolled in the Atypical Antipsychotic
 36 Medication Program who become gainfully employed may continue to be eligible to
 37 receive State support, in decreasing amounts, for the purchase of atypical antipsychotic
 38 medication and related services up to three hundred percent (300%) of the poverty level.

39 State financial participation in the Atypical Antipsychotic Medication
 40 Program for those enrollees who become gainfully employed is as follows:

41 <u>Income</u> (% of poverty)	42 <u>State Participation</u>	43 <u>Client Participation</u>
43 0-150%	100%	0%
44 151-200%	75%	25%
45 201-250%	50%	50%
46 251-300%	25%	75%
47 300% and over	0%	100%

48 The Department of Health and Human Services shall contract at, or as close
 49 as possible to, Medicaid rates for medical services provided to residents of State
 50 facilities of the Department.
 51

COMMUNITY HEALTH CENTER CHANGES

SECTION 10.6.(a) Of the funds appropriated in this act for Community Health Grants, the sum of seven million dollars (\$7,000,000) in recurring funds for the 2007-2008 fiscal year and the sum of two million dollars (\$2,000,000) for the 2008-2009 fiscal year shall be allocated to federally qualified health centers and those health centers that meet the criteria for federally qualified health centers, State-designated rural health centers, free clinics, public health departments, school-based health centers, and other nonprofit organizations that provide primary and preventative medical services to uninsured or medically indigent patients to:

- (1) Increase access to preventative and primary care services by uninsured or medically indigent patients in existing or new health center locations;
- (2) Establish community health center services in counties where no such services exist;
- (3) Create new services or augment existing services provided to uninsured or medically indigent patients, including primary care and preventative medical services, dental services, pharmacy, and behavioral health; and
- (4) Increase capacity necessary to serve the uninsured by enhancing or replacing facilities, equipment, or technologies.

Grant funds may not be used to enhance or increase compensation or other benefits of personnel, administrators, directors, consultants, or any other parties. Grant funds may not be used to supplant federal funds traditionally received by federally qualified community health centers and may not be used to finance or satisfy any existing debt. In distributing funds, the Department of Health and Human Services shall consider the availability of other funds for the agency, the incidence of poverty or indigent clients served, arrangements for after-hours care, and collaboration with the applicant's community hospital and other safety-net organizations.

SECTION 10.6.(a1) Notwithstanding subsection (a) of this section, of the funds allocated in this section for the 2007-2008 fiscal year, the sum of three hundred seventy-five thousand dollars (\$375,000) shall be used to provide a cost of operations increase to eligible school-based and school-linked adolescent health centers.

SECTION 10.6.(b) The Office shall work with the North Carolina Community Health Center Association (hereafter "NCCHCA") and the North Carolina Public Health Association (hereafter "NCPHA") to establish an advisory committee to develop an objective and equitable process for awarding grant funds. The Office shall also develop auditing and accountability procedures. Not more than one percent (1%) of the funds appropriated in this section may be used to reimburse the Office for administering the grant program in collaboration with the NCCHCA and the NCPHA.

SECTION 10.6.(c) Recipients of grant funds shall provide to the Office annually a written report detailing the number of additional uninsured and medically indigent patients that are cared for, the types of services that were provided, and any other information requested by the Office as necessary for evaluating the success of the grant program.

SECTION 10.6.(d) The Office shall work with the NCCHCA and NCPHA to study and present recommendations for continuing funds to support the expansion of community health centers, State-designated rural health centers, and public health departments to serve more of the State's uninsured and indigent population. The Office shall submit the report to the 2008 Regular Session of the 2007 General Assembly upon its convening.

1 **COLLABORATION AMONG DEPARTMENTS OF ADMINISTRATION,**
2 **HEALTH AND HUMAN SERVICES, JUVENILE JUSTICE AND**
3 **DELINQUENCY PREVENTION, AND PUBLIC INSTRUCTION ON**
4 **SCHOOL-BASED CHILD AND FAMILY TEAM INITIATIVE**

5 **SECTION 10.9.(a)** School-Based Child and Family Team Initiative
6 established. –

7 (1) Purpose and duties. – There is established the School-Based Child and
8 Family Team Initiative. The purpose of the Initiative is to identify and
9 coordinate appropriate community services and supports for children
10 at risk of school failure or out-of-home placement in order to address
11 the physical, social, legal, emotional, and developmental factors that
12 affect academic performance. The Department of Health and Human
13 Services, the Department of Public Instruction, the State Board of
14 Education, the Department of Juvenile Justice and Delinquency
15 Prevention, the Administrative Office of the Courts, and other State
16 agencies that provide services for children shall share responsibility
17 and accountability to improve outcomes for these children and their
18 families. The Initiative shall be based on the following principles:

- 19 a. The development of a strong infrastructure of interagency
20 collaboration;
21 b. One child, one team, one plan;
22 c. Individualized strengths-based care;
23 d. Accountability;
24 e. Cultural competence;
25 f. Children at risk of school failure or out-of-home placement may
26 enter the system through any participating agency;
27 g. Services shall be specified, delivered, and monitored through a
28 unified Child and Family Plan that is outcome-oriented and
29 evaluation-based;
30 h. Services shall be the most efficient in terms of cost and
31 effectiveness and shall be delivered in the most natural settings
32 possible;
33 i. Out-of-home placements for children shall be a last resort and
34 shall include concrete plans to bring the children back to a
35 stable, permanent home, their schools, and their community;
36 and
37 j. Families and consumers shall be involved in decision making
38 throughout service planning, delivery, and monitoring.

39 (2) Program goals and services. – In order to ensure that children
40 receiving services are appropriately served, the affected State and local
41 agencies shall:

- 42 a. Increase capacity in the school setting to address the academic,
43 health, mental health, social, and legal needs of children.
44 b. Ensure that children receiving services are screened initially to
45 identify needs and assessed periodically to determine progress
46 and sustained improvement in educational, health, safety,
47 behavioral, and social outcomes.
48 c. Develop uniform screening mechanisms and a set of outcomes
49 that are shared across affected agencies to measure children's
50 progress in home, school, and community settings.

- 1 d. Promote practices that are known to be effective based upon
- 2 research or national best practice standards.
- 3 e. Review services provided across affected State agencies to
- 4 ensure that children's needs are met.
- 5 f. Eliminate cost shifting and facilitate cost-sharing among
- 6 governmental agencies with respect to service development,
- 7 service delivery, and monitoring for participating children and
- 8 their families.
- 9 g. Participate in a local memorandum of agreement signed
- 10 annually by the participating superintendent of the local LEA,
- 11 directors of the county departments of social services and
- 12 health, director of the local management entity, the chief district
- 13 court judge, and the chief district court counselor.
- 14 (3) Local level responsibilities. – In coordination with the North Carolina
- 15 Child and Family Leadership Council (Council), the local board of
- 16 education shall establish the School-Based Child and Family Team
- 17 Initiative (Initiative) at designated schools and shall appoint the Child
- 18 and Family Team Leaders who shall be a school nurse and a school
- 19 social worker. Each local management entity that has any selected
- 20 schools in its catchment area shall appoint a Care Coordinator, and any
- 21 department of social services that has a selected school in its
- 22 catchment area shall appoint a Child and Family Teams Facilitator.
- 23 The Care Coordinators and Child and Family Team Facilitators shall
- 24 have as their sole responsibility working with the selected schools in
- 25 their catchment areas and shall provide training to school-based
- 26 personnel, as required. The Child and Family Team Leaders shall
- 27 identify and screen children who are potentially at risk of academic
- 28 failure or out-of-home placement due to physical, social, legal,
- 29 emotional, or developmental factors. Based on the screening results,
- 30 responsibility for developing, convening, and implementing the Child
- 31 and Family Team Initiative is as follows:
- 32 a. School personnel shall take the lead role for those children and
- 33 their families whose primary unmet needs are related to
- 34 academic achievement.
- 35 b. The local management entity shall take the lead role for those
- 36 children and their families whose primary unmet needs are
- 37 related to mental health, substance abuse, or developmental
- 38 disabilities and who meet the criteria for the target population
- 39 established by the Division of Mental Health, Developmental
- 40 Disabilities, and Substance Abuse Services.
- 41 c. The local department of public health shall take the lead role for
- 42 those children and their families whose primary unmet needs
- 43 are health-related.
- 44 d. Local departments of social services shall take the lead for
- 45 those children and their families whose primary unmet needs
- 46 are related to child welfare, abuse, or neglect.
- 47 e. The chief district court counselor shall take the lead for those
- 48 children and their families whose primary unmet needs are
- 49 related to juvenile justice issues.
- 50 A representative from each named or otherwise identified publicly
- 51 supported children's agency shall participate as a member of the Team

- 1 as needed. Team members shall coordinate, monitor, and assure the
 2 successful implementation of a unified Child and Family Plan.
- 3 (4) Reporting requirements. – School-Based Child and Family Team
 4 Leaders shall provide data to the Council for inclusion in their report
 5 to the North Carolina General Assembly. The report shall include the
 6 following:
- 7 a. The number of and other demographic information on children
 8 screened and assigned to a team and a description of the
 9 services needed by and provided to these children;
 - 10 b. The number of and information about children assigned to a
 11 team who are placed in programs or facilities outside the child's
 12 home or outside the child's county and the average length of
 13 stay in residential treatment;
 - 14 c. The amount and source of funds expended to implement the
 15 Initiative;
 - 16 d. Information on how families and consumers are involved in
 17 decision making throughout service planning, delivery, and
 18 monitoring;
 - 19 e. Other information as required by the Council to evaluate
 20 success in local programs and ensure appropriate outcomes; and
 - 21 f. Recommendations on needed improvements.
- 22 (5) Local advisory committee. – In each county with a participating
 23 school, the superintendent of the local LEA shall either identify an
 24 existing cross agency collaborative or council, or shall form a new
 25 group, to serve as a local advisory committee to work with the
 26 Initiative. Newly formed committees shall be chaired by the
 27 superintendent and one other member of the committee to be elected
 28 by the committee. The local advisory committee shall include the
 29 directors of the county departments of social services and health, the
 30 directors of the local management entity, the chief district court judge,
 31 the chief district court counselor, the director of a school-based or
 32 school-linked health center if a center is located within the catchment
 33 area of the School-Based Child and Family Team Initiative, and
 34 representatives of other agencies providing services to children, as
 35 designated by the Committee. The members of the Committee shall
 36 meet as needed to monitor and support the successful implementation
 37 of the School-Based Child and Family Team Initiative.
- 38 The Local Child and Family Team Advisory Committee may
 39 designate existing cross agency collaboratives or councils as working
 40 groups or to provide assistance in accomplishing established goals.
- 41 **SECTION 10.9.(b)** North Carolina Child and Family Leadership Council. –
- 42 (1) Leadership Council established; location. – There is established the
 43 North Carolina Child and Family Leadership Council (Council). The
 44 Council shall be located within the Department of Administration for
 45 organizational and budgetary purposes.
 - 46 (2) Purpose. – The purpose of the Council is to review and advise the
 47 Governor in the development of the School-Based Child and Family
 48 Team Initiative and to ensure the active participation and collaboration
 49 in the Initiative by all State agencies and their local counterparts
 50 providing services to children in participating counties in order to

1 increase the academic success and reduce out-of-home and
2 out-of-county placements of children at risk of academic failure.

3 (3) Membership. – The Superintendent of Public Instruction and the
4 Secretary of Health and Human Services shall serve as cochairs of the
5 Council. Council membership shall include the Secretary of the
6 Department of Juvenile Justice and Delinquency Prevention, the
7 Chairman of the State Board of Education, the Director of the
8 Administrative Office of the Courts, and other members as appointed
9 by the Governor.

10 (4) The Council shall:

- 11 a. Sign an annual memorandum of agreement (MOA) among the
12 named State agencies to define the purposes of the program and
13 to ensure that program goals are accomplished.
- 14 b. Resolve State policy issues, as identified at the local level,
15 which interfere with effective implementation of the
16 School-Based Child and Family Team Initiative.
- 17 c. Direct the integration of resources, as needed, to meet goals and
18 ensure that the Initiative promotes the most effective and
19 efficient use of resources and eliminates duplication of effort.
- 20 d. Establish criteria for defining success in local programs and
21 ensure appropriate outcomes.
- 22 e. Develop an evaluation process, based on expected outcomes, to
23 ensure the goals and objectives of this Initiative are achieved.
- 24 f. Review progress made on integrating policies and resources
25 across State agencies, reaching expected outcomes, and
26 accomplishing other goals.
- 27 g. Report semiannually, on January 1 and July 1, on progress
28 made and goals achieved to the Office of the Governor, the
29 Joint Appropriations Committees and Subcommittees on
30 Education, Justice and Public Safety, and Health and Human
31 Services, and the Fiscal Research Division of the Legislative
32 Services Office.

33 The Council may designate existing cross agency collaboratives or
34 councils as working groups or to provide assistance in accomplishing
35 established goals.

36 **SECTION 10.9.(c)** Department of Health and Human Services. – The
37 Secretary of the Department of Health and Human Services shall ensure that all
38 agencies within the Department collaborate in the development and implementation of
39 the School-Based Child and Family Team Initiative and provide all required support to
40 ensure that the Initiative is successful.

41 **SECTION 10.9.(d)** Department of Juvenile Justice and Delinquency
42 Prevention. – The Secretary of the Department of Juvenile Justice and Delinquency
43 Prevention shall ensure that all agencies within the Department collaborate in the
44 development and implementation of the School-Based Child and Family Team Initiative
45 and provide all required support to ensure that the Initiative is successful.

46 **SECTION 10.9.(e)** Administrative Office of the Courts. – The Director of
47 the Administrative Office of the Courts shall ensure that the Office collaborates in the
48 development and implementation of the School-Based Child and Family Team Initiative
49 and shall provide all required support to ensure that the Initiative is successful.

50 **SECTION 10.9.(f)** Department of Public Instruction. – The Superintendent
51 of Public Instruction shall ensure that the Department collaborates in the development

1 and implementation of the School-Based Child and Family Team Initiative and shall
2 provide all required support to ensure that the Initiative is successful.

3
4 **COMPREHENSIVE TREATMENT SERVICES PROGRAM/ESTABLISHMENT**
5 **OF TASK FORCE ON THE COORDINATION OF CHILDREN'S SERVICES**

6 **SECTION 10.10.(a)** The Department of Health and Human Services shall
7 continue the Comprehensive Treatment Services Program for children at risk for
8 institutionalization or other out-of-home placement. The Program shall be implemented
9 by the Department in consultation with the Department of Juvenile Justice and
10 Delinquency Prevention, the Department of Public Instruction, and other affected State
11 agencies. The purpose of the Program is to provide appropriate and medically necessary
12 nonresidential and residential treatment alternatives for children at risk of
13 institutionalization or other out-of-home placement. Program funds shall be targeted for
14 non-Medicaid eligible children. Program funds may also be used to expand a
15 system-of-care approach for services to children and their families statewide. The
16 program shall include the following:

- 17 (1) Behavioral health screening for all children at risk of
18 institutionalization or other out-of-home placement.
- 19 (2) Appropriate and medically necessary nonresidential and residential
20 services for children within the child mental health deaf and hard of
21 hearing target population.
- 22 (3) Appropriate and medically necessary nonresidential and residential
23 treatment services, including placements for sexually aggressive youth.
- 24 (4) Appropriate and medically necessary nonresidential and residential
25 treatment services, including placements for youth needing substance
26 abuse treatment services and children with serious emotional
27 disturbances.
- 28 (5) Multidisciplinary case management services, as needed.
- 29 (6) A system of utilization review specific to the nature and design of the
30 Program.
- 31 (7) Mechanisms to ensure that children are not placed in department of
32 social services custody for the purpose of obtaining mental health
33 residential treatment services.
- 34 (8) Mechanisms to maximize current State and local funds and to expand
35 use of Medicaid funds to accomplish the intent of this Program.
- 36 (9) Other appropriate components to accomplish the Program's purpose.
- 37 (10) The Secretary of the Department of Health and Human Services may
38 enter into contracts with residential service providers.
- 39 (11) A system of identifying and tracking children placed outside of the
40 family unit in group homes, therapeutic foster care home settings, and
41 other out-of-home placements.
- 42 (12) The development of a strong infrastructure of interagency
43 collaboration.
- 44 (13) Individualized strengths-based care.

45 **SECTION 10.10.(b)** In order to ensure that children at risk for
46 institutionalization or other out-of-home placement are appropriately served by the
47 mental health, developmental disabilities, and substance abuse services system, the
48 Department of Health and Human Services, Division of Mental Health, Developmental
49 Disabilities, and Substance Abuse Services, shall do the following with respect to
50 services provided to these children:

- 51 (1) Provide only those treatment services that are medically necessary.

- 1 (2) Implement utilization review of services provided.
- 2 (3) Adopt the following guiding principles for the provision of services:
 - 3 a. Service delivery system must be outcome-oriented and
 - 4 evaluation-based.
 - 5 b. Services should be delivered as close as possible to the child's
 - 6 home.
 - 7 c. Services selected should be those that are most efficient in
 - 8 terms of cost and effectiveness.
 - 9 d. Services should not be provided solely for the convenience of
 - 10 the provider or the client.
 - 11 e. Families and consumers should be involved in decision making
 - 12 throughout treatment planning and delivery.
 - 13 f. Services shall be specified, delivered, and monitored through a
 - 14 unified Child and Family Plan incorporating the principles of
 - 15 one-child-one-team-one-plan.
 - 16 g. Out-of-home placements for children shall be a last resort and
 - 17 shall include concrete plans to bring the children back to a
 - 18 stable, permanent home, their schools, and their community.
- 19 (4) Implement all of the following cost-reduction strategies:
 - 20 a. Preauthorization for all services except emergency services.
 - 21 b. Levels of care to assist in the development of treatment plans.
 - 22 c. Clinically appropriate services.

23 **SECTION 10.10.(c)** The Department shall collaborate with other affected
24 State agencies such as the Department of Juvenile Justice and Delinquency Prevention,
25 the Department of Public Instruction, the Administrative Office of the Courts, and with
26 local departments of social services, area mental health programs, and local education
27 agencies to eliminate cost shifting and facilitate cost-sharing among these governmental
28 agencies with respect to the treatment and placement services.

29 **SECTION 10.10.(d)** The Department shall not allocate funds appropriated
30 for Program services until a Memorandum of Agreement has been executed between the
31 Department of Health and Human Services, the Department of Public Instruction, and
32 other affected State agencies. The Memorandum of Agreement shall address
33 specifically the roles and responsibilities of the various departmental divisions and
34 affected State agencies involved in the administration, financing, care, and placement of
35 children at risk of institutionalization or other out-of-home placement. The Department
36 shall not allocate funds appropriated in this act for the Program until the Memoranda of
37 Agreement between local departments of social services, area mental health programs,
38 local education agencies, the Administrative Office of the Courts, and the Department
39 of Juvenile Justice and Delinquency Prevention, as appropriate, are executed to
40 effectuate the purpose of the Program. The Memoranda of Agreement shall address
41 issues pertinent to local implementation of the Program, including provision for the
42 immediate availability of student records to a local school administrative unit receiving
43 a child placed in a residential setting outside the child's home county.

44 **SECTION 10.10.(e)** Notwithstanding any other provision of law to the
45 contrary, services under the Comprehensive Treatment Services Program are not an
46 entitlement for non-Medicaid eligible children served by the Program.

47 **SECTION 10.10.(f)** Of the funds appropriated in this act for the
48 Comprehensive Treatment Services Program, the Department of Health and Human
49 Services shall establish a reserve of three percent (3%) to ensure availability of these
50 funds to address specialized needs for children with unique or highly complex
51 problems.

- 1 b. Developing methods for identifying and providing services to
- 2 children and youth not receiving but in need of child welfare
- 3 services, children and youth at risk of entering the juvenile
- 4 court system, and children and youth exposed to domestic
- 5 violence situations.
- 6 c. Developing strategies for addressing the issues of school
- 7 dropout, teen suicide, and adolescent pregnancy.
- 8 d. Identifying and evaluating the impact on children and youth of
- 9 other economic and environmental issues.
- 10 e. Identifying obstacles to ensuring that children who are in secure
- 11 or nonsecure custody are placed in safe and permanent homes
- 12 within a reasonable period of time and recommending strategies
- 13 for overcoming those obstacles. The Commission shall consider
- 14 what, if anything, can be done to expedite the adjudication and
- 15 appeal of abuse and neglect charges against parents so that
- 16 decisions may be made about the safe and permanent placement
- 17 of their children as quickly as possible.
- 18 (2) Evaluate problems associated with juveniles who are beyond the
- 19 disciplinary control of their parents, including juveniles who are
- 20 runaways, and develop solutions for addressing the problems of those
- 21 juveniles.
- 22 (3) Identify strategies for the development and funding of a
- 23 comprehensive statewide database relating to children and youth to
- 24 facilitate State agency planning for delivery of services to children and
- 25 youth.
- 26 (4) Conduct any other studies, evaluations, or assessments necessary for
- 27 the Commission to carry out its purpose.

28 **"§ 120-217. Commission membership; terms; compensation.**

- 29 (a) The Commission shall consist of ~~25~~26 members, as follows:
- 30 (1) Eleven members appointed by the Speaker of the House of
- 31 Representatives, among them:
- 32 a. ~~Four~~Five shall be members of the House of Representatives at
- 33 the time of their appointment, of whom at least one shall also
- 34 serve on the House of Representatives Appropriations
- 35 Subcommittee on Health and Human Services, one of whom
- 36 also serves on the Joint Legislative Education Oversight
- 37 Committee, one of whom also serves on the Joint Legislative
- 38 Oversight Committee on Mental Health, Developmental
- 39 Disabilities, and Substance Abuse Services, and one of whom
- 40 also serves on the House of Representatives Appropriations
- 41 Subcommittee on Justice and Public Safety,
- 42 b. One shall be the director of a local health department,
- 43 c. One shall be the director of a county department of social
- 44 services,
- 45 d. One shall be ~~a representative of the general public who has~~
- 46 ~~knowledge of issues relating to children and youth,~~the parent of
- 47 a child who is at risk for behavioral, social, health, or safety
- 48 problems or academic failure,
- 49 e. One shall be a licensed physician who is knowledgeable about
- 50 the health needs of children and youth, ~~and~~

- 1 f. One shall be a chief district court judge recommended by the
- 2 Council of Chief District ~~Judges~~.Judges, and
- 3 g. One shall be a representative from the Covenant with North
- 4 Carolina Children.
- 5 (2) Eleven members appointed by the President Pro Tempore of the
- 6 Senate, as follows:
- 7 a. ~~Four~~Five shall be members of the Senate at the time of their
- 8 appointment, of whom at least one shall also serve on the
- 9 Senate Appropriations Committee on Health and Human
- 10 Services, at least one of whom shall also serve on the Joint
- 11 Legislative Education Oversight Committee, at least one of
- 12 whom shall also serve on the Joint Legislative Oversight
- 13 Committee on Mental Health, Developmental Disabilities, and
- 14 Substance Abuse Services, and at least one of whom also serves
- 15 on the Senate Appropriations Committee on Justice and Public
- 16 Safety,
- 17 b. One shall be the director of a mental health area authority,
- 18 c. One shall be a representative of the Association of County
- 19 Commissioners,
- 20 d. One shall be a representative of ~~the general public who has~~
- 21 ~~knowledge of issues relating to children and youth,~~a local board
- 22 of education,
- 23 e. One shall be a licensed attorney whose practice includes the
- 24 representation of parents accused of criminal or civil abuse or
- 25 neglect, ~~and~~
- 26 f. One shall be a chief district court judge recommended by the
- 27 Council of Chief District ~~Judges~~.Judges,
- 28 g. One shall be a representative from ~~the North Carolina Child~~
- 29 ~~Advocacy Institute.~~Action for Children of North Carolina, and
- 30 h. One shall be a representative from the North Carolina Child
- 31 Fatality Task Force.
- 32 (3) The following shall serve ex officio as nonvoting members of the
- 33 Commission:
- 34 a. The Secretary of Health and Human Services, or the Secretary's
- 35 designee,
- 36 b. The State Superintendent of Public Instruction, or the
- 37 Superintendent's designee,
- 38 c. The Secretary of Administration, or the Secretary's designee,
- 39 and
- 40 d. The Director of the Administrative Office of the Courts, or the
- 41 Director's designee.
- 42 (b) Any vacancy shall be filled by the appointing authority who made the initial
- 43 appointment and by a person having the same qualification. Members' terms shall last
- 44 for two years. Members may be reappointed for two consecutive terms and may be
- 45 appointed again after having been off the Commission for two years.
- 46 (c) Commission members shall receive no salary as a result of serving on the
- 47 Commission and the Task Force on the Coordination of Children's Services but shall
- 48 receive necessary subsistence and travel expenses in accordance with G.S. 120-3.1,
- 49 138-5, and 138-6, as applicable.
- 50 "§ 120-218. Commission meetings; public hearings; staff.

1 (a) The Commission shall hold its initial meeting at the call of the Speaker of the
2 House of Representatives and the President Pro Tempore of the Senate. Subsequent
3 meetings shall be held upon the call of the Commission cochairs. The Speaker of the
4 House of Representatives and the President Pro Tempore of the Senate shall appoint a
5 cochair each from the membership of the Commission.

6 (b) The Commission may hold public hearings across the State to solicit public
7 input with respect to issues relating to children and youth.

8 (c) The Commission may contract for clerical or professional staff or for any
9 other services it may require in the course of its ongoing study. At the request of the
10 Commission, the Legislative Services Commission may supply members of the staff of
11 the Legislative Services Office and clerical assistance to the Commission as the
12 Legislative Services Commission considers appropriate. The Commission and the Task
13 Force on the Coordination of Children's Services may, with the approval of the
14 Legislative Services Commission, meet in the State Legislative Building or the
15 Legislative Office Building.

16 **"§ 120-219. Commission reports.**

17 The Commission shall report to the General Assembly and to the Governor the
18 results of its study and recommendations. A written report shall be submitted to each
19 biennial session of the General Assembly at its convening.

20 **"§ 120-220. Commission authority.**

21 The Commission and the Task Force on the Coordination of Children's Services has
22 the authority to obtain information and data from all State officers, agents, agencies, and
23 departments, while in discharge of its duties, pursuant to G.S. 120-19, as if it were a
24 committee of the General Assembly.

25 **"§ 120-221. Task Force on the Coordination of Children's Services.**

26 (a) There is created the Task Force on the Coordination of Children's Services,
27 which shall be a Task Force of the Commission. The following members of the
28 Commission shall serve on the Task Force:

29 (1) Five of the Commission members appointed by the Speaker of the
30 House of Representatives, as follows:

31 a. The Commission member who serves on the House of
32 Representatives Appropriations Subcommittee on Health and
33 Human Services, and the Commission member who is a
34 member of the House of Representatives and who also serves
35 on the Legislative Oversight Committee on Mental Health,
36 Developmental Disabilities, and Substance Abuse Services,

37 b. The Commission member who is a local health director,

38 c. The Commission member who is the parent of a child at risk for
39 behavioral, social, health, or safety problems or academic
40 failure, and

41 d. The Commission member who is the director of a county
42 department of social services.

43 (2) Five of the Commission members appointed by the President Pro
44 Tempore of the Senate, as follows:

45 a. The Commission member who is a member of the Senate and
46 serves on the Joint Legislative Education Oversight Committee,
47 and the Commission member who serves on the Senate
48 Appropriations Committee on Justice and Public Safety,

49 b. The Commission member who represents a local board of
50 education,

1 c. The Commission member who is a representative of Action for
2 Children of North Carolina, and

3 d. The Commission member who is the director of an area
4 authority or county program.

5 (3) One designee of each of the following ex officio Commission
6 members:

7 a. The Secretary of Health and Human Services,

8 b. The Superintendent of Public Instruction, and

9 c. The Secretary of Administration.

10 (4) Each cochair of the Commission shall appoint one of the Task Force
11 members as cochair of the Task Force.

12 (b) The purpose of the Task Force is to study and recommend changes to the
13 Commission, the Governor, and the General Assembly to improve collaboration and
14 coordination among agencies that provide services to children, youth, and families with
15 multiple service needs. Task Force recommendations shall include mechanisms for
16 establishing clear State leadership, consistent policy direction, and increased
17 accountability at the State and local levels. As part of its work, the Task Force shall:

18 (1) Identify existing State, regional, and local collaborative bodies
19 (including their charges, scopes of authority, and accountability
20 requirements) that have been created by legislation, administrative
21 rule, or agency policy and that are charged with serving, protecting, or
22 improving the well-being of North Carolina's children, youth, and
23 families. Once it has identified the collaborative bodies, the Task
24 Force shall consider how they could be consolidated, reorganized, or
25 eliminated in order to improve their effectiveness and accountability,
26 increase the likelihood that key players will actively participate, and
27 reduce unnecessary duplication of effort. The Task Force shall also
28 consider the creation of a mechanism for coordination and
29 communication among the State and local collaborative bodies,
30 incentives for collaboration, clarification of roles among agencies, and
31 ways to monitor the extent to which groups are collaborating.

32 (2) Study the practices of agencies currently implementing a system of
33 care platform of practices and make recommendations regarding
34 whether to adopt those practices statewide and across child-serving
35 agencies as the preferred mechanism for providing services to
36 children, youth, and families. In examining this issue, the Task Force
37 shall identify those State and local agencies that are currently
38 implementing practices that are consistent with a system of care, those
39 states that have implemented a system of care as a statewide policy
40 initiative, and the extent to which a system of care is cost-effective.

41 (3) The Task Force shall also examine the following principles that are
42 associated with a system of care and determine whether to recommend
43 the adoption of a State policy that reflects these principles:

44 a. Services for children should promote success, safety, and
45 permanence.

46 b. Services should be child- and family-centered, giving priority to
47 keeping children with their families, in their home, school, and
48 community.

49 c. Services should actively promote early identification and
50 intervention.

51 d. Services should be designed to protect the rights of children.

- 1 e. Services shall be integrated and comprehensive, addressing the
2 child's physical, educational, social, and emotional needs
3 through a single child and family team.
4 f. Services shall be outcomes-accountable and tied to a unified
5 child and family plan.
6 g. Agency resources and services shall be shared and coordinated.
7 h. Services shall be provided as close to home as appropriate in
8 the least restrictive setting consistent with what is known to be
9 effective.
10 i. Services shall be culturally competent.
11 j. Services shall address the unique strengths, needs, and potential
12 of each child and family, and shall be sufficiently flexible to
13 meet highly individualized child and family needs.
14 k. Management of the child-serving system is a responsibility
15 shared among all public and private child-serving agencies that
16 should be held collectively accountable for outcomes.

17 (4) In reviewing principles relating to a system of care, the Task Force
18 shall determine whether they articulate goals that are measurable and if
19 not, determine whether they could be modified to reflect measurable
20 goals.

21 (5) Study any other issues the Task Force determines would improve
22 coordination and collaboration among child-serving agencies.

23 (c) The Task Force shall report at least annually to the Commission or more
24 frequently at the request of the cochairs of the Commission, and shall also report on
25 April 1 of each year to the House of Representatives Appropriations Subcommittee on
26 Health and Human Services, the Senate Appropriations Committee on Health and
27 Human Services, the Joint Legislative Oversight Committee on Mental Health,
28 Developmental Disabilities, and Substance Abuse Services, and the Fiscal Research
29 Division."

30 **SECTION 10.10.(j)** Upon approval of the Legislative Services Commission,
31 the Legislative Services Officer shall assign professional and clerical staff to assist in
32 the work of the Task Force. Professional staff shall be those assigned to subject areas or
33 agencies involving child-serving programs administered by the Department of Health
34 and Human Services, the Department of Juvenile Justice and Delinquency Prevention,
35 the Administrative Office of the Courts, and the Department of Public Instruction.
36 Clerical staff shall be furnished to the Task Force through the offices of the House of
37 Representatives and Senate Directors of Legislative Assistants.

38 **SECTION 10.10.(k)** The Department shall report on April 1, 2008, and
39 April 1, 2009, on the implementation of subsections (a) through (h) of this section. The
40 reports required under this subsection shall be made to the House of Representatives
41 Appropriations Subcommittee on Health and Human Services, the Senate
42 Appropriations Committee on Health and Human Services, the Joint Legislative
43 Oversight Committee on Mental Health, Developmental Disabilities, and Substance
44 Abuse Services, and the Fiscal Research Division.

45 **SENIOR CENTER OUTREACH**

46 **SECTION 10.11.(a)** Funds appropriated to the Department of Health and
47 Human Services, Division of Aging and Adult Services, for the 2007-2009 fiscal
48 biennium, shall be used by the Division of Aging and Adult Services to enhance senior
49 center programs as follows:
50

1 (1) To expand the outreach capacity of senior centers to reach unserved or
2 underserved areas; or

3 (2) To provide start-up funds for new senior centers.

4 All of these funds shall be allocated by October 1 of each fiscal year.

5 **SECTION 10.11.(b)** Prior to funds being allocated pursuant to this section
6 for start-up funds for a new senior center, the county commissioners of the county in
7 which the new center will be located shall:

8 (1) Formally endorse the need for such a center;

9 (2) Formally agree on the sponsoring agency for the center; and

10 (3) Make a formal commitment to use local funds to support the ongoing
11 operation of the center.

12 **SECTION 10.11.(c)** State funding shall not exceed seventy-five percent
13 (75%) of reimbursable costs.

14 15 **QUALITY IMPROVEMENT CONSULTATION PROGRAM FOR ADULT 16 CARE HOMES**

17 **SECTION 10.12.** The Department's Division of Aging and Adult Services
18 shall develop a Quality Improvement Consultation Program for Adult Care Homes. The
19 purpose of the Program is to promote better care and improve quality of life in a safe
20 environment for residents in adult care homes through consultation and assistance with
21 adult care home providers. The county departments of social services shall be
22 responsible for implementation of the Program with all adult care homes located in the
23 respective county, based on a timetable for statewide implementation.

24 The Division of Aging and Adult Services shall consult with adult care home
25 providers, county departments of social services, consumer advocates, and other
26 interested stakeholders and parties in the development of the Quality Improvement
27 Consultation Program for Adult Care Homes.

28 The Program will address the following topics:

29 (1) Principles and philosophies that are resident-centered and promote
30 independence, dignity, and choice for residents;

31 (2) Approaches to develop continuous quality improvement with a focus
32 on resident satisfaction and optimal outcomes;

33 (3) Dissemination of best practice models that have been used successfully
34 elsewhere;

35 (4) A determination of the availability of standardized instruments, and
36 their use to the extent possible, to assess and measure adult care home
37 performance according to quality of life indicators;

38 (5) Utilization of quality improvement plans for adult care homes that
39 identify and resolve issues that adversely affect quality of care and
40 services to residents. The plans include agreed upon time frames for
41 completion of improvements and identification of needed resources;

42 (6) Training required to equip county departments of social services' staff
43 to implement the Program;

44 (7) A distinction of roles between the regulatory role of the Department's
45 Division of Facility Services and the quality improvement consultation
46 and monitoring responsibilities of the county departments of social
47 services; and

48 (8) Identification of staffing and other resources needed to implement the
49 Program.

50 The Division of Aging and Adult Services shall conduct a pilot of the Quality
51 Improvement Consultation Program for Adult Care Homes. No more than four county

1 departments of social services shall participate in the pilot. The Division of Aging and
2 Adult Services shall consider geographic balance and size in carrying out the pilot. At
3 the conclusion of the pilot, the Division of Aging and Adult Services shall make
4 recommendations regarding the effectiveness of the Quality Improvement Consultation
5 Program for Adult Care Homes. If the Division recommends expansion of the pilot to
6 other counties or statewide implementation of the Program, its report shall include the
7 cost and a proposed timetable for implementing these recommendations, including the
8 identification of any necessary statutory and administrative rule changes. The
9 recommendations shall be made to the Secretary of the Department of Health and
10 Human Services, the North Carolina Study Commission on Aging, the Senate
11 Appropriations Committee on Health and Human Services, and the House of
12 Representatives Subcommittee on Health and Human Services.

13 14 **STATE-COUNTY SPECIAL ASSISTANCE**

15 **SECTION 10.13.(a)** The eligibility of Special Assistance recipients residing
16 in adult care homes on August 1, 1995, shall not be affected by an income reduction in
17 the Special Assistance eligibility criteria resulting from adoption of the Rate Setting
18 Methodology Report and Related Services, providing these recipients are otherwise
19 eligible. The maximum monthly rate for these residents in adult care home facilities
20 shall be one thousand two hundred thirty-one dollars (\$1,231) per month per resident.

21 **SECTION 10.13.(b)** Effective January 1, 2007, the maximum monthly rate
22 for residents in adult care home facilities shall be one thousand one hundred forty-eight
23 dollars (\$1,148) per month per resident unless adjusted by the Department in
24 accordance with subsection (d) of this section.

25 **SECTION 10.13.(c)** The maximum monthly rate for residents in
26 Alzheimer/Dementia special care units shall be one thousand five hundred fifteen
27 dollars (\$1,515) per month per resident unless adjusted by the Department in
28 accordance with subsection (d) of this section.

29 **SECTION 10.13.(d)** Notwithstanding any other provision of this section, the
30 Department of Health and Human Services shall review activities and costs related to
31 the provision of care in adult care homes and shall determine what costs may be
32 considered to properly maximize allowable reimbursement available through Medicaid
33 personal care services for adult care homes (ACH-PCS) under federal law. As
34 determined, and with any necessary approval from the Centers for Medicare and
35 Medicaid Services (CMS), and the approval of the Office of State Budget and
36 Management, the Department may transfer necessary funds from the State-County
37 Special Assistance program within the Division of Social Services to the Division of
38 Medical Assistance and may use those funds as State match to draw down federal
39 matching funds to pay for such activities and costs under Medicaid's personal care
40 services for adult care homes (ACH-PCS), thus maximizing available federal funds. The
41 established rate for State-County Special Assistance set forth in subsections (b) and (c)
42 of this section shall be adjusted by the Department to reflect any transfer of funds from
43 the Division of Social Services to the Division of Medical Assistance and related
44 transfer costs and responsibilities from State-County Special Assistance to the Medicaid
45 personal care services for adult care homes (ACH-PCS). Subject to approval by the
46 Centers for Medicare and Medicaid Service (CMS) and prior to implementing this
47 section, the Department may disregard a limited amount of income for individuals
48 whose countable income exceeds the adjusted State-County Special Assistance rate. The
49 amount of the disregard shall not exceed the difference between the Special Assistance
50 rate prior to the adjustment and the Special Assistance rate after the adjustment and
51 shall be used to pay a portion of the cost of the ACH-PCS and reduce the Medicaid

1 payment for the individual's personal care services provided in an adult care home. In
 2 no event shall the reimbursement for services through the ACH-PCS exceed the average
 3 cost of the services as determined by the Department from review of cost reports as
 4 required and submitted by adult care homes. The Department shall report any transfers
 5 of funds and modifications of rates to the House of Representatives Appropriations
 6 Subcommittee on Health and Human Services, the Senate Appropriations Committee on
 7 Health and Human Services, and the Fiscal Research Division.

8 **SECTION 10.13.(e)** Effective July 1, 2007, the Department of Health and
 9 Human Services shall recommend rates for State-County Special Assistance and for
 10 Adult Care Home Personal Care Services. The Department may recommend rates
 11 appropriate cost methodology and cost reports submitted by adult care homes that
 12 receive State-County Special Assistance funds and shall ensure that cost reporting is
 13 done for State-County Special Assistance and Adult Care Home Personal Care Services
 14 to the same standards as apply to other residential service providers.

15
 16 **SPECIAL ASSISTANCE IN-HOME**

17 **SECTION 10.14.(a)** Part 3 of Article 2 of Chapter 108A of the General
 18 Statutes is amended by adding the following new section to read:

19 **"§ 108A-47.1. Special Assistance in-home payments.**

20 The Department of Health and Human Services may use funds from the existing
 21 State-County Special Assistance for Adults budget to provide Special Assistance
 22 payments to eligible individuals in in-home living arrangements. These payments may
 23 be made for up to fifteen percent (15%) of the caseload for all State-County Special
 24 Assistance for Adults. The standard monthly payment to individuals enrolled in the
 25 Special Assistance in-home program shall be seventy-five percent (75%) of the monthly
 26 payment the individual would receive if the individual resided in an adult care home and
 27 qualified for Special Assistance, except if a lesser payment amount is appropriate for the
 28 individual as determined by the local case manager. The Department shall implement
 29 Special Assistance in-home eligibility policies and procedures to assure that in-home
 30 program participants are those individuals who need and, but for the in-home program,
 31 would seek placement in an adult care home facility. The Department's policies and
 32 procedures shall include the use of a functional assessment. The Department shall make
 33 this in-home option available to all counties on a voluntary basis. To the maximum
 34 extent possible, the Department shall consider geographic balance in the dispersion of
 35 payments to individuals across the State."

36 **SECTION 10.14.(b)** For State fiscal year 2007-2008, qualified individuals
 37 shall not receive payments at rates less than they would have been eligible to receive in
 38 State fiscal year 2006-2007.

39
 40 **CHILD CARE SUBSIDY RATES**

41 **SECTION 10.15.(a)** The maximum gross annual income for initial
 42 eligibility, adjusted biennially, for subsidized child care services shall be seventy-five
 43 percent (75%) of the State median income, adjusted for family size.

44 **SECTION 10.15.(b)** Fees for families who are required to share in the cost
 45 of care shall be established based on a percent of gross family income and adjusted for
 46 family size. Fees shall be determined as follows:

FAMILY SIZE	PERCENT OF GROSS FAMILY INCOME
1-3	10%
4-5	9%
6 or more	8%.

1 **SECTION 10.15.(c)** Payments for the purchase of child care services for
2 low-income children shall be in accordance with the following requirements:

- 3 (1) Religious-sponsored child care facilities operating pursuant to
4 G.S. 110-106 and licensed child care centers and homes that meet the
5 minimum licensing standards that are participating in the subsidized
6 child care program shall be paid the one-star county market rate or the
7 rate they charge privately paying parents, whichever is lower.
8 (2) Licensed child care centers and homes with two or more stars shall
9 receive the market rate for that rated license level for that age group or
10 the rate they charge privately paying parents, whichever is lower.
11 (3) Nonlicensed homes shall receive fifty percent (50%) of the county
12 market rate or the rate they charge privately paying parents, whichever
13 is lower.
14 (4) Maximum payment rates shall also be calculated periodically by the
15 Division of Child Development for transportation to and from child
16 care provided by the child care provider, individual transporter, or
17 transportation agency, and for fees charged by providers to parents.
18 These payment rates shall be based upon information collected by
19 market rate surveys.

20 **SECTION 10.15.(d)** Provisions of payment rates for child care providers in
21 counties that do not have at least 50 children in each age group for center-based and
22 home-based care are as follows:

- 23 (1) Except as applicable in subdivision (2) of this subsection, payment
24 rates shall be set at the statewide or regional market rate for licensed
25 child care centers and homes.
26 (2) If it can be demonstrated that the application of the statewide or
27 regional market rate to a county with fewer than 50 children in each
28 age group is lower than the county market rate and would inhibit the
29 ability of the county to purchase child care for low-income children,
30 then the county market rate may be applied.

31 **SECTION 10.15.(e)** A market rate shall be calculated for child care centers
32 and homes at each rated license level for each county and for each age group or age
33 category of enrollees and shall be representative of fees charged to parents for each age
34 group of enrollees within the county. The Division of Child Development shall also
35 calculate a statewide rate and regional market rates for each rated license level for each
36 age category.

37 **SECTION 10.15.(f)** Facilities licensed pursuant to Article 7 of Chapter 110
38 of the General Statutes and facilities operated pursuant to G.S. 110-106 may participate
39 in the program that provides for the purchase of care in child care facilities for minor
40 children of needy families. No separate licensing requirements shall be used to select
41 facilities to participate. In addition, child care facilities shall be required to meet any
42 additional applicable requirements of federal law or regulations. Child care
43 arrangements exempt from State regulation pursuant to Article 7 of Chapter 110 of the
44 General Statutes shall meet the requirements established by other State law and by the
45 Social Services Commission.

46 County departments of social services or other local contracting agencies
47 shall not use a provider's failure to comply with requirements in addition to those
48 specified in this subsection as a condition for reducing the provider's subsidized child
49 care rate.

1 **SECTION 10.15.(g)** Payment for subsidized child care services provided
2 with Work First Block Grant funds shall comply with all regulations and policies issued
3 by the Division of Child Development for the subsidized child care program.

4 **SECTION 10.15.(h)** Noncitizen families who reside in this State legally
5 shall be eligible for child care subsidies if all other conditions of eligibility are met. If
6 all other conditions of eligibility are met, noncitizen families who reside in this State
7 illegally shall be eligible for child care subsidies only if at least one of the following
8 conditions is met:

- 9 (1) The child for whom a child care subsidy is sought is receiving child
10 protective services or foster care services.
- 11 (2) The child for whom a child care subsidy is sought is developmentally
12 delayed or at risk of being developmentally delayed.
- 13 (3) The child for whom a child care subsidy is sought is a citizen of the
14 United States.

15 16 **CHILD CARE ALLOCATION FORMULA**

17 **SECTION 10.16.(a)** The Department of Health and Human Services shall
18 allocate child care subsidy voucher funds to pay the costs of necessary child care for
19 minor children of needy families. The mandatory thirty percent (30%) Smart Start
20 subsidy allocation under G.S. 143B-168.15(g) shall constitute the base amount for each
21 county's child care subsidy allocation. The Department of Health and Human Services
22 shall use the following method when allocating federal and State child care funds, not
23 including the aggregate mandatory thirty percent (30%) Smart Start subsidy allocation:

- 24 (1) Funds shall be allocated based upon the projected cost of serving
25 children in a county under age 11 in families with all parents working
26 who earn less than seventy-five percent (75%) of the State median
27 income.
- 28 (2) No county's allocation shall be less than ninety percent (90%) of its
29 State fiscal year 2001-2002 initial child care subsidy allocation.

30 **SECTION 10.16.(b)** The Department of Health and Human Services may
31 reallocate unused child care subsidy voucher funds in order to meet the child care needs
32 of low-income families. Any reallocation of funds shall be based upon the expenditures
33 of all child care subsidy voucher funding, including Smart Start funds, within a county.

34 **SECTION 10.16.(c)** Notwithstanding subsection (a) of this section, the
35 Department of Health and Human Services shall allocate up to twelve million dollars
36 (\$12,000,000) in federal block grant funds and State funds appropriated for fiscal years
37 2007-2008 and 2008-2009 for child care services. These funds shall be allocated to
38 prevent termination of child care services. Funds appropriated for specific purposes,
39 including market rate adjustments, may also be allocated by the Department separately
40 from the allocation formula described in subsection (a) of this section.

41 42 **CHILD CARE FUNDS MATCHING REQUIREMENT**

43 **SECTION 10.17.(a)** No local matching funds may be required by the
44 Department of Health and Human Services as a condition of any locality's receiving its
45 initial allocation of child care funds appropriated by this act unless federal law requires
46 a match. If the Department reallocates additional funds above twenty-five thousand
47 dollars (\$25,000) to local purchasing agencies beyond their initial allocation, local
48 purchasing agencies must provide a fifteen percent (15%) local match to receive the
49 reallocated funds. Matching requirements shall not apply when funds are allocated
50 because of a disaster as defined in G.S. 166A-4(1).

1 **SECTION 10.17.(b)** If funds are reallocated to local purchasing agencies in
2 accordance with subsection (a) of this section, the Department of Health and Human
3 Services shall evaluate the fifteen percent (15%) local matching requirement to
4 determine its effect on local purchasing agencies and whether the matching requirement
5 should be adjusted. The Department shall report its findings and recommendations to
6 the House of Representatives Appropriations Subcommittee on Health and Human
7 Services, the Senate Appropriations Committee on Health and Human Services, and the
8 Fiscal Research Division no later than April 1, 2008.

9 10 **CHILD CARE REVOLVING LOAN**

11 **SECTION 10.18.** Notwithstanding any law to the contrary, funds budgeted
12 for the Child Care Revolving Loan Fund may be transferred to and invested by the
13 financial institution contracted to operate the Fund. The principal and any income to the
14 Fund may be used to make loans, reduce loan interest to borrowers, serve as collateral
15 for borrowers, pay the contractor's cost of operating the Fund, or pay the Department's
16 cost of administering the program.

17 18 **CHILD CARE MARKET RATE ADJUSTMENTS**

19 **SECTION 10.18A.** Not later than October 1, 2007, the Department shall
20 implement an adjustment to child care market rates, by region, based upon the 2007
21 Child Care Market Rate Study. Rate adjustments shall be implemented as follows:

- 22 (1) For three- to five-star child care center-based rates, counties in Region
23 1 shall receive twenty percent (20%) of the recommended rate
24 adjustment as defined in the 2007 Child Care Market Rate Study.
- 25 (2) For three- to five-star child care center-based rates, counties in
26 Regions 2-5 shall receive thirty percent (30%) of the recommended
27 rate adjustment as defined in the 2007 Child Care Market Rate Study.
- 28 (3) For three- to five-star child care home-based rates, all counties shall
29 receive ten percent (10%) of the recommended rate adjustment as
30 defined in the 2007 Child Care Market Rate Study.

31 32 **EARLY CHILDHOOD EDUCATION AND DEVELOPMENT INITIATIVES** 33 **ENHANCEMENTS**

34 **SECTION 10.19.(a)** Administrative costs shall be equivalent to, on an
35 average statewide basis for all local partnerships, not more than eight percent (8%) of
36 the total statewide allocation to all local partnerships. For purposes of this subsection,
37 administrative costs shall include costs associated with partnership oversight, business
38 and financial management, general accounting, human resources, budgeting,
39 purchasing, contracting, and information systems management.

40 **SECTION 10.19.(b)** The North Carolina Partnership for Children, Inc., and
41 all local partnerships shall use competitive bidding practices in contracting for goods
42 and services on contract amounts as follows:

- 43 (1) For amounts of five thousand dollars (\$5,000) or less, the procedures
44 specified by a written policy to be developed by the Board of Directors
45 of the North Carolina Partnership for Children, Inc.
- 46 (2) For amounts greater than five thousand dollars (\$5,000), but less than
47 fifteen thousand dollars (\$15,000), three written quotes.
- 48 (3) For amounts of fifteen thousand dollars (\$15,000) or more, but less
49 than forty thousand dollars (\$40,000), a request for proposal process.
- 50 (4) For amounts of forty thousand dollars (\$40,000) or more, a request for
51 proposal process and advertising in a major newspaper.

1 **SECTION 10.19.(c)** The North Carolina Partnership for Children, Inc., and
2 all local partnerships shall, in the aggregate, be required to match no less than fifty
3 percent (50%) of the total amount budgeted for the program in each fiscal year of the
4 biennium as follows: contributions of cash equal to at least fifteen percent (15%) and
5 in-kind donated resources equal to no more than five percent (5%) for a total match
6 requirement of twenty percent (20%) for each fiscal year. The North Carolina
7 Partnership for Children, Inc., may carry forward any amount in excess of the required
8 match for a fiscal year in order to meet the match requirement of the succeeding fiscal
9 year. Only in-kind contributions that are quantifiable shall be applied to the in-kind
10 match requirement. Volunteer services may be treated as an in-kind contribution for the
11 purpose of the match requirement of this subsection. Volunteer services that qualify as
12 professional services shall be valued at the fair market value of those services. All other
13 volunteer service hours shall be valued at the statewide average wage rate as calculated
14 from data compiled by the Employment Security Commission in the Employment and
15 Wages in North Carolina Annual Report for the most recent period for which data are
16 available. Expenses, including both those paid by cash and in-kind contributions,
17 incurred by other participating non-State entities contracting with the North Carolina
18 Partnership for Children, Inc., or the local partnerships, also may be considered
19 resources available to meet the required private match. In order to qualify to meet the
20 required private 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
23 with generally accepted accounting principles for nonprofit
24 organizations.
- 25 (3) Not include expenses funded by State funds.
- 26 (4) Be supplemental to and not supplant preexisting resources for related
27 program activities.
- 28 (5) Be incurred as a direct result of the Early Childhood Initiatives
29 Program and be necessary and reasonable for the proper and efficient
30 accomplishment of the Program's objectives.
- 31 (6) Be otherwise allowable under federal or State law.
- 32 (7) Be required and described in the contractual agreements approved by
33 the North Carolina Partnership for Children, Inc., or the local
34 partnership.
- 35 (8) Be reported to the North Carolina Partnership for Children, Inc., or the
36 local partnership by the contractor in the same manner as reimbursable
37 expenses.

38 Failure to obtain a twenty percent (20%) match by June 30 of each fiscal year
39 shall result in a dollar-for-dollar reduction in the appropriation for the Program for a
40 subsequent fiscal year. The North Carolina Partnership for Children, Inc., shall be
41 responsible for compiling information on the private cash and in-kind contributions into
42 a report that is submitted to the Joint Legislative Commission on Governmental
43 Operations in a format that allows verification by the Department of Revenue. The same
44 match requirements shall apply to any expansion funds appropriated by the General
45 Assembly.

46 **SECTION 10.19.(d)** The Department of Health and Human Services shall
47 continue to implement the performance-based evaluation system.

48 **SECTION 10.19.(e)** The Department of Health and Human Services and the
49 North Carolina Partnership for Children, Inc., shall ensure that the allocation of funds
50 for Early Childhood Education and Development Initiatives for State fiscal years

1 2007-2008 and 2008-2009 shall be administered and distributed in the following
2 manner:

- 3 (1) Capital expenditures are prohibited for fiscal years 2007-2008 and
4 2008-2009. For the purposes of this section, "capital expenditures"
5 means expenditures for capital improvements as defined in
6 G.S. 143-34.40.
7 (2) Expenditures of State funds for advertising and promotional activities
8 are prohibited for fiscal years 2007-2008 and 2008-2009.

9 **SECTION 10.19.(f)** A county may use the county's allocation of State and
10 federal child care funds to subsidize child care according to the county's Early
11 Childhood Education and Development Initiatives Plan as approved by the North
12 Carolina Partnership for Children, Inc. The use of federal funds shall be consistent with
13 the appropriate federal regulations. Child care providers shall, at a minimum, comply
14 with the applicable requirements for State licensure pursuant to Article 7 of Chapter 110
15 of the General Statutes.

16 **SECTION 10.19.(g)** For fiscal years 2007-2008 and 2008-2009, the local
17 partnerships shall spend an amount for child care subsidies that provides at least
18 fifty-two million dollars (\$52,000,000) for the TANF maintenance of effort requirement
19 and the Child Care Development Fund and Block Grant match requirement.
20

21 **EQUAL ALLOCATIONS FOR EARLY CHILDHOOD EDUCATION AND** 22 **DEVELOPMENT INITIATIVES**

23 **SECTION 10.19A.** The one million two hundred eighty-five thousand eight
24 hundred seventy dollars (\$1,285,870) appropriated in this act for the 2007-2008 fiscal
25 year and the six million six hundred thirty-one thousand four hundred seventy-one
26 dollars (\$6,631,471) appropriated in this act for the 2008-2009 fiscal year to the
27 Department of Health and Human Services, Division of Child Development, for the
28 North Carolina Partnership for Children, Inc., shall be allocated equally in each fiscal
29 year among the counties whose percent of need funded is below fifty percent (50%).
30

31 **NCPC PERSONNEL RECORD PROTECTION**

32 **SECTION 10.19B.(a)** G.S. 143B-168.12(a)(2) reads as rewritten:

33 "(a) In order to receive State funds, the following conditions shall be met:

- 34 ...
35 (2) The North Carolina Partnership and the local partnerships shall agree
36 to adopt procedures for its operations that are comparable to those of
37 Article 33C of Chapter 143 of the General Statutes, the Open Meetings
38 Law, and Chapter 132 of the General Statutes, the Public Records
39 Law, and provide for enforcement by the Department. The procedures
40 may provide for the confidentiality of personnel files comparable to
41 Article 7 of Chapter 126 of the General Statutes.
42

43"

44 **SECTION 10.19B.(b)** G.S. 143B-168.14(a)(2) reads as rewritten:

45 "(a) In order to receive State funds, the following conditions shall be met:

- 46 ...
47 (2) Each local partnership shall agree to adopt procedures for its
48 operations that are comparable to those of Article 33C of Chapter 143
49 of the General Statutes, the Open Meetings Law, and Chapter 132 of
50 the General Statutes, the Public Records Law, and provide for
enforcement by the Department. The procedures may provide for the

1 confidentiality of personnel files comparable to Article 7 of Chapter
2 126 of the General Statutes.

3 "

4
5 **EVALUATION OF EDUCATIONAL SERVICES TO STUDENTS WITH**
6 **HEARING AND VISUAL IMPAIRMENTS**

7 **SECTION 10.20.(a)** To ensure students with hearing and visual impairments
8 are appropriately educated in this State, the Department of Health and Human Services
9 and the Department of Public Instruction shall:

- 10 (1) Collaborate in an evaluation of the State's entire service delivery
11 model for deaf and blind students, including special needs of the
12 students resulting from additional disabilities other than hearing and
13 visual impairments, the training needs of professional staff, access to
14 assistive technology, and curriculum content.
15 (2) Determine whether the State's schools for the deaf and blind should
16 remain under the purview of the Department of Health and Human
17 Services or if management of the schools should be transferred to the
18 Department of Public Instruction.
19 (3) Develop a plan to reduce institutional capacity to an appropriate level
20 for meeting the needs of hearing and visually impaired students in
21 North Carolina.

22 **SECTION 10.20.(b)** The Department of Health and Human Services and the
23 Department of Public Instruction shall report their findings and recommendations to the
24 Senate Appropriations Committee on Health and Human Services, the House of
25 Representatives Appropriations Subcommittee on Health and Human Services, the
26 Senate Appropriations Committee on Education/Public Instruction, the House of
27 Representatives Appropriations Subcommittee on Education, and the Fiscal Research
28 Division by April 1, 2008.

29
30 **EARLY INTERVENTION SERVICES REPORT**

31 **SECTION 10.21.(a)** The Department of Health and Human Services,
32 Division of Public Health, shall report on Early Intervention services. The report shall
33 include the following information for all children, ages birth to three years, entering the
34 Early Intervention system as of July 1, 2007, through December 31, 2007:

- 35 (1) Children served: the number of children referred and the source of
36 referral, the number of children receiving initial evaluations, the
37 number of children determined eligible, the number of children
38 enrolled, and the number of IFS Plans developed.
39 (2) Services provided: the number and types of evaluation services,
40 treatment services, and other services provided and whether the service
41 was provided by an employee of a children's developmental services
42 agency or a private provider.
43 (3) Sliding scale participation: the percentage of enrolled children whose
44 family income falls into each of the following categories: at or below
45 two hundred percent (200%) of the federal poverty level, between two
46 hundred fifty percent (250%) and three hundred percent (300%) of the
47 federal poverty level, between three hundred fifty percent (350%) and
48 four hundred percent (400%) of the federal poverty level, and over
49 four hundred percent (400%) of the federal poverty level. These
50 percentages shall be reported based on gross income and net income
51 after allowable deductions.

1 The Division of Public Health shall report its findings and recommendations
2 to the Senate Appropriations Committee on Health and Human Services, the House of
3 Representatives Appropriations Subcommittee on Health and Human Services, and the
4 Fiscal Research Division not later than February 1, 2008.

5 **SECTION 10.21.(b)** In order to reduce the amount of State funds
6 appropriated for the Child Development Service Agency program and to increase the
7 amount of receipts collected for the services provided by this program, a portion of the
8 funding for the Child Development Service Agency is designated as a nonrecurring
9 appropriation for the 2007-2008 and the 2008-2009 fiscal years. To achieve the
10 purposes of this action by the General Assembly, the Department of Health and Human
11 Services, Division of Public Health, shall engage in vigorous efforts to collect additional
12 Medicaid and other third-party reimbursements from clients and their families. These
13 efforts are necessary to offset any potential shortfall and may yield additional revenue
14 that could be used to provide increased services to additional children. The Department
15 of Health and Human Services, Division of Public Health, shall report on these efforts
16 and the results to the Senate Appropriations Committee on Health and Human Services,
17 the House of Representatives Appropriations Subcommittee on Health and Human
18 Services, and the Fiscal Research Division not later than March 1, 2008.

19
20 **COMMUNITY-FOCUSED ELIMINATING HEALTH DISPARITIES**
21 **INITIATIVE**

22 **SECTION 10.22.(a)** Of funds appropriated in this act from the General Fund
23 to the Department of Health and Human Services, the sum of two million three hundred
24 fifty-two thousand four hundred sixty-eight dollars (\$2,352,468) for the 2007-2008
25 fiscal year and the sum of two million dollars (\$2,000,000) for the 2008-2009 fiscal year
26 shall be allocated for the Community-Focused Eliminating Health Disparities Initiative
27 (CFEHDI) to provide grants-in-aid to local public health departments, American Indian
28 tribes, and faith-based and community-based organizations to close the gap in the health
29 status of African-Americans, Hispanics/Latinos, and American Indians as compared to
30 the health status of white persons. These grants shall focus on the use of preventive
31 measures to support healthy lifestyles. The areas of focus on health status shall be infant
32 mortality, HIV-AIDS and sexually transmitted infections, cancer, diabetes, and
33 homicides and motor vehicle deaths.

34 The three hundred fifty-two thousand four hundred sixty-eight dollars
35 (\$352,468) in nonrecurring funds appropriated in this act to the Department of Health
36 and Human Services, Division of Public Health, for the Health Disparities Initiative in
37 the 2007-2008 fiscal year, shall be deposited into a special fund to be established by the
38 Department as the Bernard Allen, John Hall, Robert Holloman, Howard Hunter, Jeanne
39 Lucas, and William Martin Minority Health Initiative Fund to honor the memory of and
40 in recognition of the recent deaths of Senators Robert Holloman, Jeanne Lucas, and
41 William Martin and Representatives Bernard Allen, John Hall, and Howard Hunter.
42 These funds shall be used for concerted efforts to address large gaps in health status
43 among North Carolinians who are African-American, as well as disparities among other
44 minority populations in North Carolina. These efforts shall include:

- 45 (1) Providing enhanced education and outreach to minority populations on
46 the prevention, diagnosis, and treatment of heart disease, breast cancer,
47 diabetes, obesity, hypertension, sickle cell anemia, and HIV infection.
- 48 (2) Addressing cultural and communication barriers to quality care by
49 improving interpersonal processes between clinicians and patients.

50 **SECTION 10.22.(b)** The Department of Health and Human Services shall
51 report on the following with respect to funds appropriated to the CFEHDI program in

1 fiscal years 2005-2006, 2006-2007, and 2007-2008. The report shall address for each
2 fiscal year:

- 3 (1) Which community programs and local health departments received
4 CFEHDI grants.
- 5 (2) What amount of funding did each program or local health department
6 receive.
- 7 (3) Which of the minority populations were served by the programs or
8 local health departments.
- 9 (4) Which counties were served by the programs or local health
10 departments.
- 11 (5) What activities were planned and implemented by the programs or
12 local health departments to fulfill the community focus of the CFEHDI
13 program.

14 The report shall also contain a comprehensive evaluation of all grantees with
15 regard to fulfilling the goals of the program, assessing the difference the funded
16 activities have made in the community, and addressing and mitigating the health
17 disparities identified in the Racial and Ethnic Health Disparities in North Carolina,
18 Report Card 2006. In addition, the Department shall solicit from the grantees their
19 observations and recommendations on ways the CFEHDI program can best accomplish
20 its goals. The report shall also include specific activities undertaken pursuant to
21 subsection (a) of this section to address large gaps in health status among North
22 Carolinians who are African-American and other minority populations in this State. The
23 Department shall submit the report not later than March 1, 2008, to the House of
24 Representatives Appropriations Subcommittee on Health and Human Services, the
25 Senate Appropriations Committee on Health and Human Services, and the Fiscal
26 Research Division.

27 28 **FUNDS FOR SCHOOL NURSES**

29 **SECTION 10.23.(a)** Of the funds appropriated in this act to the Department
30 of Health and Human Services, the sum of two million one hundred thousand dollars
31 (\$2,100,000) for the 2007-2008 fiscal year and the sum of three million one hundred
32 thousand dollars (\$3,100,000) for the 2008-2009 fiscal year shall be used for the school
33 nurse initiative. All funds appropriated or allocated for school nurses shall be used to
34 supplement and not supplant other State, local, or federal funds appropriated or
35 allocated for this purpose. Communities shall maintain their current level of effort and
36 funding for school nurses. These funds shall not be used for funding nurses for State
37 agencies. All funds shall be used for direct services.

38 **SECTION 10.23.(b)** All school nurses funded with State funds shall
39 participate, as needed, in child and family teams.

40 41 **HEALTH PROMOTION AND DISEASE PREVENTION INVENTORY AND** 42 **PLAN**

43 **SECTION 10.25.(a)** In order to reduce costs and eliminate duplication of
44 effort, the Department of Health and Human Services shall create an inventory of all of
45 the health promotion and disease prevention activities, including funding, staffing, and
46 other resources for these activities and also including funding and resources for related
47 task forces and committees. The inventory shall include at a minimum State and local
48 health department activities that address tobacco-use prevention and cessation, obesity,
49 improved nutrition and diet, physical exercise, public awareness and education
50 concerning asthma, cancer, diabetes, heart disease, stroke, and accomplishment of the
51 goals of the federal government's Healthy People 2010 Report.

1 **SECTION 10.25.(b)** The Department shall adopt a plan to combine the
2 resources for the activities listed in subsection (a) of this section into a single funding
3 stream allocation to be distributed to local health departments to utilize in
4 accomplishing the 10 essential services of public health, which shall encompass all of
5 the activities listed in subsection (a) of this section. The Department shall develop a
6 formula that will distribute these funds on an equitable basis and that takes into
7 consideration the following factors for areas served by each local health department:

- 8 (1) Rate of infant mortality.
- 9 (2) Rate of adolescent pregnancy.
- 10 (3) Rates of cancer, heart disease, and diabetes.
- 11 (4) Number of persons without health insurance.
- 12 (5) Median income.
- 13 (6) Percent of county population enrolled in Medicaid.
- 14 (7) Percent of the population that is minority.

15 **SECTION 10.25.(c)** The Department shall report on the inventory and the
16 plan not later than February 1, 2008, to the House of Representatives Appropriations
17 Subcommittee on Health and Human Services, the Senate Appropriations Committee on
18 Health and Human Services, and the Fiscal Research Division.

19 20 **FUNDS FOR HEALTH CARE IN HONOR OF THE MEMORY OF SENATOR** 21 **JEANNE H. LUCAS**

22 **SECTION 10.25A.** Funds appropriated in this act to the Department of
23 Health and Human Services, Division of Public Health, for the Eliminating Health
24 Disparities Initiative, the Breast and Cervical Cancer Control Program, and the Purchase
25 of Medical Care for Cancer Treatment shall be allocated to a special fund established
26 for each of those purposes and allocated as provided in this act and are appropriated to
27 honor the memory of Senator Jeanne H. Lucas.

28 29 **AIDS DRUG ASSISTANCE PROGRAM**

30 **SECTION 10.26.** For the 2007-2008 fiscal year and the 2008-2009 fiscal
31 year, the Department may adjust the financial eligibility criterion of the ADAP up to an
32 amount not exceeding two hundred fifty percent (250%) of the federal poverty level in
33 order to serve as many eligible North Carolinians living with HIV disease as possible
34 within existing resources plus any new federal resources. If the Department raises the
35 eligibility limit above one hundred twenty-five percent (125%) of the federal poverty
36 level and a waiting list develops as a result, the Department shall give priority on the
37 waiting list to those individuals at or below one hundred twenty-five percent (125%) of
38 the federal poverty level.

39 40 **CHILD SUPPORT PROGRAM/ENHANCED STANDARDS**

41 **SECTION 10.28.(a)** The Department of Health and Human Services shall
42 implement and maintain performance standards for each of the State and county child
43 support enforcement offices across the State. These performance standards shall include
44 the following:

- 45 (1) Cost per collections.
- 46 (2) Consumer satisfaction.
- 47 (3) Paternity establishments.
- 48 (4) Administrative costs.
- 49 (5) Orders established.
- 50 (6) Collections on arrearages.
- 51 (7) Location of absent parents.

1 (8) Other related performance measures.

2 The Department of Health and Human Services shall monitor the
3 performance of each office and shall implement a system of reporting that allows each
4 local office to review its performance as well as the performance of other local offices.
5 The Department of Health and Human Services shall publish an annual performance
6 report that shall include the statewide and local office performance of each child support
7 office.

8 **SECTION 10.28.(b)** The Department of Health and Human Services shall
9 report on its progress, in compliance with this section, to the Senate Appropriations
10 Committee on Health and Human Services, the House of Representatives
11 Appropriations Subcommittee on Health and Human Services, and the Fiscal Research
12 Division by May 1 of each even-numbered year beginning in 2008.

13 14 **FOSTER CARE AND ADOPTION ASSISTANCE PAYMENTS**

15 **SECTION 10.29.(a)** The maximum rates for State participation in the foster
16 care assistance program are established on a graduated scale as follows:

- 17 (1) \$390.00 per child per month for children aged birth through 5;
- 18 (2) \$440.00 per child per month for children aged 6 through 12; and
- 19 (3) \$490.00 per child per month for children aged 13 through 18.

20 Of these amounts, fifteen dollars (\$15.00) is a special needs allowance for the
21 child.

22 **SECTION 10.29.(b)** The maximum rates for State participation in the
23 adoption assistance program are established on a graduated scale as follows:

- 24 (1) \$390.00 per child per month for children aged birth through 5;
- 25 (2) \$440.00 per child per month for children aged 6 through 12; and
- 26 (3) \$490.00 per child per month for children aged 13 through 18.

27 **SECTION 10.29.(c)** In addition to providing board payments to foster and
28 adoptive families of HIV-infected children, as prescribed in Section 23.28 of Chapter
29 324 of the 1995 Session Laws, any additional funds remaining that were appropriated
30 for this purpose shall be used to provide medical training in avoiding HIV transmission
31 in the home.

32 **SECTION 10.29.(d)** The maximum rates for the State participation in HIV
33 foster care and adoption assistance are established on a graduated scale as follows:

- 34 (1) \$800.00 per child per month with indeterminate HIV status;
- 35 (2) \$1,000 per child per month confirmed HIV-infected, asymptomatic;
- 36 (3) \$1,200 per child per month confirmed HIV-infected, symptomatic; and
- 37 (4) \$1,600 per child per month terminally ill with complex care needs.

38 39 **CHILD CARING INSTITUTIONS**

40 **SECTION 10.30.** Until the Social Services Commission adopts rules setting
41 standardized rates for child caring institutions as authorized under G.S. 143B-153(8),
42 the maximum reimbursement for child caring institutions shall not exceed the rate
43 established for the specific child caring institution by the Department of Health and
44 Human Services, Office of the Controller. In determining the maximum reimbursement,
45 the State shall include county and IV-E reimbursements.

46 47 **SPECIAL CHILDREN ADOPTION FUND**

48 **SECTION 10.31.(a)** Of the funds appropriated to the Department of Health
49 and Human Services in this act, the sum of one hundred thousand dollars (\$100,000)
50 shall be used to support the Special Children Adoption Fund for the 2007-2008 and
51 2008-2009 fiscal years. The Division of Social Services, in consultation with the North

1 Carolina Association of County Directors of Social Services and representatives of
2 licensed private adoption agencies, shall develop guidelines for the awarding of funds to
3 licensed public and private adoption agencies upon the adoption of children described in
4 G.S. 108A-50 and in foster care. Payments received from the Special Children Adoption
5 Fund by participating agencies shall be used exclusively to enhance the adoption
6 services. No local match shall be required as a condition for receipt of these funds. In
7 accordance with State rules for allowable costs, the Special Children Adoption Fund
8 may be used for post-adoption services for families whose income exceeds two hundred
9 percent (200%) of the federal poverty level.

10 **SECTION 10.31.(b)** Of the total funds appropriated for the Special Children
11 Adoption Fund each year, twenty percent (20%) of the total funds available shall be
12 reserved for payment to participating private adoption agencies. If the funds reserved in
13 this subsection for payments to private agencies have not been spent on or before March
14 31, 2008, the Division of Social Services may reallocate those funds, in accordance with
15 this section, to other participating adoption agencies.

16 **SECTION 10.31.(c)** The Division of Social Services shall monitor the total
17 expenditures in the Special Children Adoption Fund and redistribute unspent funds to
18 ensure that the funds are used according to the guidelines established in subsection (a)
19 of this section. The Division shall implement strategies to ensure that funds that have
20 historically reverted for this program are used for the intended purpose.

21 **LIMITATION ON STATE ABORTION FUND**

22 **SECTION 10.32.** The limitations on funding of the performance of abortion
23 established in Section 23.27 of Chapter 324 of the 1995 Session Laws, as amended by
24 Section 23.8A of Chapter 507 of the 1995 Session Laws, apply to the 2007-2008 and
25 2008-2009 fiscal years.
26

27 **INTENSIVE FAMILY PRESERVATION SERVICES FUNDING AND** 28 **PERFORMANCE ENHANCEMENTS**

29 **SECTION 10.33.(a)** Notwithstanding the provisions of G.S. 143B-150.6,
30 the Intensive Family Preservation Services (IFPS) Program shall provide intensive
31 services to children and families in cases of abuse, neglect, and dependency where a
32 child is at imminent risk of removal from the home and to children and families in cases
33 of abuse where a child is not at imminent risk of removal. The Program shall be
34 developed and implemented statewide on a regional basis. The IFPS shall ensure the
35 application of standardized assessment criteria for determining imminent risk and clear
36 criteria for determining out-of-home placement.
37

38 **SECTION 10.33.(b)** The Department of Health and Human Services shall
39 require that any program or entity that receives State, federal, or other funding for the
40 purpose of Intensive Family Preservation Services shall provide information and data
41 that allows for:

- 42 (1) An established follow-up system with a minimum of six months of
43 follow-up services.
- 44 (2) Detailed information on the specific interventions applied including
45 utilization indicators and performance measurement.
- 46 (3) Cost-benefit data.
- 47 (4) Data on long-term benefits associated with Intensive Family
48 Preservation Services. This data shall be obtained by tracking families
49 through the intervention process.
- 50 (5) The number of families remaining intact and the associated
51 interventions while in IFPS and 12 months thereafter.

- 1 (6) The number and percentage by race of children who received Intensive
2 Family Preservation Services compared to the ratio of their distribution
3 in the general population involved with Child Protective Services.

4 **SECTION 10.33.(c)** The Department shall establish performance-based
5 funding protocol and shall only provide funding to those programs and entities
6 providing the required information specified in subsection (b) of this section. The
7 amount of funding shall be based on the individual performance of each program.

8 **SECTION 10.33.(d)** The Department shall report on the Intensive Family
9 Preservation Services Program, including the information and data under subdivisions
10 (b)(2) through (b)(6) of this section, each even-numbered year beginning in 2008, to the
11 House of Representatives Appropriations Subcommittee on Health and Human
12 Services, the Senate Appropriations Committee on Health and Human Services, and the
13 Fiscal Research Division.

14 15 **TANF BENEFIT IMPLEMENTATION**

16 **SECTION 10.35.(a)** The General Assembly approves the plan titled "North
17 Carolina Temporary Assistance for Needy Families State Plan FY 2007-2009", prepared
18 by the Department of Health and Human Services and presented to the General
19 Assembly. The North Carolina Temporary Assistance for Needy Families State Plan
20 covers the period October 1, 2007, through September 30, 2009. The Department shall
21 submit the State Plan, as revised in accordance with subsection (b) of this section, to the
22 United States Department of Health and Human Services, as amended by this act or any
23 other act of the 2007 General Assembly.

24 **SECTION 10.35.(b)** The counties approved as Electing Counties in North
25 Carolina's Temporary Assistance for Needy Families State Plan FY 2007-2009 as
26 approved by this section are: Beaufort, Caldwell, Catawba, Iredell, Lenoir, Lincoln,
27 Macon, and Wilson.

28 **SECTION 10.35.(c)** Counties that submitted the letter of intent to remain as
29 an Electing County or to be redesignated as an Electing County and the accompanying
30 county plan for fiscal years 2007 through 2009, pursuant to G.S. 108A-27(e), shall
31 operate under the Electing County budget requirements effective July 1, 2007. For
32 programmatic purposes, all counties referred to in this subsection shall remain under
33 their current county designation through September 30, 2007.

34 35 **CLARIFY REVIEW AND SUBMISSION PROCESS FOR TANF STATE PLAN**

36 **SECTION 10.35A.(a)** G.S. 108A-27.9(a) reads as rewritten:

37 "(a) The Department shall prepare and submit to the Director of the Budget a
38 biennial State Plan that proposes the goals and requirements for the State and the terms
39 of the Work First Program for each fiscal year. Prior to submitting a State Plan to the
40 General Assembly, the Department shall submit the State Plan to the Senate
41 Appropriations Committee on Health and Human Services and the House of
42 Representatives Appropriations Subcommittee on Health and Human Services for its
43 review and then consult with local governments and private sector organizations
44 regarding the design of the State Plan and allow 45 days to receive comments from
45 them shall:

- 46 (1) Consult with local government and private sector organizations
47 regarding the design of the State Plan and allow 45 days to receive
48 comments from those organizations; and
49 (2) Upon complying with subdivision (1) of this subsection, submit the
50 State Plan to the Senate Appropriations Committee on Health and

1 Human Services and the House of Representatives Appropriations
2 Subcommittee on Health and Human Services for review."

3 **SECTION 10.35A.(b)** G.S. 108A-27.10(a) reads as rewritten:

4 "(a) The Director of the Budget shall, by May 15 of each ~~even-numbered~~
5 ~~calendar~~odd-numbered year, approve and recommend adoption by the General
6 Assembly of the State Plan."
7

8 **MEDICAID**

9 **SECTION 10.36.(a)** Use of Funds, Allocation of Costs, Other
10 Authorizations.

- 11 (1) Use of Funds. – Funds appropriated in this act for services provided in
12 accordance with Title XIX of the Social Security Act (Medicaid) are
13 for both the categorically needy and the medically needy.
14 (2) Allocation of Nonfederal Cost of Medicaid. – Except as otherwise
15 provided in this act, the State shall pay eighty-five percent (85%); the
16 county shall pay fifteen percent (15%) of the nonfederal costs of all
17 applicable services listed in this section. In addition, the State shall pay
18 eighty-five percent (85%); the county shall pay fifteen percent (15%)
19 of the federal Medicare Part D clawback payments under the Medicare
20 Modernization Act of 2004.
21 (3) Use of Funds for Development and Acquisition of Equipment and
22 Software. – If first approved by the Office of State Budget and
23 Management, the Division of Medical Assistance, Department of
24 Health and Human Services, may use funds that are identified to
25 support the cost of development and acquisition of equipment and
26 software and related operational costs through contractual means to
27 improve and enhance information systems that provide management
28 information and claims processing. The Department of Health and
29 Human Services shall identify adequate funds to support the
30 implementation and first year's operational costs that exceed funds
31 allocated for the 2007-2008 and 2008-2009 fiscal years for the new
32 contract for the fiscal agent for the Medicaid Management Information
33 System.
34 (4) Reports. – Unless otherwise provided, whenever the Department of
35 Health and Human Services is required by this section to report to the
36 General Assembly, the report shall be submitted to the House of
37 Representatives Appropriations Subcommittee for Health and Human
38 Services, the Senate Appropriations Committee on Health and Human
39 Services, and the Fiscal Research Division of the Legislative Services
40 Office. Reports shall be submitted on the date provided in the
41 reporting requirement.

42 **SECTION 10.36.(b)** Policy. –

- 43 (1) Volume purchase plans and single source procurement. – The
44 Department of Health and Human Services, Division of Medical
45 Assistance, may, subject to the approval of a change in the State
46 Medicaid Plan, contract for services, medical equipment, supplies, and
47 appliances by implementation of volume purchase plans, single source
48 procurement, or other contracting processes in order to improve cost
49 containment.
50 (2) Cost-containment programs. – The Department of Health and Human
51 Services, Division of Medical Assistance, may undertake

cost-containment programs, including contracting for services, preadmissions to hospitals, and prior approval for certain outpatient surgeries before they may be performed in an inpatient setting.

(3) Fraud and abuse. – The Division of Medical Assistance, Department of Health and Human Services, shall provide incentives to counties that successfully recover fraudulently spent Medicaid funds by sharing State savings with counties responsible for the recovery of the fraudulently spent funds.

(4) Medical policy. – Unless required for compliance with federal law, the Department shall not change medical policy affecting the amount, sufficiency, duration, and scope of health care services and who may provide services until the Division of Medical Assistance has prepared a five-year fiscal analysis documenting the increased cost of the proposed change in medical policy and submitted it for Departmental review. If the fiscal impact indicated by the fiscal analysis for any proposed medical policy change exceeds three million dollars (\$3,000,000) in total requirements for a given fiscal year, then the Department shall submit the proposed policy change with the fiscal analysis to the Office of State Budget and Management and the Fiscal Research Division. The Department shall not implement any proposed medical policy change exceeding three million dollars (\$3,000,000) in total requirements for a given fiscal year unless the source of State funding is identified and approved by the Office of State Budget and Management. The Department shall provide the Office of State Budget and Management and the Fiscal Research Division a quarterly report itemizing all medical policy changes with total requirements of less than three million dollars (\$3,000,000).

SECTION 10.36.(c) Eligibility. – Eligibility for Medicaid shall be determined in accordance with the following:

(1) Medicaid and Work First Family Assistance.

a. Income Eligibility Standards. – The maximum net family annual income eligibility standards for Medicaid and Work First Family Assistance and the Standard of Need for Work First Family Assistance shall be as follows:

	CATEGORICALLY NEEDY – WFFA*		MEDICALLY NEEDY
	Standard of Need & Families and Children Income Level		Families and Children & AA, AB, AD* Income Level
Family Size		WFFA* Payment Level	
1	\$4,344	\$2,172	\$2,900
2	5,664	2,832	3,800
3	6,528	3,264	4,400
4	7,128	3,564	4,800
5	7,776	3,888	5,200
6	8,376	4,188	5,600
8	9,256	4,680	6,300

- 1 *Work First Family Assistance (WFFA); Aid to the Aged (AA); Aid
2 to the Blind (AB); and Aid to the Disabled (AD).
3 b. The payment level for Work First Family Assistance shall be
4 fifty percent (50%) of the standard of need. These standards
5 may be changed with the approval of the Director of the Budget
6 with the advice of the Advisory Budget Commission.
7 c. The Department of Health and Human Services shall provide
8 Medicaid coverage to 19- and 20-year-olds in accordance with
9 federal rules and regulations.
10 d. Medicaid enrollment of categorically needy families with
11 children shall be continuous for one year without regard to
12 changes in income or assets.
- 13 (2) For the following Medicaid eligibility classifications for which the
14 federal poverty guidelines are used as income limits for eligibility
15 determinations, the income limits will be updated each April 1
16 immediately following publication of federal poverty guidelines. The
17 Department of Health and Human Services, Division of Medical
18 Assistance, shall provide Medicaid coverage to the following:
19 a. All elderly, blind, and disabled people who have incomes equal
20 to or less than one hundred percent (100%) of the federal
21 poverty guidelines.
22 b. Pregnant women with incomes equal to or less than one
23 hundred eighty-five percent (185%) of the federal poverty
24 guidelines and without regard to resources. Services to pregnant
25 women eligible under this subsection continue throughout the
26 pregnancy but include only those related to pregnancy and to
27 those other conditions determined by the Department as
28 conditions that may complicate pregnancy.
29 c. Infants under the age of one with family incomes equal to or
30 less than two hundred percent (200%) of the federal poverty
31 guidelines and without regard to resources.
32 d. Children aged one through five with family incomes equal to or
33 less than two hundred percent (200%) of the federal poverty
34 guidelines and without regard to resources.
35 e. Children aged six through 18 with family incomes equal to or
36 less than the federal poverty guidelines and without regard to
37 resources.
38 f. Family planning services to men and women of childbearing
39 age with family incomes equal to or less than one hundred
40 eighty-five percent (185%) of the federal poverty guidelines
41 and without regard to resources.
- 42 (3) The Department of Health and Human Services, Division of Medical
43 Assistance, shall provide Medicaid coverage to adoptive children with
44 special or rehabilitative needs regardless of the adoptive family's
45 income.
- 46 (4) The Department of Health and Human Services, Division of Medical
47 Assistance, shall provide Medicaid coverage to "independent foster
48 care adolescents", ages 18, 19, and 20, as defined in Section
49 1904(w)(1) of the Social Security Act [42 U.S.C. § 1396d(w)(1)],
50 without regard to the adolescent's assets, resources, or income levels.

- 1 (5) ICF and ICF/MR Work Incentive Allowances. – The Department of
 2 Health and Human Services may provide an incentive allowance to
 3 Medicaid-eligible recipients of ICF and ICF/MR services, who are
 4 regularly engaged in work activities as part of their developmental
 5 plan, and for whom retention of additional income contributes to their
 6 achievement of independence. The State funds required to match the
 7 federal funds that are required by these allowances shall be provided
 8 from savings within the Medicaid budget or from other unbudgeted
 9 funds available to the Department. The incentive allowances may be as
 10 follows:

Monthly Net Wages	Monthly Incentive Allowance
\$1.00 to \$100.99	Up to \$50.00
\$101.00 to \$200.99	\$80.00
\$201.00 to \$300.99	\$130.00
\$301.00 and greater	\$212.00

- 16 (6) The Department of Health and Human Services, Division of Medical
 17 Assistance, shall provide Medicaid coverage to women who need
 18 treatment for breast or cervical cancer and who are defined in 42
 19 U.S.C. § 1396(a)(10)(A)(ii)(XVIII).

20 **SECTION 10.36.(d)** Services and Payment Bases. – The Department shall
 21 spend funds appropriated for Medicaid services in accordance with the following
 22 schedule of services and payment bases. All services and payments are subject to the
 23 language at the end of this subsection. Unless otherwise provided, services and payment
 24 bases will be as prescribed in the State Plan as established by the Department of Health
 25 and Human Services and may be changed with the approval of the Director of the
 26 Budget.

- 27 (1) Hospital inpatient.
 28 (2) Hospital outpatient. – Eighty percent (80%) of allowable costs or a
 29 prospective reimbursement plan as established by the Department of
 30 Health and Human Services.
 31 (3) Nursing facilities. – Nursing facilities providing services to Medicaid
 32 recipients who also qualify for Medicare must be enrolled in the
 33 Medicare program as a condition of participation in the Medicaid
 34 program. State facilities are not subject to the requirement to enroll in
 35 the Medicare program. Residents of nursing facilities who are eligible
 36 for Medicare coverage of nursing facility services must be placed in a
 37 Medicare-certified bed. Medicaid shall cover facility services only
 38 after the appropriate services have been billed to Medicare.
 39 (4) Physicians, certified nurse midwife services, certified registered nurse
 40 anesthetists, nurse practitioners. – Fee schedules as developed by the
 41 Department of Health and Human Services.
 42 (5) Community Alternative Program, EPSDT Screens. – Payments in
 43 accordance with rate schedule developed by the Department of Health
 44 and Human Services.
 45 (6) Home health and related services, durable medical equipment. –
 46 Payments according to reimbursement plans developed by the
 47 Department of Health and Human Services.
 48 (7) Hearing aids. – Wholesale cost plus dispensing fee to provider.
 49 (8) Rural health clinical services. – Provider-based, reasonable cost;
 50 nonprovider-based, single-cost reimbursement rate per clinic visit.

- 1 (9) Family planning. – Negotiated rate for local health departments. For
2 other providers see specific services, e.g., hospitals, physicians.
- 3 (10) Independent laboratory and X-ray services. – Uniform fee schedules as
4 developed by the Department of Health and Human Services.
- 5 (11) Ambulatory surgical centers.
- 6 (12) Private duty nursing, clinic services, prepaid health plans.
- 7 (13) Intermediate care facilities for the mentally retarded.
- 8 (14) Chiropractors, podiatrists, optometrists, dentists.
- 9 (15) Limitations on Dental Coverage. – Dental services shall be provided
10 on a restricted basis in accordance with criteria adopted by the
11 Department to implement this subsection.
- 12 (16) Medicare Buy-In. – Social Security Administration premium.
- 13 (17) Ambulance services. – Uniform fee schedules as developed by the
14 Department of Health and Human Services. Public ambulance
15 providers will be reimbursed at cost.
- 16 (18) Optical supplies. – Payment for materials is made to a contractor in
17 accordance with 42 C.F.R. § 431.54(d). Fees paid to dispensing
18 providers are negotiated fees established by the State agency based on
19 industry charges.
- 20 (19) Medicare crossover claims. – The Department shall apply Medicaid
21 medical policy to Medicare claims for dually eligible recipients. The
22 Department shall pay an amount up to the actual coinsurance or
23 deductible or both, in accordance with the State Plan, as approved by
24 the Department of Health and Human Services. The Department may
25 disregard application of this policy in cases where application of the
26 policy would adversely affect patient care.
- 27 (20) Physical therapy, occupational therapy, and speech therapy. – Services
28 limited to EPSDT-eligible children. Payments are to be made only to
29 qualified providers at rates negotiated by the Department of Health and
30 Human Services. Physical therapy, occupational therapy, and speech
31 therapy services are subject to prior approval and utilization review.
- 32 (21) Personal care services. – The Department of Health and Human
33 Services shall impose prior authorization on personal care services for
34 all recipients. Criteria for prior authorization shall be developed in
35 consultation with the Physician Advisory Group of the North Carolina
36 Medical Society. The Department shall provide periodic data on
37 recipients of personal care services to Community Care of North
38 Carolina. Community Care of North Carolina shall assist the
39 Department in assessing personal care services for medical necessity.
- 40 (22) Case management services. – Reimbursement in accordance with the
41 availability of funds to be transferred within the Department of Health
42 and Human Services.
- 43 (23) Hospice.
- 44 (24) Medically necessary prosthetics or orthotics. – In order to be eligible
45 for reimbursement, providers must be licensed or certified by the
46 occupational licensing board or the certification authority having
47 authority over the provider's license or certification. Medically
48 necessary prosthetics and orthotics are subject to prior approval and
49 utilization review.
- 50 (25) Health insurance premiums.

- 1 (26) Medical care/other remedial care. – Services not covered elsewhere in
2 this section include related services in schools; health professional
3 services provided outside the clinic setting to meet maternal and infant
4 health goals; and services to meet federal EPSDT mandates.
- 5 (27) Pregnancy-related services. – Covered services for pregnant women
6 shall include nutritional counseling, psychosocial counseling, and
7 predelivery and postpartum home visits by maternity care coordinators
8 and public health nurses.
- 9 (28) Drugs. – Reimbursements. Reimbursements shall be available for
10 prescription drugs as allowed by federal regulations plus a professional
11 services fee per month, excluding refills for the same drug or generic
12 equivalent during the same month. Payments for drugs are subject to
13 the provisions of this subdivision or in accordance with the State Plan
14 adopted by the Department of Health and Human Services, consistent
15 with federal reimbursement regulations. Payment of the professional
16 services fee shall be made in accordance with the State Plan adopted
17 by the Department of Health and Human Services, consistent with
18 federal reimbursement regulations. The professional services fee shall
19 be five dollars and sixty cents (\$5.60) per prescription for generic
20 drugs and four dollars (\$4.00) per prescription for brand-name drugs.
21 Adjustments to the professional services fee shall be established by the
22 General Assembly. In addition to the professional services fee, the
23 Department may pay an enhanced fee for pharmacy services.

24 Limitations on quantity. – The Department of Health and Human
25 Services may establish authorizations, limitations, and reviews for
26 specific drugs, drug classes, brands, or quantities in order to manage
27 effectively the Medicaid pharmacy program, except that the
28 Department shall not impose limitations on brand-name medications
29 for which there is a generic equivalent in cases where the prescriber
30 has determined, at the time the drug is prescribed, that the brand-name
31 drug is medically necessary and has written on the prescription order
32 the phrase "medically necessary".

33 Dispensing of generic drugs. – Notwithstanding G.S. 90-85.27
34 through G.S. 90-85.31, or any other law to the contrary, under the
35 Medical Assistance Program (Title XIX of the Social Security Act),
36 and except as otherwise provided in this subsection for atypical
37 antipsychotic drugs and drugs listed in the narrow therapeutic index,
38 a prescription order for a drug designated by a trade or brand name shall
39 be considered to be an order for the drug by its established or generic
40 name, except when the prescriber has determined, at the time the drug
41 is prescribed, that the brand-name drug is medically necessary and has
42 written on the prescription order the phrase "medically necessary". An
43 initial prescription order for an atypical antipsychotic drug or a drug
44 listed in the narrow therapeutic drug index that does not contain the
45 phrase "medically necessary" shall be considered an order for the drug
46 by its established or generic name, except that a pharmacy shall not
47 substitute a generic or established name prescription drug for
48 subsequent brand or trade name prescription orders of the same
49 prescription drug without explicit oral or written approval of the
50 prescriber given at the time the order is filled. Generic drugs shall be
51 dispensed at a lower cost to the Medical Assistance Program rather

1 than trade or brand-name drugs. As used in this subsection, "brand
2 name" means the proprietary name the manufacturer places upon a
3 drug product or on its container, label, or wrapping at the time of
4 packaging; and "established name" has the same meaning as in section
5 502(e)(3) of the Federal Food, Drug, and Cosmetic Act as amended,
6 21 U.S.C. § 352(e)(3).

7 Prior authorization. – The Department of Health and Human
8 Services may impose prior authorization requirements or other
9 restrictions under the state Medical Assistance Program on
10 medications prescribed for Medicaid recipients for the treatment of (i)
11 mental illness, including but not limited to, medications for
12 schizophrenia, bipolar disorder, or (ii) HIV/AIDS only when all of the
13 following conditions are met:

- 14 a. Evidence-based criteria must be available regarding efficacy or
15 safety of the covered treatments and must be used as the basis
16 for any policy restrictions.
 - 17 b. Restrictions or authorization requirements must not be
18 implemented without approval by majority vote of the
19 Physician Advisory Group of the North Carolina Medical
20 Society.
 - 21 c. Access to critically needed prescription drugs must be
22 maintained as determined by the Physician Advisory Group of
23 the North Carolina Medical Society.
 - 24 d. Community Care of North Carolina will provide targeted
25 outreach and assistance to any individual encountering changes
26 due to prior authorization of treatment for (i) mental illness, or
27 (ii) HIV/AIDS.
- 28 (29) Other mental health services. – Unless otherwise covered by this
29 section, coverage is limited to:
- 30 a. Services as defined by the Division of Mental Health,
31 Developmental Disabilities, and Substance Abuse Services and
32 approved by the Centers for Medicare and Medicaid Services
33 (CMS) when provided in agencies meeting the requirements of
34 the rules established by the Commission for Mental Health,
35 Developmental Disabilities, and Substance Abuse Services and
36 reimbursement is made in accordance with a State Plan
37 developed by the Department of Health and Human Services
38 not to exceed the upper limits established in federal regulations,
39 and
 - 40 b. For children eligible for EPSDT services provided by:
 - 41 1. Licensed or certified psychologists, licensed clinical
42 social workers, certified clinical nurse specialists in
43 psychiatric mental health advanced practice, nurse
44 practitioners certified as clinical nurse specialists in
45 psychiatric mental health advanced practice, licensed
46 psychological associates, licensed professional
47 counselors, licensed marriage and family therapists,
48 certified clinical addictions specialists, and certified
49 clinical supervisors, when Medicaid-eligible children are
50 referred by the Community Care of North Carolina
51 primary care physician, a Medicaid-enrolled psychiatrist,

- 1 or the area mental health program or local management
- 2 entity, and
- 3 2. Institutional providers of residential services as defined
- 4 by the Division of Mental Health, Developmental
- 5 Disabilities, and Substance Abuse Services and approved
- 6 by the Centers for Medicare and Medicaid Services
- 7 (CMS) for children and Psychiatric Residential
- 8 Treatment Facility services that meet federal and State
- 9 requirements as defined by the Department.
- 10 c. For Medicaid-eligible adults, services provided by licensed or
- 11 certified psychologists, licensed clinical social workers,
- 12 certified clinical nurse specialists in psychiatric mental health
- 13 advanced practice, and nurse practitioners certified as clinical
- 14 nurse specialists in psychiatric mental health advanced practice,
- 15 licensed psychological associates, licensed professional
- 16 counselors, licensed marriage and family therapists, licensed
- 17 clinical addictions specialists, and licensed clinical supervisors,
- 18 Medicaid-eligible adults may be self-referred.
- 19 d. Payments made for services rendered in accordance with this
- 20 subdivision shall be to qualified providers in accordance with
- 21 approved policies and the State Plan. Nothing in
- 22 sub-subdivision b. or c. of this subdivision shall be interpreted
- 23 to modify the scope of practice of any service provider,
- 24 practitioner, or licensee, nor to modify or attenuate any
- 25 collaboration or supervision requirement related to the
- 26 professional activities of any service provider, practitioner, or
- 27 licensee. Nothing in sub-subdivision b. or c. of this subdivision
- 28 shall be interpreted to require any private health insurer or
- 29 health plan to make direct third-party reimbursements or
- 30 payments to any service provider, practitioner, or licensee.
- 31 Notwithstanding G.S. 150B-21.1(a), the Department of Health and
- 32 Human Services may adopt temporary rules in accordance with
- 33 Chapter 150B of the General Statutes further defining the
- 34 qualifications of providers and referral procedures in order to
- 35 implement this subdivision. Coverage policy for services defined by
- 36 the Division of Mental Health, Developmental Disabilities, and
- 37 Substance Abuse Services under sub-subdivisions a. and b.2. of this
- 38 subdivision shall be established by the Division of Medical Assistance.

SECTION 10.36.(e) Provider payments and visits. –

- 40 (1) Payment is limited to Medicaid-enrolled providers that purchase a
- 41 performance bond in an amount not to exceed one hundred thousand
- 42 dollars (\$100,000) naming as beneficiary the Department of Health
- 43 and Human Services, Division of Medical Assistance, or provide to the
- 44 Department a validly executed letter of credit or other financial
- 45 instrument issued by a financial institution or agency honoring a
- 46 demand for payment in an equivalent amount. The Department may
- 47 waive or limit the requirements of this paragraph for one or more
- 48 classes of Medicaid-enrolled providers based on the provider's dollar
- 49 amount of monthly billings to Medicaid or the length of time the
- 50 provider has been licensed in this State to provide services. In waiving
- 51 or limiting requirements of this paragraph, the Department shall take

1 into consideration the potential fiscal impact of the waiver or
2 limitation on the State Medicaid Program. The Department may adopt
3 temporary rules in accordance with G.S. 150B-21.1 as necessary to
4 implement this provision.

- 5 (2) Reimbursement is available for up to 30 visits per recipient per fiscal
6 year for the following services: hospital outpatient providers,
7 physicians, nurse practitioners, nurse midwives, clinics, health
8 departments, optometrists, chiropractors, and podiatrists. The
9 Department of Health and Human Services shall adopt medical
10 policies in accordance with G.S. 108A-54.2 to distribute the allowable
11 number of visits for each service or each group of services consistent
12 with federal law. In addition, the Department shall establish a
13 threshold of some number of visits for these services. The Department
14 shall ensure that primary care providers or the appropriate CCNC
15 network are notified when a patient is nearing the established threshold
16 to facilitate care coordination and intervention as needed.

17 Prenatal services, all EPSDT children, emergency room services,
18 and mental health services subject to independent utilization review
19 are exempt from the visit limitations contained in this subdivision. The
20 Department may authorize exceptions where the life of the patient
21 would be threatened without such additional care.

22 **SECTION 10.36.(f)** Exceptions and limitations on services; authorization of
23 co-payments and other services.

- 24 (1) Exceptions to Service Limitations, Eligibility Requirements, and
25 Payments. – Service limitations, eligibility requirements, and payment
26 bases in this section may be waived by the Department of Health and
27 Human Services, with the approval of the Director of the Budget, to
28 allow the Department to carry out pilot programs for prepaid health
29 plans, contracting for services, managed care plans, or
30 community-based services programs in accordance with plans
31 approved by the United States Department of Health and Human
32 Services or when the Department determines that such a waiver will
33 result in a reduction in the total Medicaid costs for the recipient.
- 34 (2) Co-Payment for Medicaid Services. – The Department of Health and
35 Human Services may establish co-payments up to the maximum
36 permitted by federal law and regulation.

37 **SECTION 10.36.(g)** Rules, Reports, and Other Matters. –

- 38 (1) Rules. – The Department of Health and Human Services may adopt
39 temporary or emergency rules according to the procedures established
40 in G.S. 150B-21.1 and G.S. 150B-21.1A when it finds that:
- 41 a. These rules are necessary to maximize receipt of federal funds
42 within existing State appropriations, to reduce Medicaid
43 expenditures, and to reduce fraud and abuse, or
- 44 b. These rules are necessary to address the requirements and
45 procedures for enrollment and disenrollment of Medicaid
46 providers and to enhance the quality of care of services.

47 Prior to the filing of these temporary or emergency rules with the
48 Rules Review Commission and the Office of Administrative Hearings,
49 the Department shall consult with the Office of State Budget and
50 Management on the possible fiscal impact of the temporary or

1 emergency rule and its effect on State appropriations and local
2 governments.

- 3 (2) Changes to Medicaid program; reports. – The Department shall report
4 on any change it anticipates making in the Medicaid program that
5 impacts the type or level of service, reimbursement methods, or
6 waivers, any of which require a change in the State Plan or other
7 approval by the Centers for Medicare and Medicaid Services (CMS).
8 The reports shall be provided at the same time they are submitted to
9 CMS for approval. In addition to the entities listed in subsection (a)(4)
10 of this section, the report shall be submitted to the Joint Legislative
11 Health Care Oversight Committee.
12

13 **MEDICAID COST-CONTAINMENT ACTIVITIES**

14 **SECTION 10.37.** The Department of Health and Human Services may use
15 up to five million dollars (\$5,000,000) in the 2007-2008 fiscal year and up to five
16 million dollars (\$5,000,000) in the 2008-2009 fiscal year in Medicaid funds budgeted
17 for program services to support the cost of administrative activities when
18 cost-effectiveness and savings are demonstrated. The funds shall be used to support
19 activities that will contain the cost of the Medicaid Program, including contracting for
20 services, hiring additional staff, or providing grants through the Office of Rural Health
21 and Community Care to plan, develop, and implement cost-containment programs.

22 Medicaid cost-containment activities may include prospective reimbursement
23 methods, incentive-based reimbursement methods, service limits, prior authorization of
24 services, periodic medical necessity reviews, revised medical necessity criteria, service
25 provision in the least costly settings, plastic magnetic striped Medicaid identification
26 cards for issuance to Medicaid enrollees, fraud detection software or other fraud
27 detection activities, technology that improves clinical decision making, credit balance
28 recovery and data mining services, and other cost-containment activities. Funds may be
29 expended under this section only after the Office of State Budget and Management has
30 approved a proposal for the expenditure submitted by the Department. Proposals for
31 expenditure of funds under this section shall include the cost of implementing the
32 cost-containment activity and documentation of the amount of savings expected to be
33 realized from the cost-containment activity. The Department shall provide a copy of
34 proposals for expenditures under this section to the House of Representatives
35 Appropriations Subcommittee on Health and Human Services, the Senate
36 Appropriations Committee on Health and Human Services, and the Fiscal Research
37 Division. On or before October 1, 2007, the Department shall also report the amounts
38 paid for cost-containment activities in fiscal years 2003-2004 through 2006-2007, and
39 the amount of savings realized from cost-containment activities in fiscal years
40 2003-2004 through 2006-2007.
41

42 **COUNTY MEDICAID COST-SHARE**

43 **SECTION 10.38.(a)** Effective July 1, 2000, the county share of the cost of
44 Medicaid services currently and previously provided by Local Management Entities
45 shall be increased incrementally each fiscal year until the county share reaches fifteen
46 percent (15%) of the nonfederal share by State fiscal year 2009-2010.

47 **SECTION 10.38.(b)** Effective July 1, 2000, the county share of the cost of
48 Medicaid Personal Care Services paid to adult care homes shall be decreased
49 incrementally each fiscal year until the county share reaches fifteen percent (15%) of
50 the nonfederal share by State fiscal year 2009-2010.
51

DISPOSITION OF DISPROPORTIONATE SHARE RECEIPTS

SECTION 10.39.(a) Disproportionate share receipts reserved at the end of the 2007-2008 and 2008-2009 fiscal years shall be deposited with the Department of State Treasurer as nontax revenue for each of those fiscal years.

SECTION 10.39.(b) For each year of the 2007-2009 fiscal biennium, as it receives funds associated with Disproportionate Share Payments from State hospitals, the Department of Health and Human Services, Division of Medical Assistance, shall deposit up to one hundred million dollars (\$100,000,000) of these Disproportionate Share Payments to the Department of State Treasurer for deposit as nontax revenue. Any Disproportionate Share Payments collected in excess of one hundred million dollars (\$100,000,000) shall be reserved by the State Treasurer for future appropriations.

MEDICAID SPECIAL FUND TRANSFER

SECTION 10.40. Of the funds transferred to the Department of Health and Human Services for Medicaid programs pursuant to G.S. 143C-9-1, there is appropriated from the Medicaid Special Fund to the Department of Health and Human Services the sum of forty-three million dollars (\$43,000,000) for the 2007-2008 fiscal year and the sum of forty-three million dollars (\$43,000,000) for the 2008-2009 fiscal year. These funds shall be allocated as prescribed by G.S. 143C-9-1(b) for Medicaid programs. Notwithstanding the prescription in G.S. 143C-9-1(b) that these funds not reduce State general revenue funding, these funds shall replace the reduction in general revenue funding effected in this act. The Department may also use funds in the Medicaid Special Fund to fund the settlement of the Disproportionate Share Hospital payment audit issues between the Department of Health and Human Services and the federal government related to fiscal years 1997-2002, and funds are appropriated from the fund for the 2007-2009 fiscal biennium for this purpose.

REQUIRED DATA SHARING BY PRIVATE INSURERS

SECTION 10.40A. G.S. 108A-55.4 reads as rewritten:

"§ 108A-55.4. Insurers to provide certain information to Department of Health and Human Services.

(a) As used in this section, the terms:

- (1) "Department" means the Department of Health and Human ~~Services.~~Services and any contracted parties working on behalf of the Department of Health and Human Services.
- (2) "Division" means the Division of Medical Assistance of the Department of Health and Human ~~Services.~~Services and any contracted parties working on behalf of the Department of Health and Human Services.
- (3) "Health insurer" includes self-insured plans, group health plans (as defined in section 607(1) of the Employee Retirement Income Security Act of 1974, [29 USC Section 1167(1)]), service benefit plans, managed care organizations, or other parties that are, by statute, contract, or agreement, legally responsible for payment of a claim for a health care item or service as a condition of doing business in the State.
- (4) "Medical assistance" means medical assistance benefits provided under the State Medical Assistance Plan.
- (5) 'Subscriber' means the policyholder of the insurance.

1 (6) 'Applicant/recipient' means an applicant or former applicant, or a
2 present or former recipient of medical assistance benefits.

3 (7) 'Request' means any inquiry by the Department or Division for the
4 purpose of determining the existence of insurance where the
5 Department or Division may have expended public assistance benefits
6 or to enforce or establish child or medical support enforcement orders.

7 (b) Health insurers, and pharmacy benefit managers regulated as third-party
8 administrators under Article 56 of Chapter 58 of the General Statutes, shall provide,
9 with respect to ~~individuals who are eligible for, or are provided, medical assistance,~~an
10 applicant/recipient, upon request of the Division, information to determine during what
11 period the individual or the individual's spouse or dependents may be ~~for~~ or may have
12 ~~been~~been covered by a health insurer and the nature of the coverage that is or was
13 provided by the health insurer (including the subscriber's name, subscriber's address,
14 subscriber's identification number, and identifying number of the plan~~plan~~,
15 applicant/recipient's social security number, applicant/recipient's name, and
16 applicant/recipient's date of birth) in a manner prescribed by the Division.
17 Notwithstanding any other provision of law, and in addition to the requirements set
18 forth in subdivision (6) of this subsection, every health insurer ~~issuing a health benefit~~
19 ~~plan~~ shall provide, not more frequently than twelve times in a year and at no cost, to the
20 Department of Health and Human Services, Division of Medical Assistance, upon its
21 request, ~~information, including automated data matches conducted under the direction~~
22 ~~of the Department of Health and Human Services, Division of Medical Assistance,~~
23 information as necessary ~~to so that the Division may~~ (i) identify individuals who may
24 also be applicants/recipients covered under the ~~insurer's health benefit plans of the~~
25 ~~health insurer; who are also recipients of medical assistance;~~ (ii) determine the period
26 during which the ~~individual or the individual's spouses~~ individual, the individual's
27 spouse, or the individual's dependents may be or may have been covered by the health
28 benefit plan; and (iii) determine the nature of the coverage. To facilitate the Division in
29 obtaining this and other related information, every health insurer shall:

30 (1) ~~Cooperate with the Division to determine whether a named individual~~
31 ~~who is a recipient of medical assistance may be covered under the~~
32 ~~insurer's health benefit plan and eligible to receive benefits under the~~
33 ~~health benefit plan for services provided under the State Medical~~
34 ~~Assistance Plan.~~

35 (2) Respond to the request for ~~information~~ payment within 90 working
36 days after receipt of written proof of loss or claim for payment for
37 health care services provided to a recipient of medical assistance who
38 is covered by the ~~insurer's health benefit plan~~ benefit plan of the health
39 insurer.

40 (3) Accept the Division's right of recovery and the assignment to the
41 Division of any right of an individual or other entity to payment from
42 the party for an item or service for which payment has been made
43 under the State Medical Assistance Plan.

44 (4) Respond to any inquiry by the Division regarding a claim for payment
45 for any health care item or service that is submitted not later than three
46 years after the date of the provision of the health care item or service.

47 (5) Agree not to deny a claim submitted by the Division solely on the
48 basis of the date of submission of the claim, the type of format of the
49 claim form, or a failure to present proper documentation at the
50 point-of-sale that is the basis of the claim, if:

- 1 a. The claim is submitted by the Division within the three-year
2 period beginning on the date on which the item or service was
3 furnished; and
4 b. Any action by the Division to enforce its rights with respect to
5 such claim is commenced within six years of the Division's
6 submission of the claim.
7 (6) Cooperate with the Division's requests to determine a named
8 individual's eligibility or payment information under the benefit plan
9 of the health insurer.
10 (c) ~~An~~ A health insurer that complies with this section shall not be liable on that
11 account in any civil or criminal actions or proceedings."

13 **LIMITATION ON PROVIDER INCREASES**

14 **SECTION 10.40B.** Notwithstanding any other provision of this act to the
15 contrary, if in this act funds are appropriated to the Department of Health and Human
16 Services for a rate increase for providers and funds are also appropriated in this act to
17 the Department of Health and Human Services for an inflationary increase for
18 providers, the Department shall ensure that providers receive either a rate increase or an
19 inflationary increase, whichever is less.

21 **TRANSFER OF ASSETS PERMANENT RULE EFFECTIVE DATE**

22 **SECTION 10.40C.** In order to maximize potential savings to the State
23 Medicaid program as soon as possible, notwithstanding G.S. 150B-21.3(b1), 10A
24 NCAC 21B .0314, adopted by the Department of Health and Human Services on
25 January 19, 2007, and approved by the Rules Review Commission on March 15, 2007,
26 becomes effective on the day this act becomes law.

28 **MMIS CAPABILITIES**

29 **SECTION 10.40D.(a)** The Department of Health and Human Services,
30 when contracting for a new or redesigned MMIS, shall ensure that the new or
31 redesigned system is capable of the following:

- 32 (1) Receiving and tracking premium or other payments required by law.
33 (2) Compatibility with the administration of NC Health Choice, NC KIDS
34 Care, the State Employees' Health Plan, and Medicaid waivers and the
35 Medicare 646 waiver.

36 **SECTION 10.40D.(b)** The Department of Health and Human Services shall
37 report to the Senate Appropriations Committee on Health and Human Services, the
38 House of Representatives Appropriations Subcommittee on Health and Human
39 Services, and the Fiscal Research Division, on the date and implementation of the new
40 MMIS system in accordance with the requirements of this section. The Department of
41 Health and Human Services shall submit its report not later than May 1, 2008.

43 **CRITICAL ACCESS PHARMACY SUPPLEMENTAL PAYMENTS**

44 **SECTION 10.40E.** Of the funds appropriated in this act to the Department
45 of Health and Human Services, Division of Medical Assistance, the sum of two million
46 two hundred sixty thousand dollars (\$2,260,000) for the 2007-2008 fiscal year and the
47 sum of two million six hundred eighty thousand dollars (\$2,680,000) for the 2008-2009
48 fiscal year shall be used to provide supplemental payments to critical access pharmacies
49 as defined by the Division of Medical Assistance. The Division of Medical Assistance
50 shall develop a methodology for identifying critical access pharmacies and providing
51 supplemental payments that are equal to eighty percent (80%) of the difference between

1 prescription drug payments at Average Wholesale Price minus ten percent (10%) and
2 prescription drug payments at Average Wholesale Price minus fifteen percent (15%).
3

4 **PILOT PROGRAM/MEDICAID DUAL ELIGIBLE SPECIAL NEEDS PLAN**

5 **SECTION 10.40F.(a)** The Department of Health and Human Services,
6 Division of Medical Assistance, shall evaluate and establish a pilot program in at least
7 two but not more than four regions of the State to offer nursing facility certifiable
8 (NFC) dual eligible Medicaid recipients services through a Special Needs Plan (SNP).
9 The SNP will work with the Department's Community Care Networks. The SNP must
10 be currently licensed in the State, have expertise in managing NFC dually eligible
11 Medicaid recipients, have expertise or a relationship with experts in geriatrics and be
12 capable and willing to work directly with Community Care North Carolina (CCNC).
13 The SNP must also have no citations or ongoing investigations from the State, the
14 Centers for Medicaid and Medicare Services, or other regulatory agency.

15 **SECTION 10.40F.(b)** In establishing the pilot program, the Department
16 shall select up to four regions (county clusters) based on the number of NFC dual
17 eligible Medicaid recipients, number of skilled nursing facilities, and other factors.
18 These regions and their respective CCNC will work with the SNP to promote enhanced
19 care, greater efficiency, and cost savings.

20 **SECTION 10.40F.(c)** The Department shall report on the evaluation,
21 selection, and implementation of the pilot program to the Senate Appropriations
22 Committee on Health and Human Services, the House of Representatives
23 Appropriations Subcommittee on Health and Human Services, and the Fiscal Research
24 Division not later than May 1, 2008. The Department shall include in its report
25 information on increased primary care visits, hospital admission and readmission rates,
26 mortality rates, results of pharmacy management, measurable quality outcomes, and
27 associated cost savings for NFC managed through this pilot. The Department shall also
28 include in its report the feasibility of expansion of the pilot to other regions of the State
29 or expansion into the assisted living and home-based populations.
30

31 **IMPLEMENT ELECTRONIC QUALITY PRESCRIPTION MANAGEMENT** 32 **PROGRAM**

33 **SECTION 10.41.** The Department of Health and Human Services, Division
34 of Medical Assistance, in consultation with the Community Care of NC (CCNC)
35 program, shall implement an Electronic Quality Prescription Management program for
36 prescription drugs through the use of personal data assistance (PDA) technology. The
37 Division may designate CCNC through the Office of Rural Health and Community Care
38 as the lead program to implement this section and shall assist CCNC by providing cost
39 containment funds to purchase PDAs, connectivity, and software, and for other related
40 costs.
41

42 **TICKET TO WORK EFFECTIVE DATE CHANGE**

43 **SECTION 10.43.** Section 10.18(c) of S.L. 2005-276, as amended by Section
44 10.9(a) of S.L. 2006-66, reads as rewritten:

45 "SECTION 10.18.(c) Subsection (b) of this section becomes effective July 1, 2006.
46 Subsection (a) of this section becomes effective July 1, ~~2007~~2008."
47

48 **EXTEND IMPLEMENTATION OF COMMUNITY ALTERNATIVES** 49 **PROGRAMS REIMBURSEMENT SYSTEM**

50 **SECTION 10.44.** Full implementation for the Community Alternatives
51 Programs reimbursement system shall be not later than twelve months after the date on

1 which the replacement Medicaid Management Information System becomes operational
2 and stabilized.

3
4 **FAMILIES PAY PART OF THE COST OF SERVICES UNDER THE**
5 **CAP-MR/DD PROGRAM AND THE CAP-CHILDREN'S PROGRAM BASED**
6 **ON FAMILY INCOME**

7 **SECTION 10.45.(a)** Subject to approval from the Centers for Medicare and
8 Medicaid Services (CMS), the Department of Health and Human Services, Division of
9 Medical Assistance, shall develop a schedule of cost-sharing requirements for families
10 of children with incomes above the Medicaid allowable limit to share in the costs of
11 their child's Medicaid expenses under the CAP-MR/DD (Community Alternatives
12 Program for Mental Retardation and Developmentally Disabled) Program and the
13 CAP-C (Community Alternatives Program for Children). The cost-sharing amounts
14 shall be based on a sliding scale of family income and shall take into account the impact
15 on families with more than one child in the CAP programs. In developing the schedule,
16 the Department shall also take into consideration how other states have implemented
17 cost-sharing in their CAP programs. The Division of Medical Assistance may establish
18 monthly deductibles as a means of implementing this cost-sharing. The Department
19 shall provide for at least one public hearing and other opportunities for individuals to
20 comment on the imposition of cost-sharing under the CAP program.

21 **SECTION 10.45.(b)** This section becomes effective July 1, 2008, for
22 children enrolled in CAP-MR/DD or CAP-C on and after that date. For currently
23 enrolled CAP-MR/DD and CAP-C recipients, this section becomes effective at the
24 recipient's first certification period following July 1, 2008.

25 **SECTION 10.45.(c)** The Division of Medical Assistance shall report on
26 savings realized due to the cost-sharing implemented pursuant to this section. The
27 Department shall submit the report to the House of Representatives Appropriations
28 Subcommittee on Health and Human Services, the Senate Appropriations Committee on
29 Health and Human Services, and the Fiscal Research Division on or before March 1,
30 2009.

31
32 **SECTION 10.45A.** Notwithstanding any other provision of this act, the
33 reduction in funds in this act to the Department of Health and Human Services, Division
34 of Mental Health, Developmental Disabilities, and Substance Abuse Services, for
35 Realignment of Developmental Disability Services is increased by the sum of one
36 million five hundred thousand dollars (\$1,500,000) for the 2007-2008 fiscal year in
37 recurring funds and the sum of one million five hundred thousand dollars (\$1,500,000)
38 for the 2008-2009 fiscal year in recurring funds and is appropriated to the Department
39 of Health and Human Services, Division of Medical Assistance, to provide funding for
40 100 additional Community Alternatives Program-Mental Retardation/Developmental
41 Disability (CAP-MR/DD) slots to bring the total number of new CAP-MR/DD slots to
42 300.

43
44 **CONTINUE EFFORTS TO EXPAND COMMUNITY CARE AND IMPROVE**
45 **QUALITY OF CARE FOR AGED, BLIND, AND DISABLED MEDICAID**
46 **RECIPIENTS**

47 **SECTION 10.46.(a)** The Department of Health and Human Services shall
48 continue its efforts to expand the scope of Community Care of NC care management
49 model to recipients of Medicaid and dually eligible individuals with a chronic condition
50 and long-term care needs. In expanding the scope, the Department shall focus on the
51 Aged, Blind, and Disabled, and CAP-DA populations for improvement in management,

1 cost-effectiveness, and local coordination of services through Community Care of NC
2 and in collaboration with local providers of care. The Department shall target personal
3 care services, private duty nursing, home health, durable medical equipment, ancillary
4 professional services, specialty care, residential services, including skilled nursing
5 facilities, home infusion therapy, pharmacy, and other services determined
6 target-worthy by the Department. The Department shall pilot communitywide
7 initiatives and shall expand statewide successful models. The initiatives may include
8 one or more pilot projects to control costs and improve quality of care for the Aged,
9 Blind, and Disabled recipients of Medicaid.

10 **SECTION 10.46.(b)** The Department of Health and Human Services shall
11 report not later than March 1, 2008, on the status of the implementation and findings of
12 this pilot project with regard to improving the quality of care and controlling the cost of
13 care for the Aged, Blind, and Disabled recipients of Medicaid. The report shall also
14 address the Department's plans for expanding the pilot project and implementing the
15 practices for all Aged, Blind, and Disabled Medicaid recipients in the State. The
16 Department shall submit the report to the House of Representatives Appropriations
17 Subcommittee on Health and Human Services, the Senate Appropriations Committee on
18 Health and Human Services, and the Fiscal Research Division.

19 20 **NC HEALTH CHOICE ENROLLMENT**

21 **SECTION 10.47.** The Department of Health and Human Services may allow
22 up to six percent (6%) enrollment growth annually over the prior fiscal year's
23 enrollment in the NC Health Choice Program. The cap in enrollment growth shall be
24 based on the month of highest Program enrollment in the prior fiscal year.

25 26 **NC KIDS' CARE STUDY**

27 **SECTION 10.48.** The Department of Health and Human Services, Division
28 of Medical Assistance, shall determine the most cost-efficient and cost-effective method
29 for implementing a limited benefit medical assistance program, NC Kids' Care. In
30 developing the Program, the Department shall include the following:

- 31 (1) Eligibility for benefits under NC Kids' Care is not an entitlement, is for
32 legal residents of North Carolina, and is subject to availability of funds
33 and State and federal requirements.
- 34 (2) NC Kids' Care shall provide health coverage to children whose income
35 is not less than two hundred percent (200%) and not more than two
36 hundred twenty-five percent (225%) of the federal poverty level.
- 37 (3) Children enrolled in NC Kids' Care must be ineligible for Medicaid,
38 Medicare, or other government-sponsored health insurance.
- 39 (4) The premium for enrollment in NC Kids' Care shall be not more than
40 twenty-five dollars (\$25.00) per member per month except that the
41 premium for a family shall not exceed seventy-five dollars (\$75.00)
42 per family per month.
- 43 (5) Providers of services to children enrolled in NC Kids' Care shall be
44 paid at Medicaid rates.

45 The Department of Health and Human Services shall report its findings and
46 recommendations on the scope and benefits of NC Kids' Care to the Senate
47 Appropriations Committee on Health and Human Services, the House of
48 Representatives Appropriations Subcommittee on Health and Human Services, and the
49 Fiscal Research Division not later than April 1, 2008.

1 **BUILD COMMUNITY INFRASTRUCTURE FOR MENTAL HEALTH,**
2 **DEVELOPMENTAL DISABILITIES, AND SUBSTANCE ABUSE SERVICES**

3
4 **INCREASE AVAILABILITY OF SUBSTANCE ABUSE TREATMENT.**

5 **SECTION 10.49.(a)** Except as otherwise provided in this subsection, funds
6 appropriated in this act to the Department of Health and Human Services, Division of
7 Mental Health, Developmental Disabilities, and Substance Abuse Services for
8 regionally funded, locally hosted substance abuse services shall be allocated for the
9 purpose of developing and enhancing the American Society of Addiction Medicine
10 (ASAM) continuum of care at the community level. In coordination with local
11 management entities, the Division shall develop and direct purchasing mechanisms to
12 improve the availability of substance abuse services offered on a local, regional, and
13 statewide basis in coordination with one or more local management entities. In the
14 event a local management entity is unable or unwilling to contract with a substance
15 abuse provider for substance abuse services envisioned in this section, the Division may
16 enter into a contract with substance abuse service providers, and, in such cases, the
17 requirements of G.S. 122C-124.1 shall not apply. Of the funds allocated in this
18 subsection for regionally funded, locally hosted substance abuse services, the sum of
19 five hundred seventy-one thousand sixty-one dollars (\$571,061) for the 2007-2008
20 fiscal year and the sum of seven hundred thirty-six thousand sixty-one dollars
21 (\$736,061) for the 2008-2009 fiscal year shall be allocated for residential substance
22 abuse programs with a vocational component.

23 **SECTION 10.49.(b)** G.S. 122C-147.1 is amended by adding the following
24 new subsection to read:

25 "(d1) Notwithstanding subsections (b) and (d) of this section, each area program
26 shall determine whether to earn the funds for crisis services and funds for services to
27 substance abuse clients in a purchase-for-service basis, under a grant, or some
28 combination of the two. Area programs shall account for funds expended on a grant
29 basis according to procedures required by the Secretary and in a manner that is similar
30 to funds expended in a purchase-for-service basis."

31 **SECTION 10.49.(c)** Consistent with G.S. 122C-2, the General Assembly
32 strongly encourages LMEs to use a portion of the funds appropriated for substance
33 abuse treatment services to support prevention and education activities.

34 **SECTION 10.49.(d)** An LME may use up to one percent (1%) of funds
35 allocated to it for substance abuse treatment services to provide nominal incentives for
36 consumers who achieve specified treatment benchmarks.

37 **SECTION 10.49.(e1)** In providing treatment and services for adult offenders
38 and increasing the number of TASC case managers, for which funds are allocated in this
39 act to local management entities, each local management entity shall consult with TASC
40 to improve offender access to substance abuse treatment and match evidence-based
41 interventions to individual needs at each stage of substance abuse treatment. Special
42 emphasis should be placed on intermediate punishment offenders, community
43 punishment offenders at risk for revocation, and DOC releasees who have completed
44 substance abuse treatment while in custody.

45 In addition to the funds appropriated in this act to the Department of Health
46 and Human Services, Division of Mental Health, Developmental Disabilities, and
47 Substance Abuse Services to provide substance abuse services for adult offenders and to
48 increase the number of TASC case managers, the Department shall allocate up to three
49 hundred thousand dollars (\$300,000) to Treatment Accountability for Safer
50 Communities (TASC). These funds shall be allocated to TASC before funds are

1 allocated to local management entities for mental health services, substance abuse
2 services, and crisis services.

3 **SECTION 10.49.(e2)** In providing Drug Treatment Court services for which
4 funds are allocated in this act to local management entities, the local management entity
5 shall consult with the local drug treatment court team and shall select a treatment
6 provider that meets all provider qualification requirements and the drug treatment
7 court's needs. A single treatment provider may be chosen for non-Medicaid-eligible
8 participants only. A single provider may be chosen who can work with all of the
9 non-Medicaid-eligible drug treatment court participants in a single group. During the
10 52-week Drug Treatment Court program, participants shall receive an array of treatment
11 and after-care services that meets the participant's level of need, including step-down
12 services that support continued recovery.

13 **SECTION 10.49.(f)** Within available State and county resources, local
14 management entities shall work with county public health departments and county
15 sheriffs to provide medical assessments and medication, if appropriate, for inmates
16 housed in county jails who are suicidal, hallucinating, or delusional. LMEs shall also
17 examine ways to provide additional treatment to persons who are determined to be
18 psychotic, severely depressed, suicidal, or who have substance abuse disorders. LMEs,
19 county public health departments, and county sheriffs shall work together to develop all
20 of the following:

- 21 (1) A statewide standardized evidence-based screening instrument to be
22 used when offenders are booked.
- 23 (2) A designated LME employee who is responsible for screening the
24 daily jail booking log for known mental health consumers.
- 25 (3) Protocols for effective communication between the LME and the jail
26 staff including collaborative development of medication management
27 protocols between the jail staff and the mental health providers.
- 28 (4) Training to help detention officers recognize signals of mental illness.
29

30 **ADDITIONAL HOUSING ASSISTANCE.**

31 **SECTION 10.49.(g)** The independent and supportive living apartments for
32 persons with disabilities constructed from funds appropriated in this act to the
33 Department of Health and Human Services, Division of Mental Health, Developmental
34 Disabilities, and Substance Abuse Services, and the North Carolina Housing Finance
35 Agency for that purpose shall be affordable to persons with incomes at the
36 Supplemental Security Income (SSI) level. The Department shall maximize the number
37 of subsidies that can be paid for with these funds by giving first priority to North
38 Carolina Housing Agency-financed apartments, giving second priority to other publicly
39 subsidized apartments, and third priority to market-rate apartments.

40 **SECTION 10.49.(h1)** The Department of Health and Human Services and
41 the North Carolina Housing Finance Agency shall work together to develop a plan for
42 the most efficient and effective use of State resources in the financing and construction
43 of additional independent- and supportive-living apartments for individuals with mental
44 health, developmental, or substance abuse disabilities. This plan shall address gaps in
45 the housing continuum identified by the study that DHHS will conduct during fiscal
46 year 2006-2007 and fiscal year 2007-2008. DHHS and NCHFA shall report this plan
47 and also the progress of the Housing 400 Initiative to the Joint Legislative Oversight
48 Committee on Mental Health, Developmental Disabilities, and Substance Abuse
49 Services by March 1, 2008.

50 **SECTION 10.49.(h2)** The Department of Health and Human Services,
51 Division of Mental Health, Developmental Disabilities, and Substance Abuse Services,

1 may transfer funds appropriated for operating cost subsidies for independent- and
2 supportive-living apartments for individuals with disabilities to the North Carolina
3 Housing Finance Agency (NCHFA) to be used for these purposes. If funds
4 appropriated in this act for operating assistance for the independent supportive living
5 apartments for people with disabilities exceed the amount necessary to finance those
6 apartments for which funds were appropriated, then the excess funds may be used in
7 each fiscal year to subsidize other apartments for individuals with disabilities that are
8 affordable for individuals with income at the SSI level.

9 For the purposes of ensuring that State supported assisted housing is available
10 to all disability groups, the NCHFA and the Department of Health and Human Services
11 shall do the following:

- 12 (1) The NCHFA shall provide to the Division of Medical Assistance the
13 name, address, and date of birth of each resident that receives housing
14 assistance in NCHFA properties because of the recipient's disability.
- 15 (2) The Department of Health and Human Services shall review the
16 Medicaid database to determine which of these residents receives
17 Medicaid and, of those, the type of disability of each Medicaid
18 recipient for whom information was provided under subdivision (1) of
19 this subsection.
- 20 (3) The Department of Health and Human Services shall report to the
21 General Assembly the aggregate statewide total by type of disability.
22 The types of disability for which aggregate data is reported shall be
23 mental illness, developmental disability, physical disability, and the
24 multiple combination of these types. The report shall ensure that
25 individuals with multiple diagnoses are counted only one time for each
26 aggregate report. The Department of Health and Human Services shall
27 ensure that information reported does not include information that
28 would identify or lead to the identity of a Medicaid recipient. The
29 Department of Health and Human Services shall submit the report to
30 the Senate Appropriations Committee on Health and Human Services,
31 the House of Representatives Appropriations Subcommittee on Health
32 and Human Services, the Joint Legislative Oversight Committee on
33 Mental Health, Developmental Disabilities, and Substance Abuse
34 Services, and the Fiscal Research Division not later than May 1, 2008,
35 and again not later than May 1, 2009.

36 Of the funds appropriated in this act to the Department of Health and Human
37 Services for operating cost subsidies for independent- and supportive-living apartments
38 for individuals with disabilities, not more than one hundred fifty thousand dollars
39 (\$150,000) may be used for administration of the subsidies and for evaluation and
40 reporting requirements under this subsection.

41 **SECTION 10.49.(i)** The Department of Health and Human Services shall
42 develop a "Transitional Residential Treatment Program" service definition to provide
43 24-hour residential treatment and rehabilitation for adults who have a pattern of difficult
44 behaviors related to mental illness, which exceeds the capabilities of traditional
45 community residential settings. DHHS shall submit the new service definition to the
46 Centers for Medicare and Medicaid for approval no later than 90 days after the
47 enactment of the Current Operations and Capital Appropriations Act for the 2007-2009
48 biennium.

49 **SECTION 10.49.(j)** The joint ad hoc subcommittee regarding the mentally
50 ill in adult care homes convened by the Joint Legislative Oversight Committee on
51 Mental Health, Developmental Disabilities, and Substance Abuse Services and the

1 North Carolina Commission on Aging may continue to study and identify rules and
2 laws that are necessary to regulate facilities that provide housing for adults with mental
3 illness in the same location with adults without mental illness.

4 **SECTION 10.49.(k)** The Department of Health and Human Services shall
5 complete the development of a Uniform Screening Tool (UST) to be used by LMEs to
6 determine the mental health of any individual admitted to any long-term care facility
7 within an LME's catchment area. The UST shall be available for use no later than 90
8 days after the enactment of the Current Operations and Capital Appropriations Act for
9 the 2007-2009 fiscal biennium.

10 **SECTION 10.49.(l)** Notwithstanding any other provision of law to the
11 contrary, local management entities may directly provide case management and may bill
12 for the services provided.

13 14 **CRISIS AND ACUTE CARE SERVICES.**

15 **SECTION 10.49.(m)** The fourteen million one hundred thirty-seven
16 thousand eight hundred fifty-seven dollars (\$14,137,857) appropriated in this act for
17 crisis services in each fiscal year to the Department of Health and Human Services,
18 Division of Mental Health, Developmental Disabilities, shall be allocated to local
19 management entities to continue to implement the crisis plans developed under S.L.
20 2006-66, Section 10.26. In allocating these funds, the Department shall consider the
21 impact of the closure of any State institution on each local management entity. The
22 Department of Health and Human Services may use up to two hundred fifty thousand
23 dollars (\$250,000) in each fiscal year of the funds allocated under this subsection to
24 extend its contract with the crisis services consultant authorized under Section 10.26(b)
25 of S.L. 2006-66.

26 **SECTION 10.49.(n)** S.L. 2006-66, Section 10.26(d), as amended by Section
27 11 of S.L. 2006-221, reads as rewritten:

28 "**SECTION 10.26.(d)** With the assistance of the consultant, the LMEs within a
29 crisis region shall work together to identify gaps in their ability to provide a continuum
30 of crisis services for all consumers and use the funds allocated to them to develop and
31 implement a plan to address those needs. At a minimum, the plan must address the
32 development over time of the following components: 24-hour crisis telephone lines,
33 walk-in crisis services, mobile crisis outreach, crisis respite/residential services, crisis
34 stabilization units, 23-hour beds, facility-based crisis, in-patient crisis, detox, and
35 transportation. Options for voluntary admissions to a secured facility must include at
36 least one service appropriate to address the mental health, developmental disability, and
37 substance abuse needs of adults, and the mental health, developmental disability, and
38 substance abuse needs of children. Options for involuntary commitment to a secured
39 facility must include at least one option in addition to admission to a State facility.

40 If all LMEs in a crisis region determine that a facility-based crisis center is needed
41 and sustainable on a long-term basis, the crisis region shall first attempt to secure those
42 services through a community hospital or other community facility. If all LMEs in the
43 crisis region determine the region's crisis needs are being met, the LMEs may use the
44 funds to meet local crisis service needs."

45 **SECTION 10.49.(o)** LMEs shall report monthly to the Department and to
46 the consultant regarding the use of the funds, whether there has been a reduction in the
47 use of State psychiatric hospitals for acute admissions, and any remaining gaps in local
48 and regional crisis services. The consultant and the Department shall report quarterly to
49 the Senate Appropriations Committee on Health and Human Services, the House of
50 Representatives Appropriations Subcommittee on Health and Human Services, the
51 Fiscal Research Division, and the Joint Legislative Oversight Committee on Mental

1 Health, Developmental Disabilities, and Substance Abuse Services regarding each
2 LME's proposed and actual use of the funds appropriated under this section. The
3 reporting requirements under this subsection shall expire July 1, 2008.

4 **SECTION 10.49.(q)** G.S. 122C-147.1 is amended by adding the following
5 new subsection to read:

6 "(b1) Notwithstanding subsection (b) of this section, funds appropriated by the
7 General Assembly for crisis services shall not be allocated in broad disability or
8 age/disability categories. Subsection (c) of this section shall apply to funds appropriated
9 by the General Assembly for crisis services."

10 **SECTION 10.49.(r)** The Department of Health and Human Services shall
11 develop a system for reporting to LMEs information regarding all visits to community
12 hospital emergency departments by individuals who are in crisis due to a mental illness,
13 a developmental disability, or a substance abuse disorder. The system shall be
14 implemented no later than 90 days after the enactment of the Current Operations and
15 Capital Appropriations Act for the 2007-2009 fiscal biennium.

16 **SECTION 10.49.(s1)** Of the funds appropriated in this act to the Department
17 of Health and Human Services, Division of Mental Health, Developmental Disabilities,
18 and Substance Abuse Services (Division), the sum of two million five hundred thousand
19 dollars (\$2,500,000) for the 2007-2008 fiscal year and the sum of five million dollars
20 (\$5,000,000) for the 2008-2009 fiscal year shall be used to develop a pilot program to
21 reduce State psychiatric hospital use and to increase local services for persons with
22 mental illness. Of these funds, the sum of two hundred fifty thousand dollars
23 (\$250,000) in each fiscal year shall be retained by the Department. The remainder in
24 each fiscal year shall be allocated to LMEs to be used in accordance with subdivision
25 (c)(6) of this section. The Division and each selected LME shall implement an
26 18-month pilot beginning in the 2007-2008 fiscal year, as provided in subsections (s2)
27 and (s3) of this section. It is the intent of the General Assembly to provide funds to
28 expand the pilot program in the 2008-2009 fiscal year. To this end, the Division shall
29 develop a plan for expanded pilots as provided in subsection (d) of this section.

30 **SECTION 10.49.(s2)** The purpose of the 18-month pilot program developed
31 under subsection (s1) of this section and to be implemented during the 2007-2008 fiscal
32 year is to test a mechanism to reduce psychiatric hospital use by holding an LME
33 financially and clinically responsible for the cost of that use and by providing additional
34 resources to build community capacity. The Department shall select at least three
35 LMEs that submit a proposal to participate in the pilot to the Division no later than
36 October 15, 2007. The proposal shall include a plan by the LME to reduce hospital use
37 by a specified amount and an explanation of how the LME expects to accomplish this
38 goal. To facilitate pilot implementation, the Division shall do all of the following:

- 39 (1) Calculate the cost of each LME's 2006-2007 use of State psychiatric
40 hospital services based roughly on that hospital's total budget and the
41 percentage of patients at the hospital admitted from the LME's
42 catchment area.
- 43 (2) Calculate a daily rate for hospital usage based on 2006-2007 statewide
44 usage. The daily rate shall be higher for subsequent admissions by the
45 same patient and higher for patients admitted with a primary diagnosis
46 of substance abuse.
- 47 (3) Provide the results from subdivisions (1) and (2) of this subsection to
48 all LMEs not later than September 1, 2007.
- 49 (4) Award pilot participation not later than November 1, 2007, based upon
50 the proposals that project the largest decrease in use and that the
51 Division believes has the greatest likelihood of succeeding.

1 (5) Commence pilot implementation not later than January 1, 2008.

2 **SECTION 10.49.(s3)** Parameters of the pilot developed under subsection
3 (s1) of this section are as follows:

4 (1) The pilot LMEs will have a virtual budget account for January 1, 2008,
5 through June 30, 2008, based on one-half of the LME's cost of State
6 psychiatric hospital use during the 2006-2007 fiscal year minus the
7 LME's proposed reduction in hospital use. The virtual budget account
8 will be for the full amount less an agreed upon reduction in the second
9 year of the pilot.

10 (2) Every bed day used by patients from that LME's catchment area will
11 be debited against that LME's virtual account.

12 (3) The cost of bed days will increase by the agreed upon amount for
13 patients who are repeatedly admitted to the hospital.

14 (4) The cost of bed days will increase by the agreed upon amount for
15 patients who are admitted with a primary diagnosis of substance abuse.

16 (5) The LME shall have one or more representatives on site at the State
17 psychiatric hospital. The LME representatives shall be involved with
18 patient admissions, development of treatment plans, supervision and
19 delivery of treatment, and development and implementation of
20 discharge plans.

21 (6) The pilot LMEs shall use their allocated funds to: (i) build community
22 capacity through start-up operations or payment for local services; (ii)
23 pay for the on-site representative at State psychiatric hospitals; and
24 (iii) pay for patient bed days that are in excess of RFP's projected use.

25 (7) As of June 30, 2008, any savings to the State realized from the LMEs'
26 reduced hospital usage, plus any funds remaining in the LMEs' virtual
27 hospital budget account, will be transferred to the LMEs to be used to
28 purchase hospital use in the 2008-2009 fiscal year. Any funds
29 remaining from the two million two hundred twenty-five thousand
30 dollar (\$2,225,000) allocation shall carry over to be used by the LMEs
31 to pay for services to the mentally ill.

32 **SECTION 10.49.(s4)** Based on the experiences of the pilot programs
33 authorized under subsections (s2) and (s3) of this section, the Division of Mental
34 Health, Developmental Disabilities, and Substance Abuse Services (Division) shall
35 work with the existing hospital use study group to develop a proposal for subsequent
36 pilots to reduce hospital use and build community services. The Division may use up to
37 two hundred fifty thousand dollars (\$250,000) in each fiscal year to develop the
38 proposal. The Division shall submit an interim report on its progress to the Joint
39 Legislative Oversight Committee on Mental Health, Developmental Disabilities, and
40 Substance Abuse Services (Oversight Committee) by October 15, 2007, and a second
41 interim report by February 1, 2008. The Division shall submit its final report to the
42 Oversight Committee by February 1, 2009.

43 **SECTION 10.49.(s5)** The budgets for the State psychiatric hospitals shall
44 not be reduced during the 2007-2008 fiscal year as a result of the pilot developed under
45 subsection (s1) of this section. However, those budgets shall be adjusted in following
46 years to reflect the previous year's use by the LMEs participating in the pilot program.

47 **SECTION 10.49.(t)** Notwithstanding G.S. 122C-112.1(a)(30) and
48 G.S. 122C-181, the Secretary of Health and Human Services may close Dorothea Dix
49 Hospital, and the Secretary of Health and Human Services may close John Umstead
50 Hospital or any unit or section of that hospital, provided that all of the following
51 conditions have been met prior to closure of each hospital or unit thereof:

- 1 (1) The Secretary has notified the Joint Legislative Commission on
2 Governmental Operations, the Joint Legislative Oversight Committee
3 on Mental Health, Developmental Disabilities, and Substance Abuse
4 Services, and members of the General Assembly who represent
5 catchment areas affected by the closure.
- 6 (2) The Secretary has presented a plan for the closure of each hospital or
7 unit thereof to the Joint Legislative Oversight Committee on Mental
8 Health, Developmental Disabilities, and Substance Abuse Services
9 (Oversight Committee) for its review, advice, and recommendations.
10 The Secretary shall also provide a copy of the plan to each member of
11 the General Assembly in a timely manner to permit each member of
12 the General Assembly to comment at the presentation of the plan to the
13 Oversight Committee. The plan shall address specifically all of the
14 following: (i) the capacity of any replacement facility and the
15 catchment area to meet the needs of those consumers who require
16 long-term secure services as well as acute care; (ii) an inventory of
17 existing capacity in the communities within the catchment area for
18 patients to access crisis services, appropriate housing, and other
19 necessary supports; (iii) how the State and the LMEs in the catchment
20 area will attract and retain qualified private providers that will provide
21 services to State-paid non-Medicaid-eligible consumers; and (iv) the
22 impact of the closure on remaining State facilities. In implementing the
23 plan, the Secretary shall take into consideration the comments and
24 recommendations of the Oversight Committee and other members of
25 the General Assembly.
- 26 (3) The Central Regional Hospital is operational and patient transfers from
27 Dorothea Dix Hospital and John Umstead Hospital have been
28 completed.
- 29 (4) Notwithstanding any other provision of law, the Secretary shall not
30 close a State facility if there are not adequate replacement services
31 available prior to the date of closure.

32 **SECTION 10.49.(u)** In keeping with the United States Supreme Court
33 decision in Olmstead v. L.C. & E.W. and State policy to provide appropriate services to
34 clients in the least restrictive and most appropriate environment, the Department of
35 Health and Human Services shall continue to implement a plan for the transition of
36 patients from State psychiatric hospitals to the community or to other long-term care
37 facilities, as appropriate. The goal is to develop mechanisms and identify resources
38 needed to enable patients and their families to receive the necessary services and
39 supports based on the following guiding principles:

- 40 (1) Individuals shall be provided acute psychiatric care in non-State
41 facilities when appropriate.
- 42 (2) Individuals shall be provided acute psychiatric care in State facilities
43 only when non-State facilities are unavailable.
- 44 (3) Individuals shall receive evidence-based psychiatric services and care
45 that are cost-efficient.
- 46 (4) The State shall minimize cost shifting to other State and local facilities
47 or institutions.

48 The Department of Health and Human Services shall conduct an analysis of
49 the individual patient service needs and shall develop and implement an individual
50 transition plan, as appropriate, for patients in each hospital. The State shall ensure that
51 each individual transition plan, as appropriate, shall take into consideration the

1 availability of appropriate alternative placements based on the needs of the patient and
2 within resources available for the mental health, developmental disabilities, and
3 substance abuse services system. In developing each plan, the Department shall consult
4 with the patient and the patient's family or other legal representative.

5 The Department of Health and Human Services shall submit reports on the
6 status of implementation of this section to the Joint Legislative Commission on
7 Governmental Operations, the Senate Appropriations Committee on Health and Human
8 Services, the House of Representatives Appropriations Subcommittee on Health and
9 Human Services, the Joint Legislative Oversight Committee on Mental Health,
10 Developmental Disabilities, and Substance Abuse Services, and the Fiscal Research
11 Division. These reports shall be submitted on December 1, 2007, and May 1, 2008.

12 13 **USE OF MENTAL HEALTH TRUST FUNDS.**

14 **SECTION 10.49.(v)** Funds allocated to area programs to be spent on
15 community-based programs that are remaining in the Trust Fund for Mental Health,
16 Developmental Disabilities, and Substance Abuse Services and Bridge Funding Needs
17 (Trust Fund) as of June 30, 2007, shall be dispersed to the area programs to be spent
18 according to the purposes for which the funds were allocated. The Department shall
19 limit the LME fund balance to ensure that LMEs fully utilize funds dispersed to the
20 LME for the stated purposes.

21 **SECTION 10.49.(w1)** G.S. 143C-9-2 reads as rewritten:

22 **"§ 143C-9-2. Trust Fund for Mental Health, Developmental Disabilities, and** 23 **Substance Abuse Services and Bridge Funding Needs.**

24 (a) The Trust Fund for Mental Health, Developmental Disabilities, and
25 Substance Abuse Services and Bridge Funding Needs is established as an
26 interest-bearing, nonreverting special trust fund in the Office of State Budget and
27 Management. Moneys in the Trust Fund shall be held in trust and used solely to increase
28 community-based services that meet the mental health, developmental disabilities, and
29 substance abuse services needs of the State. The Trust Fund shall be used to supplement
30 and not to supplant or replace existing State and local funding available to meet the
31 mental health, developmental disabilities, and substance abuse services needs of the
32 State.

33 The State Treasurer shall hold the Trust Fund separate and apart from all other
34 moneys, funds, and accounts. The State Treasurer shall be the custodian of the Trust
35 Fund and shall invest its assets in accordance with G.S. 147-69.2 and G.S. 147-69.3.
36 Investment earnings credited to the assets of the Trust Fund shall become part of the
37 Trust Fund. Any balance remaining in the Trust Fund at the end of any fiscal year shall
38 be carried forward in the Trust Fund for the next succeeding fiscal year.

39 Moneys in the Trust Fund shall be expended only in accordance with subsection (b)
40 of this section and in accordance with limitations and directions enacted by the General
41 Assembly.

42 (b) Moneys in the Trust Fund for Mental Health, Developmental Disabilities, and
43 Substance Abuse Services and Bridge Funding Needs shall be allocated to area
44 programs to be used only to:

- 45 (1) Provide start-up funds and operating support for programs and services
46 that provide more appropriate and cost-effective community treatment
47 alternatives for individuals currently residing in the State's mental
48 health, developmental disabilities, and substance abuse services
49 institutions.
- 50 (2) ~~Facilitate the State's compliance with the United States Supreme Court~~
51 ~~decision in Olmstead v. L.C. and E.W.~~

- 1 (3) Facilitate reform of the mental health, developmental disabilities, and
2 substance abuse services system and expand and enhance treatment
3 and prevention services in these program areas to remove waiting lists
4 and provide appropriate and safe services for clients.
- 5 (4) Provide bridge funding to maintain appropriate client services during
6 transitional periods as a result of facility closings, including
7 departmental restructuring of services.
- 8 (5) ~~Construct, repair, and renovate State mental health, developmental~~
9 ~~disabilities, and substance abuse services facilities.~~

10 (c) Notwithstanding G.S. 143C-1-2, any nonrecurring savings in State
11 appropriations realized from the closure of any State psychiatric hospitals that are in
12 excess of the cost of operating and maintaining a new State psychiatric hospital shall not
13 revert to the General Fund but shall be placed in the Trust Fund and shall be used for the
14 purposes authorized in this section. Notwithstanding G.S. 143C-1-2, recurring savings
15 realized from the closure of any State psychiatric hospitals shall not revert to the
16 General Fund but shall be credited to the Department of Health and Human Services to
17 be used only for the purposes of subsections (b)(1) ~~(b)(2)~~ and (b)(3) of this section.

18 (d) Beginning July 1, 2007, the Secretary of the Department of Health and
19 Human Services shall report annually to the Fiscal Research Division on the
20 expenditures made during the preceding fiscal year from the Trust Fund. The report
21 shall identify each expenditure by recipient and purpose and shall indicate the authority
22 under subsection (b) of this section for the expenditure."

23 **SECTION 10.49.(w2)** Notwithstanding G.S. 143C-9-2(c), additional savings
24 in the 2007-2008 and 2008-2009 fiscal years shall be used to fund the State's
25 contribution for local management entity system administration.

26 **SECTION 10.49.(x)** Notwithstanding G.S. 143C-9-2, as amended by this
27 act, the Secretary of Health and Human Services may use funds for the 2007-2008 fiscal
28 year from the Trust Fund for Mental Health, Developmental Disabilities, and Substance
29 Abuse Services and Bridge Funding Needs (Trust Fund) or, if funds in the Trust Fund
30 are insufficient, from other available sources in the Department of Health and Human
31 Services, to support up to 66 new positions in the Julian F. Keith Alcohol and Drug
32 Abuse Treatment Center, provided that these funds may be used only if the Julian F.
33 Keith Alcohol and Drug Abuse Treatment Center opens before July 1, 2008.

34 35 **STRENGTHEN THE SERVICES NETWORK.**

36 **SECTION 10.49.(y)** The Department of Health and Human Services shall
37 designate two additional local management entities to receive all State allocations
38 through single stream funding. If DHHS has not made the designations by July 1, 2007,
39 the designations shall be as enacted by the 2007 General Assembly. The Department
40 shall develop clear standards for how an LME qualifies for single stream funding and
41 shall award single stream funding to any other LME that meets those standards within
42 the 2007-2008 and 2008-2009 fiscal years. In addition to the LMEs designated by the
43 Department, the Piedmont, New River, Smoky Mountain, Guilford, and Mecklenburg
44 LMEs shall continue to receive State allocations through single stream funding.

45 **SECTION 10.49.(z)** The Joint Legislative Oversight Committee for Mental
46 Health, Developmental Disabilities, and Substance Abuse Services shall study the
47 effectiveness of the 1915(b) Medicaid waiver and of those LMEs operating under a
48 waiver.

49 **SECTION 10.49.(aa)** No later than July 1, 2008, the Department of Health
50 and Human Services shall commence the process for three additional local management
51 entities to apply for Medicaid waivers.

FILLING SERVICE GAPS.

SECTION 10.49.(bb) Funds appropriated in this act for mental health services and supported employment shall be allocated to local management entities such that each local management entity receives a percentage of the total allocation that is equal to that local management entity's percentage of the State's total population that is below the federal poverty level. Funds appropriated to the Department of Health and Human Services for the 2006-2007 fiscal year for mental health services, substance abuse services, and crisis services and allocated based on the poverty level shall continue to be allocated by the Department to local management entities such that each local management entity receives a percentage of the total allocation that is equal to that local management entity's percentage of the State's total population that is below the federal poverty level.

SECTION 10.49.(cc) G.S. 122C-147.1(c) shall apply to the State-funded service of developmental therapies.

SECTION 10.49.(dd) The Department of Health and Human Services shall develop and apply to the Centers for Medicare and Medicaid Services for additional home and community-based waivers for persons with developmental disabilities. In conjunction with the existing CAP MR/DD waiver, the new waivers will create a tiered system of services. Not later than March 1, 2008, the Department shall report to the Joint Legislative Oversight Committee on Mental Health, Developmental Disabilities, and Substance Abuse Services on the status of the waivers required under this section.

SECTION 10.49.(ee) For the purpose of avoiding overutilization of community support services and overexpenditure of funds for these services, the Department of Health and Human Services shall immediately conduct an in-depth evaluation of the use and cost of community support services to identify existing and potential areas of overutilization and overexpenditure. The Department shall also adopt or revise as necessary management policies and practices that will ensure that at a minimum:

- (1) There is in place a list of community support services that are appropriate to meet the critical needs of the client and are cost effective;
- (2) Community support services are appropriately utilized based on the critical needs of the client, and utilization is monitored routinely to ensure against overutilization;
- (3) That expenditures for services are controlled to the maximum extent possible without unnecessarily impairing service quality and efficiency;
- (4) Service providers are fully competent to provide each service, to provide the service in the most efficient manner, and that services and providers meet standards of protocol adopted by the Department. To this end, endorsement shall be based on compliance with: a Medicaid service-specific checklist, rules for Mental Health, Developmental Disabilities, and Substance Abuse Services, client rights rules in community Mental Health, Developmental Disabilities, and Substance Abuse Services, the Medicaid service records manual, and other Medicaid requirements as stipulated in the participation agreement with the Division of Medical Assistance. In accordance with G.S. 122C-115.4, an LME may remove a provider's endorsement;

- 1 (5) All community support services are subject to prior approval after the
2 initial assessment and development of a person-centered plan has been
3 completed;
- 4 (6) The initial assessment and development of person-centered plan
5 provides for up to three service hours for adults and up to six service
6 hours for community support for children/adolescents. If a provider
7 determines that more time is needed for adults or child/adolescent
8 services to complete the person-centered plan, additional hours may be
9 provided as authorized by the contract entity. If additional hours are
10 authorized, the LME may participate in the development of the
11 person-centered plan, as part of its care coordination and quality
12 management function as defined in G.S. 122C-115.4;
- 13 (7) Based on standards of care and practice, a stringent clinical review
14 process for authorization of services is implemented uniformly and in
15 accordance with State guidelines;
- 16 (8) Additional record audits of providers are conducted on a routine basis
17 to continually ensure compliance with Medicaid requirements;
- 18 (9) Post-payment clinical reviews are conducted at the local level to
19 ensure that consumers receive the appropriate level and intensity of
20 care;
- 21 (10) Monitoring and reporting are conducted at least monthly to ensure
22 appropriate utilization of all enhanced services. The reports shall
23 include authorization by service, paid claims data by service,
24 post-payment reviews, provider enrollment and termination, outlier
25 utilization by provider and individual recipient;
- 26 (11) The Department shall tier the rates for the service of community
27 supports. The rates shall be based on the level of qualifications of the
28 individuals delivering the services and the types of services being
29 delivered by these individuals; and
- 30 (12) The Department of Health and Human Services and the Department of
31 Public Instruction shall amend their Memorandum of Agreement to
32 ensure that each LEA develops its own list of approved providers and
33 individual service providers authorized to provide services on campus
34 as provided under the Federal Safe Schools Act.

35 The Department shall report not later than November 1, 2007, on the list of
36 community support services determined to be appropriate. Not later than March 1, 2008,
37 the Department shall provide a detailed report on the implementation and status of each
38 of the activities required by this subsection to the Joint Legislative Oversight Committee
39 on Mental Health, Developmental Disabilities, and Substance Abuse Services, the
40 Senate Appropriations Committee on Health and Human Services, the House of
41 Representatives Appropriations Subcommittee on Health and Human Services, and the
42 Fiscal Research Division. The report shall also include clear standards for determining
43 local management entity capability to perform utilization review and utilization
44 management and clear statewide standards for utilization review and utilization
45 management.

46 In order to assure full compliance with the laws of this State on the
47 implementation of mental health reform, the Department shall not extend or enter into a
48 new contract with an outside vendor to provide utilization review for behavioral health
49 services until after the Department has (i) adopted statewide standards for transitioning
50 Medicaid utilization review responsibilities to local management entities, (ii) has
51 reported on the implementation of this subsection to the Joint Legislative Oversight

1 Committee on Mental Health, Developmental Disabilities, and Substance Abuse
2 Services, and (iii) has otherwise met all requirements imposed by law for the
3 implementation of mental health reform.

4
5 **LME ADMINISTRATIVE FUNDING.**

6 **SECTION 10.49.(ff)** The General Assembly finds that counties have
7 budgeted almost one hundred twenty-one million dollars (\$121,000,000) to LMEs to
8 pay for mental health, developmental disabilities, and substance abuse services.
9 However, the General Assembly lacks information regarding the specific services that
10 are purchased with those county funds. The General Assembly also lacks data
11 regarding the incomes of persons receiving mental health, developmental disabilities,
12 and substance abuse services that are paid for by either State or county funds. This lack
13 of data severely limits the General Assembly's ability to determine the distribution of
14 services that are being paid for with public funds, whether persons who are eligible for
15 Medicaid are being enrolled in that program, and whether expanding the State's
16 Medicaid eligibility criteria would impact a significant number of mental health,
17 developmental disabilities, and substance abuse services consumers. Therefore, LMEs
18 shall report annually to the Division all expenditures from county funds by the LME for
19 services, start-up expenses, and capital and operational expenditures, regardless of the
20 source of the funds and regardless of whether the funds were earned on a payment for
21 service or grant basis. This reporting shall include specific information regarding the
22 expenditure of all funds provided to the LME by the county or counties contained in the
23 LME's catchment area and the amount of expenditures for services provided by the
24 multicounty LME to residents of each county in the multicounty LME's catchment area.
25 To the extent possible, the information shall be submitted through the Integrated
26 Payment and Reimbursement System. LMEs shall also gather income data for all
27 individuals receiving services. Notwithstanding G.S. 143C-6-4, Budget Adjustments
28 Authorized, the Department of Health and Human Services shall use funds available to
29 the Department to fully fund the State's contribution for LME system administration.

30 **SECTION 10.49.(gg)** It is the intent of the General Assembly that the deficit
31 in State funding for local management entity system administration will be eliminated in
32 future years through savings from hospital downsizing. The General Assembly
33 anticipates that full funding for this purpose will be available in the 2009-2011 fiscal
34 biennium.

35 **SECTION 10.49.(hh)** G.S. 122C-115.4(d) reads as rewritten:

36 "(d) Except as provided in G.S. 122C-142.1 and G.S. 122C-125, the Secretary
37 may ~~not~~ neither remove from an LME nor designate another entity as eligible to
38 implement any function enumerated under subsection (b) of this section unless all of the
39 following applies:

- 40 (1) The LME fails during the previous three months to achieve a
41 satisfactory outcome on any of the critical performance measures
42 developed by the Secretary under G.S. 122C-112.1(33).
43 (2) The Secretary provides focused technical assistance to the LME in the
44 implementation of the function. The assistance shall continue for at
45 least six months or until the LME achieves a satisfactory outcome on
46 the performance measure, whichever occurs first.
47 (3) If, after six months of receiving technical assistance from the
48 Secretary, the LME still fails to achieve or maintain a satisfactory
49 outcome on the critical performance measure, the Secretary shall enter
50 into a contract with another LME or agency to implement the function
51 on behalf of the LME from which the function has been removed."

1 **SECTION 10.49.(ii)** The State Auditor shall use available resources to
2 conduct performance audits on local management entity billing and STR (screening,
3 triage, and referral) functions. The State Auditor shall specifically focus on those local
4 management entities identified as not meeting the primary functions required under
5 G.S. 122C-115.4 and as set forth in guidelines adopted by the Department pursuant to
6 Section 10.28 of S.L. 2006-66. The State Auditor shall begin the audit process once the
7 guidelines adopted by the Department pursuant to Section 10.28 of S.L. 2006-66 are in
8 place. The State Auditor shall report his findings and recommendations to the 2009
9 General Assembly upon its convening.

10 **SECTION 10.49.(jj)** The Department of Health and Human Services shall
11 use available funds not to exceed two hundred fifty thousand dollars (\$250,000) in each
12 fiscal year to contract with the University of North Carolina at Chapel Hill, Kenan
13 Flagler Business School, to provide administrative training to local management
14 entities. The Department of Health and Human Services shall advise the Kenan Flagler
15 Business School on prioritizing those local management entities that would most benefit
16 from the training. The Department of Health and Human Services shall use funds
17 available for the contract.

18 **SECTION 10.49.(kk)** In allocating funds from existing resources to local
19 management entities for administrative costs, the Department shall ensure that each
20 local management entity receives not less in service dollars than that local management
21 entity expended for services in the 2006-2007 fiscal year.

22 23 **DEVELOPMENTAL CENTER DOWNSIZING**

24 **SECTION 10.50.(a)** In accordance with the Department of Health and
25 Human Services' plan for mental health, developmental disabilities, and substance abuse
26 services system reform, the Department shall ensure that the downsizing of the State's
27 Developmental Centers is based upon individual needs and the availability of
28 community-based services with a targeted goal of four percent (4%) each year. The
29 Department shall implement cost-containment and reduction strategies to ensure the
30 corresponding financial and staff downsizing of each facility. The Department shall
31 manage the client population of the Developmental Centers in order to ensure that
32 placements for ICF-MR level of care shall be made to appropriate community-based
33 settings. Admissions to a State-operated ICF-MR facility is permitted only as a last
34 resort and only upon approval of the Department. The corresponding budgets for each
35 of the Developmental Centers shall be reduced, and positions shall be eliminated as the
36 census of each facility decreases in accordance with the Department's budget reduction
37 formula. At no time shall mental retardation center positions be transferred to other
38 units within a facility or assigned nondirect care activities such as outreach.

39 **SECTION 10.50.(b)** The Department of Health and Human Services shall
40 apply any savings in State appropriations in each year of the 2007-2009 biennium that
41 result from reductions in beds or services as follows:

- 42 (1) The Department shall place nonrecurring savings in the Trust Fund for
43 Mental Health, Developmental Disabilities, and Substance Abuse
44 Services and Bridge Funding Needs and use the savings to facilitate
45 the transition of clients into appropriate community-based services and
46 support in accordance with G.S. 143C-9-2;
- 47 (2) The Department of Health and Human Services, Division of Mental
48 Health, Developmental Disabilities, and Substance Abuse Services,
49 shall retain recurring savings realized through implementation of this
50 section to support the recurring costs of additional community-based
51 placements from Division facilities in accordance with Olmstead v.

1 L.C. & E.W. In determining the savings in this section, savings shall
2 include all savings realized from the downsizing of the Developmental
3 Centers, including the savings in direct State appropriations in the
4 budgets of the Developmental Centers; and

- 5 (3) The Department of Health and Human Services, Division of Medical
6 Assistance, shall transfer any recurring Medicaid savings resulting
7 from the downsizing of State-operated Developmental Centers from
8 the ICF-MR line in Medicaid to support Medicaid services to assist in
9 continued community service opportunities for people with
10 developmental disabilities.

11 **SECTION 10.50.(c)** Consistent with the requirements of this section, the
12 Secretary of Health and Human Services shall update the existing plan to ensure that
13 there are sufficient developmental disability/mental retardation regional centers to
14 correspond with service catchment areas. The plan shall address:

- 15 (1) Methods of funding for community services necessitated by
16 downsizing;
17 (2) How many State-operated beds and non-State-operated beds are
18 needed to serve the population; and
19 (3) Alternative uses for facilities.

20 Not later than April 1, 2008, the Department shall provide an updated report
21 on the development of the plan, and not later than April 1, 2009, shall report the final
22 plan, including recommendations for legislative action, to the House of Representatives
23 Appropriations Subcommittee on Health and Human Services, the Senate
24 Appropriations Committee on Health and Human Services, and the Fiscal Research
25 Division.

26 **SECTION 10.50.(d)** The Department of Health and Human Services shall
27 provide an updated report on its progress in complying with this section to the Senate
28 Appropriations Committee on Health and Human Services, the House of
29 Representatives Appropriations Subcommittee on Health and Human Services, and the
30 Fiscal Research Division. The Department shall submit the progress report no later than
31 January 15, 2008, and submit a final report no later than May 1, 2009.

32
33 **DHHS POLICIES AND PROCEDURES IN DELIVERING COMMUNITY
34 MENTAL HEALTH, DEVELOPMENTAL DISABILITIES, AND
35 SUBSTANCE ABUSE SERVICES**

36 **SECTION 10.51.(a)** The Department of Health and Human Services,
37 Division of Mental Health, Developmental Disabilities, and Substance Abuse Services,
38 shall in cooperation with area mental health authorities and county programs, identify
39 and eliminate administrative and fiscal barriers created by existing State and local
40 policies and procedures in the delivery of community-based mental health,
41 developmental disabilities, and substance abuse services provided through the area
42 programs and county programs, including services provided through the Comprehensive
43 Treatment Services Program for Children and services delivered to multiply diagnosed
44 adults. The Department shall implement changes in policies and procedures in order to
45 facilitate all of the following:

- 46 (1) The provision of services to adults and children as defined in the
47 Mental Health System Reform State Plan as priority or targeted
48 populations.
49 (2) The provision of services to children not deemed eligible for the
50 Comprehensive Treatment Services Program for Children, but who

1 would otherwise be in need of medically necessary treatment services
2 to prevent out-of-home placement.

- 3 (3) The provision of services in the community to adults remaining in and
4 being placed in State institutions addressed in Olmstead v. L.C.

5 **SECTION 10.51.(b)** The Department shall rework the revised system of
6 allocating State and federal funds to area mental health authorities and county programs
7 to better reflect projected needs, including the impact of system reform efforts rather
8 than historical allocation practices and spending patterns. The reworked allocation shall
9 include the following:

- 10 (1) For each LME, the current allocation by source and age/disability
11 category, and the newly proposed allocation by source and
12 age/disability category;
13 (2) A clear formula for how the new allocations are derived with a
14 detailed methodology for how the formula was created; and
15 (3) A plan for moving to the new formula.

16 The Department shall submit the reworked language to the House of
17 Representatives Appropriations Subcommittee on Health and Human Services, the
18 Senate Appropriations Committee on Health and Human Services, and the Fiscal
19 Research Division not later than October 1, 2007, for review. The Department shall
20 implement the system only after review and approval by the 2007 General Assembly,
21 Regular Session 2008.

22 **SECTION 10.51.(c)** Area mental health, developmental disabilities, and
23 substance abuse services authorities and county programs shall use all funds
24 appropriated for and necessary to provide mental health, developmental disabilities, and
25 substance abuse services to meet the need for these services. If excess funds are
26 available after expending appropriated funds to fully meet service needs, one-half of
27 these excess funds shall not revert to the General Fund but shall be transferred to the
28 Trust Fund for Mental Health, Developmental Disabilities, and Substance Abuse
29 Services and Bridge Funding Needs, except that one-half of the funds appropriated for
30 the Comprehensive Treatment Services Program for Children that are unexpended and
31 unencumbered shall not revert to the General Fund but shall be carried forward and used
32 only for services for children and adolescents.

33 The Department, in consultation with the area mental health authorities and
34 county programs, shall report to the House of Representatives Appropriations
35 Subcommittee on Health and Human Services, the Senate Appropriations Committee on
36 Health and Human Services, and the Joint Legislative Oversight Committee on Mental
37 Health, Developmental Disabilities, and Substance Abuse Services on the progress in
38 implementing these changes. The report shall be submitted on October 1, 2007, and
39 February 1, 2008.

40 **SERVICES TO MULTIPLY DIAGNOSED ADULTS**

41 **SECTION 10.52.(a)** In order to ensure that multiply diagnosed adults are
42 appropriately served by the mental health, developmental disabilities, and substance
43 abuse services system, the Department of Health and Human Services, Division of
44 Mental Health, Developmental Disabilities, and Substance Abuse Services, shall do the
45 following with respect to services provided to these adults:

- 46 (1) Implement the following guiding principles for the provision of
47 services:
48 a. Service delivery system must be outcome-oriented and
49 evaluation-based.
50

- b. Services should be delivered as close as possible to the consumer's home.
- c. Services selected should be those that are most efficient in terms of cost and effectiveness.
- d. Services should not be provided solely for the convenience of the provider or the client.
- e. Families and consumers should be involved in decision making throughout treatment planning and delivery.

(2) Provide those treatment services that are medically necessary.

(3) Implement utilization review of services provided.

SECTION 10.52.(b) The Department of Health and Human Services shall implement all of the following cost-reduction strategies:

(1) Preauthorization for all services except emergency services.

(2) Criteria for determining medical necessity.

(3) Clinically appropriate services.

SECTION 10.52.(c) No State funds shall be used for the purchase of single-family or other residential dwellings to house multiply diagnosed adults.

SECTION 10.52.(d) The Department shall report on implementation of this section on May 1, 2008, and again on May 1, 2009, to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, the Joint Legislative Oversight Committee on Mental Health, Developmental Disabilities, and Substance Abuse Services, and the Fiscal Research Division.

DEPARTMENTAL FLEXIBILITY IN SCHEDULING THE TRANSFER OF POSITIONS PERTAINING TO THE CLOSURE OF DOROTHEA DIX AND JOHN UMSTEAD HOSPITALS AND THE OPENING OF CENTRAL REGIONAL HOSPITAL

SECTION 10.53.(a) The Department of Health and Human Services may schedule the transfer of positions relating to the closure of Dorothea Dix Hospital and John Umstead Hospital and the opening of Central Regional Hospital in accordance with appropriations and reductions in funding enacted in this act in a manner that is timely and with minimal disruption in services. The Department may not transfer more positions than are authorized in the House of Representatives Appropriations Committee Report on Health and Human Services, referenced in this act, for the closure of Dorothea Dix Hospital and John Umstead Hospital, the opening of Central Regional Hospital, the transfer of Whitaker School and R. J. Blackley ADATC to Central Regional Hospital, and the transfer of Dorothea Dix Hospital Forensic Unit beds to Broughton Hospital.

SECTION 10.53.(b) Of the funds appropriated in this act to the Department of Health and Human Services for Broughton Hospital, the sum of up to two hundred fifty thousand dollars (\$250,000) may be used by Broughton Hospital to purchase a CT Scanner.

INSTITUTE OF MEDICINE TASK FORCE/STUDY OF SUBSTANCE ABUSE SERVICES IN NORTH CAROLINA

SECTION 10.53A.(a) The three hundred thousand dollars (\$300,000) appropriated in this act to the Department of Health and Human Services for allocation to the North Carolina Institute of Medicine (NC IOM) shall be used by the IOM to hire new staff, to undertake additional studies annually at the request of the General Assembly, and to support a rapid-response capacity to analyze secondary data sources

1 on health or health-related data to the General Assembly and to State and local
2 government agencies.

3 **SECTION 10.53A.(b)** The North Carolina Institute of Medicine shall use a
4 portion of the funds allocated to it in subsection (a) of this section to convene a task
5 force to study substance abuse services in North Carolina. The NC IOM shall provide
6 staff and arrange for meeting facilities for the Task Force.

7 **SECTION 10.53A.(c)** The Task Force shall include the following:

- 8 (1) Members of the North Carolina Senate and the North Carolina House
9 of Representatives. Senate members shall be appointed by the
10 President Pro Tempore of the Senate. Members of the House of
11 Representatives shall be appointed by the Speaker of the House of
12 Representatives.
- 13 (2) Representatives of the North Carolina Department of Health and
14 Human Services, local management entities, the North Carolina
15 Department of Justice, the NC Office of the Attorney General, the
16 North Carolina Community College System, and the North Carolina
17 Department of Public Instruction.
- 18 (3) Providers of substance abuse services, academics and researchers with
19 substance abuse expertise, local governmental agencies, business and
20 industry, domestic violence organizations, consumer and family
21 members, and other interested members of the public.

22 The IOM shall appoint as cochairs of the Task Force one member of the
23 North Carolina House of Representatives, one member of the North Carolina Senate,
24 and one member who provides substance abuse services selected from the Task Force.

25 **SECTION 10.53A.(d)** The Task Force shall:

- 26 (1) Identify the continuum of services needed for treatment of substance
27 abuse services, including, but not limited to, prevention, outpatient
28 services, residential treatment, and recovery supports. The Task Force
29 shall examine what public and private organizations currently provide
30 services, where services are offered, and gaps in the current service
31 delivery system. The Task Force shall examine services that are
32 available through public and private systems, but shall focus on the
33 availability of substance abuse services through the Division of Mental
34 Health, Developmental Disabilities, and Substance Abuse Services and
35 local management entities. The Task Force shall identify which
36 services should be available locally throughout the State, and which
37 services should be offered regionally or statewide.
- 38 (2) Identify evidence-based models of care or promising practices in
39 coordination with the NC Practice Improvement Collaborative for the
40 prevention and treatment of substance abuse and develop
41 recommendations to incorporate these models into the current
42 substance abuse service system of care.
- 43 (3) Examine different financing options to pay for substance abuse
44 services at the local, regional, and State levels. The Task Force shall
45 also consider different reimbursement methodology, including, but not
46 limited to, fee-for-service, grant funding, case rates, and capitation.
- 47 (4) Examine the adequacy of the current and future substance abuse
48 workforce, including, but not limited to, credentialed substance abuse
49 counselors, availability of substance abuse workers throughout the
50 State, and reimbursement levels. The Task Force shall develop a

workforce education plan, if needed, to address current or future workforce shortages.

- (5) Develop strategies to identify people in need of substance abuse services, including people who are dually diagnosed as having mental health and substance abuse problems. In addition, the Task Force shall examine strategies for providing substance abuse services to people with substance abuse problems identified through the State hospitals, and the judicial and social services systems.
- (6) Examine barriers that people with substance abuse problems have in accessing publicly funded substance abuse services and explore possible strategies for improving access.
- (7) Examine current outcome measures and identify other appropriate outcome measures to assess the effectiveness of substance abuse services, if necessary.
- (8) Examine the economic impact of substance abuse in North Carolina. If data are available, the Task Force shall estimate the impact of substance abuse on the court system, health care system (e.g., through preventable hospitalizations), social services, and worker productivity.
- (9) Make recommendations on the implementation of a cost-effective plan for prevention, early screening, diagnosis, and treatment of North Carolinians with substance abuse problems. In so doing, the Task Force shall identify any policy changes needed to implement the plan and develop cost estimates associated with different recommendations. The Task Force shall also examine existing public and private financing options and explore how existing funding could be used more effectively to pay for the recommended services.

SECTION 10.53A.(e) The North Carolina Institute of Medicine's Substance Abuse Services Task Force shall submit its interim report and recommendations to the 2008 General Assembly upon its convening and to the chairs of the Senate Health Committee, the House of Representatives Health Committee, the Joint Legislative Oversight Committee on Mental Health, Developmental Disabilities, and Substance Abuse Services, and the Governor. The final report shall be submitted no later than the convening of the 2009 General Assembly. Upon submission of this report, the Task Force shall terminate.

DHHS BLOCK GRANTS

SECTION 10.55.(a) Appropriations from federal block grant funds are made for the fiscal year ending June 30, 2008, according to the following schedule:

TEMPORARY ASSISTANCE TO NEEDY FAMILIES (TANF) BLOCK GRANT

Local Program Expenditures

Division of Social Services

- 01. Work First Family Assistance (Cash Assistance) \$94,857,234
- 02. Work First County Block Grants 94,653,315
- 03. Child Protective Services – Child Welfare

1	Workers for Local DSS	14,452,391
2		
3	04. Work First – Boys and Girls Clubs	2,000,000
4		
5	05. Work First – After-School Services for	
6	At-Risk Children	2,249,642
7		
8	06. Work First – After-School Programs for	
9	At-Risk Youth in Middle Schools	500,000
10		
11	07. Work First – Connect, Inc.	550,000
12		
13	08. Adoption Services – Special Children's	
14	Adoption Fund	3,000,000
15		
16	09. Family Violence Prevention	2,200,000
17		
18	Division of Child Development	
19		
20	10. Subsidized Child Care Program	48,563,266
21		
22	DHHS Administration	
23		
24	11. Division of Social Services	762,626
25		
26	12. Office of the Secretary	65,836
27		
28	13. Office of the Secretary/DIRM – TANF	
29	Automation Projects	592,500
30		
31	14. Office of the Secretary/DIRM – NC FAST	
32	Implementation	1,800,000
33		
34	Division of Public Health	
35		
36	15. Teen Pregnancy Prevention Initiatives	450,000
37		
38	Transfers to Other Block Grants	
39		
40	Division of Child Development	
41		
42	16. Transfer to the Child Care and	
43	Development Fund	81,292,880
44		
45	Division of Social Services	
46		
47	17. Transfer to Social Services Block Grant for	
48	Department of Juvenile Justice and Delinquency	
49	Prevention – Support Our Students	2,749,642
50		
51	18. Transfer to Social Services Block Grant for Child	

1	Protective Services – Child Welfare Training in	
2	Counties	2,550,000
3		
4	19. Transfer to Social Services Block Grant for	
5	Maternity Homes	838,000
6		
7	20. Transfer to Social Services Block Grant for Teen	
8	Pregnancy Prevention Initiatives	2,500,000
9		
10	21. Transfer to Social Services Block Grant for County	
11	Departments of Social Services for Children's Services	4,500,000
12		
13	22. Transfer to Social Services Block Grant for	
14	Foster Care Services	1,181,907
15		
16	TOTAL TEMPORARY ASSISTANCE TO NEEDY FAMILIES	
17	(TANF) BLOCK GRANT	\$362,309,239
18		
19	SOCIAL SERVICES BLOCK GRANT	
20		
21	Local Program Expenditures	
22		
23	Divisions of Social Services and Aging and Adult Services	
24		
25	01. County Departments of Social Services	\$ 28,868,189
26	(Transfer from TANF – \$4,500,000)	
27		
28	02. State In-Home Services Fund	2,101,113
29		
30	03. State Adult Day Care Fund	2,155,301
31		
32	04. Child Protective Services/CPS Investigative	
33	Services-Child Medical Evaluation Program	238,321
34		
35	05. Foster Care Services	2,649,662
36	(Transfer from TANF – \$1,181,907)	
37		
38	06. Foster Care Maintenance Payments	2,636,587
39		
40	07. Child Protective Services-Child Welfare Training	
41	for Counties	2,550,000
42	(Transfer from TANF)	
43		
44	08. Maternity Homes	838,000
45	(Transfer from TANF)	
46		
47	Division of Aging and Adult Services	
48		
49	09. Home and Community Care Block Grant (HCCBG)	1,834,077
50		
51	Division of Mental Health, Developmental Disabilities, and Substance	

1	Abuse Services	
2		
3	10. Mental Health Services Program	422,003
4		
5	11. Developmental Disabilities Services Program	5,000,000
6		
7	12. Mental Health Services-Adult and	
8	Child/Developmental Disabilities Program/	
9	Substance Abuse Services-Adult	3,234,601
10		
11	Division of Child Development	
12		
13	13. Subsidized Child Care Program	3,195,000
14		
15	Division of Vocational Rehabilitation	
16		
17	14. Vocational Rehabilitation Services – Easter Seal	
18	Society/UCP	188,263
19		
20	Office of the Secretary – Office of Economic Opportunity	
21		
22	15. Elderly Supplemental Grant Program	41,302
23		
24	Division of Public Health	
25		
26	16. Teen Pregnancy Prevention Initiatives	2,500,000
27	(Transfer from TANF)	
28		
29	DHHS Program Expenditures	
30		
31	Division of Aging and Adult Services	
32		
33	17. UNC-CARES Training Contract	247,920
34		
35	Division of Services for the Blind	
36		
37	18. Independent Living Program	3,480,133
38		
39	Division of Facility Services	
40		
41	19. Adult Care Licensure Program	411,897
42		
43	20. Mental Health Licensure and Certification Program	205,668
44		
45	DHHS Administration	
46		
47	21. Division of Aging and Adult Services	658,674
48		
49	22. Division of Social Services	869,058
50		
51	23. Office of the Secretary/Controller's Office	126,155

1			
2	24.	Office of the Secretary/DIRM	82,009
3			
4	25.	Division of Child Development	15,000
5			
6	26.	Division of Mental Health, Developmental	
7		Disabilities, and Substance Abuse Services	28,860
8			
9	27.	Division of Facility Services	159,218
10			
11	28.	Office of the Secretary-NC Inter-Agency Council	
12		For Coordinating Homeless Programs	250,000
13			
14	29.	Office of the Secretary-Housing Coalition	100,000
15			
16	30.	Office of the Secretary	46,819
17			
18		Transfers to Other State Agencies	
19			
20		Department of Administration	
21			
22	31.	NC Commission of Indian Affairs In-Home	
23		Services for the Elderly	203,198
24			
25		Department of Juvenile Justice and Delinquency Prevention	
26			
27	32.	Support Our Students	2,749,642
28		(Transfer from TANF)	
29			
30		Transfers to Other Block Grants	
31			
32		Division of Public Health	
33			
34	33.	Transfer to Preventive Health Services Block Grant for	
35		HIV/STD Prevention and Community Planning	145,819
36			
37		TOTAL SOCIAL SERVICES BLOCK GRANT	\$ 68,232,489
38			
39		LOW-INCOME ENERGY BLOCK GRANT	
40			
41		Local Program Expenditures	
42			
43		Division of Social Services	
44			
45	01.	Low-Income Energy Assistance Program (LIHEAP)	\$ 17,315,919
46			
47	02.	Crisis Intervention Program (CIP)	12,904,706
48			
49		Office of the Secretary – Office of Economic Opportunity	
50			
51	03.	Weatherization Program	5,578,702

1		
2	04. Heating Air Repair & Replacement Program (HARRP)	2,602,008
3		
4	Local Administration	
5		
6	Division of Social Services	
7		
8	05. County DSS Administration	2,215,016
9		
10	Office of the Secretary – Office of Economic Opportunity	
11		
12	06. Local Residential Energy Efficiency Service	
13	Providers – Weatherization	262,837
14		
15	07. Local Residential Energy Efficiency Service	
16	Providers – HARRP	122,591
17		
18	DHHS Administration	
19		
20	08. Division of Social Services	215,000
21		
22	09. Division of Mental Health, Developmental	
23	Disabilities, and Substance Abuse Services	7,389
24		
25	10. Office of the Secretary/DIRM	245,395
26		
27	11. Office of the Secretary/Controller's Office	11,211
28		
29	12. Office of the Secretary/Office of Economic	
30	Opportunity – Weatherization	262,837
31		
32	13. Office of the Secretary/Office of Economic	
33	Opportunity – HARRP	122,591
34		
35	Transfers to Other State Agencies	
36		
37	14. Department of Administration –	
38	N.C. State Commission of Indian Affairs	59,740
39		
40	TOTAL LOW-INCOME ENERGY BLOCK GRANT	\$ 41,925,942
41		
42	CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT	
43		
44	Local Program Expenditures	
45		
46	Division of Child Development	
47		
48	01. Subsidized Child Care Services	\$163,231,913
49		
50	02. Subsidized Child Care Services	
51	(TANF to CCDF)	81,292,880

1		
2	DHHS Program Expenditures	
3		
4	Division of Child Development	
5		
6	03. Quality and Availability Initiatives	31,463,419
7		
8	Local Administrations	
9		
10	Division of Child Development	
11		
12	04. Administrative Expenses (Nondirect Subsidy	
13	Services Support)	1,849,000
14		
15	DHHS Administration	
16		
17	05. DCD Administrative Expenses	6,028,354
18		
19	TOTAL CHILD CARE AND DEVELOPMENT FUND	
20	BLOCK GRANT	\$283,865,566
21		
22	MENTAL HEALTH SERVICES BLOCK GRANT	
23		
24	Local Program Expenditures	
25		
26	01. Mental Health Services – Adult	\$ 5,654,932
27		
28	02. Mental Health Services – Child	3,921,991
29		
30	03. Comprehensive Treatment Service	
31	Program	1,500,000
32		
33	Local Administration	
34		
35	04. Division of Mental Health	100,000
36		
37	TOTAL MENTAL HEALTH SERVICES BLOCK GRANT	\$ 11,176,923
38		
39	SUBSTANCE ABUSE PREVENTION	
40	AND TREATMENT BLOCK GRANT	
41		
42	Local Program Expenditures	
43		
44	01. Substance Abuse Services – Adult	\$ 20,287,390
45		
46	02. Substance Abuse Treatment Alternative for	
47	Women	8,069,524
48		
49	03. Substance Abuse – HIV and IV Drug	4,816,378
50		
51	04. Substance Abuse Prevention – Child	5,835,701

1		
2	05. Substance Abuse Services – Child	4,940,500
3		
4	06. Substance Abuse Strengthening Families –	
5	Prevention	851,156
6		
7	Division of Public Health	
8		
9	07. Risk Reduction Projects	633,980
10		
11	08. Aid-to-Counties	209,576
12		
13	09. Maternal Health	37,779
14		
15	DHHS Administration	
16		
17	10. Division of Mental Health	500,000
18		
19	TOTAL SUBSTANCE ABUSE PREVENTION	
20	AND TREATMENT BLOCK GRANT	\$ 46,181,984
21		
22	MATERNAL AND CHILD HEALTH BLOCK GRANT	
23		
24	Local Program Expenditures	
25		
26	Division of Public Health	
27		
28	01. Children's Health Services	6,657,275
29		
30	02. Family Planning	4,078,338
31		
32	03. Maternal Health	3,441,129
33		
34	04. Teen Pregnancy Prevention Initiatives	85,710
35		
36	05. Oral Health	35,951
37		
38	DHHS Program Expenditures	
39		
40	Division of Public Health	
41		
42	06. Children's Health Services	2,444,445
43		
44	07. Maternal Health	106,927
45		
46	08. State Center for Health Statistics	33,134
47		
48	09. Local Technical Assistance & Training	17,318
49		
50	10. Injury and Violence Prevention	142,850
51		

1	11. Office of Minority Health	37,068
2		
3	12. Immunization Program – Vaccine Distribution	310,667
4		
5	DHHS Administration	
6		
7	13. Division of Public Health Administration	600,586
8		
9	TOTAL MATERNAL AND CHILD	
10	HEALTH BLOCK GRANT	\$ 17,991,398
11		
12	PREVENTIVE HEALTH SERVICES BLOCK GRANT	
13		
14	Local Program Expenditures	
15		
16	01. NC Statewide Health Promotion	\$1,755,653
17		
18	02. Services to Rape Victims	197,112
19		
20	03. HIV/STD Prevention and Community Planning	
21	(Transfer from Social Services Block Grant)	145,819
22		
23	DHHS Program Expenditures	
24		
25	04. NC Statewide Health Promotion	718,451
26		
27	05. Oral Health	70,000
28		
29	DHHS Administration	
30		
31	06. Division of Public Health	163,806
32		
33	TOTAL PREVENTIVE HEALTH SERVICES BLOCK GRANT	\$3,070,841
34		
35	COMMUNITY SERVICES BLOCK GRANT	
36		
37	Local Program Expenditures	
38		
39	Office of Economic Opportunity – Community Services Block Grant	
40		
41	01. Community Action Agencies	\$ 15,071,666
42		
43	02. Limited Purpose Agencies	823,136
44		
45	DHHS Administration	
46		
47	03. Office of Economic Opportunity	823,136
48		
49	TOTAL COMMUNITY SERVICES BLOCK GRANT	\$ 16,717,938
50		
51	GENERAL PROVISIONS	

1 **SECTION 10.55.(b)** Information to Be Included in Block Grant Plans. –
2 The Department of Health and Human Services shall submit a separate plan for each
3 Block Grant received and administered by the Department, and each plan shall include
4 the following:

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

18 **SECTION 10.55.(c)** Changes in Federal Fund Availability. – If the Congress
19 of the United States increases the federal fund availability for any of the Block Grants
20 administered by the Department of Health and Human Services from the amounts
21 appropriated in this section, the Department shall allocate the increase proportionally
22 across the program and activity appropriations identified for that Block Grant in this
23 section. In allocating an increase in federal fund availability, the Department shall not
24 propose funding for new programs or activities not appropriated in this section or
25 increase State administrative expenditures.

26 If the Congress of the United States decreases the federal fund availability for
27 any of the Block Grants administered by the Department of Health and Human Services
28 from the amounts appropriated in this section, the Department shall reduce State
29 administration by at least the percentage of the reduction in federal funds. After
30 determining the State administration, the remaining reductions shall be allocated
31 proportionately across the program and activity appropriations identified for that Block
32 Grant in this section. In allocating a decrease in federal fund availability, the
33 Department shall not eliminate the funding for a program or activity appropriated in this
34 section unless it is related to the State administration.

35 Prior to allocating the change in federal fund availability, the proposed
36 allocation must be approved by the Office of State Budget and Management. If the
37 Department adjusts the allocation of any Block Grant due to changes in federal fund
38 availability, then a report shall be made to the Joint Legislative Commission on
39 Governmental Operations, the House of Representatives Appropriations Subcommittee
40 on Health and Human Services, the Senate Appropriations Committee on Health and
41 Human Services, and the Fiscal Research Division.

42 **SECTION 10.55.(d)** All changes to the budgeted allocations to the Block
43 Grants administered by the Department of Health and Human Services that are not
44 specifically addressed in this section shall be approved by the Office of State Budget
45 and Management, and a report shall be submitted to the Joint Legislative Commission
46 on Governmental Operations for review prior to implementing the changes. All changes
47 to the budgeted allocations to the Block Grant shall be reported immediately to the
48 House of Representatives Appropriations Subcommittee on Health and Human
49 Services, the Senate Appropriations Committee on Health and Human Services, and the
50 Fiscal Research Division. This subsection does not apply to Block Grant changes
51 caused by legislative salary increases and benefit adjustments.

1
2 **TEMPORARY ASSISTANCE FOR NEEDY FAMILIES BLOCK GRANT**
3 **(TANF)**

4 **SECTION 10.55.(e)** The sum of seven hundred sixty-two thousand six
5 hundred twenty-six dollars (\$762,626) appropriated in this section in the TANF Block
6 Grant to the Department of Health and Human Services, Division of Social Services, for
7 the 2007-2008 fiscal year shall be used to support administration of TANF-funded
8 programs.

9 **SECTION 10.55.(f)** The sum of two million two hundred thousand dollars
10 (\$2,200,000) appropriated under this section in the TANF Block Grant to the
11 Department of Health and Human Services, Division of Social Services, for the
12 2007-2008 fiscal year shall be used to provide domestic violence services to Work First
13 recipients. These funds shall be used to provide domestic violence counseling, support,
14 and other direct services to clients. These funds shall not be used to establish new
15 domestic violence shelters or to facilitate lobbying efforts. The Division of Social
16 Services may use up to seventy-five thousand dollars (\$75,000) in TANF funds to
17 support one administrative position within the Division of Social Services to implement
18 this subsection.

19 Each county department of social services and the local domestic violence
20 shelter program serving the county shall jointly develop a plan for utilizing these funds.
21 The plan shall include the services to be provided and the manner in which the services
22 shall be delivered. The county plan shall be signed by the county social services director
23 or the director's designee and the domestic violence program director or the director's
24 designee and submitted to the Division of Social Services by December 1, 2007. The
25 Division of Social Services, in consultation with the Council for Women, shall review
26 the county plans and shall provide consultation and technical assistance to the
27 departments of social services and local domestic violence shelter programs, if needed.

28 The Division of Social Services shall allocate these funds to county
29 departments of social services according to the following formula: (i) each county shall
30 receive a base allocation of five thousand dollars (\$5,000); and (ii) each county shall
31 receive an allocation of the remaining funds based on the county's proportion of the
32 statewide total of the Work First caseload as of July 1, 2007, and the county's proportion
33 of the statewide total of the individuals receiving domestic violence services from
34 programs funded by the Council for Women as of July 1, 2007. The Division of Social
35 Services may reallocate unspent funds to counties that submit a written request for
36 additional funds.

37 **SECTION 10.55.(g)** The sum of two million two hundred forty-nine
38 thousand six hundred forty-two dollars (\$2,249,642) appropriated in this section in the
39 TANF Block Grant to the Department of Health and Human Services, Division of
40 Social Services, for the 2007-2008 fiscal year shall be used to expand after-school
41 programs and services for at-risk children. The Department shall develop and
42 implement a grant program to award grants to community-based programs that
43 demonstrate the ability to reach children at risk of teen pregnancy, school dropout, and
44 gang participation. The Department shall award grants to community-based
45 organizations that demonstrate the ability to develop and implement linkages with local
46 departments of social services, area mental health programs, schools, and other human
47 services programs in order to provide support services and assistance to the child and
48 family. These funds may be used to fund one position within the Division of Social
49 Services to coordinate at-risk after-school programs and shall not be used for other State
50 administration.

1 **SECTION 10.55.(h)** The sum of fourteen million four hundred fifty-two
2 thousand three hundred ninety-one dollars (\$14,452,391) appropriated in this section to
3 the Department of Health and Human Services, Division of Social Services, in the
4 TANF Block Grant for the 2007-2008 fiscal year for child welfare improvements shall
5 be allocated to the county departments of social services for hiring or contracting staff
6 to investigate and provide services in Child Protective Services cases; to provide foster
7 care and support services; to recruit, train, license, and support prospective foster and
8 adoptive families; and to provide interstate and postadoption services for eligible
9 families.

10 **SECTION 10.55.(i)** The sum of three million dollars (\$3,000,000)
11 appropriated in this section in the TANF Block Grant to the Department of Health and
12 Human Services, Special Children Adoption Fund, for the 2007-2008 fiscal year shall
13 be used in accordance with Section 10.31 of this act. The Division of Social Services,
14 in consultation with the North Carolina Association of County Directors of Social
15 Services and representatives of licensed private adoption agencies, shall develop
16 guidelines for the awarding of funds to licensed public and private adoption agencies
17 upon the adoption of children described in G.S. 108A-50 and in foster care. Payments
18 received from the Special Children Adoption Fund by participating agencies shall be
19 used exclusively to enhance the adoption services program. No local match shall be
20 required as a condition for receipt of these funds.

21 **SECTION 10.55.(j)** The sum of one million eight hundred thousand dollars
22 (\$1,800,000) in this section appropriated to the Department of Health and Human
23 Services in the TANF Block Grant for the 2007-2008 fiscal year shall be used to
24 implement N.C. FAST (North Carolina Families Accessing Services through
25 Technology). The N.C. FAST Program involves the entire automation initiative through
26 which families access services and local departments of social services deliver benefits,
27 supervised by the Department of Health and Human Services, Divisions of Social
28 Services, Aging and Adult Services, Medical Assistance, and Child Development. The
29 statewide automated initiative shall be implemented in compliance with federal
30 regulations in order to ensure federal financial participation in the project. The
31 Department of Health and Human Services shall report on its compliance with this
32 subsection to the House of Representatives Appropriations Subcommittee on Health and
33 Human Services, the Senate Appropriations Committee on Health and Human Services,
34 and the Fiscal Research Division no later than January 1, 2008.

35 **SECTION 10.55.(k)** The sum of five hundred thousand dollars (\$500,000)
36 appropriated in this section to the Department of Health and Human Services, Division
37 of Social Services, in the TANF Block Grant for the 2007-2008 fiscal year shall be used
38 to expand after-school programs for at-risk children attending middle school. The
39 Department shall develop and implement a grant program to award funds to
40 community-based programs demonstrating the capacity to reach children at risk of teen
41 pregnancy, school dropout, and gang participation. These funds shall not be used for
42 training or administration at the State level. All funds shall be distributed to
43 community-based programs, focusing on those communities where similar programs do
44 not exist in middle schools.

45 **SECTION 10.55.(l)** In implementing the TANF Block Grant, the
46 Department of Health and Human Services shall review policies, programs, and
47 initiatives to ensure that they support men in their role as fathers and strengthen fathers'
48 involvement in their children's lives. The Department shall encourage county
49 departments of social services to ensure their Work First programs emphasize
50 responsible fatherhood and increased participation by noncustodial fathers.

1 **SECTION 10.55.(m)** The sum of five hundred fifty thousand dollars
2 (\$550,000) appropriated in this section to the Department of Health and Human
3 Services in the TANF Block Grant for the 2007-2008 fiscal year shall be transferred to
4 Connect, Inc. Connect, Inc., shall report on the number of people served and the
5 services received as a result of the receipt of funds. The report shall contain expenditure
6 data, including the amount of funds used for administration and direct training. The
7 report shall also include the number of people who have been employed as a direct
8 result of services provided by Connect, Inc., including the length of employment in the
9 new position. The Department of Health and Human Services shall evaluate the
10 program and ensure that services provided are not duplicative of local employment
11 security commissions in the nine counties served by Connect, Inc. The evaluation report
12 shall be submitted to the House of Representatives Appropriations Subcommittee on
13 Health and Human Services, the Senate Appropriations Committee on Health and
14 Human Services, and the Fiscal Research Division no later than May 1, 2008.

15 **SECTION 10.55.(n)** The sum of one million five hundred thousand dollars
16 (\$1,500,000) appropriated in this section to the Department of Health and Human
17 Services in the TANF Block Grant for Boys and Girls Clubs for the 2007-2008 fiscal
18 year shall be used to make grants for approved programs. The Department of Health and
19 Human Services, in accordance with federal regulations for the use of TANF Block
20 Grant funds, shall administer a grant program to award funds to the Boys and Girls
21 Clubs across the State in order to implement programs that improve the motivation,
22 performance, and self-esteem of youths and to implement other initiatives that would be
23 expected to reduce gang participation, school dropout, and teen pregnancy rates. The
24 Department shall encourage and facilitate collaboration between the Boys and Girls
25 Clubs and Support Our Students, Communities in Schools, and similar programs to
26 submit joint applications for the funds if appropriate.

27 **SECTION 10.55.(o)** The Department of Health and Human Services,
28 Division of Social Services, shall continue implementing county demonstration grants
29 that began in the 2006-2007 fiscal year. The county demonstration grants may be
30 awarded for up to three years with all projects ending no later than the end of fiscal year
31 2009-2010. The purpose of the county demonstration grants is to identify best practices
32 that can be used by counties to improve the work participation rates. The Division of
33 Social Services is authorized to establish two time-limited positions to manage the grant
34 award process and monitor the demonstration projects through fiscal year 2009-2010.

35 Funding provided under the county demonstration grants shall not be used to
36 supplant local funds, and counties shall be required to maintain the current level of
37 effort and funding for the Work First program.

38 The Department of Health and Human Services, Division of Social Services,
39 shall report on the status of county demonstration grants implemented pursuant to this
40 subsection to the House of Representatives Appropriations Subcommittee on Health and
41 Human Services, the Senate Appropriations Committee on Health and Human Services,
42 and the Fiscal Research Division no later than February 1, 2008.

43 **SOCIAL SERVICES BLOCK GRANT**

44 **SECTION 10.55.(p)** Social Services Block Grant funds appropriated to the
45 North Carolina Inter-Agency Council for Coordinating Homeless Programs and the
46 North Carolina Housing Coalition are exempt from the provisions of 10A NCAC 71R
47 .0201(3).
48

49 **SECTION 10.55.(q)** The sum of two million seven hundred forty-nine
50 thousand six hundred forty-two dollars (\$2,749,642) appropriated in this section in the
51 Social Services Block Grant to the Department of Health and Human Services and

1 transferred to the Department of Juvenile Justice and Delinquency Prevention for the
2 2007-2008 fiscal year shall be used to support the existing Support Our Students
3 Program, including gang prevention, and to expand the Program statewide, focusing on
4 low-income communities in unserved areas. These funds shall not be used for
5 administration of the Program.

6 **SECTION 10.55.(r)** The sum of two million five hundred fifty thousand
7 dollars (\$2,550,000) appropriated in this section in the Social Services Block Grant to
8 the Department of Health and Human Services, Division of Social Services, for the
9 2007-2008 fiscal year shall be used to support various child welfare training projects as
10 follows:

- 11 (1) Provide a regional training center in southeastern North Carolina.
- 12 (2) Support the Master's Degree in Social Work/Baccalaureate Degree in
13 Social Work Collaborative.
- 14 (3) Provide training for residential child caring facilities.
- 15 (4) Provide for various other child welfare training initiatives.

16 **SECTION 10.55.(s)** The sum of eight hundred thirty-eight thousand dollars
17 (\$838,000) appropriated in this section in the Social Services Block Grant to the
18 Department of Health and Human Services for the 2007-2008 fiscal year shall be used
19 to purchase services at maternity homes throughout the State.

20 **SECTION 10.55.(t)** The sum of two million six hundred forty-nine thousand
21 six hundred sixty-two dollars (\$2,649,662) appropriated in this section in the Social
22 Services Block Grant for child caring agencies for the 2007-2008 fiscal year shall be
23 allocated to the State Private Child Caring Agencies Fund.

24 **SECTION 10.55.(u)** The Department of Health and Human Services is
25 authorized, subject to the approval of the Office of State Budget and Management, to
26 transfer Social Services Block Grant funding allocated for departmental administration
27 between divisions that have received administrative allocations from the Social Services
28 Block Grant.

30 **LOW-INCOME HOME ENERGY ASSISTANCE PROGRAM**

31 **SECTION 10.55.(v)** Additional emergency contingency funds received may
32 be allocated for Energy Assistance Payments or Crisis Intervention Payments without
33 prior consultation with the Joint Legislative Commission on Governmental Operations.
34 Additional funds received shall be reported to the Joint Legislative Commission on
35 Governmental Operations and the Fiscal Research Division upon notification of the
36 award. The Department of Health and Human Services shall not allocate funds for any
37 activities, including increasing administration, other than assistance payments, without
38 prior consultation with the Joint Legislative Commission on Governmental Operations.

40 **CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT**

41 **SECTION 10.55.(w)** The sum of no more than four hundred thousand
42 dollars (\$400,000) appropriated in this section to the Department of Health and Human
43 Services in the Child Care and Development Fund Block Grant for the 2007-2008 fiscal
44 year may be used for the operations of the Medical Child Care Pilot.

45 **SECTION 10.55.(x)** Payment for subsidized child care services provided
46 with federal TANF funds shall comply with all regulations and policies issued by the
47 Division of Child Development for the subsidized child care program.

48 **SECTION 10.55.(y)** If funds appropriated through the Child Care and
49 Development Fund Block Grant for any program cannot be obligated or spent in that
50 program within the obligation or liquidation periods allowed by the federal grants, the

1 Department may move funds to child care subsidies, unless otherwise prohibited by
2 federal requirements of the grant, in order to use the federal funds fully.

3 4 **MENTAL HEALTH BLOCK GRANT**

5 **SECTION 10.55.(z)** The sum of one million five hundred thousand dollars
6 (\$1,500,000) appropriated in this section in the Mental Health Block Grant to the
7 Department of Health and Human Services, Division of Mental Health, Developmental
8 Disabilities, and Substance Abuse Services, for the 2007-2008 fiscal year and the sum
9 of four hundred twenty-two thousand three dollars (\$422,003) appropriated in this
10 section in the Social Services Block Grant to the Department of Health and Human
11 Services, Division of Social Services, for the 2007-2008 fiscal year shall be used to
12 continue a Comprehensive Treatment Services Program for Children in accordance with
13 Section 10.10 of this act.

14 **SECTION 10.55.(aa)** The Department of Health and Human Services shall
15 contract with the University of North Carolina at Chapel Hill for the purpose of
16 providing psychology student stipends in the amount of fifty thousand dollars (\$50,000)
17 for the 2007-2008 fiscal year. Twenty-five thousand dollars (\$25,000) of this contract
18 shall be paid from the Mental Health Block Grant.

19 20 **MATERNAL AND CHILD HEALTH BLOCK GRANT**

21 **SECTION 10.55.(bb)** If federal funds are received under the Maternal and
22 Child Health Block Grant for abstinence education, pursuant to section 912 of Public
23 Law 104-193 (42 U.S.C. § 710), for the 2007-2008 fiscal year, then those funds shall be
24 transferred to the State Board of Education to be administered by the Department of
25 Public Instruction. The Department of Public Instruction shall use the funds to establish
26 an Abstinence Until Marriage Education Program and shall delegate to one or more
27 persons the responsibility of implementing the program and G.S. 115C-81(e1)(4). The
28 Department of Public Instruction shall carefully and strictly follow federal guidelines in
29 implementing and administering the abstinence education grant funds.

30 **SECTION 10.55.(cc)** The Department of Health and Human Services shall
31 ensure that there will be follow-up testing in the Newborn Screening Program.

32 33 **PART XI. DEPARTMENT OF AGRICULTURE AND CONSUMER SERVICES**

34 35 **SALE OF TIMBER**

36 **SECTION 11.1.** G.S. 143-64.05(a) reads as rewritten:

37 "(a) The State agency for surplus property may assess and collect a service charge
38 for the acquisition, receipt, warehousing, distribution, or transfer of any State surplus
39 property and for the transfer or sale of recyclable material. The service charge
40 authorized by this subsection does not apply to the transfer or sale of timber on land
41 owned by the Wildlife Resources ~~Commission.~~ Commission or the Department of
42 Agriculture and Consumer Services."

43 44 **PART XII. DEPARTMENT OF ENVIRONMENT AND NATURAL** 45 **RESOURCES**

46 47 **COMMERCIAL AND NONCOMMERCIAL LEAKING PETROLEUM** 48 **UNDERGROUND STORAGE TANK PROGRAM ADMINISTRATIVE** 49 **COSTS**

50 **SECTION 12.1.(a)** G.S. 143-215.94B is amended by adding a new
51 subsection to read:

1 "(g) The Commercial Fund may be used to support the administrative functions of
2 the program for underground storage tanks under this Part and Part 2B of this Article up
3 to the amounts allowed by law, which amounts may be changed from time to time. In
4 the case of a legislated increase or decrease in salaries and benefits, the administrative
5 allowance existing at the time of the increase or decrease shall be correspondingly
6 increased or decreased an amount equal to the legislated increase or decrease in salaries
7 and benefits."

8 **SECTION 12.1.(b)** G.S. 143-215.94D is amended by adding a new
9 subsection to read:

10 "(g) The Noncommercial Fund may be used to support the administrative
11 functions of the program for underground storage tanks under this Part and Part 2B of
12 this Article up to the amounts allowed by law, which amounts may be changed from
13 time to time. In the case of a legislated increase or decrease in salaries and benefits, the
14 administrative allowance existing at the time of the increase or decrease shall be
15 correspondingly increased or decreased an amount equal to the legislated increase or
16 decrease in salaries and benefits."

17 **BERNARD ALLEN MEMORIAL EMERGENCY DRINKING WATER FUND**

18 **SECTION 12.2.(a)** G.S. 87-98 reads as rewritten:

19 **"§ 87-98. Bernard Allen Memorial Emergency Drinking Water Fund.**

20 (a) The Bernard Allen Memorial Emergency Drinking Water Fund is established
21 within under the control and direction of the Department. The Fund shall be a
22 nonreverting, interest-bearing fund consisting of monies appropriated by the General
23 Assembly or made available to the Fund from any other source and investment interest
24 credited to the Fund.

25 (b) The Fund may be used to pay for notification, to the extent practicable, of
26 persons aged 18 and older who reside in any dwelling unit, and the senior official in
27 charge of any business, at which drinking water is supplied from a private drinking
28 water well or improved spring that is located within 1,500 feet of, and at risk from,
29 known groundwater contamination. The senior official in charge of the business shall
30 take reasonable measures to notify all employees of the business of the groundwater
31 contamination, including posting a notice of the contamination in a form and at a
32 location that is readily accessible to the employees of the business. The funds-Fund may
33 also be used to ~~cover~~ pay the costs of testing by the Department of private drinking
34 water wells and improved springs for suspected contamination up to once every three
35 years upon request by a person who uses the well for ~~contamination~~ and for the
36 temporary or permanent provision of alternative drinking water supplies to persons
37 whose drinking water well or improved spring is contaminated.

38 (c) The Department shall disburse monies from the Fund based on financial need
39 and on the risk to public health posed by groundwater contamination and shall give
40 priority to the provision of services under this section to instances when an alternative
41 source of funds is not available. The funds-Fund shall not be used for remediation of
42 groundwater contamination. Nothing in this section expands, contracts, or modifies the
43 obligation of responsible parties under Article 9 or 10 of Chapter 130A of the General
44 Statutes, this Article, or Article 21A of this Chapter to assess contamination, identify
45 receptors, or remediate groundwater or soil contamination. The Fund shall not be used
46 to provide alternative water supply to households with incomes greater than two
47 hundred percent (200%) of the current poverty level. The Fund shall not be used to
48 provide alternative drinking water supplies unless the concentration of one or more
49 contaminants in the private drinking water well or improved spring exceeds the
50 Maximum Contaminant Level, or the federal drinking water action level as defined in
51

1 40 Code of Federal Regulations § 141.1 through § 141.571 (1 July 2006) and 40 Code
 2 of Federal Regulations § 143.3 (1 July 2006). The Fund shall not be used to provide
 3 temporary water supplies in any calendar quarter until all needs for permanent
 4 replacement water supplies that have been identified in that calendar quarter have been
 5 met through hookups to public water supplies, repair, or replacement of contaminated
 6 wells. In disbursing monies from the Fund, preference shall be given to providing
 7 permanent replacement water supplies by connection to public water supplies and repair
 8 or replacement of contaminated wells over the provision of temporary water supplies.

9 (d) The Department shall establish criteria by which the Department is to
 10 evaluate applications and disburse ~~funds~~ monies from this Fund and may adopt any
 11 rules necessary to implement this section.

12 (e) The Department, in consultation with the Commission for Health Services
 13 and local health departments, shall report no later than 1 October of each year to the
 14 Environmental Review Commission, the House of Representatives and Senate
 15 Appropriations Subcommittees on Natural and Economic Resources, and the Fiscal
 16 Research Division of the General Assembly on the implementation of this section. The
 17 report shall include the purpose and amount of all expenditures from the Fund during
 18 the prior fiscal year, a discussion of the benefits and deficiencies realized as a result of
 19 the section, and may also include recommendations for any legislative action."

20 **SECTION 12.2.(b)** The first report required by G.S. 87-98(e), as enacted by
 21 subsection (a) of this section, shall be submitted on or before 1 October 2008.

22
 23 **NEW LEASE PURCHASE/INSTALLMENT CONTRACTS FOR FORESTRY**
 24 **EQUIPMENT**

25 **SECTION 12.4.** Prior to the Division of Forest Resources of the Department
 26 of Environment and Natural Resources entering into either a new lease purchase
 27 contract for the purchase of forestry equipment or a new installment contract for the
 28 purchase of forestry equipment, the Division of Forest Resources shall submit a detailed
 29 list of the forestry equipment to be purchased under the contract to the Joint Legislative
 30 Commission on Governmental Operations and the Fiscal Research Division. Prior to the
 31 Department of Administration entering into either a new lease purchase contract for the
 32 purchase of forestry equipment or a new installment contract for the purchase of
 33 forestry equipment on behalf of the Division of Forest Resources, the Department of
 34 Administration shall submit a detailed list of the forestry equipment to be purchased
 35 under the contract to the Joint Legislative Commission on Governmental Operations
 36 and the Fiscal Research Division. If a list is modified after it is submitted under this
 37 section, the modified list shall be submitted to the Joint Legislative Commission on
 38 Governmental Operations and the Fiscal Research Division prior to entering into the
 39 contract.

40
 41 **GRASSROOTS SCIENCE PROGRAM**

42 **SECTION 12.5.(a)** Of the funds appropriated in this act to the Department
 43 of Environment and Natural Resources for the Grassroots Science Program, the sum of
 44 three million three hundred eighty-one thousand three hundred forty dollars
 45 (\$3,381,340) for the 2007-2008 fiscal year and the sum of three million three hundred
 46 eighty-one thousand three hundred forty dollars (\$3,381,340) for the 2008-2009 fiscal
 47 year is allocated as grants-in-aid for each fiscal year as follows:

	2007-2008	2008-2009
Aurora Fossil Museum	\$59,057	\$59,057
Cape Fear Museum	\$161,007	\$161,007

1	Carolina Raptor Center	\$112,174	\$112,174
2	Catawba Science Center	\$146,356	\$146,356
3	Colburn Earth Science Museum, Inc.	\$74,545	\$74,545
4	Core Sound Waterfowl Museum	\$50,000	\$50,000
5	Discovery Place	\$662,865	\$662,865
6	Eastern NC Regional Science Center	\$50,000	\$50,000
7	Fascinate-U	\$81,072	\$81,072
8	Granville County Museum Commission,		
9	Inc.–Harris Gallery	\$56,422	\$56,422
10	Greensboro Children's Museum	\$135,076	\$135,076
11	The Health Adventure Museum of Pack		
12	Place Education, Arts and		
13	Science Center, Inc.	\$155,611	\$155,611
14	Highlands Nature Center	\$79,268	\$79,268
15	Imagination Station	\$86,034	\$86,034
16	The Iredell Museums, Inc.	\$61,306	\$61,306
17	Kidsenses	\$81,282	\$81,282
18	Museum of Coastal Carolina	\$78,020	\$78,020
19	The Natural Science Center		
20	of Greensboro, Inc.	\$186,354	\$186,354
21	North Carolina Museum of Life		
22	and Science	\$379,826	\$379,826
23	Port Discover: Northeastern		
24	North Carolina's Center for		
25	Hands-On Science, Inc.	\$50,000	\$50,000
26	Rocky Mount Children's Museum	\$72,254	\$72,254
27	Schiele Museum of Natural History		
28	and Planetarium, Inc.	\$229,547	\$229,547
29	Sci Works Science Center and		
30	Environmental Park of Forsyth County	\$146,499	\$146,499
31	Western North Carolina Nature Center	\$112,879	\$112,879
32	Wilmington Children's Museum	\$73,886	\$73,886
33			
34	Total	\$3,381,340	\$3,381,340

35 **SECTION 12.5.(b)** No later than March 1, 2008, the Department of
36 Environment and Natural Resources shall report to the Fiscal Research Division all of
37 the following information for each museum that receives funds under this section:

- 38 (1) The operating budget for the 2006-2007 fiscal year.
- 39 (2) The operating budget for the 2007-2008 fiscal year.
- 40 (3) The total attendance at the museum during the 2007 calendar year.

41 **SECTION 12.5.(c)** No later than March 1, 2009, the Department of
42 Environment and Natural Resources shall report to the Fiscal Research Division all of
43 the following information for each museum that receives funds under this section:

- 44 (1) The operating budget for the 2007-2008 fiscal year.
- 45 (2) The operating budget for the 2008-2009 fiscal year.
- 46 (3) The total attendance at the museum during the 2008 calendar year.

47 **SECTION 12.5.(d)** As a condition for qualifying to receive funding under
48 this section, all of the following documentation shall be submitted for each museum
49 under this section to the Department of Environment and Natural Resources for fiscal
50 years ending between July 1, 2005, and June 30, 2006, and only those costs that are

1 properly documented under this subsection are allowed by the Department in
2 calculating the distribution of funds under this section:

- 3 (1) Each museum under this section shall submit its IRS (Internal Revenue
4 Service) Form 990 to show its annual operating expenses, its annual
5 report, and a reconciliation that explains any differences between
6 expenses as shown on the IRS Form 990 and the annual report.
7 (2) Each friends association of a museum under this section shall submit
8 its IRS Form 990 to show its reported expenses for the museum, its
9 annual report, and a reconciliation that explains any differences
10 between expenses as shown on the IRS Form 990 and the annual
11 report, unless the association does not have both an IRS Form 990 and
12 an annual report available, in which case, it shall submit either an IRS
13 Form 990 or an annual report.
14 (3) The chief financial officer of each county or municipal government
15 that provides funds for the benefit of the museum shall submit a
16 detailed signed statement of documented costs spent for the benefit of
17 the museum that includes documentation of the name, address, title,
18 and telephone number of the person making the assertion that the
19 museum receives funds from the county or municipality for the benefit
20 of the museum.
21 (4) The chief financial officer of each county or municipal government or
22 each friends association that provides indirect or allocable costs that
23 are not directly charged to a museum under this section but that benefit
24 the museum shall submit in the form of a detailed statement
25 enumerating each cost by type and amount that is verified by the
26 financial officer responsible for the completion of the documentation
27 and that includes the name, address, title, and telephone number of the
28 person making the assertion that the county, municipality, or
29 association provides indirect or allocable costs to the museum.

30 **SECTION 12.5.(e)** As used in subsection (d) of this section, "friends
31 association" means a nonprofit corporation established for the purpose of supporting
32 and assisting a museum that receives funding under this section.

33 **SECTION 12.5.(f)** The Fiscal Research Division shall study the current
34 formula used to calculate the allocations for members of the Grassroots collaborative
35 and shall report no later than January 15, 2008, its findings and any recommendations
36 for revising this formula to be used for the 2008-2009 fiscal year to the Appropriations
37 Subcommittees on Natural and Economic Resources in both the Senate and the House
38 of Representatives.

40 **RETAIN EARNINGS OF PARKS AND RECREATION TRUST FUND**

41 **SECTION 12.8.** G.S. 113-44.15(a) reads as rewritten:

42 "(a) Fund Created. – There is established a Parks and Recreation Trust Fund in the
43 State Treasurer's Office. The Trust Fund shall be a nonreverting special revenue fund
44 consisting of gifts and grants to the Trust Fund, monies credited to the Trust Fund
45 pursuant to G.S. 105-228.30(b), and other monies appropriated to the Trust Fund by the
46 General Assembly. Investment earnings credited to the assets of the Fund shall become
47 part of the Fund."

49 **PART XIII. DEPARTMENT OF COMMERCE**

51 **ONE NORTH CAROLINA FUND**

1 **SECTION 13.1.** Of the funds appropriated in this act to the One North
2 Carolina Fund, the Department of Commerce may use up to three hundred thousand
3 dollars (\$300,000) to cover its expenses in administering the One North Carolina Fund
4 and other economic development incentive grant programs in the 2007-2008 fiscal year.
5

6 **NC GREEN BUSINESS FUND**

7 **SECTION 13.2.(a)** Article 10 of Chapter 143B of the General Statutes is
8 amended by adding a new Part to read:

9 "Part 2B. NC Green Business Fund.

10 **"§ 143B-437.4. NC Green Business Fund established as a special revenue fund.**

11 (a) Establishment. – The NC Green Business Fund is established as a special
12 revenue fund in the Department of Commerce, and the Department shall be responsible
13 for administering the Fund.

14 (b) Purposes. – Moneys in the NC Green Business Fund shall be allocated
15 pursuant to this subsection. The Department of Commerce shall make grants from the
16 Fund to private businesses with less than 100 employees, nonprofit organizations, local
17 governments, and State agencies to encourage the expansion of small to medium size
18 businesses with less than 100 employees to help grow a green economy in the State.
19 Moneys in the NC Green Business Fund shall be used for projects that will focus on the
20 following three priority areas:

21 (1) To encourage the development of the biofuels industry in the State.
22 The Department of Commerce may make grants available to maximize
23 development, production, distribution, retail infrastructure, and
24 consumer purchase of biofuels in North Carolina, including grants to
25 enhance biofuels workforce development.

26 (2) To encourage the development of the green building industry in the
27 State. The Department of Commerce may make grants available to
28 assist in the development and growth of a market for environmentally
29 conscious and energy efficient green building processes. Grants may
30 support the installation, certification, or distribution of green building
31 materials; energy audits; and marketing and sales of green building
32 technology in North Carolina, including grants to enhance workforce
33 development for green building processes.

34 (3) To attract and leverage private-sector investments and entrepreneurial
35 growth in environmentally conscious clean technology and renewable
36 energy products and businesses, including grants to enhance workforce
37 development in such businesses.

38 **"§ 143B-437.5. Green Business Fund Advisory Committee.**

39 The Department of Commerce may establish an advisory committee to assist in the
40 development of the specific selection criteria and the grant-making process of the NC
41 Green Business Fund.

42 **"§ 143B-437.6. Agreements required.**

43 Funds may be disbursed from the NC Green Business Fund only in accordance with
44 agreements entered into between the Department of Commerce and an eligible grantee.
45 Each agreement must contain the following provisions:

46 (1) A description of the acceptable uses of grant proceeds. The agreement
47 may limit the use of funds to specific purposes or may allow the funds
48 to be used for any lawful purposes.

49 (2) A provision allowing the Department of Commerce to inspect all
50 records of the business that may be used to confirm compliance with
51 the agreement or with the requirements of this Part.

- 1 (3) A provision establishing the method for determining compliance with
2 the agreement.
- 3 (4) A provision establishing a schedule for disbursement of funds under
4 the agreement.
- 5 (5) A provision requiring recapture of grant funds if a grantee
6 subsequently fails to comply with the terms of the agreement.
- 7 (6) Any other provision the State finds necessary to ensure the proper use
8 of State funds.

9 **"§ 143B-437.7. Program guidelines.**

10 The Department of Commerce shall develop guidelines related to the administration
11 of the NC Green Business Fund and to the selection of projects to receive allocations
12 from the Fund, including project evaluation measures. At least 20 days before the
13 effective date of any guidelines or nontechnical amendments to guidelines, the
14 Department of Commerce must publish the proposed guidelines on the Department's
15 Web site and provide notice to persons who have requested notice of proposed
16 guidelines. In addition, the Department must accept oral and written comments on the
17 proposed guidelines during the 15 business days beginning on the first day that the
18 Department has completed these notifications. For the purpose of this section, a
19 technical amendment is either of the following:

- 20 (1) An amendment that corrects a spelling or grammatical error.
- 21 (2) An amendment that makes a clarification based on public comment
22 and could have been anticipated by the public notice that immediately
23 preceded the public comment.

24 **"§ 143B-437.8. Reports.**

25 Grants made to non-State entities through the NC Green Business Fund shall be
26 subject to the oversight and reporting requirements of G.S. 143C-6-23. The Department
27 of Commerce shall publish a report on the commitment, disbursement, and use of funds
28 allocated from the NC Green Business Fund at the end of each fiscal year. The report is
29 due no later than September 1 and must be submitted to the following:

- 30 (1) The Joint Legislative Commission on Governmental Operations.
- 31 (2) The chairs of the House of Representatives and Senate Finance
32 Committees.
- 33 (3) The chairs of the House of Representatives and Senate Appropriations
34 Committees.
- 35 (4) The Fiscal Research Division of the General Assembly.

36 **"§§ 143B-437.9 through 143B-437.11: Reserved for future codification purposes."**

37 **SECTION 13.2.(b)** G.S. 147-68(d1) reads as rewritten:

38 "~~(d1) The Treasurer shall report to the Joint Legislative Commission on~~
39 ~~Governmental Operations, to the Chairman, Appropriations Base Budget Committee~~
40 ~~and the Chairman, Appropriations Expansion Budget Committee of the House of~~
41 ~~Representatives, and to the Chairman, Committee on Appropriations and the Chairman,~~
42 ~~Committee on Base Budget of the Senate~~the chairs of the House of Representatives and
43 Senate Appropriations Committees, the chairs of the House of Representatives and
44 Senate Finance Committees, and the Fiscal Research Division of the General Assembly,
45 on a quarterly basis, concerning all investments and deposits made by and through his
46 office. The report shall include a listing of all investments with or on behalf of the State
47 or any of its agencies or institutions and shall include the particular agency or
48 institution, fund, rate of return, duration of the investment, and the amount of deposit on
49 all noninterest bearing accounts. The first report is due 90 days after July 1, 1982, and
50 shall include all investments and deposits made during the 1981-82 fiscal year and all
51 investments made during the first quarter of the 1982-83 fiscal year; thereafter, reports

1 shall be made on a quarterly basis including all investments and deposits made during
2 that reporting period. The report shall include a specific listing of all investments made
3 with certified green managers and companies and funds that support sustainable
4 practices, including the names of the companies, managers, and funds, the amount
5 invested, and the State's return on investment."

6 **SECTION 13.2.(c)** G.S. 150B-1(d) is amended by adding the following new
7 subdivision to read:

8 "(d) Exemptions from Rule Making. – Article 2A of this Chapter does not apply to
9 the following:

10 ...
11 (17) The Department of Commerce in developing guidelines for the NC
12 Green Business Fund under Part 2B of Article 10 of Chapter 143B of
13 the General Statutes."

14 **SECTION 13.2.(d)** Of the funds appropriated in this act to the NC Green
15 Business Fund, the Department of Commerce may use up to fifty thousand dollars
16 (\$50,000), if necessary, to cover the Department's expenses in administering the NC
17 Green Business Fund.

18 **EXECUTIVE AIRCRAFT/USES**

19 **SECTION 13.3.** Part 2 of Article 10 of Chapter 143B is amended by adding
20 a new section to read:

21 **"§ 143B-437.011. Executive aircraft used for economic development; other uses.**

22 The use of executive aircraft by the Department of Commerce for economic
23 development purposes shall take precedence over all other uses. The Department of
24 Commerce shall annually review the rates charged for the use of executive aircraft and
25 shall adjust the rates, as necessary, to account for upgraded aircraft and inflationary
26 increases in operating costs, including jet fuel prices. If an executive aircraft is not being
27 used for economic development purposes, priority of use shall be given first to the
28 Governor, second to the Council of State, and third to other State officials traveling on
29 State business. If an executive aircraft is used to attend athletic events or for any other
30 purpose related to collegiate athletics, the rate charged shall be equal to the direct cost
31 of operating the aircraft as established by the aircraft's manufacturer, adjusted for
32 inflation."

33 **WANCHESE SEAFOOD INDUSTRIAL PARK/OREGON INLET FUNDS**

34 **SECTION 13.3A.(a)** Funds appropriated to the Department of Commerce
35 for the 2006-2007 fiscal year for the Wanchese Seafood Industrial Park that are
36 unexpended and unencumbered as of June 30, 2007, shall not revert to the General Fund
37 on June 30, 2007, but shall remain available to the Department to be expended by the
38 Wanchese Seafood Industrial Park for operations, maintenance, repair, and capital
39 improvements in accordance with Article 23C of Chapter 113 of the General Statutes.
40 These funds shall be in addition to funds available to the North Carolina Seafood
41 Industrial Park Authority for operations, maintenance, repair, and capital improvements
42 under Article 23C of Chapter 113 of the General Statutes.

43 **SECTION 13.3A.(b)** Funds appropriated to the Department of Commerce
44 for the 2006-2007 fiscal year for the Oregon Inlet Project that are unexpended and
45 unencumbered as of June 30, 2007, shall not revert to the General Fund on June 30,
46 2007, but shall remain available to the Department to be expended by the Wanchese
47 Seafood Industrial Park for securing adequate channel maintenance of the Oregon Inlet
48 and for operations, maintenance, repair, and capital improvements in accordance with
49 Article 23C of Chapter 113 of the General Statutes. These funds shall be in addition to
50
51

1 funds available to the North Carolina Seafood Industrial Park Authority for operations,
2 maintenance, repair, and capital improvements under Article 23C of Chapter 113 of the
3 General Statutes.

4 **SECTION 13.3A.(c)** This section becomes effective June 30, 2007.
5

6 **EMPLOYMENT SECURITY COMMISSION FUNDS**

7 **SECTION 13.4.(a)** Funds from the Employment Security Commission
8 Reserve Fund shall be available to the Employment Security Commission of North
9 Carolina to use as collateral to secure federal funds and to pay the administrative costs
10 associated with the collection of the Employment Security Commission Reserve Fund
11 surcharge. The total administrative costs paid with funds from the Reserve in the
12 2007-2008 fiscal year shall not exceed two million five hundred thousand dollars
13 (\$2,500,000).

14 **SECTION 13.4.(b)** There is appropriated from the Employment Security
15 Commission Reserve Fund to the Employment Security Commission of North Carolina
16 the sum of seven million three hundred thousand dollars (\$7,300,000) for the 2007-2008
17 fiscal year to be used for the following purposes:

- 18 (1) Seven million dollars (\$7,000,000) for the operation and support of
19 local offices.
- 20 (2) Two hundred thousand dollars (\$200,000) for the State Occupational
21 Information Coordinating Committee to develop and operate an
22 interagency system to track former participants in State education and
23 training programs.
- 24 (3) One hundred thousand dollars (\$100,000) to maintain compliance with
25 Chapter 96 of the General Statutes, which directs the Commission to
26 employ the Common Follow-Up Management Information System to
27 evaluate the effectiveness of the State's job training, education, and
28 placement programs.

29 **SECTION 13.4.(c)** There is appropriated from the Employment Security
30 Commission Reserve Fund to the Employment Security Commission of North Carolina
31 an amount not to exceed two million five hundred thousand dollars (\$2,500,000) for the
32 2007-2008 fiscal year to fund State initiatives not currently funded through federal
33 grants.

34 **SECTION 13.4.(d)** There is appropriated from the Employment Security
35 Commission Reserve Fund to the Employment Security Commission of North Carolina
36 an amount not to exceed three hundred fifty thousand dollars (\$350,000) for the
37 2007-2008 fiscal year to allow the Commission to continue to work with Connect, Inc.,
38 to provide dislocated workers with assistance in obtaining health care benefits, receiving
39 vocational training, and securing employment.

40 **SECTION 13.4.(e)** This section becomes effective July 1, 2007.
41

42 **INDUSTRIAL COMMISSION STRATEGIC PLAN/REPORT**

43 **SECTION 13.4A.(a)** G.S. 97-78 is amended by adding two new subsections
44 to read:

45 "(f) No later than September 1, 2007, the Commission shall prepare and
46 implement a strategic plan for accomplishing all of the following:

- 47 (1) Tracking compliance with the provisions of G.S. 97-18(b), (c), and (d),
48 and establishing a procedure to enforce compliance with the
49 requirements of these subsections.
- 50 (2) Expediently resolving requests for, or disputes involving, medical
51 compensation under G.S. 97-25, including selection of a physician,

1 change of physician, the specific treatment involved, and the provider
2 of such treatment.

3 (g) The Commission shall demonstrate its success in implementing its strategic
4 plan under subsection (f) of this section by including all of the following in its annual
5 report under subsection (e) of this section:

6 (1) The total number of claims made during the preceding calendar year,
7 the total number of claims in which compliance was not timely made,
8 and, for each claim, the date the claim was filed, the date by which
9 compliance was required, the date of actual compliance, and any
10 sanctions or other remedial action imposed by the Commission.

11 (2) The total number of requests for, and disputes involving, medical
12 compensation under G.S. 97-25 in which final disposition was not
13 made within 45 days of the filing of the motion with the Commission,
14 and, for each such request or dispute, the date the motion or other
15 initial pleading was filed, the date on which final disposition was made
16 and, where reasonably ascertainable, the date on which any ordered
17 medical treatment was actually provided."

18 **SECTION 13.4A.(b)** G.S. 97-78(e) reads as rewritten:

19 "e) The—No later than March 1 of each year, the Commission shall publish
20 annually for free distribution a report of the administration of this Article, together with
21 such recommendations as the Commission deems advisable. No later than March 1 of
22 each year, the Commission shall submit this report to the Joint Legislative Commission
23 on Governmental Operations."

24 25 **COUNCIL OF GOVERNMENT FUNDS**

26 **SECTION 13.6.(a)** Of the funds appropriated in this act to the Department
27 of Commerce, seven hundred ninety thousand five hundred fifty-one dollars (\$790,551)
28 for the 2007-2008 fiscal year shall only be used as provided by this section. Each
29 regional council of government or lead regional organization is allocated up to forty-six
30 thousand five hundred three dollars (\$46,503) for the 2007-2008 fiscal year.

31 **SECTION 13.6.(b)** A regional council of government may use funds
32 appropriated by this section only to assist local governments in grant applications,
33 economic development, community development, support of local industrial
34 development activities, and other activities as deemed appropriate by the member
35 governments.

36 **SECTION 13.6.(c)** Funds appropriated by this section shall be paid by
37 electronic transfer in two equal installments, the first no later than September 1, 2007,
38 and the second subsequent to acceptable submission of the annual report due to the Joint
39 Legislative Commission on Governmental Operations and the Fiscal Research Division
40 by January 15, 2008, as specified in subdivision (e)(1) of this section.

41 **SECTION 13.6.(d)** Funds appropriated by this section shall not be used for
42 payment of dues or assessments by the member governments and shall not supplant
43 funds appropriated by the member governments.

44 **SECTION 13.6.(e)** Each council of government or lead regional
45 organization shall do the following:

46 (1) By January 15, 2008, and more frequently as requested, report to the
47 Joint Legislative Commission on Governmental Operations and the
48 Fiscal Research Division the following information:

49 a. State fiscal year 2006-2007 program activities, objectives, and
50 accomplishments;

- 1 b. State fiscal year 2006-2007 itemized expenditures and fund
2 sources;
3 c. State fiscal year 2007-2008 planned activities, objectives, and
4 accomplishments, including actual results through December
5 31, 2007; and
6 d. State fiscal year 2007-2008 estimated itemized expenditures
7 and fund sources, including actual expenditures and fund
8 sources, through December 31, 2007.
- 9 (2) By January 15, 2009, and more frequently as requested, report to the
10 Joint Legislative Commission on Governmental Operations and the
11 Fiscal Research Division the following information:
12 a. State fiscal year 2007-2008 program activities, objectives, and
13 accomplishments;
14 b. State fiscal year 2007-2008 itemized expenditures and fund
15 sources;
16 c. State fiscal year 2008-2009 planned activities, objectives, and
17 accomplishments, including actual results through December
18 31, 2008; and
19 d. State fiscal year 2008-2009 estimated itemized expenditures
20 and fund sources, including actual expenditures and fund
21 sources, through December 31, 2008.
- 22 (3) Provide to the Fiscal Research Division a copy of the organization's
23 annual audited financial statement within 30 days of issuance of the
24 statement.
25

26 REGIONAL ECONOMIC DEVELOPMENT COMMISSION ALLOCATIONS

27 **SECTION 13.7.(a)** Funds appropriated in this act to the Department of
28 Commerce for regional economic development commissions shall be allocated to the
29 following commissions in accordance with subsection (b) of this section: Western North
30 Carolina Regional Economic Development Commission, Research Triangle Regional
31 Commission, Southeastern North Carolina Regional Economic Development
32 Commission, Piedmont Triad Partnership, Northeastern North Carolina Regional
33 Economic Development Commission, North Carolina's Eastern Region Economic
34 Development Partnership, and Carolinas Partnership, Inc.

35 **SECTION 13.7.(b)** Funds appropriated pursuant to subsection (a) of this
36 section shall be allocated to each regional economic development commission as
37 follows:

- 38 (1) First, the Department shall establish each commission's allocation by
39 determining the sum of allocations to each county that is a member of
40 that commission. Each county's allocation shall be determined by
41 dividing the county's development factor by the sum of the
42 development factors for eligible counties and multiplying the resulting
43 percentage by the amount of the appropriation. As used in this
44 subdivision, the term "development factor" means a county's
45 development factor as calculated under G.S. 143B-437.08; and
- 46 (2) Next, the Department shall subtract from funds allocated to the North
47 Carolina's Eastern Region Economic Development Partnership the
48 sum of three hundred thirty thousand seven hundred fifty dollars
49 (\$330,750) in the 2007-2008 fiscal year, which sum represents: (i) the
50 total interest earnings in the prior fiscal year on the estimated balance
51 of seven million five hundred thousand dollars (\$7,500,000)

1 appropriated to the Global TransPark Development Zone in Section 6
2 of Chapter 561 of the 1993 Session Laws; and (ii) the total interest
3 earnings in the prior fiscal year on loans made from the seven million
4 five hundred thousand dollars (\$7,500,000) appropriated to the Global
5 TransPark Development Zone in Section 6 of Chapter 561 of the 1993
6 Session Laws; and

- 7 (3) Next, the Department shall redistribute the sum of three hundred thirty
8 thousand seven hundred fifty dollars (\$330,750) in the 2007-2008
9 fiscal year to the seven regional economic development commissions
10 named in subsection (a) of this section. Each commission's share of
11 this redistribution shall be determined according to the development
12 factor formula set out in subdivision (1) of this subsection. This
13 redistribution shall be in addition to each commission's allocation
14 determined under subdivision (1) of this subsection.

15 **SECTION 13.7.(c)** Each regional economic development commission may
16 use up to fifty percent (50%) of the funds allocated in this section for administrative
17 purposes, including personal services; purchased services; supplies, except marketing
18 brochures or other advertising related supplies; and equipment. The remaining fifty
19 percent (50%) of the funds allocated in this section shall be used only for expenditures
20 related to the following: (i) marketing efforts that are aligned with the State's overall
21 economic development and marketing strategies; (ii) economic development grants to
22 counties and municipalities that are located within the region served by the commission;
23 and (iii) activities directly related to the implementation of the commission's vision
24 plan.

25 **SECTION 13.7.(d)** No later than September 1, 2007, the Department of
26 Commerce shall submit a report in writing on the implementation of the provisions of
27 G.S. 158-8.6 to the chairs of the House of Representatives and Senate Appropriations
28 Subcommittees on Natural and Economic Resources, the Office of State Budget and
29 Management, and the Fiscal Research Division. The Department shall include in the
30 report a detailed plan to address any impediments to the development of uniform
31 standards for the commissions.

32 **SECTION 13.7.(e)** G.S. 158-8.5 reads as rewritten:

33 "**§ 158-8.5. Annual reporting requirement.**

34 By February 15 of each year, the commissions created pursuant to G.S. 158-8.1,
35 158-8.2, 158-8.3, and 158-33 shall publish a report containing the information required
36 by this section. As a condition on the receipt of State funds, the Charlotte Regional
37 Partnership, Inc., the Piedmont Triad Regional Partnership, and the Research Triangle
38 Regional Partnership shall, by February 15 of each year, publish a report containing the
39 information required by this section. The commissions and partnerships shall also
40 submit a copy of the report to the Department of Commerce, the Office of State Budget
41 and Management, the Joint Legislative Commission on Governmental Operations, the
42 Joint Legislative Economic Development Oversight Committee, and the Fiscal Research
43 Division of the General Assembly. The report shall include all of the following:

- 44 (1) A summary of the preceding year's program activities, objectives, and
45 accomplishments.
- 46 (2) The preceding fiscal year's itemized expenditures of State funds and
47 fund sources. Itemized expenditures shall be reported separately for
48 each fund source.
- 49 (3) A demonstration of how the commission's or partnership's regional
50 economic development and marketing strategy aligns with the State's
51 overall economic development and marketing strategies.

- 1 (4) A demonstration of how the commission's or partnership's involvement
- 2 in promotion activities has generated leads.
- 3 (5) The most recent audited annual financial statement regarding State
- 4 funds.
- 5 (6) A demonstration of the commission's efforts to obtain funds from
- 6 local, private, and federal sources."
- 7

8 BIOTECHNOLOGY CENTER

9 **SECTION 13.10.(a)** The North Carolina Biotechnology Center shall
10 recapture funds spent in support of successful research and development efforts in the
11 for-profit private sector.

12 **SECTION 13.10.(b)** The North Carolina Biotechnology Center shall
13 provide funding for biotechnology, biomedical, and related bioscience applications
14 under its Business and Science Technology Programs.

15 **SECTION 13.10.(c)** The North Carolina Biotechnology Center shall:

- 16 (1) By January 15, 2008, and more frequently as requested, report to the
17 Joint Legislative Commission on Governmental Operations and the
18 Fiscal Research Division the following information:
 - 19 a. State fiscal year 2006-2007 program activities, objectives, and
20 accomplishments;
 - 21 b. State fiscal year 2006-2007 itemized expenditures and fund
22 sources;
 - 23 c. State fiscal year 2007-2008 planned activities, objectives, and
24 accomplishments, including actual results through December
25 31, 2007; and
 - 26 d. State fiscal year 2007-2008 estimated itemized expenditures
27 and fund sources, including actual expenditures and fund
28 sources through December 31, 2007.
- 29 (2) By January 15, 2009, and more frequently as requested, report to the
30 Joint Legislative Commission on Governmental Operations and the
31 Fiscal Research Division the following information:
 - 32 a. State fiscal year 2007-2008 program activities, objectives, and
33 accomplishments;
 - 34 b. State fiscal year 2007-2008 itemized expenditures and fund
35 sources;
 - 36 c. State fiscal year 2008-2009 planned activities, objectives, and
37 accomplishments, including actual results through December
38 31, 2008; and
 - 39 d. State fiscal year 2008-2009 estimated itemized expenditures
40 and fund sources, including actual expenditures and fund
41 sources through December 31, 2008.
- 42 (3) Provide to the Fiscal Research Division a copy of the organization's
43 annual audited financial statement within 30 days of issuance of the
44 statement.

45 **SECTION 13.10.(d)** The North Carolina Biotechnology Center shall
46 provide a report containing detailed budget, personnel, and salary information to the
47 Office of State Budget and Management and to the Fiscal Research Division in the same
48 manner as State departments and agencies in preparation for biennium budget requests.

49 NONPROFIT REPORTING REQUIREMENTS

1 **SECTION 13.11.(a)** The N.C. Institute for Minority Economic
 2 Development, Inc., Land Loss Prevention Project, North Carolina Minority Support
 3 Center, North Carolina Community Development Initiative, Inc., North Carolina
 4 Association of Community Development Corporations, Inc., Coalition of Farm and
 5 Rural Families, and Partnership for the Sounds, Inc., shall do the following:

- 6 (1) By January 15, 2008, and more frequently as requested, report to the
 7 Joint Legislative Commission on Governmental Operations and the
 8 Fiscal Research Division the following information:
 9 a. State fiscal year 2006-2007 program activities, objectives, and
 10 accomplishments;
 11 b. State fiscal year 2006-2007 itemized expenditures and fund
 12 sources;
 13 c. State fiscal year 2007-2008 planned activities, objectives, and
 14 accomplishments including actual results through December 31,
 15 2007; and
 16 d. State fiscal year 2007-2008 estimated itemized expenditures
 17 and fund sources including actual expenditures and fund
 18 sources through December 31, 2007.
 19 (2) By January 15, 2009, and more frequently as requested, report to the
 20 Joint Legislative Commission on Governmental Operations and the
 21 Fiscal Research Division the following information:
 22 a. State fiscal year 2007-2008 program activities, objectives, and
 23 accomplishments;
 24 b. State fiscal year 2007-2008 itemized expenditures and fund
 25 sources;
 26 c. State fiscal year 2008-2009 planned activities, objectives, and
 27 accomplishments including actual results through December 31,
 28 2008; and
 29 d. State fiscal year 2008-2009 estimated itemized expenditures
 30 and fund sources including actual expenditures and fund
 31 sources through December 31, 2008.
 32 (3) Provide to the Fiscal Research Division a copy of the organization's
 33 annual audited financial statement within 30 days of issuance of the
 34 statement.

35 **SECTION 13.11.(b)** No funds appropriated under this act shall be released
 36 to a nonprofit organization listed in subsection (a) of this section until the organization
 37 has satisfied the reporting requirement for January 15, 2007. Fourth quarter allotments
 38 shall not be released to any nonprofit organization that does not satisfy the reporting
 39 requirements by January 15, 2008, or January 15, 2009.

40
 41 **RURAL ECONOMIC DEVELOPMENT CENTER**

42 **SECTION 13.12.(a)** Of the funds appropriated in this act to the Rural
 43 Economic Development Center, Inc., the sum of one million nine hundred thirteen
 44 thousand one hundred twelve dollars (\$1,913,112) for the 2007-2008 fiscal year and the
 45 sum of one million nine hundred thirteen thousand one hundred twelve dollars
 46 (\$1,913,112) for the 2008-2009 fiscal year shall be allocated as follows:

	2007-2008	2008-2009
48 Research and Demonstration Grants	\$370,000	\$370,000
49 Technical Assistance and Center		
50 Administration of Research		
51 and Demonstration Grants	444,399	444,399

1	Center Administration, Oversight,		
2	and Other Programs	604,298	604,298
3	Administration of Clean Water/		
4	Natural Gas Critical Needs		
5	Bond Act of 1998	87,137	87,137
6	Additional Administration of Supplemental		
7	Funding Program	138,278	138,278
8	Administration of Capacity Building		
9	Assistance Program (1998 Bond Act)	125,000	125,000
10	Institute for Rural Entrepreneurship	144,000	144,000.

11 **SECTION 13.12.(b)** The Rural Economic Development Center, Inc., shall
 12 provide a report containing detailed budget, personnel, and salary information to the
 13 Office of State Budget and Management in the same manner as State departments and
 14 agencies in preparation for biennium budget requests.

15 **SECTION 13.12.(c)** For purposes of this section, the term "community
 16 development corporation" means a nonprofit corporation:

- 17 (1) Chartered pursuant to Chapter 55A of the General Statutes;
- 18 (2) Tax-exempt pursuant to section 501(c)(3) of the Internal Revenue
 19 Code of 1986;
- 20 (3) Whose primary mission is to develop and improve low-income
 21 communities and neighborhoods through economic and related
 22 development;
- 23 (4) Whose activities and decisions are initiated, managed, and controlled
 24 by the constituents of those local communities; and
- 25 (5) Whose primary function is to act as deal maker and packager of
 26 projects and activities that will increase their constituencies'
 27 opportunities to become owners, managers, and producers of small
 28 businesses, affordable housing, and jobs designed to produce positive
 29 cash flow and curb blight in the targeted community.

30 **SECTION 13.12.(d)** Of the funds appropriated in this act to the Rural
 31 Economic Development Center, Inc., the sum of two million four hundred fifteen
 32 thousand nine hundred ten dollars (\$2,415,910) for the 2007-2008 fiscal year and the
 33 sum of two million four hundred fifteen thousand nine hundred ten dollars (\$2,415,910)
 34 for the 2008-2009 fiscal year shall be allocated as follows:

- 35 (1) \$1,047,410 in each fiscal year for community development grants to
 36 support development projects and activities within the State's minority
 37 communities. Any new or previously funded community development
 38 corporation as defined in this section is eligible to apply for funds. The
 39 Rural Economic Development Center, Inc., shall establish
 40 performance-based criteria for determining which community
 41 development corporation will receive a grant and the grant amount.
 42 The Rural Economic Development Center, Inc., shall allocate these
 43 funds as follows:
 - 44 a. \$997,410 for direct grants to local community development
 45 corporations to support operations and project activities.
 - 46 b. \$50,000 in each fiscal year to the Rural Economic Development
 47 Center, Inc., to be used to cover expenses in administering this
 48 section.
- 49 (2) \$195,000 in each fiscal year to the Microenterprise Loan Program to
 50 support the loan fund and operations of the Program; and

- 1 (3) \$983,000 in each fiscal year shall be used for a program to provide
2 supplemental funding for matching requirements for projects and
3 activities authorized under this subsection. The Center shall allocate
4 these funds as follows:
5 a. \$675,000 in each fiscal year to make grants to local
6 governments and nonprofit corporations to provide funds
7 necessary to match federal grants or other grants for:
8 1. Necessary economic development projects and activities
9 in economically distressed areas;
10 2. Necessary water and sewer projects and activities in
11 economically distressed communities to address health
12 or environmental quality problems except that funds
13 shall not be expended for the repair or replacement of
14 low-pressure-pipe wastewater systems. If a grant is
15 awarded under this sub-subdivision, then the grant shall
16 be matched on a dollar-for-dollar basis in the amount of
17 the grant awarded; or
18 3. Projects that demonstrate alternative water and waste
19 management processes for local governments. Special
20 consideration should be given to cost-effectiveness,
21 efficacy, management efficiency, and the ability of the
22 demonstration project to be replicated.
23 b. \$208,000 in each fiscal year to make grants to local
24 governments and nonprofit corporations to provide funds
25 necessary to match federal grants or other grants related to
26 water, sewer, or business development projects.
27 c. \$100,000 in each fiscal year to support the update of the
28 statewide water and sewer database and to support the
29 development of a statewide water management plan.
30 (4) \$190,500 in each fiscal year for the Agricultural Advancement
31 Consortium. These funds shall be placed in a reserve and allocated as
32 follows:
33 a. \$75,000 in each fiscal year for operating expenses associated
34 with the Consortium; and
35 b. \$115,500 in each fiscal year for research initiatives funded by
36 the Consortium.

37 The Consortium shall facilitate discussions among interested parties
38 and shall develop recommendations to improve the State's economic
39 development through farming and agricultural interests.

40 The grant recipients in this subsection shall be selected on the basis of need.

41 **SECTION 13.12.(e)** The Rural Economic Development Center, Inc., shall:

- 42 (1) By January 15, 2008, and more frequently as requested, report to the
43 Joint Legislative Commission on Governmental Operations and the
44 Fiscal Research Division the following information:
45 a. State fiscal year 2006-2007 program activities, objectives, and
46 accomplishments;
47 b. State fiscal year 2006-2007 itemized expenditures and fund
48 sources;
49 c. State fiscal year 2007-2008 planned activities, objectives, and
50 accomplishments, including actual results through December
51 31, 2007; and

- 1 d. State fiscal year 2007-2008 estimated itemized expenditures
- 2 and fund sources, including actual expenditures and fund
- 3 sources through December 31, 2007.
- 4 (2) By January 15, 2009, and more frequently as requested, report to the
- 5 Joint Legislative Commission on Governmental Operations and the
- 6 Fiscal Research Division the following information:
- 7 a. State fiscal year 2007-2008 program activities, objectives, and
- 8 accomplishments;
- 9 b. State fiscal year 2007-2008 itemized expenditures and fund
- 10 sources;
- 11 c. State fiscal year 2008-2009 planned activities, objectives, and
- 12 accomplishments, including actual results through December
- 13 31, 2008; and
- 14 d. State fiscal year 2008-2009 estimated itemized expenditures
- 15 and fund sources, including actual expenditures and fund
- 16 sources through December 31, 2008.
- 17 (3) Provide to the Fiscal Research Division a copy of each grant
- 18 recipient's annual audited financial statement within 30 days of
- 19 issuance of the statement.

20 **SECTION 13.12.(f)** No funds appropriated in this act shall be released to a
 21 community development corporation, as defined in this section, unless the corporation
 22 can demonstrate that there are no outstanding or proposed assessments or other
 23 collection actions against the corporation for any State or federal taxes, including
 24 related penalties, interest, and fees.

25
 26 **RURAL ECONOMIC DEVELOPMENT CENTER/INFRASTRUCTURE**
 27 **PROGRAM**

28 **SECTION 13.13.(a)** Of the funds appropriated in this act to the Rural
 29 Economic Development Center, Inc., the sum of nineteen million five hundred thousand
 30 dollars (\$19,500,000) for the 2007-2008 fiscal year and the sum of nineteen million five
 31 hundred thousand dollars (\$19,500,000) for the 2008-2009 fiscal year shall be allocated
 32 as follows:

- 33 (1) To continue the North Carolina Infrastructure Program. The purpose of
- 34 the Program is to provide grants to local governments to construct
- 35 critical water and wastewater facilities and to provide other
- 36 infrastructure needs, including technology needs, to sites where these
- 37 facilities will generate private job-creating investment. At least fifteen
- 38 million dollars (\$15,000,000) of the funds appropriated in this act for
- 39 each year of the biennium must be used to provide grants under this
- 40 Program.
- 41 (2) To provide matching grants to local governments in distressed areas
- 42 and equity investments in public-private ventures that will
- 43 productively reuse vacant buildings and properties, with priority given
- 44 to towns or communities with populations of less than 5,000.
- 45 (3) To provide economic development research and demonstration grants.

46 **SECTION 13.13.(b)** The Rural Economic Development Center, Inc., may
 47 contract with other State agencies, constituent institutions of The University of North
 48 Carolina, and colleges within the North Carolina Community College System for certain
 49 aspects of the North Carolina Infrastructure Program, including design of Program
 50 guidelines and evaluation of Program results.

1 **SECTION 13.13.(c)** During each year of the 2007-2009 biennium, the Rural
2 Economic Development Center, Inc., may use up to two percent (2%) of the funds
3 appropriated in this act to cover its expenses in administering the North Carolina
4 Economic Infrastructure Program.

5 **SECTION 13.13.(d)** No later than January 15 of each year, the Rural
6 Economic Development Center, Inc., shall submit an annual report to the Joint
7 Legislative Commission on Governmental Operations concerning the progress of the
8 North Carolina Economic Infrastructure Program.

9
10 **RURAL ECONOMIC DEVELOPMENT CENTER FUNDS**

11 **SECTION 13.14.(a)** Of the funds appropriated in this act to the North
12 Carolina Rural Economic Development Center, Inc. (Rural Center), the sum of nineteen
13 million dollars (\$19,000,000) for the 2007-2008 fiscal year shall be used to expand the
14 North Carolina Rural Economic Infrastructure Fund with targeted priority to severely
15 distressed rural areas.

16 **SECTION 13.14.(b)** The Rural Center shall use the funds appropriated in
17 this act to establish and implement the Rural Economic Transition Program. This
18 program shall provide grants and equity investments to carry out transformative
19 economic development and agricultural enhancement projects that will generate jobs
20 and expand business activity.

21 **SECTION 13.14.(c)** Units of local government and nonprofit organizations
22 in rural areas are eligible for grants, with priority to applicants in development tier one
23 areas as defined in G.S. 143B-437.08.

24 **SECTION 13.14.(d)** Priority for grant funds shall be given to economic
25 development projects that satisfy one or more of the following criteria:

- 26 (1) It is located in a county or census area with a persistently high poverty
27 rate of at least one hundred fifty percent (150%) of the State's poverty
28 rate according to the most recent decennial census.
- 29 (2) It is located in a community that has experienced a sudden and severe
30 economic downturn as reflected in numbers of business closings,
31 layoffs, and unemployment rate during the previous 12 months.
- 32 (3) It is located in a small town with a population under 10,000, an
33 agrarian growth zone as defined in G.S. 143B-437.10, or an urban
34 progress zone as defined in G.S. 143B-437.09.
- 35 (4) It is identified in community-based strategic planning efforts and
36 coordinated with other economic development and
37 community-building initiatives, such as the North Carolina Rural
38 Economic Development Center Small Town Economic Prosperity
39 Program, the North Carolina Department of Commerce 21st Century
40 Communities Program, the North Carolina Department of Commerce
41 Main Street Program, and federally funded Comprehensive Economic
42 Development Strategies.
- 43 (5) It is supportive of strategies to expand entrepreneurial small business
44 activity based on the natural, cultural, or historical assets of the
45 community.
- 46 (6) It has the ability to demonstrate benefits to small farm business
47 diversifying into value-added production and marketing, and it
48 increases opportunities in food and beverage manufacturing and
49 distribution for small farm entrepreneurs.

1 **SECTION 13.14.(e)** Eligible units of local government and nonprofit
2 organizations are not required to match grants received under this section, but shall
3 demonstrate the commitment of other funds to the project.

4 **SECTION 13.14.(f)** Up to twenty percent (20%) of the funds appropriated in
5 this section may be used for equity investments and loans through the Rural Venture
6 Fund to private business ventures that will substantially transform and improve the
7 economic status of rural areas, with priority to businesses locating or expanding in
8 development tier one areas as defined in G.S. 143B-437.08.

9 **SECTION 13.14.(g)** The Rural Center may use a portion of the funds
10 appropriated under this section, not to exceed four percent (4%), for administration of
11 the programs created by this section.

12 **SECTION 13.14.(h)** The Rural Center may contract with other State
13 agencies and branches of The University of North Carolina for certain aspects of the
14 programs created under this section, including the design of program guidelines and
15 evaluation of program results.

16 **SECTION 13.14.(i)** The Rural Center shall report to the Joint Legislative
17 Commission on Governmental Operations on a quarterly basis concerning the progress
18 of the programs created under this section. The first report is due no later than February
19 15, 2008.

20 **SECTION 13.14.(j)** This section becomes effective July 1, 2007.

21 22 **STUDY EQUINE INDUSTRY IN NORTH CAROLINA**

23 **SECTION 13.14A.(a)** Of the funds appropriated in this act to the Rural
24 Economic Development Center, Inc., the sum of five hundred thousand dollars
25 (\$500,000) for the 2007-2008 fiscal year shall be allocated to the Agricultural
26 Advancement Consortium for the purpose of assessing the numbers, composition, and
27 value of the equine industry in North Carolina, analyzing the direct and indirect impact
28 of the industry on the State's economy, and developing a comprehensive plan to
29 maximize the economic opportunities presented by the industry.

30 **SECTION 13.14A.(b)** The assessment of the equine industry shall provide
31 data on both a statewide and countywide basis. The assessment shall include the
32 following:

- 33 (1) A census of equines in the State, including numbers, breeds, and
34 disciplines.
- 35 (2) The value of equines in the State.
- 36 (3) The number of equine owners.
- 37 (4) The number of equine operations.
- 38 (5) The size of equine operations.
- 39 (6) The total acreage devoted to equine operations.
- 40 (7) The value of equine-related assets.
- 41 (8) The number of equines and owners participating in various activities
42 within the State.
- 43 (9) An analysis of the economic impact of the existing exhibition facilities
44 including the Hunt Horse Complex, the Senator Bob Martin Horse
45 Complex, the WNC Agricultural Center, and the Carolina Horse Park.
- 46 (10) An analysis of the programs, contributions, and industry support
47 provided by the North Carolina State University College of Veterinary
48 Medicine and other equine programs, at both private and public
49 education institutions including the College of Agriculture and Life
50 Sciences at North Carolina State University, Martin Community
51 College, and St. Andrews College.

- 1 (11) An analysis of the economic impact of breeding, training, and other
2 horse operations.
- 3 (12) An analysis of the economic impact of services provided to the equine
4 industry including farrier, veterinary, design and planning, farm
5 management and consulting, show management, and other services
6 related to equines and equine operations.
- 7 (13) An analysis of the economic impact, including manufacturing,
8 agricultural production and employment, and wholesale and retail
9 sales, of the purchase of equines, feed and grain, hay, tack and other
10 horse equipment, riding clothes, insurance, vehicles and trailers, farm
11 and pasture inputs, capital improvements such as barns, sheds, and
12 fencing, and real estate, including planned equestrian communities.
- 13 (14) An analysis of the economic impact of other recreational uses of
14 equines, including trail riding, camping with horses, therapeutic riding
15 programs, other recreational activities, and equine-related agritourism.
- 16 (15) An analysis of the impact of the equine industry on State and local
17 governments including the generation of tax revenues.

18 **SECTION 13.14A.(c)** The Agricultural Advancement Consortium, in
19 developing a plan to maximize the economic impact of the equine industry, shall:

- 20 (1) Evaluate existing equine-related facilities, programs, and services in
21 the State and make recommendations for enhancing those facilities,
22 programs, and services so as to maximize their economic impact on
23 the State.
- 24 (2) Identify opportunities for the growth of the equine industry, including
25 the production of feed crops, improved pasture, and high quality horse
26 hays, attracting industry engaged in the production of horse-related
27 products, equipment, and pharmaceuticals, the addition of exhibition
28 and show facilities, including the development of a world-class
29 equestrian park, and other horse-related programs, activities, and
30 facilities, and evaluate the potential economic contribution to the
31 State's economy of each of these potential undertakings.
- 32 (3) Evaluate the need to create an equine industry board tasked with the
33 market development, education, publicity, research, and promotion of
34 the North Carolina equine industry and other such measures it deems
35 appropriate to promote the objectives, findings, and recommendations
36 of the equine industry survey and analysis.
- 37 (4) Evaluate the laws, rules, and policies that impact equine owners and
38 persons engaged in equine activities, including land-use policies,
39 preservation of trails, use of State recreational facilities, and tax credits
40 and make recommendations directed toward making North Carolina
41 more attractive to equine operations and activities.

42 **SECTION 13.14A.(d)** The Agricultural Advancement Consortium may
43 contract with other agencies of State government, any of the constituent institutions of
44 The University of North Carolina, and private consultants as it deems necessary and
45 advisable in its conduct of the assessment and plan development. The Agricultural
46 Advancement Consortium shall complete its work within 12 months of the funds
47 becoming available and shall file a report containing the results of the assessment of the
48 equine industry and its plan for maximizing the economic impact of the equine industry
49 with the Chairs of the Joint Legislative Commission on Governmental Operations and
50 the Chairs of the Senate and House of Representatives Appropriations Committees.
51

OPPORTUNITIES INDUSTRIALIZATION CENTER FUNDS

SECTION 13.15.(a) Of the funds appropriated in this act to the Rural Economic Development Center, Inc., the sum of three hundred sixty-one thousand dollars (\$361,000) for the 2007-2008 fiscal year and the sum of three hundred sixty-one thousand dollars (\$361,000) for the 2008-2009 fiscal year shall be equally distributed among the certified Opportunities Industrialization Centers for ongoing job training programs.

SECTION 13.15.(b) For each of the Opportunities Industrialization Centers receiving funds pursuant to subsection (a) of this section, the Rural Economic Development Center, Inc., shall:

- (1) By January 15, 2008, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:
 - a. State fiscal year 2006-2007 program activities, objectives, and accomplishments;
 - b. State fiscal year 2006-2007 itemized expenditures and fund sources;
 - c. State fiscal year 2007-2008 planned activities, objectives, and accomplishments, including actual results through December 31, 2007; and
 - d. State fiscal year 2007-2008 estimated itemized expenditures and fund sources, including actual expenditures and fund sources through December 31, 2007.
- (2) By January 15, 2009, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:
 - a. State fiscal year 2007-2008 program activities, objectives, and accomplishments;
 - b. State fiscal year 2007-2008 itemized expenditures and fund sources;
 - c. State fiscal year 2008-2009 planned activities, objectives, and accomplishments, including actual results through December 31, 2008; and
 - d. State fiscal year 2008-2009 estimated itemized expenditures and fund sources, including actual expenditures and fund sources through December 31, 2008.
- (3) Notwithstanding G.S. 143-6.1(d), file annually with the State Auditor a financial statement in the form and on the schedule prescribed by the State Auditor. The financial statements must be audited in accordance with standards prescribed by the State Auditor to assure that State funds are used for the purposes provided by law.
- (4) Provide to the Fiscal Research Division a copy of the annual audited financial statement required in subdivision (3) of this subsection within 30 days of issuance of the statement.

SECTION 13.15.(c) No funds appropriated under this act shall be released to an Opportunities Industrialization Center (hereinafter Center) listed in subsection (a) of this section if the Center has any overdue tax debts, as that term is defined in G.S. 105-243.1, at the federal or State level.

E-NC AUTHORITY CONTRACTS/ REPORTING REQUIREMENTS

1 **SECTION 13.16.(a)** The e-NC Authority may contract with other State
 2 agencies, The University of North Carolina, the North Carolina Community College
 3 System, and nonprofit organizations to assist with program development and the
 4 evaluation of program activities.

5 **SECTION 13.16.(b)** The e-NC Authority shall report to the 2008 General
 6 Assembly on the following:

- 7 (1) The activities necessary to be undertaken in distressed urban areas of
 8 the State to enhance the capability of citizens and businesses residing
 9 in these areas to access high-speed Internet.
- 10 (2) An implementation plan for the training of citizens and businesses in
 11 distressed urban areas.
- 12 (3) The technology and digital literacy training necessary to assist citizens
 13 and existing businesses to create new technology-based enterprises in
 14 these communities and to use the Internet to enhance the productivity
 15 of their businesses.

16 The e-NC Authority shall, by September 30, 2007, and quarterly thereafter,
 17 report to the Joint Legislative Commission on Governmental Operations on program
 18 development and the evaluation of program activities.

19
 20 **NER BLOCK GRANTS**

21 **SECTION 13.18.(a)** Appropriations from federal block grant funds are
 22 made for fiscal year ending June 30, 2008, according to the following schedule:

23
 24 **COMMUNITY DEVELOPMENT BLOCK GRANT**

25			
26	01. State Administration	\$	1,000,000
27			
28	02. Urgent Needs and Contingency		1,000,000
29			
30	03. Scattered Site Housing		13,200,000
31			
32	04. Economic Development		7,710,000
33			
34	05. Small Business/Entrepreneurship		1,000,000
35			
36	06. Community Revitalization		13,500,000
37			
38	07. State Technical Assistance		450,000
39			
40	08. Housing Development		2,000,000
41			
42	09. Infrastructure		5,140,000
43			
44	TOTAL COMMUNITY DEVELOPMENT		
45	BLOCK GRANT – 2008 Program Year	\$	45,000,000
46			

47 **SECTION 13.18.(b)** Decreases in Federal Fund Availability. – If federal
 48 funds are reduced below the amounts specified above after the effective date of this act,
 49 then every program in each of these federal block grants shall be reduced by the same
 50 percentage as the reduction in federal funds.

1 **SECTION 13.18.(c)** Increases in Federal Fund Availability for Community
2 Development Block Grant. – Any block grant funds appropriated by the Congress of the
3 United States in addition to the funds specified in this section shall be expended as
4 follows: each program category under the Community Development Block Grant shall
5 be increased by the same percentage as the increase in federal funds.

6 **SECTION 13.18.(d)** Limitations on Community Development Block Grant
7 Funds. – Of the funds appropriated in this section for the Community Development
8 Block Grant, the following shall be allocated in each category for each program year: up
9 to one million dollars (\$1,000,000) may be used for State Administration; not less than
10 one million dollars (\$1,000,000) may be used for Urgent Needs and Contingency; up to
11 thirteen million two hundred thousand dollars (\$13,200,000) may be used for Scattered
12 Site Housing; seven million seven hundred ten thousand dollars (\$7,710,000) may be
13 used for Economic Development; up to one million dollars (\$1,000,000) may be used
14 for Small Business/Entrepreneurship; not less than thirteen million five hundred
15 thousand dollars (\$13,500,000) shall be used for Community Revitalization; up to four
16 hundred fifty thousand dollars (\$450,000) may be used for State Technical Assistance;
17 up to two million dollars (\$2,000,000) may be used for Housing Development; up to
18 five million one hundred forty thousand dollars (\$5,140,000) may be used for
19 Infrastructure. If federal block grant funds are reduced or increased by the Congress of
20 the United States after the effective date of this act, then these reductions or increases
21 shall be allocated in accordance with subsection (b) or (c) of this section, as applicable.

22 **SECTION 13.18.(e)** Increase Capacity for Nonprofit Organizations. –
23 Assistance to nonprofit organizations to increase their capacity to carry out
24 CDBG-eligible activities in partnership with units of local government is an eligible
25 activity under any program category in accordance with federal regulations. Capacity
26 building grants may be made from funds available within program categories, program
27 income, or unobligated funds.

28 **SECTION 13.18.(f)** The Department of Commerce will operate a small
29 business/entrepreneurship program in coordination with micro-lending programs and
30 other small business assistance groups in the State. The Department of Commerce shall
31 award up to one million dollars (\$1,000,000) in grants to local governments to provide
32 assistance to low-to-moderate income individuals for small business and
33 entrepreneurship development as a means of achieving economic independence during
34 these times of structural change in North Carolina's economy.

35 **SECTION 13.18.(g)** The Department of Commerce shall consult with the
36 Joint Legislative Commission on Governmental Operations prior to reallocating
37 Community Development Block Grant Funds. Notwithstanding the provisions of this
38 subsection, whenever the Director of the Budget finds that:

- 39 (1) A reallocation is required because of an emergency that poses an
40 imminent threat to public health or public safety, the Director of the
41 Budget may authorize the reallocation without consulting the
42 Commission. The Department of Commerce shall report to the
43 Commission on the reallocation no later than 30 days after it was
44 authorized and shall identify in the report the emergency, the type of
45 action taken, and how it was related to the emergency.
- 46 (2) The State will lose federal block grant funds or receive less federal
47 block grant funds in the next fiscal year unless a reallocation is made.
48 The Department of Commerce shall provide a written report to the
49 Commission on the proposed reallocation and shall identify the reason
50 that failure to take action will result in the loss of federal funds. If the
51 Commission does not hear the issue within 30 days of receipt of the

1 report, the Department may take the action without consulting the
2 Commission.

3 4 **PART XIV. JUDICIAL DEPARTMENT**

5 6 **TRANSFER OF EQUIPMENT AND SUPPLY FUNDS**

7 **SECTION 14.1.** Funds appropriated to the Judicial Department in the
8 2007-2009 biennium for equipment and supplies shall be certified in a reserve account.
9 The Administrative Office of the Courts may transfer these funds to the appropriate
10 programs and between programs as the equipment priorities and supply consumptions
11 occur during the operating year. These funds shall not be expended for any other
12 purpose.

13 14 **GRANT FUNDS**

15 **SECTION 14.2.** Notwithstanding G.S. 143C-6-9, the Judicial Department
16 may use up to the sum of one million five hundred thousand dollars (\$1,500,000) from
17 funds available to the Department to provide the State match needed in order to receive
18 grant funds. Prior to using funds for this purpose, the Department shall report to the
19 Chairs of the House of Representatives and Senate Appropriations Subcommittees on
20 Justice and Public Safety and to the Joint Legislative Commission on Governmental
21 Operations on the grants to be matched using these funds.

22 23 **NORTH CAROLINA STATE BAR FUNDS**

24 **SECTION 14.3.** Of the funds appropriated in the continuation budget as a
25 grant-in-aid to the North Carolina State Bar for the 2007-2009 biennium, the North
26 Carolina State Bar may in its discretion use up to the sum of five hundred one thousand
27 five hundred dollars (\$501,500) for the 2007-2008 fiscal year and up to the sum of five
28 hundred one thousand five hundred dollars (\$501,500) for the 2008-2009 fiscal year to
29 contract with the Center for Death Penalty Litigation to provide training, consultation,
30 brief banking, and other assistance to attorneys representing indigent capital defendants.
31 The Office of Indigent Defense Services shall report by February 1, 2008, to the Chairs
32 of the House of Representatives and Senate Appropriations Subcommittees on Justice
33 and Public Safety on the activities funded by the grant-in-aid authorized by this section.

34 35 **OFFICE OF INDIGENT DEFENSE SERVICES EXPANSION** 36 **FUNDS/ESTABLISHMENT OF ADDITIONAL PUBLIC DEFENDER** 37 **OFFICES**

38 **SECTION 14.4.(a)** The Judicial Department, Office of Indigent Defense
39 Services, may use up to the sum of two million one hundred ninety-two thousand three
40 hundred fifty dollars (\$2,192,350) in appropriated funds during the 2007-2008 fiscal
41 year and up to the sum of two million eighty-two thousand five hundred ten dollars
42 (\$2,082,510) in appropriated funds during the 2008-2009 fiscal year for the expansion
43 of existing or new public defender offices currently providing legal services to the
44 indigent population under the oversight of the Office of Indigent Defense Services by
45 creating up to 20 new attorney positions and 10 new support staff positions. These funds
46 may be used for salaries, benefits, equipment, and related expenses. Prior to using funds
47 for this purpose, the Office of Indigent Defense Services shall report to the Chairs of the
48 House of Representatives and the Senate Appropriations Subcommittees on Justice and
49 Public Safety on the proposed expansion.

50 **SECTION 14.4.(b)** Notwithstanding the provisions of G.S. 7A-498.7(a), the
51 Indigent Defense Services Commission may establish additional district public defender

1 offices during the 2007-2009 fiscal biennium. Of the funds appropriated in this act to
 2 the Office of Indigent Defense Services, the Office may use up to the sum of one
 3 million five hundred seventy thousand fifty-seven dollars (\$1,570,057) during the
 4 2008-2009 fiscal year to establish these offices. These funds may be used for recurring
 5 and nonrecurring personnel and operating costs in the new offices. No more than the
 6 sum of two hundred twenty-five thousand dollars (\$225,000) may be used for positions
 7 in the Office of Indigent Defense Services directly related to facilitating the
 8 establishment of these offices.

9 The Office of Indigent Defense Services shall report to the Chairs of the
 10 Senate and House Appropriations Subcommittees on Justice and Public Safety and to
 11 the Fiscal Research Division no later than October 1, 2007, on the location and
 12 establishment of the new public defender offices.

13 **SECTION 14.4.(c)** In addition to the new public defender offices
 14 established pursuant to subsection (b) of this section, the Office of Indigent Defense
 15 Services shall use funds from the Indigent Persons Attorney Fee Fund as follows:

- 16 (1) Up to the sum of one million three hundred thirty-five thousand five
 17 hundred forty-three dollars (\$1,335,543) for the 2007-2008 fiscal year
 18 and up to the sum of one million two hundred sixty-four thousand six
 19 hundred seventy-nine dollars (\$1,264,679) for the 2008-2009 fiscal
 20 year to establish Public Defender District 5 as provided for in
 21 subsection (d) of this section.
- 22 (2) Up to the sum of seven hundred eighty-eight thousand two hundred
 23 sixty-four dollars (\$788,264) for the 2007-2008 fiscal year and up to
 24 the sum of seven hundred forty-two thousand four hundred
 25 seventy-seven dollars (\$742,477) for the 2008-2009 fiscal year to
 26 establish Public Defender District 29B as provided for in subsection
 27 (d) of this section.

28 **SECTION 14.4.(d)** G.S. 7A-498.7(a) reads as rewritten:

29 "(a) The following counties of the State are organized into the defender districts
 30 listed below, and in each of those defender districts an office of public defender is
 31 established:

<u>Defender District</u>	<u>Counties</u>
34 1	35 Camden, Chowan, 36 Currituck, Dare, Gates, 37 Pasquotank, Perquimans
38 3A	39 Pitt
40 3B	41 Carteret
42 <u>5</u>	43 <u>New Hanover</u>
44 10	45 Wake
46 12	47 Cumberland
48 14	49 Durham
50 15B	51 Orange, Chatham
16A	Scotland, Hoke
16B	Robeson
18	Guilford
21	Forsyth
26	Mecklenburg
27A	Gaston
28	Buncombe

COLLECTION OF WORTHLESS CHECK FUNDS

SECTION 14.8. Notwithstanding the provisions of G.S. 7A-308(c), the Judicial Department may use any balance remaining in the Collection of Worthless Checks Fund on June 30, 2007, for the purchase or repair of office or information technology equipment during the 2007-2008 fiscal year. Prior to using any funds under this section, the Judicial Department shall report to the Joint Legislative Commission on Governmental Operations and the Chairs of the House of Representatives and Senate Appropriations Subcommittees on Justice and Public Safety on the equipment to be purchased or repaired and the reasons for the purchases.

DISPUTE RESOLUTION FEES

SECTION 14.9. Notwithstanding the provisions of G.S. 143C-1-2(b), certification and renewal fees collected by the Dispute Resolution Commission are non-reverting and are only to be used at the direction of the Commission.

REIMBURSEMENT FOR USE OF PERSONAL VEHICLES

SECTION 14.10. Notwithstanding the provisions of G.S. 138-6(a)(1), the Judicial Department, during the 2007-2009 fiscal biennium, may elect to establish a per-mile reimbursement rate for transportation by privately owned vehicles at a rate less than the business standard mileage rate set by the Internal Revenue Service.

DRUG TREATMENT FUNDS NEED NOT BE GRANTED

SECTION 14.12. Notwithstanding the provisions of G.S. 7A-794 and G.S. 7A-798, funds appropriated to the Judicial Department for the 2007-2009 fiscal biennium for drug treatment courts need not be granted but may be budgeted to support existing and new drug treatment courts in a manner similar to other specialty courts operating within the Judicial Department.

STATE FUNDS NOT TO BE USED FOR TELEPHONE SERVICE

SECTION 14.16.(a) G.S. 7A-302 reads as rewritten:

"§ 7A-302. Counties and municipalities responsible for physical facilities.

In each county in which a district court has been established, courtrooms, office space for juvenile court counselors and support staff as assigned by the Department of Juvenile Justice and Delinquency Prevention, and related judicial facilities (including ~~furniture~~ furniture, properly functioning telephones, and the equipment and infrastructure necessary to support those telephones), as defined in this Subchapter, shall be provided by the county, except that courtrooms and related judicial facilities may, with the approval of the Administrative Officer of the Courts, after consultation with county and municipal authorities, be provided by a municipality in the county. To assist a county or municipality in meeting the expense of providing courtrooms and related judicial facilities, a part of the costs of court, known as the "facilities fee," collected for the State by the clerk of superior court, shall be remitted to the county or municipality providing the facilities."

SECTION 14.16.(b) This section becomes effective July 1, 2008.

OFFICE OF INDIGENT DEFENSE SERVICES/ELECTRONIC FEE SUBMISSION

SECTION 14.17. The Office of Indigent Defense Services, in consultation with the Administrative Office of the Courts, shall study the potential for a statewide system of electronic fee submission and develop a proposal for statewide

1 implementation of such a system. A report on this proposal shall be included as part of
2 the report required under Section 14.5 of this act.

3 4 **REPORT ON COURT SYSTEM PERFORMANCE MEASURES**

5 **SECTION 14.18.** The Administrative Office of the Courts shall develop and
6 implement a system to measure the impact of the funding provided in this act on the
7 operation of the courts. The system shall include uniform performance measures and
8 standards for caseload management and resource allocation, including funding,
9 personnel, technology, and equipment at district and county levels. The Administrative
10 Office of the Courts shall submit an interim status report on the development and
11 implementation of the performance measurement system to the Joint Legislative
12 Commission on Governmental Operations and the Chairs of the Senate and House
13 Appropriations Committees no later than December 31, 2007, and shall submit a final
14 report no later than May 1, 2008.

15 16 **THE OFFICE OF INDIGENT DEFENSE SERVICES MAY COMPENSATE** 17 **ATTORNEYS FOR CERTAIN FILINGS**

18 **SECTION 14.19.(a)** G.S. 7A-451(b) reads as rewritten:

19 "(b) In each of the actions and proceedings enumerated in subsection (a) of this
20 section, entitlement to the services of counsel begins as soon as feasible after the
21 indigent is taken into custody or service is made upon him of the charge, petition, notice
22 or other initiating process. Entitlement continues through any critical stage of the action
23 or proceeding, including, if applicable:

- 24 (1) An in-custody interrogation;
- 25 (2) A pretrial identification procedure which occurs after formal charges
26 have been preferred and at which the presence of the indigent is
27 required;
- 28 (3) A hearing for the reduction of bail, or to fix bail if bail has been earlier
29 denied;
- 30 (4) A probable cause hearing;
- 31 (5) Trial and sentencing; ~~and~~
- 32 (6) Review of any judgment or decree pursuant to G.S. 7A-27, 7A-30(1),
33 7A-30(2), and Subchapter XIV of Chapter 15A of the General
34 ~~Statutes. Statutes;~~
- 35 (7) In a capital case in which a defendant is under a sentence of death,
36 subject to rules adopted by the Office of Indigent Defense Services,
37 review of any judgment or decree rendered on direct appeal by the
38 Supreme Court of North Carolina pursuant to the certiorari jurisdiction
39 of the United States Supreme Court; and
- 40 (8) In a noncapital case, subject to rules adopted by the Office of Indigent
41 Defense Services, review of any judgment or decree rendered on direct
42 appeal by a court of the North Carolina Appellate Division pursuant to
43 the certiorari jurisdiction of the United States Supreme Court, when
44 the judgment or decree:
 - 45 a. Decides an important question of federal law in a way that
46 conflicts with relevant decisions of the United States Supreme
47 Court, a federal Court of Appeals, or the court of last resort of
48 another state;
 - 49 b. Decides an important question of federal law that has not been,
50 but should be, settled by the United States Supreme Court; or

1 c. Decides a question of federal law in the indigent's favor and the
2 judgment or decree is challenged by opposing counsel through
3 an attempt to invoke the certiorari jurisdiction of the United
4 States Supreme Court."

5 **SECTION 14.19.(b)** G.S. 7A-498.8(b) reads as rewritten:

6 (b) The appellate defender shall perform such duties as may be directed by the
7 Office of Indigent Defense Services, including:

- 8 (1) Representing indigent persons subsequent to conviction in trial courts.
9 The Office of Indigent Defense Services may, following consultation
10 with the appellate defender and consistent with the resources available
11 to the appellate defender to ensure quality criminal defense services by
12 the appellate defender's office, assign appeals, or authorize the
13 appellate defender to assign appeals, to a local public defender's office
14 or to private assigned counsel.
- 15 (2) Maintaining a clearinghouse of materials and a repository of briefs
16 prepared by the appellate defender to be made available to private
17 counsel representing indigents in criminal cases.
- 18 (3) Providing continuing legal education training to assistant appellate
19 defenders and to private counsel representing indigents in criminal
20 cases, including capital cases, as resources are available.
- 21 (4) Providing consulting services to attorneys representing defendants in
22 capital cases.
- 23 (5) Recruiting qualified members of the private bar who are willing to
24 provide representation in State and federal death penalty
25 postconviction proceedings.
- 26 (6) In the appellate defender's discretion, serving as counsel of record for
27 indigent defendants in capital cases in State court.
- 28 (6a) In the appellate defender's discretion, serving as counsel of record for
29 indigent defendants in the United States Supreme Court pursuant to a
30 petition for writ of certiorari of the decision on direct appeal by a court
31 of the North Carolina Appellate Division.
- 32 (7) Undertaking other direct representation and consultation in capital
33 cases pending in federal court only to the extent that such work is fully
34 federally funded."
35

36 **ALLOW JURORS TO WAIVE PAYMENT OF PER DIEM FEES AND ALLOW**
37 **THOSE FUNDS TO BE USED TO PROVIDE HUMAN SERVICES WITHIN**
38 **THAT DISTRICT**

39 **SECTION 14.20.(a)** G.S. 7A-312 reads as rewritten:

40 "**§ 7A-312. Uniform fees for jurors; meals.**

41 (a) A juror in the General Court of Justice including a petit juror, or a coroner's
42 juror, but excluding a grand juror, shall receive twelve dollars (\$12.00) for the first day
43 of service and twenty dollars (\$20.00) per day afterwards, except that if any person
44 serves as a juror for more than five days in any 24-month period, the juror shall receive
45 forty dollars (\$40.00) per day for each day of service in excess of five days. A grand
46 juror shall receive twenty dollars (\$20.00) per day. A juror required to remain overnight
47 at the site of the trial shall be furnished adequate accommodations and subsistence. If
48 required by the presiding judge to remain in a body during the trial of a case, meals shall
49 be furnished the jurors during the period of sequestration. Jurors from out of the county
50 summoned to sit on a special venire shall receive mileage at the same rate as State
51 employees.

(b) Notwithstanding subsection (a) of this section, a juror may waive payment of the per diem fees provided for in that subsection. A juror waiving the fee may designate that the fee be used for any of the following services, if such services are provided in the district: (i) client treatment and service programs associated with a drug treatment or DWI treatment court program; (ii) courthouse self-help centers; (iii) courthouse child care centers; (iv) legal aid programs operated by a nonprofit corporation operating within the district; and (v) the Crime Victims Compensation Fund. If no such services are provided within the district, then waived fees are transferred to the Crime Victims Compensation Fund."

SECTION 14.20.(b) This section becomes effective July 1, 2007, and applies to jury service that begins on or after that date.

AUTHORIZE A TRAVEL ALLOWANCE FOR APPELLATE JUDGES WHO RESIDE FIFTY MILES OR MORE FROM RALEIGH

SECTION 14.21.(a) G.S. 7A-10(b) reads as rewritten:

"(b) The Chief Justice and each of the associate justices shall receive the annual salary provided in the Current Operations Appropriations Act. Each justice is entitled to reimbursement for travel and subsistence expenses at the rate allowed State employees ~~generally~~. generally, except that each justice whose permanent residence is at least 50 miles from the City of Raleigh shall be paid a weekly travel allowance for each week the justice travels to the City of Raleigh from the justice's home for business of the court. The allowance shall be calculated for each justice by multiplying the actual round-trip mileage from that justice's home to the City of Raleigh by the rate-per-mile which is the business standard mileage rate set by the Internal Revenue Service in Rev. Proc. 93-51, December 27, 1993."

SECTION 14.21.(b) G.S. 7A-18(a) reads as rewritten:

"(a) The Chief Judge and each associate judge of the Court of Appeals shall receive the annual salary provided in the Current Operations Appropriations Act. Each judge is entitled to reimbursement for travel and subsistence expenses at the rate allowed State employees ~~generally~~. generally, except that each judge whose permanent residence is at least 50 miles from the City of Raleigh shall be paid a weekly travel allowance for each week the judge travels to the City of Raleigh from the judge's home for business of the court. The allowance shall be calculated for each judge by multiplying the actual round-trip mileage from that judge's home to the City of Raleigh by the rate-per-mile which is the business standard mileage rate set by the Internal Revenue Service in Rev. Proc. 93-51, December 27, 1993."

APPORTIONING OF COURT SYSTEM PERSONNEL THROUGH A WORKLOAD FORMULA

SECTION 14.22.(a) G.S. 7A-60(a1) reads as rewritten:

"(a1) The counties of the State are organized into prosecutorial districts, and each district has the counties and the number of full-time assistant district attorneys as prescribed in a workload formula set forth and adopted by the Conference of District Attorneys and recommended to the Administrative Officer of the Courts and minimally set forth in the following table:

Prosecutorial District	Counties	No. of Full-Time Asst. District Attorneys
1	Camden, Chowan, Currituck, Dare, Gates, Pasquotank, Perquimans	11

1	2	Beaufort, Hyde, Martin,	7
2		Tyrrell, Washington	
3	3A	Pitt	11
4	3B	Carteret, Craven, Pamlico	11
5	4	Duplin, Jones, Onslow,	16
6		Sampson	
7	5	New Hanover, Pender	16
8	6A	Halifax	5
9	6B	Bertie, Hertford,	5
10		Northampton	
11	7	Edgecombe, Nash, Wilson	18
12	8	Greene, Lenoir, Wayne	13
13	9	Franklin, Granville,	12
14		Vance, Warren	
15	9A	Person, Caswell	5
16	10	Wake	38
17	11	Harnett, Johnston, Lee	16
18	12	Cumberland	21
19	13	Bladen, Brunswick, Columbus	12
20	14	Durham	15
21	15A	Alamance	10
22	15B	Orange, Chatham	9
23	16A	Scotland, Hoke	6
24	16B	Robeson	13
25	17A	Rockingham	6
26	17B	Stokes, Surry	7
27	18	Guilford	30
28	19A	Cabarrus	8
29	19B	Montgomery, Randolph	8
30	19C	Rowan	7
31	19D	Moore	4
32	20A	Anson, Richmond,	10
33		Stanly	
34	20B	Union	8
35	21	Forsyth	20
36	22	Alexander, Davidson, Davie,	20
37		Iredell	
38	23	Alleghany, Ashe, Wilkes,	7
39		Yadkin	
40	24	Avery, Madison, Mitchell,	6
41		Watauga, Yancey	
42	25	Burke, Caldwell, Catawba	18
43	26	Mecklenburg	49
44	27A	Gaston	14
45	27B	Cleveland,	10
46		Lincoln	
47	28	Buncombe	13
48	29A	McDowell, Rutherford	6
49	29B	Henderson, Polk, Transylvania	7
50	30	Cherokee, Clay, Graham,	11
51		Haywood, Jackson, Macon,	

Swain."

SECTION 14.22.(b) G.S. 7A-102(a) reads as rewritten:

"(a) The numbers and salaries of assistant clerks, deputy clerks, and other employees in the office of each clerk of superior court shall be determined by a workload formula adopted by the Conference of Clerks of Superior Court and recommended to the Administrative Officer of the Courts and after consultation with the clerk concerned. The allocation of deputy and assistant clerks on January 1, 2007, shall not be reduced without prior consent of the clerk concerned. All personnel in the clerk's office are employees of the State. The clerk appoints the assistants, deputies, and other employees in the clerk's office to serve at his or her pleasure. Assistant and deputy clerks shall take the oath of office prescribed for clerks of superior court, conformed to the office of assistant or deputy clerk, as the case may be. Except as provided by subsection (c2) of this section, the job classifications and related salaries of each employee within the office of each superior court clerk shall be subject to the approval of the Administrative Officer of the Courts after consultation with each clerk concerned and shall be subject to the availability of funds appropriated for that purpose by the General Assembly."

SECTION 14.22.(c) G.S. 7A-132 reads as rewritten:

"§ 7A-132. Judges, district attorneys, full-time assistant district attorneys and magistrates for district court districts.

Each district court district shall have one or more judges and one district attorney. Each county within each district shall have at least one magistrate.

For each district the General Assembly ~~shall prescribe~~ determines that the numbers of district judges, ~~and the numbers of full-time assistant district attorneys.~~ For each county within each district the General Assembly ~~shall prescribe a minimum number of magistrates.~~ judges shall be set by a workload formula adopted by the Board of Governors of the Association of District Court Judges and recommended to the Administrative Officer of the Courts. The General Assembly shall prescribe by law the procedures for the initial election of district court judges established under that formula.

SECTION 14.22.(d) G.S. 7A-133(a) reads as rewritten:

"(a) Each district court district shall have the minimum numbers of judges as set forth in the following table:

District	Judges	County
1	5	Camden Chowan Currituck Dare Gates Pasquotank Perquimans
2	4	Martin Beaufort Tyrrell Hyde Washington
3A	5	Pitt
3B	6	Craven Pamlico Carteret

1	4	8	Sampson
2			Duplin
3			Jones
4			Onslow
5	5	8	New Hanover
6			Pender
7	6A	3	Halifax
8	6B	3	Northampton
9			Bertie
10			Hertford
11	7	7	Nash
12			Edgecombe
13			Wilson
14	8	6	Wayne
15			Greene
16			Lenoir
17	9	4	Granville
18			(part of Vance
19			see subsection (b))
20			Franklin
21	9A	2	Person
22			Caswell
23	9B	2	Warren
24			(part of Vance
25			see subsection (b))
26	10	16	Wake
27	11	9	Harnett
28			Johnston
29			Lee
30	12	9	Cumberland
31	13	6	Bladen
32			Brunswick
33			Columbus
34	14	7	Durham
35	15A	4	Alamance
36	15B	5	Orange
37			Chatham
38	16A	3	Scotland
39			Hoke
40	16B	5	Robeson
41	17A	3	Rockingham
42	17B	4	Stokes
43			Surry
44	18	13	Guilford
45	19A	4	Cabarrus
46	19B	7	Montgomery
47			Moore
48			Randolph
49	19C	5	Rowan
50	20A	4	Stanly
51			Anson

1			Richmond
2	20B	1	(part of Union
3			see subsection (b))
4	20C	2	(part of Union
5			see subsection (b))
6	21	9	Forsyth
7	22	9	Alexander
8			Davidson
9			Davie
10			Iredell
11	23	4	Alleghany
12			Ashe
13			Wilkes
14			Yadkin
15	24	4	Avery
16			Madison
17			Mitchell
18			Watauga
19			Yancey
20	25	9	Burke
21			Caldwell
22			Catawba
23	26	18	Mecklenburg
24	27A	7	Gaston
25	27B	5	Cleveland
26			Lincoln
27	28	7	Buncombe
28	29A	3	McDowell
29			Rutherford
30	29B	4	Henderson
31			Polk
32			Transylvania
33	30	6	Cherokee
34			Clay
35			Graham
36			Haywood
37			Jackson
38			Macon
39			Swain."

SECTION 14.22.(e) G.S. 7A-133(c) reads as rewritten:

"(c) Each county shall have the numbers of magistrates determined by a workload formula adopted by the North Carolina Magistrates' Association and recommended to the Administrative Officer of the Courts and additional seats of district court, as set forth in the following table:

	County	Magistrates Min.	Additional Seats of Court
46	Camden	3	
48	Chowan	3	
49	Currituck	4	
50	Dare	6	

1	Gates	2	
2	Pasquotank	5	
3	Perquimans	3	
4	Martin	4	
5	Beaufort	5.05	
6	Tyrrell	3	
7	Hyde	3.5	
8	Washington	4	
9	Pitt	10.5	Farmville
10			Ayden
11	Craven	10	Havelock
12	Pamlico	3	
13	Carteret	9	
14	Sampson	7	
15	Duplin	8	
16	Jones	2	
17	Onslow	11	
18	New Hanover	11	
19	Pender	4.8	
20	Halifax	12	Roanoke
21			Rapids,
22			Scotland Neck
23	Northampton	5.25	
24	Bertie	5	
25	Hertford	6	
26	Nash	9	Rocky Mount
27	Edgecombe	7	Rocky Mount
28	Wilson	7	
29	Wayne	9	Mount Olive
30	Greene	4	
31	Lenoir	7	La Grange
32	Granville	7	
33	Vance	6	
34	Warren	3.5	
35	Franklin	7	
36	Person	4	
37	Caswell	4	
38	Wake	18.5	Apex,
39			Wendell, Fuquay-
40			Varina,
41			Wake Forest
42	Harnett	10	Dunn
43	Johnston	11	Benson,
44			Clayton,
45			Selma
46	Lee	5.5	
47	Cumberland	19	
48	Bladen	5	
49	Brunswick	9	
50	Columbus	9.5	Tabor City
51	Durham	13	

1	Alamance	12	Burlington
2	Orange	9	Chapel Hill
3	Chatham	6	Siler City
4	Scotland	5	
5	Hoke	5	
6	Robeson	15	Fairmont,
7			Maxton,
8			Pembroke,
9			Red Springs,
10			Rowland,
11			St. Pauls
12	Rockingham	9	Reidsville,
13			Eden,
14			Madison
15	Stokes	5	
16	Surry	9	Mt. Airy
17	Guilford	24.4	High Point
18	Cabarrus	9	Kannapolis
19	Montgomery	5	
20	Randolph	10	Liberty
21	Rowan	9	
22	Stanly	6	
23	Union	7	
24	Anson	5	
25	Richmond	6	Hamlet
26	Moore	6.5	Southern
27			Pines
28	Forsyth	15	Kernersville
29	Alexander	4	
30	Davidson	10	Thomasville
31	Davie	4	
32	Iredell	9	Mooresville
33	Alleghany	2	
34	Ashe	4	
35	Wilkes	6	
36	Yadkin	4	
37	Avery	4	
38	Madison	4	
39	Mitchell	4	
40	Watauga	5	
41	Yancey	3	
42	Burke	6.75	
43	Caldwell	7	
44	Catawba	10	Hickory
45	Mecklenburg	26.50	
46	Gaston	17	
47	Cleveland	8	
48	Lincoln	6	
49	Buncombe	15	
50	Henderson	6.5	
51	McDowell	4.5	

1	Polk	4	
2	Rutherford	7	
3	Transylvania	4	
4	Cherokee	4	
5	Clay	2	
6	Graham	2	
7	Haywood	6.75	Canton
8	Jackson	5	
9	Macon	3.5	
10	Swain	3.75"	

11 **SECTION 14.22.(f)** G.S. 7B-1200 reads as rewritten:

12 **"§ 7B-1200. Office of Guardian ad Litem Services established.**

13 There is established within the Administrative Office of the Courts an Office of
 14 Guardian ad Litem Services to provide services in accordance with G.S. 7B-601 to
 15 abused, neglected, or dependent juveniles involved in judicial proceedings and to assure
 16 that all participants in these proceedings are adequately trained to carry out their
 17 responsibilities. Each local program shall consist of volunteer guardians ad litem, at
 18 least one program attorney, ~~a program coordinator who is a paid State employee,~~
 19 program coordinators who are paid State employees in numbers determined by a
 20 workload formula adopted by the Administrative Office of the Courts, and any clerical
 21 staff as the Administrative Office of the Courts in consultation with the local program
 22 deems necessary. The Administrative Office of the Courts shall adopt rules and
 23 regulations necessary and appropriate for the administration of the program."
 24

25 **EXPAND COURT-FUNDED INTERPRETER AUTHORITY**

26 **SECTION 14.23.** G.S. 7A-314(f) reads as rewritten:

27 "(f) In any case in which the Judicial Department is bearing the costs of
 28 representation for a party and that party or a witness for that party does not speak or
 29 understand the English language, and the court appoints a foreign language interpreter
 30 to assist that party or witness, the reasonable fee for the interpreter's services is payable
 31 from funds appropriated to the Administrative Office of the Courts. The court may also
 32 appoint an interpreter, payable from funds appropriated to the Administrative Office of
 33 the Courts, in cases in which an interpreter is necessary to assist the court in the
 34 efficient transaction of business. The appointment and payment shall be made in
 35 accordance with G.S. 7A-343(9c)."
 36

37 **ADD THREE SPECIAL SUPERIOR COURT JUDGES**

38 **SECTION 14.24.** G.S. 7A-45.1 is amended by adding a new subsection to
 39 read:

40 "(a7) Effective January 1, 2008, the Governor may appoint three special superior
 41 court judges to serve terms expiring five years from the date that each judge takes
 42 office. Successors to the special superior court judges appointed pursuant to this
 43 subsection shall be appointed to five-year terms. A special judge takes the same oath of
 44 office and is subject to the same requirements and disabilities as are or may be
 45 prescribed by law for regular judges of the superior court, save the requirement of
 46 residence in a particular district."
 47

48 **STUDY DIVIDING SUPERIOR COURT, DISTRICT COURT, AND**
 49 **PROSECUTORIAL DISTRICTS 24 INTO DISTRICTS 24A AND 24B**

50 **SECTION 14.25.** The Administrative Office of the Court shall study the
 51 dividing of superior court, district court, and prosecutorial districts 24 into districts 24A

1 and 24B as proposed by Senate Bill 1302, 2007 Regular Session, and shall report its
2 recommendations to the General Assembly no later than March 1, 2008.

3
4 **PART XV. DEPARTMENT OF JUSTICE**

5
6 **STATEWIDE AUTOMATED FINGERPRINT SYSTEM REPLACEMENT**
7 **(SAFIS) REPORTS**

8 **SECTION 15.1.** The Department of Justice shall provide two status reports
9 on the implementation of Phase II of SAFIS to the Chairs of the House of
10 Representatives and Senate Appropriations Subcommittees on Justice and Public Safety
11 and the Joint Legislative Commission on Governmental Operations. The first report
12 shall be provided no later than February 1, 2008, and the second report shall be
13 provided no later than May 1, 2008. Each report shall include all of the following:

- 14 (1) A description of the system.
15 (2) A summary of work done with prior year appropriations.
16 (3) A list of all sites that are scheduled to receive new equipment.
17 (4) A list of sites that have already received new equipment.
18 (5) A time line for completion of the project.
19 (6) Expenditures for the year to date.

20
21 **PRIVATE PROTECTIVE SERVICES AND ALARM SYSTEMS LICENSING**
22 **BOARDS PAY FOR USE OF STATE FACILITIES AND SERVICES**

23 **SECTION 15.2.** The Private Protective Services and Alarm Systems
24 Licensing Boards shall pay the appropriate State agency for the use of physical facilities
25 and services provided to those Boards by the State.

26
27 **USE OF SEIZED AND FORFEITED PROPERTY TRANSFERRED TO STATE**
28 **LAW ENFORCEMENT AGENCIES BY THE FEDERAL GOVERNMENT**

29 **SECTION 15.3.(a)** Assets transferred to the Departments of Justice,
30 Correction, and Crime Control and Public Safety during the 2007-2009 fiscal biennium
31 pursuant to applicable federal law shall be credited to the budgets of the respective
32 departments and shall result in an increase of law enforcement resources for those
33 departments. The Departments of Justice, Correction, and Crime Control and Public
34 Safety shall report to the Joint Legislative Commission on Governmental Operations
35 upon receipt of the assets and, before using the assets, shall report on the intended use of
36 the assets and the departmental priorities on which the assets may be expended.

37 **SECTION 15.3.(b)** The General Assembly finds that the use of assets
38 transferred pursuant to federal law for new personnel positions, new projects,
39 acquisition of real property, repair of buildings where the repair includes structural
40 change, and construction of or additions to buildings may result in additional expenses
41 for the State in future fiscal periods. Therefore, the Department of Justice, the
42 Department of Correction, and the Department of Crime Control and Public Safety are
43 prohibited from using these assets for such purposes without the prior approval of the
44 General Assembly.

45 **SECTION 15.3.(c)** Nothing in this section prohibits North Carolina law
46 enforcement agencies from receiving funds from the United States Department of
47 Justice, the United States Department of the Treasury, and the United States Department
48 of Health and Human Services.

49
50 **CERTAIN LITIGATION EXPENSES TO BE PAID BY CLIENTS**

1 **SECTION 15.4.** Client departments, agencies, and boards shall reimburse
2 the Department of Justice for reasonable court fees, attorney travel and subsistence
3 costs, and other costs directly related to litigation in which the Department of Justice is
4 representing the department, agency, or board.

5
6 **REIMBURSEMENT FOR UNC BOARD OF GOVERNORS LEGAL
7 REPRESENTATION**

8 **SECTION 15.5.** The Department of Justice shall be reimbursed by the
9 Board of Governors of The University of North Carolina for two Attorney III positions
10 to provide legal representation to The University of North Carolina System.

11
12 **NC LEGAL EDUCATION ASSISTANCE FOUNDATION REPORT ON FUNDS
13 DISBURSED**

14 **SECTION 15.6.** The North Carolina Legal Education Assistance Foundation
15 shall report by March 1 of each year to the Joint Legislative Commission on
16 Governmental Operations and the Chairs of the House of Representatives and Senate
17 Appropriations Subcommittees on Justice and Public Safety on the expenditure of State
18 funds, the purpose of the expenditures, the number of attorneys receiving funds, the
19 average award amount, the average student loan amount, the number of attorneys on the
20 waiting list, and the average number of years for which attorneys receive loan
21 assistance.

22
23 **HIRING OF SWORN STAFF POSITIONS FOR THE STATE BUREAU OF
24 INVESTIGATION**

25 **SECTION 15.7.** The Department of Justice may hire sworn personnel to fill
26 vacant positions in the State Bureau of Investigation only in the following
27 circumstances: (i) the position's regular responsibilities involve warrant executions,
28 property searches, criminal investigations, or arrest activities that are consistent in
29 frequency with the responsibilities of other sworn agents; (ii) the position is a promotion
30 for a sworn agent who was employed at the State Bureau of Investigation prior to July
31 1, 2007; (iii) the position is a forensic drug chemist position which requires "responding
32 to clandestine methamphetamine laboratories" as a primary duty; (iv) the position is a
33 forensic impressions analyst position which requires "responding to clandestine
34 methamphetamine laboratories" as a primary duty; or (v) the position primarily involves
35 supervising sworn personnel.

36
37 **ACTIONS TO REDUCE MEDICAID FRAUD**

38 **SECTION 15.8.(a)** G.S. 108A-70.11(5) reads as rewritten:

39 "(5) "Medical Assistance Program" means the Medical Assistance Program
40 established pursuant to G.S. 108A-54 and includes the North Carolina
41 Division of Medical Assistance and or its fiscal agent."

42 **SECTION 15.8.(b)** G.S. 108A-70.12(a) reads as rewritten:

43 "**§ 108A-70.12. Liability for certain acts; damages; effect of repayment.**

44 (a) Liability for Certain Acts. – It shall be unlawful for any provider of medical
45 assistance under the Medical Assistance Program to:

- 46 (1) Knowingly present, or cause to be presented to the Medical Assistance
47 Program a false or fraudulent claim for payment or approval; ~~or~~
48 (2) Knowingly make, use, or cause to be made or used a false record or
49 statement to get a false or fraudulent claim paid or approved by the
50 Medical Assistance ~~Program~~Program;

- 1 (3) Conspire to defraud the Medical Assistance Program by getting a false
2 or fraudulent claim allowed or paid; or
3 (4) Knowingly make, use, or cause to be made or used, a false record or
4 statement to conceal, avoid, or decrease an obligation to pay or
5 transmit money or property to the Medical Assistance Program.

6 Each claim presented or caused to be presented in violation of this section is a
7 separate violation."

8 **SECTION 15.8.(c)** G.S. 108A-70.12(b)(1) reads as rewritten:

9 "(b) Damages. –

- 10 (1) Except as provided in subdivision (2) of this subsection, a court shall
11 assess against any provider of medical assistance under the Medical
12 Assistance Program who violates this section a civil penalty of not less
13 than five thousand five hundred dollars ~~(\$5,000)~~ (\$5,500) and not
14 more than ~~ten thousand dollars~~ eleven thousand dollars
15 (\$11,000) plus three times the amount of damages which the ~~Medicaid~~
16 Medical Assistance Program sustained because of the act of the
17 provider.

18 "..."

19 **SECTION 15.8.(d)** Article 2 of Chapter 108A of the General Statutes is
20 amended by adding the following new Part to read:

21 "Part 7A. Civil Action by Private Persons for Provider False Claims.

22 "**§ 108A-70.17. Civil action filed by private persons.**

23 (a) A person may bring a civil action for a violation of G.S. 108A-70.12 on
24 behalf of the person and the State. The action shall be brought in the name of the State.
25 The action may be dismissed only if the court and the Attorney General have given
26 written consent to the dismissal and their reasons for consenting.

27 (b) A copy of the complaint and written disclosure of substantially all material
28 evidence and information the person possesses shall be served on the State. The
29 complaint shall be filed in camera, shall remain under seal for at least 120 days, and
30 shall not be served on the defendant until the court so orders. The State may elect to
31 intervene and proceed with the action within 120 days after it receives both the
32 complaint and the material evidence and information.

33 (c) The State may, for good cause shown, move the court for extensions of the
34 time during which the complaint remains under seal. Any of these motions may be
35 supported by affidavits or other submission in camera. The defendant shall not be
36 required to respond to any complaint filed under this section until 21 days after the
37 complaint is unsealed and served upon the defendant.

38 (d) Before the expiration of the 120-day period or any extensions obtained under
39 subsection (c) of this section, the State shall proceed with the action, in which case the
40 action shall be conducted by the State, or notify the court that it declines to take over the
41 action, in which case the person bringing the action shall have the right to prosecute the
42 action.

43 (e) When a person brings an action under this section, no person other than the
44 State may intervene or bring a related action based on the facts underlying the pending
45 action.

46 "**§ 108A-70.17A. Rights of private plaintiff and State.**

47 (a) If the State proceeds with the action, it shall have the primary responsibility
48 for prosecuting the action and shall not be bound by an act of the person bringing the
49 action. The person bringing the action shall have the right to continue as a party to the
50 action, subject to the limitations of this section.

1 (b) The State may dismiss the action notwithstanding the objections of the person
2 initiating the action if the person has been notified by the State of the filing of the
3 motion, and the court has provided the person with an opportunity for a hearing on the
4 motion.

5 (c) The State may settle the action with the defendant notwithstanding the
6 objections of the person initiating the action if the court determines, after a hearing, that
7 the proposed settlement is fair, adequate, and reasonable under all the circumstances.
8 Upon a showing of good cause, such hearing may be held in camera. The State may, for
9 good cause shown, move the court for a partial lifting of the seal to facilitate the
10 investigative process or settlement.

11 (d) Upon a showing by the State that unrestricted participation during the course
12 of the litigation by the person initiating the action would interfere with or unduly delay
13 the State's prosecution of the case, or would be repetitious, irrelevant, or for purposes of
14 harassment, the court may, in its discretion, impose limitations on the person's
15 participation, such as (i) limiting the number of witnesses the person may call; (ii)
16 limiting the length of the testimony of such witnesses; (iii) limiting the person's
17 cross-examination of witnesses; and (iv) otherwise limiting the participation by the
18 person in the litigation.

19 (e) Upon a showing by the defendant that unrestricted participation during the
20 course of the litigation by the person initiating the action would be for purposes of
21 harassment or would cause the defendant undue burden or unnecessary expense, the
22 court may limit the participation by the person in the litigation.

23 (f) If the State elects not to proceed with the action, the person who initiated the
24 action shall have the right to conduct the action. If the State so requests, it shall be
25 served with copies of all pleadings filed in the action and shall be supplied with copies
26 of all deposition transcripts at the State's expense. When a person proceeds with the
27 action, the court, without limiting the status and rights of the person initiating the action,
28 may nevertheless permit the State to intervene at a later date upon a showing of good
29 cause.

30 (g) Whether or not the State proceeds with the action, upon a showing by the
31 State that certain actions of discovery by the person initiating the action would interfere
32 with the State's investigation or prosecution of a criminal or civil matter arising out of
33 the same facts, the court may stay the discovery for a period of not more than 60 days.
34 The showing by the State shall be conducted in camera. The court may extend the
35 60-day period upon a further showing in camera that the State has pursued the criminal
36 or civil investigation or proceedings with reasonable diligence, and any proposed
37 discovery in the civil action will interfere with the ongoing criminal or civil
38 investigation or proceedings.

39 (h) Notwithstanding G.S. 108A-70.17(b), the State may elect to pursue its claim
40 through any alternate remedy available to the State, including any administrative
41 proceeding to determine a civil money penalty. If an alternate remedy is pursued in
42 another proceeding, the person initiating the action shall have the same rights in the
43 alternate proceeding as the person would have had if the action had continued under this
44 section. Any finding of fact or conclusion of law made in the alternate proceeding that
45 has become final shall be conclusive on all parties to an action under this Part. For
46 purposes of this subsection, a finding or conclusion is final if it has been finally
47 determined on appeal to a court of competent jurisdiction of the State, if the time for
48 filing an appeal with respect to the finding or conclusion has expired, or if the finding or
49 conclusions are not subject to judicial review.

50 **"§ 108A-70.17B. Award to qui tam plaintiff.**

1 (a) Except as otherwise provided in this section, if the State proceeds with an
2 action brought by a person under G.S. 108A-70.17, the person shall receive at least
3 fifteen percent (15%) but not more than twenty-five percent (25%) of the proceeds of
4 the action or settlement of the claim, depending upon the extent to which the person
5 substantially contributed to the prosecution of the action. The plaintiff's share in the
6 proceeds of the action or settlement is administrative costs of the action. Where the
7 action is one that the court finds to be based primarily on disclosures of specific
8 information, other than information proved by the person bringing the action, relating to
9 allegations or transaction in a criminal, civil, or administrative hearing, in a legislative,
10 administrative, or State Auditor's report, hearing, audit, or investigation, or from the
11 news media, the court may award such sums as it considers appropriate, but in no case
12 more than ten percent (10%) of the proceeds of the action, taking into account the
13 significance of the information and the role of the person bringing the action in
14 advancing the case to litigation. The person shall also receive an amount for reasonable
15 expenses that the court finds to have been necessarily incurred, plus reasonable
16 attorneys' fees and costs. All such expenses, fees, and costs shall be awarded against the
17 defendant. A share of the proceeds of an action or settlement of the claim shall not be
18 awarded to the person bringing the action in State court under this Part if the person has
19 received or may receive a share of the proceeds or settlement of an action or claim on
20 the same facts brought in federal court.

21 (b) If the State does not proceed with an action, the person bringing the action or
22 settling the claim shall receive an amount that the court decides is reasonable for
23 collecting the civil penalty and damages. The amount shall be not less than twenty-five
24 percent (25%) and not more than thirty percent (30%) of the proceeds of the action or
25 settlement and shall be paid out of the proceeds. The person shall also receive an
26 amount for reasonable expenses that the court finds to have been necessarily incurred,
27 plus reasonable attorneys' fees and costs. All such expenses, fees, and costs shall be
28 awarded against the defendant.

29 (c) Whether or not the State proceeds with the action, if the court finds that the
30 action was brought by a person who planned and initiated the violation of
31 G.S. 108A-70.12 upon which the action was brought, then the court may, to the extent
32 the court considers appropriate, reduce the share of the proceeds of the action that the
33 person would otherwise receive under subsection (a) or (b) of this section, taking into
34 account the role of that person in advancing the case to litigation and any relevant
35 circumstances pertaining to the violation. If the person bringing the action is convicted
36 of criminal conduct arising from the person's role in the violation of G.S. 108A-70.12,
37 that person shall be dismissed from the civil action and shall not receive any share of the
38 proceeds of the action. The dismissal shall not prejudice the right of the State to
39 continue the action.

40 (d) If the State does not proceed with the action and the person bringing the
41 action conducts the action, the court may award to the defendant its reasonable
42 attorneys' fees and expenses if the defendant prevails in the action and if the court finds
43 that the claim of the person bringing the action was clearly frivolous, clearly vexatious,
44 or brought primarily for purposes of harassment.

45 **"§ 108A-70.17C. Certain actions barred.**

46 (a) No court shall have jurisdiction over an action brought under this Part based
47 on information discovered by a present or former employee of the State during the
48 course of the present or former employee's employment unless that employee first, in
49 good faith, exhausted existing internal procedures for reporting and seeking recovery of
50 the falsely claimed sums through official channels, and unless the State failed to act on
51 the information provided within a reasonable period of time.

1 (b) In no event may a person bring an action under this Part that is based upon
2 allegations or transactions that are the subject of a civil suit or an administrative
3 proceeding in which the State is already a party.

4 (c) No court shall have jurisdiction over an action under this Part based upon the
5 public disclosure of allegations or transactions in a criminal, civil, or administrative
6 hearing, in a legislative, administrative, or State Auditor's report, hearing, audit, or
7 investigation, or from the news media, unless the action is brought by the Attorney
8 General, or the person bringing the action is an original source of the information. For
9 purposes of this section, "original source" means an individual who has direct and
10 independent knowledge of the information on which the allegations are based and has
11 voluntarily provided the information to the State before filing an action under this Part
12 that is based on the information.

13 (d) The State is not liable for expenses a person incurs in bringing an action
14 under this Part.

15 (e) G.S. 108A-70.14 and G.S. 108A-70.15 apply to this Part.

16 **"§ 108A-70.17D. Procedure; statute of limitations.**

17 A civil action under this Part may not be brought (i) more than six years after the
18 date on which the violation is committed, or (ii) more than three years after the date
19 when facts material to the right of the action are known or reasonably should have been
20 known by the official of the State charged with responsibility to act in the
21 circumstances, but in that event no more than 10 years after the date on which the
22 violation is committed, whichever occurs last."

23 **SECTION 15.8.(e)** G.S. 108A-70.15 reads as rewritten:

24 **"§ 108A-70.15. Employee remedies.**

25 (a) In the absence of fraud or malice, no person who furnishes information to
26 officials of the State responsible for investigating false claims violations shall be liable
27 for damages in a civil action for any oral or written statement made or any other action
28 that is necessary to supply information required pursuant to this ~~Part~~. Part or Part 7A of
29 this Article.

30 (b) Any employee of a provider who is discharged, demoted, suspended,
31 threatened, harassed, or in any other manner discriminated against in the terms and
32 conditions of employment by the employee's employer because of lawful acts done by
33 the employee on behalf of the employee or others in furtherance of an action under
34 G.S. ~~108A-70.12~~, 108A-70.12, or Part 7A of this Article, including investigation for,
35 initiation of, testimony for, or assistance in an action filed or to be filed under
36 G.S. ~~108A-70.12~~, 108A-70.12, or Part 7A of this Article, shall be entitled to all relief
37 necessary to make the employee whole. Relief shall include reinstatement with the same
38 seniority status as the employee would have had but for the discrimination, two times
39 the amount of back pay, interest on the back pay, and compensation for any special
40 damages sustained as a result of the discrimination, including litigation costs and
41 reasonable attorneys' fees. An employee may bring an action in the appropriate court for
42 the relief provided in this section."

43 **SECTION 15.8.(f)** Part 6 of Article 2 of Chapter 108A of the General
44 Statutes is amended by adding the following new section to read:

45 **"§ 108A-63.1. Authorized investigative demand procedures.**

46 (a) In any investigation relating to any act or activity involving a violation of
47 G.S. 108A-64, 108A-60, 14-32.1, or 14-32.2, the Attorney General may issue in writing
48 and cause to be served a subpoena:

49 (1) Requiring the production of any records, books, papers, documents,
50 electronic media, or other objects or tangible things, which may be

1 relevant to an authorized law enforcement inquiry, that a person or
2 legal entity may possess or have care, custody, or control; or

3 (2) Requiring a custodian of records to give testimony concerning the
4 production and authentication of the records.

5 (b) A subpoena under this section shall describe the objects required to be
6 produced and shall also prescribe a return date within a reasonable period of time within
7 which the objects can be assembled and made available.

8 (c) Witnesses summoned under this section shall be paid the same fees and
9 mileage that are paid witnesses in the courts of the State.

10 (d) A subpoena issued under this section may be served in the manner provided
11 in Rule 45(b) of the Rules of Civil Procedure, G.S. 1A-1, except that subdivision (2) of
12 subsection (b) of Rule 45(b) does not apply to subpoenas issued under this section.

13 (e) In the case of failure by any person without adequate excuse to obey a
14 subpoena served upon the person, the Attorney General may invoke the aide of any
15 court of this State. The court may issue an order requiring the subpoenaed person to
16 appear before the Attorney General to produce records, if so ordered, or to give
17 testimony concerning the production and authentication of the records. Failure to obey
18 the order of the court may be punished by the court as contempt thereof.

19 (f) Notwithstanding any other State law to the contrary, any person, including
20 officers, agents, and employees, receiving a subpoena under this section, who complies
21 in good faith with the subpoena and thus produces the materials sought, shall not be
22 liable in any court of this State to any customer or other person for the production or for
23 nondisclosure of the production to the customer.

24 (g) Health information about an individual that is disclosed under this section
25 may not be used in, or disclosed to any person for use in, any administrative, civil, or
26 criminal action or investigation directed against the individual who is the subject of the
27 information unless the action or investigation arises out of and is directly related to
28 receipt of health care or payment for health care or action involving a fraudulent claim
29 related to health; or if authorized by an appropriate order of a court of competent
30 jurisdiction, granted after application showing good cause therefor.

31 (1) In assessing good cause under this subsection, the court shall weigh
32 the public interest and the need for disclosure against the injury to the
33 patient, to the physician-patient relationship, and to the treatment
34 services.

35 (2) Upon the granting of an order to disclose, the court, in determining the
36 extent to which any disclosure of all or any part of any record is
37 necessary, shall impose appropriate safeguards against unauthorized
38 disclosure."

39 **SECTION 15.8.(g)** G.S. 108A-63 reads as rewritten:

40 **"§ 108A-63. Medical assistance provider fraud.**

41 (a) It shall be unlawful for any provider of medical assistance under this Part to
42 knowingly and willfully make or cause to be made any false statement or representation
43 of a material fact:

44 (1) In any application for payment under this Part, or for use in
45 determining entitlement to such payment; or

46 (2) With respect to the conditions or operation of a provider or facility in
47 order that such provider or facility may qualify or remain qualified to
48 provide assistance under this Part.

49 (b) It shall be unlawful for any provider of medical assistance to knowingly and
50 willfully conceal or fail to disclose any fact or event affecting:

51 (1) His initial or continued entitlement to payment under this Part; or

1 (2) The amount of payment to which such person is or may be entitled.
2 (c) ~~Any~~ Except as otherwise provided in subsection (e) of this section, any
3 person who violates a provision of this section shall be guilty of a Class I felony.

4 (d) "Provider" shall include any person who provides goods or services under this
5 Part and any other person acting as an employee, representative or agent of such person.

6 (e) It shall be unlawful for any provider of medical assistance under this Part to
7 knowingly and willfully execute, or attempt to execute, a scheme or artifice to:

8 (1) Defraud the Medical Assistance Program; or

9 (2) Obtain, by means of false or fraudulent pretenses, representations or
10 promises, any of the money or property owned by, or under the
11 custody or control of, the Medical Assistance Program,

12 in connection with the delivery of or payment for health care benefits, items, or
13 services. If the value of the health care benefits, items, or services is one hundred
14 thousand dollars (\$100,000) or more, a violation of this subsection is a Class C felony.
15 If the value of the health care benefits, items, or services is less than one hundred
16 thousand dollars (\$100,000), a violation of this subsection is a Class H felony.

17 (f) It shall be unlawful for any person to knowingly and willfully solicit or
18 receive any remuneration (including any kickback, bribe, or rebate) directly or
19 indirectly, overtly or covertly, in cash or in kind:

20 (1) In return for referring an individual to a person for the furnishing or
21 arranging for the furnishing of any item or service for which payment
22 may be made in whole or in part under this Part, or

23 (2) In return for purchasing, leasing, ordering, or arranging for or
24 recommending purchasing, leasing, or ordering any good, facility,
25 service, or item for which payment may be made in whole or in part
26 under this Part.

27 (g) It shall be unlawful for any person to knowingly and willfully offer or pay
28 any remuneration (including any kickback, bribe, or rebate) directly or indirectly,
29 overtly or covertly, in cash or in kind to any person to induce such person:

30 (1) To refer an individual to a person for the furnishing or arranging for
31 the furnishing of any item or service for which payment may be made
32 in whole or in part under this Part, or

33 (2) To purchase, lease, order, or arrange for or recommend purchasing,
34 leasing, or ordering any good, facility, service, or item for which
35 payment may be made in whole or in part under this Part.

36 (h) Subsections (f) and (g) of this section shall not apply to:

37 (1) Contracts between the State and a public or private agency where part
38 of the agency's responsibility is referral of a person to a provider; and

39 (2) Any conduct or activity that does not violate 42 U.S.C. § 1320a-7b(b),
40 and amendments thereto, or is protected by 42 C.F.R. § 1001.952, and
41 amendments thereto."

42 **SECTION 15.8.(h)** This section becomes effective December 1, 2007.

43 **PART XVI. DEPARTMENT OF CRIME CONTROL AND PUBLIC SAFETY**

44 **ANNUAL EVALUATION OF TARHEEL CHALLENGE PROGRAM**

45 **SECTION 16.1.** The Department of Crime Control and Public Safety shall
46 report to the Chairs of the House of Representatives and Senate Appropriations
47 Committees and the Chairs of the House of Representatives and Senate Appropriations
48 Subcommittees on Justice and Public Safety by March 1 of each year of the biennium
49 on the operations and effectiveness of the National Guard Tarheel Challenge Program.
50
51

1 In particular, the Department shall evaluate and report on the Program's effectiveness as
2 an intervention method for preventing juveniles from becoming undisciplined or
3 delinquent and on the Program's role in improving individual skills and employment
4 potential for participants. The report shall also include all of the following:

- 5 (1) The source of referrals for individuals participating in the Program.
- 6 (2) The summary of types of actions or offenses committed by the
7 participants of the Program.
- 8 (3) An analysis outlining the cost of providing services for each
9 participant, including a breakdown of all expenditures related to the
10 administration and operation of the Program and the education and
11 treatment of the Program participants.
- 12 (4) The number of individuals who successfully complete the Program.
- 13 (5) The number of participants who commit offenses after completing the
14 Program.

15 16 **NEW ALE NON-SWORN JOB CLASSIFICATION**

17 **SECTION 16.2.(a)** As recommended by the Fiscal Research Division of the
18 General Assembly in the February 2007 Justification Review, the State Personnel
19 Commission shall develop for review a new non-sworn position classification for the
20 Alcohol Law Enforcement Division of the Department of Crime Control and Public
21 Safety that would supplement the agents that are employed by the Division.

22 **SECTION 16.2.(b)** Prior to the action taken pursuant to subsection (a) of
23 this section, the Office of State Personnel shall review all of the following:

- 24 (1) The Justification Review report.
- 25 (2) Current position descriptions and job classifications.
- 26 (3) Tasks currently performed by ALE field agents in order to determine
27 tasks that could be performed by non-sworn or noncertified personnel.
- 28 (4) Information on other states that use non-sworn staff for inspection,
29 compliance, and education efforts currently performed by North
30 Carolina ALE agents.

31 **SECTION 16.2.(c)** The Office of State Personnel shall report the results of
32 its review in writing to the Joint Legislative Corrections, Crime Control, and Juvenile
33 Justice Oversight Committee and to the State Personnel Commission by February 1,
34 2008. The Office of State Personnel report shall include (i) a detailed description of the
35 new ALE civilian position, including the job classification, a description of all of the
36 duties assigned to the position, and the salary grade for the position, (ii) the estimated
37 number of positions that should be established, and (iii) a time line for further review of
38 the job classification by the State Personnel Commission.

39 40 **ALTERNATIVE FUNDING SOURCE STUDY FOR THE GEOSPATIAL AND** 41 **TECHNOLOGY MANAGEMENT PROGRAM**

42 **SECTION 16.3.** The Department of Crime Control and Public Safety shall
43 study alternative funding sources for the Geospatial and Technology Management
44 Program. By March 1, 2008, the Department shall report the results of this study to the
45 Joint Legislative Corrections, Crime Control, and Juvenile Justice Oversight Committee
46 and the Chairs of the House of Representatives and Senate Appropriations
47 Subcommittees on Justice and Public Safety. This report shall include information about
48 possible federal grant sources and receipt-based funding options from federal, State, and
49 local agencies as well as private industry.

50 51 **USE OF GANG PREVENTION FUNDS**

1 **SECTION 16.5.(a)** Of the funds appropriated in this act to the Department
2 of Crime Control and Public Safety, Governor's Crime Commission, the sum of three
3 million dollars (\$3,000,000) for the 2007-2008 fiscal year shall be used to provide
4 grants for street gang violence prevention, intervention, and suppression programs.

5 **SECTION 16.5.(b)** The Governor's Crime Commission shall develop the
6 criteria for eligibility for these funds. The criteria shall include a matching requirement
7 of twenty-five percent (25%), one-half of which may be in in-kind contributions, and
8 presentation of a written plan for the services to be provided by the funds. Funds shall
9 be available to public and private entities or agencies for juvenile or adult programs that
10 meet the criteria established by the Governor's Crime Commission.

11 **SECTION 16.5.(c)** The Governor's Crime Commission shall report to the
12 Chairs of the House of Representatives and Senate Appropriations Committees and the
13 Chairs of the House of Representatives and Senate Appropriations Subcommittees on
14 Justice and Public Safety by April 15, 2008, on this program. The report shall include
15 all of the following:

- 16 (1) The grant award process.
- 17 (2) A description of each grant awarded.
- 18 (3) The performance criteria for evaluating grant programs.
- 19 (4) A list of State grants awarded in the 2007 grant cycle.

20 21 **REPORTS ON THE EXPANSION OF THE ALCOHOL LAW ENFORCEMENT** 22 **DIVISION'S AUTOMATED SYSTEMS**

23 **SECTION 16.6.** The Department of Crime Control and Public Safety shall
24 report to the Chairs of the House of Representatives and Senate Appropriations
25 Subcommittees on Justice and Public Safety and to the Chairs of the Joint Legislative
26 Corrections, Crime Control, and Juvenile Justice Oversight Committee by February 1
27 and May 1, 2008, on the status of the expansion of the Alcohol Law Enforcement
28 Division's automated systems for administrative and field processes. Each report shall
29 include all of the following:

- 30 (1) A description of the Division's automated systems.
- 31 (2) A list of prior and ongoing automation projects.
- 32 (3) A summary of work done with funds received.
- 33 (4) A time line for completion of new and ongoing projects.
- 34 (5) A list of expenditures to date.
- 35 (6) Program performance/efficiencies achieved with expanded
36 automation.

37 38 **STUDY CONSOLIDATION OF GIS MAPPING PROGRAMS**

39 **SECTION 16.7.(a)** The Office of State Budget and Management shall study
40 the feasibility and desirability of consolidating GIS mapping programs that are currently
41 located in separate State agencies into a single, unified program. Specifically, the study
42 shall do all of the following:

- 43 (1) Identify every State agency that has a GIS mapping program.
- 44 (2) Determine how each agency that has a GIS mapping program uses the
45 maps it develops.
- 46 (3) Determine the format in which each State agency that has a GIS
47 mapping program stores data and the manner in which that data is
48 accessed.
- 49 (4) Determine the feasibility and desirability of consolidating GIS
50 mapping programs into a single, unified program.

1 **SECTION 16.7.(b)** The Office of State Budget and Management shall
2 submit a written report of its findings and recommendations to the House of
3 Representatives and Senate Appropriations Committees and to the Joint Legislative
4 Commission on Governmental Operations by March 1, 2008.

5 6 **STUDY GANG ACTIVITY**

7 **SECTION 16.8.(a)** The Governor's Crime Commission shall study gang
8 activity in North Carolina. In its study, the Governor's Crime Commission shall do all
9 of the following:

- 10 (1) Assess gang activity in communities known to have gangs.
- 11 (2) Consult with the Department of Correction to assess gang activity in
12 the State's prisons.
- 13 (3) Consult with the Department of Public Instruction, Department of
14 Justice, and the Department of Correction on any gang prevention
15 initiatives they have in place or administered in the past.
- 16 (4) Summarize significant gang prevention, intervention, and suppression
17 programs that have been administered by local law enforcement, State
18 agencies, local governments, and community-based organizations, and
19 evaluate those programs for effectiveness.
- 20 (5) Review accepted best practices in gang prevention and evaluate
21 whether or not increasing penalties will mitigate gang activity.
- 22 (6) Project the growth of gang activity over the next five years and
23 identify the locations where that growth is expected to occur.
- 24 (7) Provide recommendations on ways of using State and local resources
25 to improve the effectiveness of future gang prevention initiatives.

26 **SECTION 16.8.(b)** The Governor's Crime Commission shall report on the
27 study's findings and recommendations by March 15, 2008, to the Joint Legislative
28 Corrections, Crime Control, and Juvenile Justice Oversight Committee and the Chairs
29 of the House of Representatives and Senate Appropriations Subcommittees on Justice
30 and Public Safety.

31 32 **PART XVII. DEPARTMENT OF CORRECTION**

33 34 **MUTUAL AGREEMENT PAROLE PROGRAM**

35 **SECTION 17.1.** The Department of Correction and the Post-Release
36 Supervision and Parole Commission shall report by March 1 of each year to the Chairs
37 of the House of Representatives and Senate Appropriations Subcommittees on Justice
38 and Public Safety and to the Joint Legislative Corrections, Crime Control, and Juvenile
39 Justice Oversight Committee on the number of inmates enrolled in the program, the
40 number completing the program and being paroled, and the number who enrolled but
41 were terminated from the program. The information should be based on the previous
42 calendar year.

43 44 **INMATE ROAD SQUADS AND LITTER CREWS**

45 **SECTION 17.2.** Of the funds appropriated to the Department of
46 Transportation in this act, the sum of eleven million three hundred thousand dollars
47 (\$11,300,000) per year shall be transferred by the Department to the Department of
48 Correction during the 2007-2008 and 2008-2009 fiscal years for the cost of operating
49 medium custody inmate road squads, as authorized by G.S. 148-26.5, and minimum
50 custody inmate litter crews. This transfer shall be made quarterly in the amount of two
51 million eight hundred twenty-five thousand dollars (\$2,825,000). The Department of

1 Transportation may use funds appropriated in this act to pay an additional amount
2 exceeding the eleven million three hundred thousand dollars (\$11,300,000), but those
3 payments shall be subject to negotiations among the Department of Transportation, the
4 Department of Correction, and the Office of State Budget and Management prior to
5 payment by the Department of Transportation.

6 The Office of State Budget and Management shall conduct a study, in
7 consultation with the Department of Correction and the Department of Transportation,
8 to determine the actual cost and cost/benefit of operating medium custody road squads
9 and minimum custody litter crews. The Office of State Budget and Management shall
10 report the results of this study to the Joint Legislative Corrections, Crime Control, and
11 Juvenile Justice Oversight Committee and to the Joint Legislative Transportation
12 Oversight Committee by March 1, 2008. The study shall include a recommendation on
13 whether or not the amount transferred from the Department of Transportation to the
14 Department of Correction should be increased or decreased.

15 **ALCOHOL AND CHEMICAL DEPENDENCY PROGRAM REPORT**

16 **SECTION 17.3.(a)** G.S. 143B-262.3 reads as rewritten:

17 **"§ 143B-262.3. Reports to the General Assembly.**

18 (a) The Department of Correction shall report by March 1 of each year to the
19 Chairs of the Senate and House Appropriations Committees and the Chairs of the
20 Senate and House Appropriations Subcommittees in Justice and Public Safety on their
21 efforts to provide effective treatment to offenders with substance abuse problems. The
22 report shall include:

- 23 (1) Details of any new initiatives and expansions or reduction of
24 programs;
- 25 (2) Details on any treatment efforts conducted in conjunction with other
26 departments;
- 27 (3) Utilization of the DART/DWI program, including its aftercare
28 program;
- 29 (4) ~~Progress in the development on an offender and inmate tracking and
30 program evaluation system; and~~
- 31 (5) ~~A report on the number of current inmates with substance abuse
32 problems, the numbers currently receiving treatment, and the numbers
33 who have completed treatment. As an offender and inmate tracking
34 system becomes operational, this report shall also include information
35 on the recidivism of inmates who have previously completed substance
36 abuse treatment and been released from prison.~~
- 37 (6) Statistical information on the number of current inmates with
38 substance abuse problems that require treatment, the number of
39 treatment slots, the number who have completed treatment, and a
40 comparison of available treatment slots to actual utilization rates. The
41 report shall include this information for each DOC funded program;
42 and
- 43 (7) Evaluation of each substance abuse treatment program funded by the
44 Department of Correction. Evaluation measures shall include reduction
45 in alcohol and drug dependency, improvements in disciplinary and
46 infraction rates, recidivism (defined as return-to-prison rates), and
47 other measures of the programs' success.

48 (b) ~~The Department shall also report to the Chairs of the Senate and House of
49 Representatives Appropriations Subcommittees on Justice and Public Safety by May 1,
50 2004, and by February 1 annually beginning in 2005, on the average caseloads of
51~~

1 ~~Community Service Work Program coordinators, by district, division, and statewide.~~
2 ~~The report shall also include the money collected, the type and value of the work~~
3 ~~performed, and the number of offenders in the Community Service Work Program, by~~
4 ~~type of referral (i.e. parole, supervised probation, unsupervised probation or community~~
5 ~~punishment, DWI, or any other agency referrals)."~~

6 **SECTION 17.3.(b)** During the 2007-2009 fiscal biennium, the Department
7 of Correction evaluation effort shall focus mainly on evaluation of the long-term
8 residential programs operated by the Department of Correction through private contract
9 and those operated directly by the Department of Correction. The evaluation
10 component of the March 1, 2008, annual report shall be primarily a status report and
11 provide only preliminary information on the evaluation of the residential program. The
12 final evaluation report shall be included in the March 1, 2009, annual report.

13 14 **INMATE CONSTRUCTION PROGRAM**

15 **SECTION 17.4.** Funding authorized in this act is intended to increase
16 participation in the Inmate Construction Program in order to improve inmate job skills
17 and reduce recidivism. By April 1, 2008, the Department of Correction shall report to
18 the Joint Legislative Corrections, Crime Control, and Juvenile Justice Oversight
19 Committee and the House and Senate Appropriations Subcommittees on Justice and
20 Public Safety on the Inmate Construction Program. The report shall summarize the
21 2007-2008 Inmate Construction Program projects, including a description of each
22 project, the number of inmate workers, and the estimated total cost of the project
23 compared to the cost if the project was conducted without inmate workers. The report
24 shall also estimate the number of inmate workers that will be used in the program
25 during the 2008-2009 fiscal year.

26 27 **FEDERAL GRANT REPORTING**

28 **SECTION 17.5.** The Department of Correction, the Department of Justice,
29 the Department of Crime Control and Public Safety, the Judicial Department, and the
30 Department of Juvenile Justice and Delinquency Prevention shall report by May 1 of
31 each year to the Joint Legislative Commission on Governmental Operations, the Chairs
32 of the House of Representatives and Senate Appropriations Committees, and the Chairs
33 of the House of Representatives and Senate Appropriations Subcommittees on Justice
34 and Public Safety on federal grant funds received or preapproved for receipt by those
35 departments. The report shall include information on the amount of grant funds received
36 or preapproved for receipt by each department, the use of the funds, the State match
37 expended to receive the funds, and the period to be covered by each grant. If the
38 department intends to continue the program beyond the end of the grant period, the
39 department shall report on the proposed method for continuing the funding of the
40 program at the end of the grant period. Each department shall also report on any
41 information it may have indicating that the State will be requested to provide future
42 funding for a program presently supported by a local grant.

43 44 **REIMBURSE COUNTIES FOR HOUSING AND EXTRAORDINARY** 45 **MEDICAL COSTS FOR INMATES, PAROLEES, AND POST-RELEASE** 46 **SUPERVISEES AWAITING TRANSFER TO STATE PRISON SYSTEM**

47 **SECTION 17.6.** Notwithstanding G.S. 143C-6-9, the Department of
48 Correction may use funds available to the Department for the 2007-2009 biennium to
49 pay the sum of forty dollars (\$40.00) per day as reimbursement to counties for the cost
50 of housing convicted inmates, parolees, and post-release supervisees awaiting transfer to
51 the State prison system, as provided in G.S. 148-29. The Department shall report

1 quarterly to the Joint Legislative Commission on Governmental Operations, the Joint
2 Legislative Corrections, Crime Control, and Juvenile Justice Oversight Committee, the
3 Chairs of the House of Representatives and Senate Appropriations Committees, and the
4 Chairs of the House of Representatives and Senate Appropriations Subcommittees on
5 Justice and Public Safety on the expenditure of funds to reimburse counties for
6 prisoners awaiting transfer and on its progress in reducing the jail backlog.

7 8 **USE OF CLOSED PRISON FACILITIES**

9 **SECTION 17.7.** In conjunction with the closing of prison facilities,
10 including small expensive prison units recommended for consolidation by the
11 Government Performance Audit Committee, the Department of Correction shall consult
12 with the county or municipality in which the unit is located, with the elected State and
13 local officials, and with State agencies about the possibility of converting that unit to
14 other use. The Department may also consult with any private for-profit or nonprofit firm
15 about the possibility of converting the unit to other use. In developing a proposal for
16 future use of each unit, the Department shall give priority to converting the unit to other
17 criminal justice use. Consistent with existing law and the future needs of the
18 Department of Correction, the State may provide for the transfer or the lease of any of
19 these units to counties, municipalities, State agencies, or private firms wishing to
20 convert them to other use. The Department of Correction may also consider converting
21 some of the units recommended for closing from one security custody level to another,
22 where that conversion would be cost-effective. A prison unit under lease to a county
23 pursuant to the provisions of this section for use as a jail is exempt for the period of the
24 lease from any of the minimum standards adopted by the Secretary of Health and
25 Human Services pursuant to G.S. 153A-221 for the housing of adult prisoners that
26 would subject the unit to greater standards than those required of a unit of the State
27 prison system.

28 Prior to any transfer or lease of these units, the Department of Correction
29 shall report on the terms of the proposed transfer or lease to the Joint Legislative
30 Commission on Governmental Operations and the Joint Legislative Corrections, Crime
31 Control, and Juvenile Justice Oversight Committee. The Department of Correction shall
32 also provide annual summary reports to the Joint Legislative Commission on
33 Governmental Operations and the Joint Legislative Corrections, Crime Control, and
34 Juvenile Justice Oversight Committee on the conversion of these units to other use and
35 on all leases or transfers entered into pursuant to this section.

36 37 **LIMIT USE OF OPERATIONAL FUNDS**

38 **SECTION 17.8.** Funds appropriated in this act to the Department of
39 Correction for operational costs for additional facilities shall be used for personnel and
40 operating expenses set forth in the budget approved by the General Assembly in this act.
41 These funds shall not be expended for any other purpose, except as provided for in this
42 act, and shall not be expended for additional prison personnel positions until the new
43 facilities are within 120 days of projected completion, except that the Department may
44 establish critical positions prior to 120 days of completion representing no more than
45 twenty percent (20%) of the total estimated number of positions.

46 47 **ENERGY COMMITTED TO OFFENDERS/CONTRACT AND REPORT**

48 **SECTION 17.9.** The Department of Correction may continue to contract
49 with Energy Committed To Offenders, Inc., for the purchase of prison beds for
50 minimum security female inmates during the 2007-2009 biennium. Energy Committed
51 To Offenders, Inc., shall report by February 1 of each year to the Joint Legislative

1 Commission on Governmental Operations on the annual cost per inmate and the average
2 daily inmate population compared to bed capacity using the same methodology as that
3 used by the Department of Correction.

4 5 **INMATE MEDICAL COSTS**

6 **SECTION 17.10.** Notwithstanding the provisions of G.S. 143C-6-9, the
7 Department of Correction may use funds available during the 2007-2009 biennium for
8 the inmate medical program if expenditures are projected to exceed the Department's
9 inmate medical continuation budget. The Department shall consult with the Joint
10 Legislative Commission on Governmental Operations prior to exceeding the
11 continuation budget amount.

12 13 **PAROLE ELIGIBILITY REPORT**

14 **SECTION 17.11.(a)** The Post-Release Supervision and Parole Commission
15 shall, with the assistance of the North Carolina Sentencing and Policy Advisory
16 Commission and the Department of Correction, analyze the amount of time each inmate
17 who is eligible for parole on or before July 1, 2008, has served compared to the time
18 served by offenders under Structured Sentencing for comparable crimes. The
19 Commission shall determine if the person has served more time in custody than the
20 person would have served if sentenced to the maximum sentence under the provisions
21 of Article 81B of Chapter 15A of the General Statutes. The "maximum sentence", for
22 the purposes of this section, shall be calculated as set forth in subsection (b) of this
23 section.

24 **SECTION 17.11.(b)** For the purposes of this section, the following rules
25 apply for the calculation of the maximum sentence:

- 26 (1) The offense upon which the person was convicted shall be classified as
27 the same felony class as the offense would have been classified if
28 committed after the effective date of Article 81B of Chapter 15A of
29 the General Statutes.
- 30 (2) The minimum sentence shall be the maximum number of months in
31 the presumptive range of minimum durations in Prior Record Level VI
32 of G.S. 15A-1340.17(c) for the felony class determined under
33 subdivision (1) of this subsection. The maximum sentence shall be
34 calculated using G.S. 15A-1340.17(d), (e), or (e1).
- 35 (3) If a person is serving sentences for two or more offenses that are
36 concurrent in any respect, then the offense with the greater
37 classification shall be used to determine a single maximum sentence
38 for the concurrent offenses. The fact that the person has been
39 convicted of multiple offenses may be considered by the Commission
40 in making its determinations under subsection (a) of this section.

41 **SECTION 17.11.(c)** The Commission shall report to the Joint Legislative
42 Corrections, Crime Control, and Juvenile Justice Oversight Committee and to the
43 Chairs of the House of Representatives and Senate Appropriations Committees, and the
44 Chairs of the House of Representatives and Senate Appropriations Subcommittees on
45 Justice and Public Safety by April 1, 2008. The report shall include the following: the
46 class of the offense for which each parole-eligible inmate was convicted and whether an
47 inmate had multiple criminal convictions. The Commission shall reinstate the parole
48 review process for each offender who has served more time than that person would have
49 under Structured Sentencing as provided by subsections (a) and (b) of this section.

50 The Commission shall also report on the number of parole-eligible inmates
51 reconsidered in compliance with this section and the number who were actually paroled.

FEDERAL GRANT MATCHING FUNDS

SECTION 17.12. Notwithstanding the provisions of G.S. 143C-6-9, the Department of Correction may use up to the sum of one million two hundred thousand dollars (\$1,200,000) during the 2007-2008 fiscal year from funds available to the Department to provide the State match needed in order to receive federal grant funds. Prior to using funds for this purpose, the Department shall report to the Chairs of the House of Representatives and Senate Appropriations Subcommittees on Justice and Public Safety and the Joint Legislative Commission on Governmental Operations on the grants to be matched using these funds.

REPORTS ON NONPROFIT PROGRAMS

SECTION 17.13.(a) Funds appropriated in this act to the Department of Correction to support the programs of Harriet's House may be used for program operating costs, the purchase of equipment, and the rental of real property to serve women released from prison with children in their custody. Harriet's House shall report by February 1 of each year to the Joint Legislative Corrections, Crime Control, and Juvenile Justice Oversight Committee and the Chairs of the House of Representatives and Senate Appropriations Subcommittees on Justice and Public Safety on the expenditure of State appropriations and on the effectiveness of the program, including information on the number of clients served, the number of clients who successfully complete the Harriet's House program, and the number of clients who have been rearrested within three years of successfully completing the program. The report shall provide financial and program data for the complete fiscal year prior to the year in which the report is submitted. The financial report shall identify all funding sources and amounts.

SECTION 17.13.(b) Summit House shall report by February 1 of each year to the Joint Legislative Corrections, Crime Control, and Juvenile Justice Oversight Committee and the Chairs of the House of Representatives and Senate Appropriations Subcommittees on Justice and Public Safety on the expenditure of State appropriations and on the effectiveness of the program, including information on the number of clients served, the number of clients who have had their probation revoked, the number of clients who successfully complete the program while housed at Summit House, Inc., and the number of clients who have been rearrested within three years of successfully completing the program. The report shall provide financial and program data for the complete fiscal year prior to the year in which the report is submitted. The financial report shall identify all funding sources and amounts.

SECTION 17.13.(c) Women at Risk shall report by February 1 of each year to the Joint Legislative Corrections, Crime Control, and Juvenile Justice Oversight Committee and the Chairs of the House of Representatives and Senate Appropriations Subcommittees on Justice and Public Safety on the expenditure of State funds and on the effectiveness of the program, including information on the number of clients served, the number of clients who have had their probation revoked, the number of clients who have successfully completed the program, and the number of clients who have been rearrested within three years of successfully completing the program. The report shall provide financial and program data for the complete fiscal year prior to the year in which the report is submitted. The financial report shall identify all funding sources and amounts.

SECTION 17.13.(d) Our Children's Place shall report by February 1, 2008, to the Joint Legislative Corrections, Crime Control, and Juvenile Justice Oversight Committee and the Chairs of the House of Representatives and Senate Appropriations

1 Subcommittees on Justice and Public Safety on the status of the planning, design, and
2 construction of Our Children's Place, the proposed program components and evaluation
3 measures, and on the projected number of inmates and their children to be served. The
4 report shall also provide financial data, including the expenditure of State funds and all
5 funding sources and amounts.

6
7 **REPORT ON ELECTRONIC MONITORING PROGRAM/USE OF GLOBAL**
8 **POSITIONING SYSTEMS FOR SEX OFFENDERS**

9 **SECTION 17.14.** The Department of Correction shall report by March 1 of
10 each year to the Chairs of the House and Senate Appropriations Committees, the Chairs
11 of the House of Representatives and Senate Appropriations Subcommittees on Justice
12 and Public Safety, and the Joint Legislative Corrections, Crime Control, and Juvenile
13 Justice Oversight Committee on the following:

- 14 (1) The number of sex offenders enrolled on active and passive GPS
15 monitoring.
- 16 (2) The caseloads of probation officers assigned to GPS-monitored sex
17 offenders.
- 18 (3) The number of violations.
- 19 (4) The number of absconders.
- 20 (5) The projected number of offenders to be enrolled by the end of the
21 2007-2008 fiscal year and the end of the 2008-2009 fiscal year.
- 22 (6) The total cost of the program, including a per-offender cost.

23
24 **CRIMINAL JUSTICE PARTNERSHIP**

25 **SECTION 17.15.(a)** Notwithstanding the provisions of G.S. 143B-273.15
26 specifying that grants to participating counties are for the full fiscal year and that
27 unobligated funds are returned to the State-County Criminal Justice Partnership
28 Account at the end of the grant period, the Department of Correction may reallocate
29 unspent or unclaimed funds distributed to counties participating in the State-County
30 Criminal Justice Partnership Program in an effort to maintain the level of services
31 realized in previous fiscal years.

32 **SECTION 17.15.(b)** The Department of Correction may not deny funds to a
33 county to support both a residential program and a day reporting center if the
34 Department of Correction determines that the county has a demonstrated need and a
35 fully developed plan for each type of sanction.

36 **SECTION 17.15.(c)** The Department of Correction shall report by March 1
37 of each year to the Chairs of the House of Representatives and Senate Appropriations
38 Committees, the House of Representatives and Senate Appropriations Subcommittees
39 on Justice and Public Safety, and the Joint Legislative Corrections, Crime Control, and
40 Juvenile Justice Oversight Committee on the status of the State-County Criminal Justice
41 Partnership Program. The report shall include the following information:

- 42 (1) The amount of funds carried over from the prior fiscal year;
- 43 (2) The dollar amount and purpose of grants awarded to counties as
44 discretionary grants for the current fiscal year;
- 45 (3) Any counties the Department anticipates will submit requests for new
46 implementation grants;
- 47 (4) An update on efforts to ensure that all counties make use of the
48 electronic reporting system, including the number of counties
49 submitting offender participation data via the system;
- 50 (5) An analysis of offender participation data received, including data on
51 each program's utilization and capacity;

- 1 (6) An analysis of comparable programs prepared by the Division of
2 Research and Planning, Department of Correction, including a
3 comparison of programs in each program type on selected outcome
4 measures developed by the Division of Community Corrections in
5 consultation with the Fiscal Research Division and the Division of
6 Research and Planning, and a summary of the reports prepared by
7 county Criminal Justice Partnerships Advisory Boards;
- 8 (7) A review of whether each sentenced offender program is meeting
9 established program goals developed by the Division of Community
10 Corrections in consultation with the Division of Research and Planning
11 and the State Criminal Justice Partnership Advisory Board;
- 12 (8) The number of community offenders and intermediate offenders
13 served by each county program;
- 14 (9) The amount of Criminal Justice Partnership funds spent on community
15 offenders and intermediate offenders; and
- 16 (10) A short description of the services and programs provided by each
17 partnership, including who the service providers are and the amount of
18 funds each service provider receives.

19 **SECTION 17.15.(d)** The Research and Planning Division of the Department
20 of Correction shall review national best practice programs for community corrections
21 and recommend whether the types of programs currently being funded should continue
22 to be funded, and whether alternative programs should be funded if a county wants to
23 expand sanction options. The Division shall report on its review by March 1 of each
24 year to the Chairs of the House of Representatives and Senate Appropriations
25 Committees, the House of Representatives and Senate Appropriations Subcommittees
26 on Justice and Public Safety, and the Joint Legislative Corrections, Crime Control, and
27 Juvenile Justice Oversight Committee.

28 **REPORT ON PROBATION AND PAROLE CASELOADS**

29 **SECTION 17.16.(a)** The Department of Correction shall report by March 1
30 of each year to the Chairs of the House of Representatives and Senate Appropriations
31 Subcommittees on Justice and Public Safety and the Joint Legislative Corrections,
32 Crime Control, and Juvenile Justice Oversight Committee on caseload averages for
33 probation and parole officers. The report shall include:

- 34 (1) Data on current caseload averages for Probation Parole Officer I,
35 Probation Parole Officer II, and Probation Parole Officer III positions;
- 36 (2) An analysis of the optimal caseloads for these officer classifications;
- 37 (3) An assessment of the role of surveillance officers;
- 38 (4) The number and role of paraprofessionals in supervising low-risk
39 caseloads;
- 40 (5) An update on the Department's implementation of the
41 recommendations contained in the National Institute of Correction
42 study conducted on the Division of Community Corrections in 2004;
- 43 (6) The selection of a risk assessment and the resulting distribution of
44 offenders among risk levels; and
- 45 (7) Any position reallocations in the previous 12 months, and the reasons
46 for and fiscal impact of those reallocations.

47 **SECTION 17.16.(b)** The Department of Correction shall conduct a study of
48 probation/parole officer workload at least biannually. The study shall include analysis of
49 the type of offenders supervised, the distribution of the probation/parole officers' time
50 by type of activity, the caseload carried by the officers, and comparisons to practices in
51

1 other states. The study shall be used to determine whether the caseload goals established
2 by the Structured Sentencing Act are still appropriate, based on the nature of the
3 offenders supervised and the time required to supervise those offenders.

4 **SECTION 17.16.(c)** The Department of Correction shall report the results of
5 the study and recommendations for any adjustments to caseload goals to the House of
6 Representatives and Senate Appropriations Subcommittees on Justice and Public Safety
7 by January 1, 2009.
8

9 **COMMUNITY SERVICE WORK PROGRAM**

10 **SECTION 17.17.** The Department of Correction shall report to the Chairs of
11 the House of Representatives and Senate Appropriations Subcommittees on Justice and
12 Public Safety by February 1 of each year on the integration of the Community Service
13 Work Program into the Division of Community Corrections, including the Department's
14 ability to monitor the collection of offender payments from unsupervised offenders
15 sentenced to community service. The Department shall also report to the Chairs of the
16 House of Representatives and Senate Appropriations Subcommittees on Justice and
17 Public Safety by February 1 of each year on the average caseloads of Community
18 Service Work Program coordinators, by district, division, and statewide. The report
19 shall also include the money collected, the type and value of the work performed, and
20 the number of offenders in the Community Service Work Program, by type of referral
21 (i.e. parole, supervised probation, unsupervised probation or community punishment,
22 DWI, or any other agency referrals).
23

24 **PART XVIII. DEPARTMENT OF JUVENILE JUSTICE AND DELINQUENCY** 25 **PREVENTION**

26 **SUPPORT OUR STUDENTS ADMINISTRATIVE COST LIMITS**

27 **SECTION 18.1.** Of the funds appropriated to the Department of Juvenile
28 Justice and Delinquency Prevention in this act, not more than five hundred thousand
29 dollars (\$500,000) for the 2007-2008 fiscal year and not more than five hundred
30 thousand dollars (\$500,000) for the 2008-2009 fiscal year may be used to administer the
31 Support Our Students (S.O.S.) Program, to provide technical assistance to applicants
32 and to local S.O.S. programs, and to evaluate the local S.O.S. programs. The
33 Department may contract with appropriate public or nonprofit agencies to provide the
34 technical assistance, including training and related services.
35
36

37 **JCPC GRANT REPORTING AND CERTIFICATION**

38 **SECTION 18.2.(a)** On or before April 1 each year, the Department of
39 Juvenile Justice and Delinquency Prevention shall submit to the Joint Legislative
40 Commission on Governmental Operations and the Appropriations Committees of the
41 Senate and House of Representatives a list of the recipients of the grants awarded, or
42 preapproved for award, from funds appropriated to the Department for local Juvenile
43 Crime Prevention Council grants. The list shall include for each recipient the amount of
44 the grant awarded, the membership of the local committee or council administering the
45 award funds on the local level, and a short description of the local services, programs, or
46 projects that will receive funds. The list shall also identify any programs that received
47 grant funds at one time but for which funding has been eliminated by the Department of
48 Juvenile Justice and Delinquency Prevention. A written copy of the list and other
49 information regarding the projects shall also be sent to the Fiscal Research Division of
50 the General Assembly.

1 **SECTION 18.2.(b)** Each county in which local programs receive Juvenile
2 Crime Prevention Council grant funds from the Department of Juvenile Justice and
3 Delinquency Prevention shall certify annually through its local council to the
4 Department that funds received are not used to duplicate or supplant other programs
5 within the county.

6 **SECTION 18.2.(c)** G.S. 143B-519 reads as rewritten:

7 "**§ 143B-519. Annual report.**

8 (a) On or before April 1 each year, beginning with the year 2001, the Department
9 shall report to the General Assembly on the effectiveness and cost benefit of every
10 program operated and contracted by the Department and a summary of the local
11 programs that receive State funding. The report shall include the most current
12 institutional populations of juveniles being served by the Department, a comparison of
13 the costs of the services, and a ranking of all programs that provide services to
14 juveniles. The Department shall submit the report to the various State agencies
15 providing services to juveniles.

16 (b) On or before April 1 each year, the Department shall report to the Chairs of
17 the Appropriations Committees of the Senate and House of Representatives, the Chairs
18 of the Joint Legislative Corrections, Crime Control, and Juvenile Justice Oversight
19 Committee, and the Fiscal Research Division on the following:

20 (1) The effectiveness of programs that receive Juvenile Crime Prevention
21 Council grant funds and that serve juveniles who have been
22 adjudicated delinquent or who have been diverted for delinquent
23 offenses. The standards used to evaluate these programs shall include
24 methods for measuring success factors following intervention and shall
25 include those factors that:

- 26 a. Reduce the use of alcohol or controlled substances.
27 b. Reduce subsequent complaints.
28 c. Reduce violations of terms of community supervision.
29 d. Reduce convictions for subsequent offenses.
30 e. Fulfill restitution to victims.
31 f. Increase parental accountability.

32 (2) The number of diverted and adjudicated juveniles served.

33 (3) The specific methods used by the Juvenile Crime Prevention Councils
34 to determine services, programs, and intervention strategies most
35 likely to change behaviors of juvenile offenders.

36 (4) The total cost for each funded program, including the cost per juvenile
37 and the essential elements of the program.

38 (5) An assessment of the extent to which programs funded by Juvenile
39 Crime Prevention Council grants:

- 40 a. Are compatible with research that shows prevention and early
41 intervention strategies that are effective with juvenile offenders.
42 b. Are outcome-based in that the grantee describes what outcomes
43 will be achieved or what outcomes have already been achieved.
44 c. Include an evaluation component.
45 d. Have a demonstrable impact on success factors.
46 e. Detect gang participation and divert individuals from gang
47 participation."

48 **SECTION 18.2.(d)** The Department shall withhold the fourth quarter
49 payment for local Juvenile Crime Prevention Council grants pending receipt of the
50 annual effectiveness report required by subsection (c) of this section.
51

REPORTS ON CERTAIN PROGRAMS

SECTION 18.3.(a) Project Challenge North Carolina, Inc., shall report to the Department of Juvenile Justice and Delinquency Prevention and the Chairs of the House of Representatives and Senate Appropriations Subcommittees on Justice and Public Safety by April 1 each year on the operation and the effectiveness of its program in providing alternative dispositions and services to juveniles who have been adjudicated delinquent or undisciplined. The report shall include information on:

- (1) The source of referrals for juveniles.
- (2) The types of offenses committed by juveniles participating in the program.
- (3) The amount of time those juveniles spend in the program.
- (4) The number of juveniles who successfully complete the program.
- (5) The number of juveniles who commit additional offenses after completing the program.
- (6) The program's budget and expenditures, including all funding sources.

SECTION 18.3.(b) The Juvenile Assessment Center shall report to the Chairs of the House of Representatives and Senate Appropriations Subcommittees on Justice and Public Safety and the Joint Legislative Corrections, Crime Control, and Juvenile Justice Oversight Committee on the effectiveness of the Center by April 1 each year. The report shall include information on the number of juveniles served and an evaluation of the effectiveness of juvenile assessment plans and services provided as a result of these plans. In addition, the report shall include information on the Center's budget and expenditures, including all funding sources.

ANNUAL EVALUATION OF COMMUNITY PROGRAMS

SECTION 18.4. The Department of Juvenile Justice and Delinquency Prevention shall conduct an evaluation of the Eckerd and Camp Woodson wilderness camp programs, the teen court programs, the program that grants funds to the local organizations of the Boys and Girls Clubs established pursuant to Section 21.10 of S.L. 1999-237, the Support Our Students Program, the Governor's One-on-One Programs, and multipurpose group homes. The teen court report shall include statistical information on the number of juveniles served, the number and type of offenses considered by teen courts, referral sources for teen courts, and the number of juveniles that become court-involved after participation in teen courts. The report on the Boys and Girls Clubs program shall include information on:

- (1) The expenditure of State appropriations on the program;
- (2) The operations and the effectiveness of the program; and
- (3) The number of juveniles served under the program.

In conducting the evaluation of each of these programs, the Department shall consider whether participation in each program results in a reduction of court involvement among juveniles. The Department shall also identify whether the programs are achieving the goals and objectives of the Juvenile Justice Reform Act, S.L. 1998-202. The Department shall report the results of the evaluation to the Joint Legislative Corrections, Crime Control, and Juvenile Justice Oversight Committee, the Chairs of the House of Representatives and Senate Appropriations Committees and the Chairs of the Subcommittees on Justice and Public Safety of the House of Representatives and Senate Appropriations Committees by March 1 of each year.

STATE FUNDS MAY BE USED AS FEDERAL MATCHING FUNDS

SECTION 18.5. Funds appropriated in this act to the Department of Juvenile Justice and Delinquency Prevention for the 2007-2008 fiscal year may be used as

1 matching funds for the Juvenile Accountability Incentive Block Grants. If North
2 Carolina receives Juvenile Accountability Incentive Block Grants, or a notice of funds
3 to be awarded, the Office of State Budget and Management and the Governor's Crime
4 Commission shall consult with the Department of Juvenile Justice and Delinquency
5 Prevention regarding the criteria for awarding federal funds. The Office of State Budget
6 and Management, the Governor's Crime Commission, and the Department of Juvenile
7 Justice and Delinquency Prevention shall report to the Appropriations Committees of
8 the House of Representatives and Senate and the Joint Legislative Commission on
9 Governmental Operations prior to allocation of the federal funds. The report shall
10 identify the amount of funds to be received for the 2007-2008 fiscal year, the amount of
11 funds anticipated for the 2008-2009 fiscal year, and the allocation of funds by program
12 and purpose.

13 14 **REPORTING ON TREATMENT STAFFING MODEL AT YOUTH** 15 **DEVELOPMENT CENTERS**

16 **SECTION 18.6.(a)** The Department of Juvenile Justice and Delinquency
17 Prevention shall continue quarterly reporting during the 2007-2008 fiscal year to the
18 Chairs of the House of Representatives and Senate Appropriations Subcommittees on
19 Justice and Public Safety and the Joint Legislative Corrections, Crime Control, and
20 Juvenile Justice Oversight Committee on the implementation of the treatment staffing
21 model at Samarkand and Stonewall Jackson Youth Development Centers, including the
22 latest results of the evaluation of the pilot treatment staffing models at the Centers and
23 the progress in implementing the model at other youth development centers.

24 **SECTION 18.6.(b)** The Department shall implement the staffing treatment
25 model presented to the Joint Legislative Corrections, Crime Control, and Juvenile
26 Justice Oversight Committee as part of the Department's November 14, 2006, report
27 regarding the joint use with the Department of Correction of the Swannanoa Youth
28 Development Center campus.

29 The staffing levels of the new youth development centers shall be capped at
30 66 staff for a 32-bed facility and 198 staff for the 96-bed facility for the 2007-2009
31 fiscal biennium. Staffing ratios shall be no more than 2.1 staff per every juvenile
32 committed at every other existing youth development center.

33 **SECTION 18.6.(c)** In the April 1, 2008, report, the Department shall include
34 a recommendation on whether the staffing and budget for youth development centers
35 should be modified to reflect the results of the pilot treatment programs.

36 37 **PROGRESS REPORTS ON YOUTH DEVELOPMENT CENTER CAPITAL** 38 **PROJECTS**

39 **SECTION 18.7.** The Department of Juvenile Justice and Delinquency
40 Prevention shall report quarterly during the 2007-2009 fiscal biennium, beginning
41 October 1, 2007, to the Chairs of the House of Representatives and Senate
42 Appropriations Subcommittees on Justice and Public Safety and to the Joint Legislative
43 Corrections, Crime Control, and Juvenile Justice Oversight Committee on the
44 Department's progress in the planning, design, and construction of new youth
45 development centers. The report shall include:

- 46 (1) An overall project schedule for each new youth development center
47 showing the original estimated date for construction completion and
48 the original estimated date for occupancy by juvenile offenders,
49 compared to the latest projected dates.
- 50 (2) An explanation of significant delays in the schedule or any potential
51 cost increase.

1 The Office of State Construction and the Capital Improvement Section of the
2 Office of State Budget and Management shall assist the Department of Juvenile Justice
3 and Delinquency Prevention in the preparation of the report required by this section.
4

5 **STUDY OF STATE DETENTION CENTERS**

6 **SECTION 18.8.** The Department of Juvenile Justice and Delinquency
7 Prevention shall study the nine juvenile detention centers that are operated by the State.
8 For each of the facilities, the review shall include:

- 9 (1) Recent admission trends and projections of future population.
- 10 (2) The offense history and assessed needs of the population.
- 11 (3) Whether staffing levels are appropriate for the number and types of
12 offenders housed in the facility.
- 13 (4) Whether the center has adequate housing capacity.
- 14 (5) Determine the repair and renovation needs and estimate the cost of any
15 repairs or renovations.
- 16 (6) The estimated cost to plan, design, and construct new detention
17 centers, if appropriate.
- 18 (7) Information on security and control of the facility, including assaults,
19 escapes, and infractions.

20 The Department shall report its findings to the Joint Legislative Corrections,
21 Crime Control, and Juvenile Justice Oversight Committee and to the Chairs of the
22 House of Representatives and the Senate Appropriations Subcommittees on Justice and
23 Public Safety no later than March 1, 2008.
24

25 **YOUTH DEVELOPMENT CENTER SCHOLARSHIPS**

26 **SECTION 18.9.** Funds appropriated to the North Carolina Community
27 College Foundation during the 2003-2004 fiscal year in S.L. 2003-284 for community
28 college scholarships for students who have completed their commitment to a Youth
29 Development Center and who have obtained a high school diploma or its equivalent are
30 hereby transferred to the Department of Juvenile Justice and Delinquency Prevention.
31 The Department of Juvenile Justice and Delinquency Prevention shall administer the
32 community college scholarship program described in this section.
33

34 **REPORT ON ECKERD FAMILY FOCUS ON REHABILITATIVE 35 TREATMENT (EFFORT) PROJECT**

36 **SECTION 18.10.** The Department and Eckerd Family Youth Alternatives,
37 Inc., shall report by April 1, 2008, and quarterly thereafter to the Chairs of the House of
38 Representatives and Senate Appropriations Subcommittees on Justice and Public Safety
39 and to the Joint Legislative Corrections, Crime Control, and Juvenile Justice Oversight
40 Committee on the progress of the Eckerd Family Focus on Rehabilitative Treatment
41 (EFFORT) project. The report shall include lessons learned from the EFFORT project,
42 staff assignments by shift, and implementation of the therapeutic model.
43

44 **PROGRESS REPORT ON JOINT USE BY THE DEPARTMENT OF 45 CORRECTION AND THE DEPARTMENT OF JUVENILE JUSTICE AND 46 DELINQUENCY PREVENTION OF THE SWANNANOVA VALLEY YOUTH 47 DEVELOPMENT CENTER**

48 **SECTION 18.11.** The Department of Juvenile Justice and Delinquency
49 Prevention and the Department of Correction shall report quarterly during the
50 2007-2009 fiscal biennium, beginning October 1, 2007, to the Chairs of the House of
51 Representatives and Senate Appropriations Subcommittees on Justice and Public Safety

1 and to the Joint Legislative Corrections, Crime Control, and Juvenile Justice Oversight
2 Committee on the joint use by both departments of the Swannanoa Valley Youth
3 Development Center. The report shall include an explanation of significant delays in
4 converting the Swannanoa Valley Youth Development Center into a facility that
5 functions as an adult female correctional center as well as a youth development center
6 and any cost increase related to that conversion.

7
8 **PART XIX. DEPARTMENT OF ADMINISTRATION**

9
10 **REDESIGNATION OF THE GOVERNOR'S ADVOCACY COUNCIL FOR**
11 **PERSONS WITH DISABILITIES**

12 **SECTION 19.1.(a)** Part 14A of Article 9 of Chapter 143B of the General
13 Statutes is repealed.

14 **SECTION 19.1.(b)** Pursuant to the Developmental Disabilities Assistance
15 and Bill of Rights Act, the Governor shall redesignate the operation and function of the
16 Governor's Advocacy Council for Persons with Disabilities from the Department of
17 Administration to a nongovernmental entity. The Governor shall follow the federal
18 statutory procedure for redesignation found at 45 C.F.R. § 1386.20, with a target
19 transfer date of July 1, 2007.

20 **SECTION 19.1.(c)** G.S. 120-123(3) is repealed.

21 **SECTION 19.1.(d)** G.S. 122A-5.11(a)(5) reads as rewritten:

22 "(a) The Housing Coordination and Policy Council shall consist of 15
23 representatives, as follows:

24 ...

25 (5) One member of the ~~Governor's Advocacy Council for Persons with~~
26 ~~Disabilities~~ State protection and advocacy agency designated under the
27 Developmental Disabilities Assistance and Bill of Rights Act 2000,
28 P.L. 106-402, who is familiar with the housing needs of the disabled.

29"

30 **SECTION 19.1.(e)** G.S. 122C-31(b) reads as rewritten:

31 "(b) Upon receipt of notification from a facility in accordance with subsection (a)
32 of this section, the Secretary shall notify the ~~Governor's Advocacy Council for Persons~~
33 ~~With Disabilities~~ State protection and advocacy agency designated under the
34 Developmental Disabilities Assistance and Bill of Rights Act 2000, P.L. 106-402, that a
35 person with a disability has died. The Secretary shall provide the ~~Council~~ agency
36 access to the information about each death reported pursuant to subsection (a) of this
37 section, including information resulting from any investigation of the death by the
38 Department and from reports received from the Chief Medical Examiner pursuant to
39 G.S. 130A-385. The ~~Council~~ agency shall use the information in accordance with its
40 powers and duties under ~~G.S. 143B-403.1~~ and applicable State and federal law and
41 regulations."

42 **SECTION 19.1.(f)** G.S. 122C-31(e) reads as rewritten:

43 "(e) Nothing in this section abrogates State or federal law or requirements
44 pertaining to the confidentiality, privilege, or other prohibition against disclosure of
45 information provided to the Secretary or the ~~Council~~ agency. In carrying out the
46 requirements of this section, the Secretary and the ~~Council~~ agency shall adhere to State
47 and federal requirements of confidentiality, privilege, and other prohibitions against
48 disclosure and release applicable to the information received under this section. A
49 facility or provider that makes available confidential information in accordance with
50 this section and with State and federal law is not liable for the release of the
51 information."

1 **SECTION 19.1.(g)** G.S. 131D-10.6B(b) reads as rewritten:

2 "(b) Upon receipt of notification from a facility in accordance with subsection (a)
3 of this section, the Department shall notify the ~~Governor's Advocacy Council for~~
4 ~~Persons With Disabilities State protection and advocacy agency designated under the~~
5 ~~Developmental Disabilities Assistance and Bill of Rights Act 2000, P.L. 106-402~~, that a
6 person with a disability has died. The Department shall provide the ~~Council-agency~~
7 access to the information about each death reported to the ~~Council-agency~~ pursuant to
8 subsection (a) of this section, including information resulting from any investigation of
9 the death by the Department, and from reports received from the Chief Medical
10 Examiner pursuant to G.S. 130A-385. The ~~Council-agency~~ shall use the information in
11 accordance with its powers and duties under ~~G.S. 143B-403.1~~ and applicable State and
12 federal law and regulations."

13 **SECTION 19.1.(h)** G.S. 131D-10.6B(d) reads as rewritten:

14 "(d) Nothing in this section abrogates State or federal law or requirements
15 pertaining to the confidentiality, privilege, or other prohibition against disclosure of
16 information provided to the Department or the ~~Council-agency~~. In carrying out the
17 requirements of this section, the Department and the ~~Council-agency~~ shall adhere to
18 State and federal requirements of confidentiality, privilege, and other prohibitions
19 against disclosure and release applicable to the information received under this section.
20 A facility or provider that makes available confidential information in accordance with
21 this section and with State and federal law is not liable for the release of the
22 information."

23 **SECTION 19.1.(i)** G.S. 131D-34.1(b) reads as rewritten:

24 "(b) Upon receipt of notification from an adult care home in accordance with
25 subsection (a) of this section, the Department of Health and Human Services shall notify
26 the ~~Governor's Advocacy Council for Persons With Disabilities State protection and~~
27 ~~advocacy agency designated under the Developmental Disabilities Assistance and Bill~~
28 ~~of Rights Act 2000, P.L. 106-402~~, that a person with a disability has died. The
29 Department shall provide the ~~Council-agency~~ access to the information about each
30 death reported pursuant to subsection (a) of this section, including information resulting
31 from any investigation of the death by the Department and from reports received from
32 the Chief Medical Examiner pursuant to G.S. 130A-385. The ~~Council-agency~~ shall use
33 the information in accordance with its powers and duties under ~~G.S. 143B-403.1~~ and
34 applicable State and federal law and regulations."

35 **SECTION 19.1.(j)** G.S. 131D-34.1(d) reads as rewritten:

36 "(d) Nothing in this section abrogates State or federal law or requirements
37 pertaining to the confidentiality, privilege, or other prohibition against disclosure of
38 information provided to the Department or the ~~Council-agency~~. In carrying out the
39 requirements of this section, the Department and the ~~Council-agency~~ shall adhere to
40 State and federal requirements of confidentiality, privilege, and other prohibitions
41 against disclosure and release applicable to the information received under this section.
42 A facility or provider that makes available confidential information in accordance with
43 this section and with State and federal law is not liable for the release of the
44 information."

45 **SECTION 19.1.(k)** Not later than May 1, 2008, the Department of
46 Administration and the Office of State Personnel shall report to the House
47 Appropriations Subcommittee on General Government and the Senate Appropriations
48 Subcommittee on General Government on the placement or compensation of all State
49 employees affected by the redesignation of the Governor's Advocacy Council for
50 Persons with Disabilities.

1 **SECTION 19.1.(f)** This section is effective on the effective date of the
2 redesignation and transfer of the operation and function of the Governor's Advocacy
3 Council for Persons with Disabilities from the Department of Administration to a
4 nongovernmental entity under the Developmental Disabilities Assistance and Bill of
5 Rights Act 2000, P.L. 106-402. Any funds appropriated to the Governor's Advocacy
6 Council for Persons with Disabilities revert to the General Fund on that date.

7
8 **SEXUAL ASSAULT/RAPE CRISIS CENTER FUNDING**

9 **SECTION 19.2.(a)** The Department of Administration, the Council for
10 Women, and the Domestic Violence Commission shall distribute funds to the North
11 Carolina Coalition Against Sexual Assault and to rape crisis centers. To receive funds,
12 rape crisis centers shall meet the following criteria:

- 13 (1) Operate as a private, nonprofit organization or a local unit of
14 government applying for a rape crisis center that has provided basic
15 services, as defined by the Council for Women and the Domestic
16 Violence Commission, for a one-year period before the date of
17 application;
- 18 (2) Have a mission statement that clearly specifies rape crisis services are
19 provided;
- 20 (3) Act in support of victims of rape or sexual assault by providing
21 assistance to ensure victims' interests are represented in law
22 enforcement and legal proceedings and support and referral services
23 are provided in medical and community settings; and
- 24 (4) Provide a 24-hour crisis hotline.

25 **SECTION 19.2.(b)** Grant funds allocated from the General Fund to the
26 Department of Administration, the Council for Women and the Domestic Violence
27 Commission for rape crisis shall be distributed in two equal shares. The North Carolina
28 Coalition Against Sexual Assault and rape crisis centers whose services are confined to
29 rape crisis and sexual assault services shall be allocated the sum of fifty thousand
30 dollars (\$50,000) in each year of the 2007-2009 biennium. Organizations that contain
31 rape crisis services in addition to domestic violence services or other support services
32 shall receive an equal share of remaining funds in each year of the 2007-2009 biennium.

33
34
35 **TRANSFER OF STATE ENERGY OFFICE AND ENERGY GRANT**
36 **PROGRAM**

37 **SECTION 19.3.(a)** The State Energy Office is transferred to the State
38 Construction Office in the Department of Administration, except for the administration
39 of the energy grant program. This transfer shall have all of the elements of a Type I
40 transfer, as defined in G.S. 143A-6. The energy grant program of the State Energy
41 Office is transferred to the Department of Environment and Natural Resources as
42 provided in this section. The Department of Environment and Natural Resources, Office
43 of the Secretary, shall administer the energy grant program and the supporting positions
44 for the grant program. Six positions shall be eliminated as a result of the transfer of the
45 State Energy Office to the State Construction Office and the administration of the
46 energy grant program by the Department of Environment and Natural Resources.

47 **SECTION 19.3.(b)** G.S. 143-58.4(b) reads as rewritten:

48 "(b) Establish Program. – The State ~~Energy—Construction~~ Office of the
49 Department, in cooperation with State departments, institutions, and agencies, shall
50 establish and administer an energy credit banking and selling program to allow State
51 departments, institutions, and agencies to use moneys generated by the sale of EPAct

1 credits to purchase alternative fuel, develop alternative fuel refueling infrastructure, and
2 purchase AFVs for use by State departments, institutions, and agencies. Each State
3 department, institution, and agency shall provide the State ~~Energy-Construction~~ Office
4 with all vehicle fleet information necessary to determine the number of EPAAct credits
5 generated annually by the State. The State ~~Energy-Construction~~ Office may sell credits
6 in any manner that is in accordance with the provisions of the Energy Policy Act."

7 **SECTION 19.3.(c)** G.S. 143-64.11 reads as rewritten:

8 **"§ 143-64.11. Definitions.**

9 For purposes of this Article:

10 ...

11 (2a) ~~"Energy Office" means the State Energy Office of the Department of~~
12 ~~Administration.~~

13 ...

14 (8a) "State Construction Office" means the State Construction Office of the
15 Department of Administration."

16 **SECTION 19.3.(d)** G.S. 143-64.17F reads as rewritten:

17 **"§ 143-64.17F. State agencies to use contracts when feasible; rules;**
18 **recommendations.**

19 (a) State governmental units shall evaluate the use of guaranteed energy savings
20 contracts in reducing energy costs and may use those contracts when feasible and
21 practical.

22 (b) The Department of Administration, through the State ~~Energy-Construction~~
23 Office, shall adopt rules for: (i) agency evaluation of guaranteed energy savings
24 contracts; (ii) establishing time periods for consideration of guaranteed energy savings
25 contracts by the Office of State Budget and Management, the Office of the State
26 Treasurer, and the Council of State, and (iii) setting measurements and verification
27 criteria, including review, audit, and precertification. Prior to adopting any rules
28 pursuant to this section, the Department shall consult with and obtain approval of those
29 rules from the State Treasurer.

30 (c) The Department of Administration, through the State ~~Energy-Construction~~
31 Office, may provide to the Council of State its recommendations concerning any energy
32 savings contracts being considered."

33 **SECTION 19.3.(e)** G.S. 143-64.17H reads as rewritten:

34 **"§ 143-64.17H. Report on guaranteed energy savings contracts entered into by**
35 **State governmental units.**

36 A State governmental unit that enters into a guaranteed energy savings contract must
37 report the contract and the terms of the contract to the State ~~Energy-Construction~~ Office
38 of the Department of Administration within 30 days of the date the contract is entered
39 into. In addition, within 60 days after each annual anniversary date of a guaranteed
40 energy savings contract, the State governmental unit must report the status of the
41 contract to the State ~~Energy-Construction~~ Office, including any details required by the
42 State ~~Energy-Construction~~ Office. The State ~~Energy-Construction~~ Office shall compile
43 the information for each fiscal year and report it to the Joint Legislative Commission on
44 Governmental Operations and to the Local Government Commission annually by
45 December 1. In compiling the information, the State ~~Energy-Construction~~ Office shall
46 include information on the energy savings expected to be realized from a contract and
47 shall evaluate whether expected savings have in fact been realized."

48 **SECTION 19.3.(f)** G.S. 113B-6(5) is repealed.

49 **SECTION 19.3.(g)** Part 3 of Article 36 of Chapter 143 of the General
50 Statutes is recodified as Article 29 of Subchapter VII of Chapter 113 and reads as
51 rewritten:

"Subchapter VII. Energy.**"Part 3. Article 29.**

"Energy Improvement Loan Program.

"§ 143-345.16, 113-425. Short title.

This ~~Part~~ ~~Article~~ shall be known as the Energy Improvement Loan Program.

"§ 143-345.17, 113-426. Legislative findings and purpose.

The General Assembly finds and declares that it is in the best interest of the citizens of North Carolina to promote and encourage energy efficiency within the State in order to conserve energy, promote economic competitiveness, and expand employment in the State.

"§ 143-345.18, 113-427. Lead agency; powers and duties.

(a) For the purposes of this ~~Part~~, ~~Article~~, the Department of ~~Administration~~, ~~State Energy Office~~, ~~Environment and Natural Resources~~ is designated as the lead State agency in matters pertaining to ~~energy efficiency~~. the Energy Improvement Loan Program.

(b) The Department shall have the following powers and duties with respect to this Part:

- (1) To provide industrial and commercial concerns doing business in North Carolina, local governmental units, and nonprofit organizations operating in North Carolina with information and assistance in undertaking energy conserving capital improvement projects to enhance efficiency.
- (2) To ~~establish~~ maintain a revolving ~~fund~~ within fund, located in the Department of ~~Administration~~, for the purpose of providing secured loans in amounts not greater than five hundred thousand dollars (\$500,000) per entity to install energy-efficient capital improvements (i) within businesses or nonprofit organizations located within or translocating to North Carolina, and (ii) within local governmental units. In providing these loans, priority shall be given to entities already located in the State.
- (2a) To develop and adopt rules to allow State-regulated financial institutions to provide secured loans to corporate entities, nonprofit organizations, and local governmental units in accordance with terms and criteria established by the Department.
- (3) To work with appropriate State and federal agencies to develop and implement rules and regulations to facilitate this program.

(c) The annual interest rate charged for the use of the funds from the revolving fund established pursuant to subdivision (b)(2) of this section shall be three percent (3%) per annum, excluding other fees required for loan application review and origination. The term of any loan originated under this section may not be greater than 10 years.

(c1) Notwithstanding subsection (c) of this section, the Department shall adopt rules to allow loans to be made from the revolving loan fund and by State-regulated financial institutions at interest rates as low as one percent (1%) per annum for certain energy efficient and conservation projects such as recycling and renewable energy to encourage their development and use.

(d) In accordance with the terms of the Stripper Well Settlement, administrative expenses for activities under this section shall be limited to five percent (5%) of funds appropriated for this purpose.

(e) For purposes of this section:

- 1 (1) "Local governmental unit" means any board or governing body of a
2 political subdivision of the State, including any board of a community
3 college, any school board, or an agency, commission, or authority of a
4 political subdivision of the State.
5 (2) "Nonprofit organization" means an organization that is exempt from
6 federal income taxation under section 501(c)(3) of the Internal
7 Revenue Code."

8 **SECTION 19.3.(h)** The Department of Environment and Natural Resources
9 may adopt rules pursuant to G.S. 113-427(b)(3) that are substantively identical to the
10 rules adopted by the Department of Administration, State Energy Office, regarding the
11 Energy Improvement Loan Program.

12 **SECTION 19.3.(i)** Subchapter VII of Chapter 113 of the General Statutes,
13 as enacted in this section, is amended by adding a new Article to read:

14 "Article 30.

15 "Energy Improvement Grants.

16 **"§ 113-430. Awarding grants; Energy Policy Council approval required.**

17 (a) The Department of Environment and Natural Resources shall administer all
18 continuing grants awarded prior to July 1, 2007, by the Department of Administration,
19 State Energy Office, except grants for the State Energy Savings Program, the State
20 Utility Savings Initiative, or grants to update the State Energy Plan and shall administer
21 and shall adopt rules and procedures for awarding future grants for energy conservation,
22 research, or efficiency. Prior to awarding any grant under this Article, the Department of
23 Administration must verify sufficient funds are available. The Energy Policy Council
24 shall approve all grants awarded under this Article and shall direct the Department of
25 Administration to issue funds for the grants.

26 (b) The Department may apply for and accept grants of money from any federal
27 agency or any public or private sources to carry out the purposes of this Article.

28 (c) Existing grant funds and new grant funds shall be administered by the
29 Department, but all funds shall be located in and distributed by the Department of
30 Administration."

31 **SECTION 19.3.(j)** G.S. 113B-11 reads as rewritten:

32 **"§ 113B-11. Powers and authority.**

33 ...

34 (c) The Council shall have authority to ~~apply for and~~ utilize grants,
35 ~~contributions~~ contributions and appropriations in order to carry out its duties as defined
36 in Articles 1 and 2 of this Chapter, provided, however, that all such applications and
37 requests are made through and administered by the Department of Administration.

38 ...

39 (e1) The Council shall review applications for grants for energy conservation,
40 research, or efficiency, under Article 30 of Chapter 113 of the General Statutes, and
41 shall approve, approve in part, or disapprove the applications."

42 **SECTION 19.3.(k)** The Department shall develop a Strategic Plan for
43 Energy Grants to set forth the proposed criteria and guidelines to award and administer
44 future grants. The plan shall include the proposed distribution of grant funds for energy
45 purposes, which may include energy efficiency, renewable energy, alternative fuels, and
46 energy conservation. The Department shall submit the plan to the Energy Policy
47 Council and to the Chairs of the House Appropriations Committee and the Chairs of the
48 Senate Appropriations Committee no later than November 1, 2007. After consultation
49 with the House and Senate Appropriation Chairs, the Energy Policy Council shall
50 approve the plan no later than March 1, 2008. The plan shall be approved prior to any
51 new grants being awarded.

STATE EMPLOYEE PARKING CHANGES

SECTION 19.4.(a) Section 4 of S.L. 2006-231 is repealed.

SECTION 19.4.(b) The Department of Administration shall immediately cease the construction of a new parking facility in the City of Raleigh that had been authorized by Section 4 of S.L. 2006-231.

SECTION 19.4.(c) The Department of Administration shall no longer provide reserved spaces for State employee parking in the City of Raleigh Downtown Complex except for parking decks located belowground and parking lots with fewer than 30 employee spaces. The Department shall overbook parking decks or parking lots by no more than fifteen percent (15%). State employees who work in the City of Raleigh Downtown Complex shall be given priority over State employees whose offices are located outside of this complex and those who use service vehicles.

SECTION 19.4.(d) The Department may use funds from parking revenues that are in excess of parking system expense requirements to subsidize up to half the cost of vanpools and shall provide preferred parking to vanpools.

SECTION 19.4.(e) The Office of State Budget and Management, in consultation with the Department of Administration, shall study the overall plan for State employee parking in the City of Raleigh. As part of the study, the Office of State Budget and Management shall consider the use of alternative transportation to increase car pools, vanpools, use of park and ride lots, and city and county transit options. The Office of State Budget and Management shall report its findings and recommendations to the Senate Appropriations Committee on General Government and the House of Representatives Appropriations Subcommittee on General Government and Information Technology by May 1, 2008.

PART XX. OFFICE OF THE STATE CONTROLLER**OVERPAYMENTS AUDIT**

SECTION 20.1.(a) During the 2007-2009 biennium, receipts generated by the collection of inadvertent overpayments by State agencies to vendors as a result of pricing errors, neglected rebates and discounts, miscalculated freight charges, unclaimed refunds, erroneously paid excise taxes, and related errors as required by G.S. 147-86.22(c) are to be deposited in the Special Reserve Account 24172.

SECTION 20.1.(b) For the 2007-2009 biennium, five hundred thousand dollars (\$500,000) of the funds transferred from the Special Reserve Account 24172 shall be used by the Office of the State Controller for data processing, debt collection, or e-commerce costs.

SECTION 20.1.(c) All funds available in the Special Reserve Account 24172 on July 1 of each year of the 2007-2009 biennium are transferred to the General Fund on that date.

SECTION 20.1.(d) Any unobligated funds in the Special Reserve Account 24172 that are realized above the allowance in subsection (b) of this section are subject to appropriation by the General Assembly in the 2008 Regular Session of the 2007 General Assembly.

SECTION 20.1.(e) The State Controller shall report quarterly to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division on the revenue deposited into the Special Reserve Account 24172 and the disbursement of that revenue.

PART XXI. DEPARTMENT OF CULTURAL RESOURCES

GRASSROOTS ARTS PROGRAM FUNDING

SECTION 21.1.(a) G.S. 143B-122 reads as rewritten:

"§ 143B-122. Distribution of funds.

Funds ~~Of the funds~~ available under the Grassroots Arts ~~Program~~ ~~Program~~, twenty percent (20%) of the total shall be distributed among the counties equally, and the remaining eighty percent (80%) shall be distributed among the counties on a per capita basis."

SECTION 21.1.(b) Any funds distributed by the Department of Cultural Resources under the Grassroots Arts Program for the 2000-2001 through 2006-2007 fiscal years are hereby ratified, validated, and confirmed.

AFRICAN-AMERICAN MONUMENT PROJECT

SECTION 21.2. Of the funds appropriated in this act to the Department of Cultural Resources, the Department shall allocate the sum of one hundred thousand dollars (\$100,000) for the 2007-2008 fiscal year to the North Carolina Freedom Monument Project, Inc., to fabricate and construct a monument depicting the African-American experience in North Carolina on the Capitol Complex in Raleigh.

PART XXII. OFFICE OF THE GOVERNOR**HOUSING FINANCE AGENCY SHALL CONTINUE AND EXPAND THE NORTH CAROLINA HOME PROTECTION PILOT PROGRAM AND LOAN FUND**

SECTION 22.1.(a) The North Carolina Housing Finance Agency shall continue, develop, implement, and administer a pilot program to assist North Carolina workers who have lost jobs as a result of changing economic conditions in North Carolina when the workers are in need of assistance to avoid losing their homes to foreclosure. The Agency shall do all of the following:

- (1) Develop and administer the North Carolina Home Protection Pilot Program and Loan Fund to ensure that workers in the counties selected for the Pilot have assistance to avoid losing their homes to foreclosure. The Program shall include all counties that had greater than seven percent (7%) average unemployment in the 2004-2005 fiscal year.
- (2) Make loans secured by liens on residential real property located in North Carolina to property owners who are eligible for those loans.
- (3) Develop and administer procedures by which property owners at risk of being foreclosed upon may qualify for assistance.
- (4) Designate, approve, and fund nonprofit counseling agencies in counties participating in the Program to be available to assist the Agency in implementing the provisions of this section, provide services such as direct mortgagee negotiations on behalf of unemployed workers, and process loan applications for the Agency.
- (5) Develop and fund enhanced methods by which workers may be notified of foreclosure mitigation services, may easily contact local nonprofit counseling agencies, and may apply for loans from the Agency.
- (6) No later than April 1, 2008, report to the Chairs of the Appropriations Committees of the Senate and the House of Representatives on the effectiveness of the Program in accomplishing its purposes and

1 provide any other information the Agency determines is pertinent or
2 that the General Assembly requests.

3 **SECTION 22.1.(b)** As used in this section, the following definitions apply:

- 4 (1) Agency. – The North Carolina Housing Finance Agency.
5 (2) Counseling agency. – A nonprofit counseling agency located in North
6 Carolina that is approved by the North Carolina Housing Finance
7 Agency.
8 (3) Mortgage. – An obligation evidenced by a security document and
9 secured by a lien upon real property located within North Carolina,
10 including a deed of trust and land sale agreement. Mortgage also
11 means an obligation evidenced by a security lien on real property upon
12 which an owner-occupied mobile home is located.
13 (4) Mortgagee. – The owner of a beneficial interest in a mortgage loan, the
14 servicer for the owner of a beneficial interest in a mortgage loan, or the
15 trustee for a securitized trust that holds title to a beneficial interest in a
16 mortgage loan.

17 **SECTION 22.1.(c)** Notwithstanding Chapters 23, 24, and 45 of the General
18 Statutes or any other provision of law, upon the proper filing of an application for loan
19 assistance by a mortgagor under this section, a mortgagee shall not do the following:

- 20 (1) Accelerate the maturity of any mortgage obligation covered under this
21 section.
22 (2) Commence or continue any legal action, including mortgage
23 foreclosure pursuant to Chapter 45 of the General Statutes, to recover
24 the mortgage obligation.
25 (3) Take possession of any security of the mortgagor for the mortgage
26 obligation.
27 (4) Procure or receive a deed in lieu of foreclosure.
28 (5) Enter judgment by confession pursuant to a note accompanying a
29 mortgage.
30 (6) Proceed to enforce the mortgage obligation pursuant to applicable
31 rules of civil procedure for a period of 120 days following the date of
32 the mortgagor's properly filed application.

33 The provisions of this section shall not apply if the mortgagee receives notice
34 from the Agency that the mortgagor's application has been denied.

35 If a mortgagee acts as proscribed in subdivisions (1) through (6) of this
36 subsection, a mortgagor shall be entitled to injunctive relief without the necessity of
37 providing a bond. This relief shall be in addition to any defenses available under
38 G.S. 45-21.16(d) and any other remedies at law or equity.

39 Upon the Agency's receipt of a properly filed mortgagor's application for loan
40 assistance, the Agency shall mail notice of the application to the mortgagor's mortgagee
41 within five business days of the Agency's receipt of the application. The Agency shall
42 also mail notice of the acceptance or denial of the mortgagor's application to the
43 mortgagee within five days of the Agency's determination. Notice shall be deemed
44 sufficient if sent to the last known address of the mortgagee.

45 **SECTION 22.1.(d)** Rule Making. – Solely with respect to the adoption of
46 procedures for the pilot program by which property owners at risk of being foreclosed
47 upon may qualify for assistance, the Agency is exempt from the requirements of Article
48 2A of Chapter 150B of the General Statutes. Prior to adoption or amendment of
49 procedures, the Agency shall:

- 50 (1) Publish the proposed procedures in the North Carolina Register at least
51 30 days prior to the adoption of the final procedures.

1 (2) Accept oral and written comments on the proposed procedures.

2 (3) Hold at least one public hearing on the proposed procedures.

3 **SECTION 22.1.(e)** Funds appropriated under this act to the Agency that are
4 unexpended and unencumbered shall not revert but shall remain available to be used for
5 the expansion of the program to additional counties as provided by this section.

6 **SECTION 22.1.(f)** This section applies only to the 2007-2008 fiscal year.
7

8 **PART XXIII. OFFICE OF STATE BUDGET AND MANAGEMENT**

9 **MILITARY MORALE, RECREATION, AND WELFARE FUNDS**

10 **SECTION 23.1.** Funds appropriated in this act to the Office of State Budget
11 and Management to the Reserve for the Military Morale, Recreation, and Welfare Fund
12 and distributed to each military installation on a per capita basis shall be deposited in
13 the Military Morale, Recreation, and Welfare Fund for each installation and used only
14 for community services and other expenditures to improve quality of life programs for
15 military members and their families in North Carolina.
16

17 **LICENSING BOARD REPORTING REQUIREMENT**

18 **SECTION 23.2.** G.S. 93B-2(b) reads as rewritten:

19 "(b) Each occupational licensing board shall file with the Secretary of State, the
20 Attorney General, the Office of State Budget and Management, and the Joint Legislative
21 Administrative Procedure Oversight Committee a financial report that includes the
22 source and amount of all funds credited to the occupational licensing board and the
23 purpose and amount of all funds disbursed by the occupational licensing board during
24 the previous 12-month period."
25

26 **STUDY OF THE WORKERS' COMPENSATION PROGRAM IN STATE AGENCIES**

27 **SECTION 23.3.** The Office of State Budget and Management, in
28 consultation with the Office of State Personnel and the Office of State Controller, shall
29 conduct a study of the Workers' Compensation Program in State agencies and
30 institutions to determine if the third-party administration of the program continues to be
31 the most effective mode of administration; to determine if the current method of funding
32 is still the most effective method; to determine whether excess coverage policies are
33 needed; and to identify any other operational inefficiencies in program operations that
34 might exist. The Office of State Budget and Management shall submit a final report
35 outlining the related findings and recommendations for improvements to the Joint
36 Legislative Commission on Governmental Operations and the Fiscal Research Division
37 by March 1, 2008.
38

39 **MODIFY STATE FIRE PROTECTION GRANT FUND**

40 **SECTION 23.4.(a)** Effective July 1, 2007, G.S. 58-85A-1(c) reads as
41 rewritten:
42

43 "(c) It is the intent of the General Assembly to appropriate annually to the State
44 Fire Protection Grant Fund ~~at least three million eighty thousand dollars (\$3,080,000)~~
45 up to four million three hundred thirty thousand dollars (\$4,330,000) from the General
46 Fund, ~~one hundred fifty thousand dollars (\$150,000)~~ one hundred fifty-eight thousand
47 dollars (\$158,000) from the Highway Fund, and ~~nine hundred seventy thousand dollars~~
48 (\$970,000) one million three hundred forty-five thousand dollars (\$1,345,000) from
49 University of North Carolina receipts. Funds received from the General Fund shall be
50 allocated only for providing local fire protection for State-owned property supported by
51

1 the General Fund; funds received from the Highway Fund shall be allocated only for
2 providing local fire protection for State-owned property supported by the Highway
3 Fund; and funds received from University of North Carolina receipts shall be allocated
4 only for providing local fire protection for State-owned property supported by
5 University of North Carolina receipts."

6 **SECTION 23.4.(b)** Effective July 1, 2008, G.S. 58-85A-1(c), as amended by
7 subsection (a) of this section, reads as rewritten:

8 "(c) It is the intent of the General Assembly to appropriate annually to the State
9 Fire Protection Grant Fund up to ~~four million three hundred thirty thousand dollars~~
10 ~~(\$4,330,000)~~ three million eight hundred eighty thousand dollars (\$3,880,000) from the
11 General Fund, one hundred fifty-eight thousand dollars (\$158,000) from the Highway
12 Fund, and one million three hundred forty-five thousand dollars (\$1,345,000) from
13 University of North Carolina receipts. Funds received from the General Fund shall be
14 allocated only for providing local fire protection for State-owned property supported by
15 the General Fund; funds received from the Highway Fund shall be allocated only for
16 providing local fire protection for State-owned property supported by the Highway
17 Fund; and funds received from University of North Carolina receipts shall be allocated
18 only for providing local fire protection for State-owned property supported by
19 University of North Carolina receipts."
20

21 **PART XXIV. DEPARTMENT OF REVENUE**

22 **WHITE GOODS DISPOSAL TAX PROGRAM**

23 **SECTION 24.1.** G.S. 105-187.24 reads as rewritten:

24 **"§ 105-187.24 Use of tax proceeds.**

25 The Secretary shall distribute the taxes collected under this Article, less the
26 Department of Revenue's allowance for administrative expenses, in accordance with this
27 section. The Secretary may retain the Department's cost of collection, not to exceed ~~two~~
28 ~~hundred twenty five thousand dollars (\$225,000)~~ four hundred twenty-five thousand
29 dollars (\$425,000) a year, as reimbursement to the Department.
30

31 Each quarter, the Secretary shall credit eight percent (8%) of the net tax proceeds to
32 the Solid Waste Management Trust Fund and shall credit twenty percent (20%) of the
33 net tax proceeds to the White Goods Management Account. The Secretary shall
34 distribute the remaining seventy-two percent (72%) of the net tax proceeds among the
35 counties on a per capita basis according to the most recent annual population estimates
36 certified to the Secretary by the State Budget Officer. The Department shall not
37 distribute the tax proceeds to a county when notified not to do so by the Department of
38 Environment and Natural Resources under G.S. 130A-309.87. If a county is not entitled
39 to a distribution, the proceeds allocated for that county will be credited to the White
40 Goods Management Account.

41 A county may use funds distributed to it under this section only as provided in
42 G.S. 130A-309.82. A county that receives funds under this section and that has an
43 interlocal agreement with another unit of local government under which the other unit
44 provides for the disposal of solid waste for the county must transfer the amount received
45 under this section to that other unit. A unit to which funds are transferred is subject to
46 the same restrictions on use of the funds as the county."
47

48 **SCRAP TIRE DISPOSAL TAX PROGRAM**

49 **SECTION 24.2.** G.S. 105-187.19(a) reads as rewritten:

50 "(a) The Secretary shall distribute the taxes collected under this Article, less the
51 allowance to the Department of Revenue for administrative expenses, in accordance

1 with this section. The Secretary may retain the cost of collection by the Department, not
2 to exceed ~~two hundred twenty five thousand dollars (\$225,000)~~ four hundred
3 twenty-five thousand dollars (\$425,000) a year, as reimbursement to the Department."
4

5 **EITC REQUIREMENTS**

6 **SECTION 24.3.(a)** The Department of Revenue shall include language in its
7 printed booklets for the individual income tax return that identifies the availability of
8 the earned income tax credit.

9 **SECTION 24.3.(b)** In order to better ensure taxpayers receive the tax
10 benefits for which they qualify, software companies producing computer programs for
11 tax calculation should design all tax calculation software, other than forms library
12 products, to automatically compute an individual's eligibility for the earned income tax
13 credit when (i) the taxpayer is a North Carolina resident and (ii) the taxpayer is
14 preparing both the federal and North Carolina individual income tax returns with the tax
15 calculation software.

16 **SECTION 24.3.(c)** This section is effective for taxable years beginning on
17 or after January 1, 2007.
18

19 **TRANSFER REVENUE HEARINGS TO OAH**

20 **SECTION 24.4.** The positions of one Assistant Secretary and one associated
21 support position, presently assigned to the Department of Revenue for the purpose of
22 hearing appeals on the cases, are transferred to the Office of Administrative Hearings by
23 a Type I transfer as defined by G.S. 143A-6. The Chief Administrative Law Judge shall
24 be responsible for the hiring of these positions.
25

26 **PART XXV. STATE BOARD OF ELECTIONS**

27 **STATE BOARD OF ELECTIONS MOE AND HAVA FUND USE**

28 **SECTION 25.1.(a)** The State Board of Elections shall use funds in the
29 Maintenance of Effort Reserve as follows:

- 30 (1) \$1,440,000 nonrecurring in fiscal year 2007-2008 for ballot printing
31 for the 2008 first primary.
- 32 (2) \$840,000 nonrecurring in fiscal year 2007-2008 for ballot printing for
33 the 2008 second primary if a federal election is on the ballot.
- 34 (3) \$1,260,000 nonrecurring in fiscal year 2008-2009 for ballot printing
35 for the 2008 general election.
- 36 (4) \$1,500,000 nonrecurring in fiscal year 2007-2008 and \$500,000
37 nonrecurring in fiscal year 2008-2009 to rebuild the State Elections
38 Information Management System (SEIMS).
- 39 (5) \$100,000 recurring in fiscal year 2007-2008 for the required training
40 for all county boards of elections staff on voting equipment operating
41 procedures.
- 42 (6) \$427,500 recurring in fiscal year 2007-2008 to centralize ballot coding
43 in North Carolina to provide oversight, ensure accuracy of election
44 preparation, and reduce errors with ballot styles.
- 45 (7) \$150,000 recurring in fiscal year 2007-2008 to hire 20 additional
46 election technicians across the State to deal with technical problems
47 that arise on a 2008 Election Day in which a federal election is on the
48 ballot.
49

50 **SECTION 25.1.(b)** The State Board of Elections shall use funds in the
51 Election Fund under G.S. 163-82.28 (HAVA funds) as follows:

- 1 (1) \$2,525,000 nonrecurring in fiscal year 2007-2008 and \$2,525,000
2 nonrecurring in fiscal year 2008-2009 for maintenance performed on
3 voting equipment.
- 4 (2) \$750,000 nonrecurring in fiscal year 2007-2008 and \$1,750,000
5 nonrecurring in fiscal year 2008-2009 provided for additional one-stop
6 absentee voting (early voting) sites for the 2008 first primary and
7 general election if a federal election is on the ballot.
8

9 **PART XXVI. DEPARTMENT OF THE STATE TREASURER**

10
11 **FUNDS FOR AUDITING STATE EMPLOYEE SERVICE RECORDS;
12 REPORTING REQUIREMENTS**

13 **SECTION 26.1.(a)** Of the funds appropriated in this act to the Department
14 of State Treasurer, Retirement Systems Division, the sum of one million two hundred
15 thousand dollars (\$1,200,000) for the 2007-2008 fiscal year shall be used to contract for
16 the auditing of State employee service records. The Retirement Systems Division shall
17 submit an interim report on the number of State employee service records verified to the
18 Joint Legislative Commission on Governmental Operations and the Fiscal Research
19 Division no later than April 30, 2008.

20 **SECTION 26.1.(b)** The Department of State Treasurer, Retirement Systems
21 Division, shall report quarterly beginning October 31, 2007, on all contracts by funding
22 sources and on the use of lapsed salary savings to the Joint Legislative Commission on
23 Governmental Operations, the Chairs of the House Appropriations Subcommittee on
24 General Government and Senate Appropriations Subcommittee on General Government
25 and Information Technology and to the Fiscal Research Division.
26

27 **PART XXVII. DEPARTMENT OF TRANSPORTATION**

28
29 **ONE-STOP SHOPS FOR DRIVERS LICENSES AND REGISTRATION
30 PLATES**

31 **SECTION 27.1.** The Department of Transportation, Division of Motor
32 Vehicles, is prohibited from opening drivers license issuance and vehicle registration
33 issuance and renewal One-Stop Shops until the General Assembly has considered and
34 appropriated funds for the purpose of One-Stop Shops.

35 The Department of Transportation shall develop a business plan that
36 thoroughly outlines the operational plans of a combined function center, a detailed
37 budget for each proposed location, and any identified savings gleaned from the
38 combined services. In addition, the Division of Motor Vehicles shall conduct an
39 analysis on the anticipated number of transactions and the impact to independent tag
40 agents in those areas. The report is due to the Joint Legislative Transportation Oversight
41 Committee, the Joint Appropriations Subcommittee for Transportation, and the Fiscal
42 Research Division by March 15, 2008.
43

44 **CASH FLOW HIGHWAY FUNDS AND HIGHWAY TRUST FUND
45 APPROPRIATIONS**

46 **SECTION 27.2.(a)** The General Assembly authorizes and certifies
47 anticipated revenues of the Highway Fund as follows:

48	For Fiscal Year 2009-2010	\$1,846.0 million
49	For Fiscal Year 2010-2011	\$1,857.9 million
50	For Fiscal Year 2011-2012	\$1,869.0 million
51	For Fiscal Year 2012-2013	\$1,873.9 million

1 **SECTION 27.2.(b)** The General Assembly authorizes and certifies
2 anticipated revenues of the Highway Trust Fund as follows:

3 For Fiscal Year 2009-2010	\$1,174.4 million
4 For Fiscal Year 2010-2011	\$1,204.9 million
5 For Fiscal Year 2011-2012	\$1,236.4 million
6 For Fiscal Year 2012-2013	\$1,276.1 million

7
8 **FUNDS FOR ECONOMIC DEVELOPMENT, SPOT SAFETY, AND**
9 **TRANSPORTATION IMPROVEMENT PROGRAM PROJECTS**

10 **SECTION 27.3.** Of the funds appropriated by this act to the Department of
11 Transportation in fiscal year 2007-2008, nine million three hundred thirty-eight
12 thousand four hundred four dollars (\$9,338,404) shall be used for economic
13 development transportation projects recommended by the member of the Board of
14 Transportation representing the Division in which the project is to be constructed in
15 consultation with the Division Engineer and approved by the Board of Transportation.
16 These funds, in addition to any remaining funds which were appropriated to the
17 Department pursuant to Section 28.27 of S.L. 2005-276, shall be allocated equally
18 among the 14 Divisions. Funds in each Division not needed for economic development
19 projects shall be used on spot safety needs to enhance safety, reduce congestion,
20 improve traffic flow, reduce accidents, and for system preservation. Funds not identified
21 for economic development and spot safety projects prior to December 31, 2007, shall be
22 used on Transportation Improvement Program projects. The Secretary of Transportation
23 shall not prevent or delay the implementation of any projects approved by the Board of
24 Transportation pursuant to this section.

25
26 **CONSOLIDATION OF RURAL FUNDING PROGRAMS BY THE**
27 **DEPARTMENT OF TRANSPORTATION'S PUBLIC TRANSPORTATION**
28 **DIVISION**

29 **SECTION 27.4.** The Department of Transportation, Public Transportation
30 Division, may consolidate its rural funding programs for vehicles, technology, and
31 facilities into one large capital program. The Division shall have the flexibility to
32 transfer funding from the consolidated capital program to the operating programs, based
33 on the ability to leverage additional federal funds to meet the capital needs of rural
34 transportation systems. The Department shall report on the use of funds and
35 effectiveness of the provisions of this section to the Joint Appropriations Subcommittee
36 on Transportation and the Fiscal Research Division by March 15, 2008.

37
38 **SMALL CONSTRUCTION AND CONTINGENCY FUNDS**

39 **SECTION 27.5.** Of the funds appropriated in this act to the Department of
40 Transportation:

- 41 (1) Twenty-one million dollars (\$21,000,000) shall be allocated in each
42 fiscal year for small construction projects recommended by the
43 member of the Board of Transportation representing the Division in
44 which the project is to be constructed in consultation with the Division
45 Engineer and approved by the Board of Transportation. These funds
46 shall be allocated equally in each fiscal year of the biennium among
47 the 14 Highway Divisions for small construction projects.
- 48 (2) Fifteen million dollars (\$15,000,000) in fiscal year 2007-2008 and
49 fifteen million dollars (\$15,000,000) in fiscal year 2008-2009 shall be
50 used statewide for rural or small urban highway improvements and
51 related transportation enhancements to public roads and public

1 facilities, industrial access roads, and spot safety projects, including
2 pedestrian walkways that enhance highway safety. Projects funded
3 pursuant to this subdivision shall be approved by the Secretary of
4 Transportation.

5 None of these funds used for rural secondary road construction are subject to
6 the county allocation formulas in G.S. 136-44.5(b) and (c).

7 These funds are not subject to G.S. 136-44.7.

8 The Department of Transportation shall report to the members of the General
9 Assembly on projects funded pursuant to this section in each member's district prior to
10 the Board of Transportation's action. The Department shall make a quarterly
11 comprehensive report on the use of these funds to the Joint Legislative Transportation
12 Oversight Committee and the Fiscal Research Division.

13 14 **FUNDS FOR UNSAFE OR OBSOLETE FIELD FACILITIES**

15 **SECTION 27.6.** Of the funds appropriated in this act to the Department of
16 Transportation, the Department may use funds not to exceed seventy-five hundredths of
17 one percent (.75%) for maintenance and construction programs for major repair,
18 renovation, or replacement of its field facilities that fail to meet safety standards or that
19 are obsolete for current or future use. Prior to expending these funds, the Department
20 shall submit its proposed budget for these expenditures to the Senate Appropriations
21 Subcommittee on Transportation, the House of Representatives Appropriations
22 Subcommittee on Transportation, and the Joint Legislative Transportation Oversight
23 Committee each year.

24 25 **MODIFY GLOBAL TRANSPARK DEBT**

26 **SECTION 27.7.** G.S. 147-69.2(b)(11), as amended by Section 7 of S.L.
27 2005-144, Section 2 of S.L. 2005-201, and Section 28.17 of S.L. 2005-276 reads as
28 rewritten:

29 "(b) It shall be the duty of the State Treasurer to invest the cash of the funds
30 enumerated in subsection (a) of this section in excess of the amount required to meet the
31 current needs and demands on such funds, selecting from among the following:

- 32 ...
- 33 (11) With respect to assets of the Escheat Fund, obligations of the North
34 Carolina Global TransPark Authority authorized by G.S. 63A-4(a)(22),
35 not to exceed twenty-five million dollars (\$25,000,000), that have a
36 final maturity not later than October 1, ~~2007~~2009. The obligations
37 shall bear interest at the rate set by the State Treasurer. No
38 commitment to purchase obligations may be made pursuant to this
39 subdivision after September 1, 1993, and no obligations may be
40 purchased after September 1, 1994. In the event of a loss to the
41 Escheat Fund by reason of an investment made pursuant to this
42 subdivision, it is the intention of the General Assembly to hold the
43 Escheat Fund harmless from the loss by appropriating to the Escheat
44 Fund funds equivalent to the loss.

45 If any part of the property owned by the North Carolina Global
46 TransPark Authority now or in the future is divested, proceeds of the
47 divestment shall be used to fulfill any unmet obligations on an
48 investment made pursuant to this subdivision.

49 ..."

1 **DIVISION OF MOTOR VEHICLES REPORT ON REAL ID ACT**
2 **COMPLIANCE**

3 **SECTION 27.8.** The Department of Transportation shall report on the
4 expenditure plan for the use of the reserved funds appropriated for the Secure ID and
5 Card Production System. The plan shall include the projected costs associated with the
6 federal government's requirements for complying with P.L. 109-13, the REAL ID Act
7 of 2005. The Department shall report to the Joint Legislative Transportation Oversight
8 Committee and the Joint Appropriations Subcommittee for Transportation by May 1,
9 2008.

10
11 **DEPARTMENT OF TRANSPORTATION PRODUCTIVITY PILOT**
12 **PROGRAMS**

13 **SECTION 27.9.(a)** The Department of Transportation may continue the
14 productivity pilot programs in the road oil, bridge inspection and pavement markings
15 units implemented under Section 29.3 of S.L. 2003-284 and Section 28.9 of S.L.
16 2005-276. The Department of Transportation may expend up to one-half of one percent
17 (0.50%) of the budget allocation for these programs for employee incentive payments to
18 maintain the increased efficiency and productivity under these programs.

19 **SECTION 27.9.(b)** The Department of Transportation may establish up to
20 two additional pilot programs to test incentive pay for employees as a means of
21 increasing and maintaining efficiency and productivity.

22 These programs may be selected by the Department of Transportation. Up to
23 one-half of one percent (0.50%) of the budget allocation for these programs may be
24 used to provide employee incentive payments.

25 Incentive payments shall be based on quantifiable measures and production
26 schedules determined prior to the implementation of the pilot programs. Pilot programs
27 implemented under this subsection shall last no more than two years.

28 **SECTION 27.9.(c)** The Department of Transportation shall report to the
29 Joint Legislative Transportation Oversight Committee on the pilot programs developed
30 under this section at least 30 days prior to their implementation.

31
32 **DIVISION OF MOTOR VEHICLES LICENSE PLATE RECALL PROGRAM**

33 **SECTION 27.11.(a)** Of the funds appropriated from the Highway Fund to
34 the Department of Transportation under this act, the Division of Motor Vehicles may
35 expend the sum of one hundred eighty-three thousand one hundred ninety-nine dollars
36 (\$183,199) for fiscal year 2007-2008 and the sum of ninety-nine thousand dollars
37 (\$99,000) for fiscal year 2008-2009 to recall vehicle license plates. The Division shall
38 develop a schedule by which approximately 94,000 of the oldest license plates are
39 recalled annually for the next five years. Each fiscal year after 2008-2009, the General
40 Assembly intends to appropriate from the Highway Fund to the Department of
41 Transportation the sum of ninety-nine thousand dollars (\$99,000) in recurring funds for
42 the Division to implement a continuous license plate recall program.

43 **SECTION 27.11.(b)** The Division shall report to the Joint Appropriations
44 Subcommittee on Transportation and the Fiscal Research Division no later than May 1,
45 2008, on the progress of the vehicle license plate recall schedule and the implementation
46 of the continuous license plate recall program.

47
48 **BEAVER DAMAGE CONTROL PROGRAM FUNDS**

49 **SECTION 27.13.** Of funds available to the Department of Transportation for
50 maintenance, the sum of three hundred thirty thousand dollars (\$330,000) for the
51 2007-2008 fiscal year and the sum of three hundred thirty thousand dollars (\$330,000)

1 for the 2008-2009 fiscal year shall be used to provide the State share necessary to
 2 support the beaver damage control program established in G.S. 113-291.10, provided
 3 the sum of at least twenty-five thousand dollars (\$25,000) in federal funds is available
 4 each fiscal year of the biennium to provide the federal share.
 5

6 **DEPARTMENT OF TRANSPORTATION PERFORMANCE-BASED**
 7 **CONTRACTS**

8 **SECTION 27.14.** The Department of Transportation may implement up to
 9 two performance-based contracts for routine maintenance and operations, exclusive of
 10 resurfacing. Selection of firms to perform this work shall be made using a best-value
 11 procurement process. Prior to any advertisement for a proposed project, the Department
 12 shall report to the Joint Legislative Transportation Oversight Committee on the
 13 contractor selection criteria to be used.
 14

15 **ENSURE PROPERTY AND FUNDS GO TO STATE HIGHWAY FUND**

16 **SECTION 27.15.** G.S. 136-16 reads as rewritten:

17 **"§ 136-16. Funds and property converted to State Highway Fund.**

18 Except as otherwise provided, all funds and property collected by the Department of
 19 ~~Transportation~~ Transportation, including the proceeds from the sale of real property
 20 originally purchased with funds from the State Highway Fund, shall be paid or
 21 converted into the State Highway Fund."
 22

23 **DIVISION OF MOTOR VEHICLES TO REPORT CLOSINGS OF DRIVERS**
 24 **LICENSE OFFICES**

25 **SECTION 27.16.** The Division of Motor Vehicles shall report the closing of
 26 any drivers license office to the Joint Legislative Transportation Oversight Committee
 27 at least 60 days before the closure. The report shall contain the location of the office by
 28 city and county, the number of customers served in that office in the preceding 12
 29 months, the cost of operating the office to be closed, the reasons for the closure, where
 30 the customers will be directed for service after the closure, and the Division's intent to
 31 provide displaced customers with future service.
 32

33 **PART XXVIII SALARIES AND BENEFITS**

34 **GOVERNOR AND COUNCIL OF STATE/SALARY INCREASES**

35 **SECTION 28.1.(a)** Effective July 1, 2007, G.S. 147-11(a) reads as
 36 rewritten:
 37

38 "(a) The salary of the Governor shall be ~~one hundred thirty thousand six hundred~~
 39 ~~twenty nine dollars (\$130,629)~~ one hundred thirty-five thousand eight hundred
 40 fifty-four dollars (\$135,854) annually, payable monthly."

41 **SECTION 28.1.(b)** Effective July 1, 2007, the annual salaries for the
 42 members of the Council of State, payable monthly, for the 2007-2008 and 2008-2009
 43 fiscal years are:
 44

<u>Council of State</u>	<u>Annual Salary</u>
Lieutenant Governor	\$119,901
Attorney General	119,901
Secretary of State	119,901
State Treasurer	119,901
State Auditor	119,901
Superintendent of Public Instruction	119,901

1	Agriculture Commissioner	119,901
2	Insurance Commissioner	119,901
3	Labor Commissioner	119,901

4
5 **NONELECTED DEPARTMENT HEAD/SALARY INCREASES**

6 **SECTION 28.2.** In accordance with G.S. 143B-9, the maximum annual
7 salaries, payable monthly, for the nonelected heads of the principal State departments
8 for the 2007-2008 and 2008-2009 fiscal years are:
9

10	<u>Nonelected Department Heads</u>	<u>Annual Salary</u>
11	Secretary of Administration	\$117,142
12	Secretary of Correction	117,142
13	Secretary of Crime Control and Public Safety	117,142
14	Secretary of Cultural Resources	117,142
15	Secretary of Commerce	117,142
16	Secretary of Environment, Health, and Natural Resources	117,142
17	Secretary of Health and Human Services	117,142
18	Secretary of Juvenile Justice and Delinquency Prevention	117,142
19	Secretary of Revenue	117,142
20	Secretary of Transportation	117,142

21
22 **CERTAIN EXECUTIVE BRANCH OFFICIALS/SALARY INCREASES**

23 **SECTION 28.3.** The annual salaries, payable monthly, for the 2007-2008
24 and 2008-2009 fiscal years for the following executive branch officials are:
25

26	<u>Executive Branch Officials</u>	<u>Annual Salary</u>
27	Chairman, Alcoholic Beverage Control Commission	\$ 106,621
28	State Controller	149,216
29	Commissioner of Motor Vehicles	106,621
30	Commissioner of Banks	119,901
31	Chairman, Employment Security Commission	133,161
32	State Personnel Director	117,142
33	Chairman, Parole Commission	97,358
34	Members of the Parole Commission	44,942
35	Chairman, Utilities Commission	133,531
36	Members of the Utilities Commission	119,901
37	Executive Director, Agency for Public Telecommunications	89,884
38	Director, Museum of Art	109,252
39	Executive Director, North Carolina Agricultural Finance Authority	103,781
40	State Chief Information Officer	149,126

41
42 **JUDICIAL BRANCH OFFICIALS/SALARY INCREASES**

43 **SECTION 28.4.(a)** The annual salaries, payable monthly, for specified
44 judicial branch officials for the 2007-2008 and 2008-2009 fiscal years are:
45

46	<u>Judicial Branch Officials</u>	<u>Annual Salary</u>
47	Chief Justice, Supreme Court	\$ 137,160
48	Associate Justice, Supreme Court	133,576
49	Chief Judge, Court of Appeals	130,236
50	Judge, Court of Appeals	128,011
51	Judge, Senior Regular Resident Superior Court	124,532

1	Judge, Superior Court	121,053
2	Chief Judge, District Court	109,923
3	Judge, District Court	106,445
4	District Attorney	116,112
5	Administrative Officer of the Courts	123,346
6	Assistant Administrative Officer of the Courts	112,665
7	Public Defender	116,112

8
9 **SECTION 28.4.(b)** The district attorney or public defender of a judicial
10 district, with the approval of the Administrative Officer of the Courts or the
11 Commission on Indigent Defense Services, respectively, shall set the salaries of
12 assistant district attorneys or assistant public defenders, respectively, in that district such
13 that the average salaries of assistant district attorneys or assistant public defenders in
14 that district do not exceed sixty-nine thousand forty-seven dollars (\$69,047), and the
15 minimum salary of any assistant district attorney or assistant public defender is at least
16 thirty-six thousand eighty-two dollars (\$36,082) effective July 1, 2007.

17 **SECTION 28.4.(c)** Effective July 1, 2007, the annual salaries of permanent,
18 full-time employees of the Judicial Department whose salaries are not itemized in this
19 act shall be increased by four percent (4.0%).

20 **SECTION 28.4.(d)** Effective July 1, 2007, the annual salaries of permanent,
21 part-time employees of the Judicial Department whose salaries are not itemized in this
22 act shall be increased by four percent (4.0%).

23
24 **CLERK OF SUPERIOR COURT/SALARY INCREASES**

25 **SECTION 28.5.** Effective July 1, 2007, G.S. 7A-101(a) reads as rewritten:

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

30	Population	Annual Salary
31	Less than 100,000	\$77,112 <u>\$80,196</u>
32	100,000 to 149,999	86,532 <u>89,993</u>
33	150,000 to 249,999	95,954 <u>99,792</u>
34	250,000 and above	105,378 <u>109,593</u>

35 ~~The salary schedule in this subsection is intended to represent the following~~
36 ~~approximate percentage of the salary of a chief district court judge:~~

37	Population	Annual Salary
38	Less than 100,000	73%
39	100,000 to 149,999	82%
40	150,000 to 249,999	91%
41	250,000 and above	100%

42 When a county changes from one population group to another, the salary of the clerk
43 shall be changed, on July 1 of the fiscal year for which the change is reported, to the
44 salary appropriate for the new population group, except that the salary of an incumbent
45 clerk shall not be decreased by any change in population group during his continuance
46 in office."
47

48 **ASSISTANT AND DEPUTY CLERKS OF COURT/SALARY INCREASES**

49 **SECTION 28.6.** Effective July 1, 2007, G.S. 7A-102(c1) reads as rewritten:

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

Assistant Clerks and Head Bookkeeper	Annual Salary
Minimum	\$29,925 <u>\$31,122</u>
Maximum	51,251 <u>53,301</u>
Deputy Clerks	Annual Salary
Minimum	\$25,758 <u>\$26,788</u>
Maximum	39,862 <u>41,456.</u> "

MAGISTRATES' SALARY INCREASES

SECTION 28.7.(a) Effective July 1, 2007, G.S. 7A-171.1(a) reads as rewritten:

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

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

Table of Salaries of Full-Time Magistrates

Step Level	Annual Salary
Entry Rate	\$30,320 <u>\$31,533</u>
Step 1	33,101 <u>34,425</u>
Step 2	36,126 <u>37,571</u>
Step 3	39,429 <u>41,006</u>
Step 4	43,046 <u>44,768</u>
Step 5	47,122 <u>49,007</u>
Step 6	51,692 <u>53,760.</u>

- (2) A part-time magistrate is a magistrate who is assigned to work an average of less than 40 hours of work a week during the term, except that no magistrate shall be assigned an average of less than 10 hours of work a week during the term. A part-time magistrate is included, in accordance with G.S. 7A-170, under the provisions of G.S. 135-1(10) and G.S. 135-40.2(a). The Administrative Officer of the Courts designates whether a magistrate is a part-time magistrate. A part-time magistrate shall receive an annual salary based on the following formula: The average number of hours a week that a part-time magistrate is assigned work during the term shall be multiplied by the annual salary payable to a full-time magistrate who has the same number of years of service prior to the beginning of that term as does the part-time magistrate and the product of that multiplication shall be

1 divided by the number 40. The quotient shall be the annual salary
 2 payable to that part-time magistrate.

- 3 (3) Notwithstanding any other provision of this subsection, a magistrate
 4 who is licensed to practice law in North Carolina or any other state
 5 shall receive the annual salary provided in the Table in subdivision (1)
 6 of this subsection for Step 4."

7 **SECTION 28.7.(b)** Effective July 1, 2007, G.S. 7A-171.1(a1)(1) reads as
 8 rewritten:

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

- 11 (1) The salaries of magistrates who on June 30, 1994, were paid at a salary
 12 level of less than five years of service under the table in effect that date
 13 shall be as follows:

14 Less than 1 year of service	\$24,450	\$25,428
15 1 or more but less than 3 years of service	25,572	<u>26,595</u>
16 3 or more but less than 5 years of service	27,831	<u>28,944</u>

17 Upon completion of five years of service, those magistrates shall
 18 receive the salary set as the Entry Rate in the table in subsection (a)."
 19

20 **GENERAL ASSEMBLY PRINCIPAL CLERKS/SALARY INCREASES**

21 **SECTION 28.8.** Effective July 1, 2007, G.S. 120-37(c) reads as rewritten:

22 "(c) The principal clerks shall be full-time officers. Each principal clerk shall be
 23 entitled to other benefits available to permanent legislative employees and shall be paid
 24 an annual salary of ~~ninety-seven thousand four hundred two dollars (\$97,402)~~ one
 25 hundred one thousand two hundred ninety-eight dollars (\$101,298) payable monthly.
 26 Each principal clerk shall also receive such additional compensation as approved by the
 27 Speaker of the House of Representatives or the President Pro Tempore of the Senate,
 28 respectively, for additional employment duties beyond those provided by the rules of
 29 their House. The Legislative Services Commission shall review the salary of the
 30 principal clerks prior to submission of the proposed operating budget of the General
 31 Assembly to the Governor and shall make appropriate recommendations for changes in
 32 those salaries. Any changes enacted by the General Assembly shall be by amendment to
 33 this paragraph."
 34

35 **SERGEANT-AT-ARMS AND READING CLERKS/SALARY INCREASES**

36 **SECTION 28.9.** Effective July 1, 2007, G.S. 120-37(b) reads as rewritten:

37 "(b) The sergeant-at-arms and the reading clerk in each house shall be paid a
 38 salary of ~~three hundred forty five dollars (\$345.00)~~ three hundred fifty-nine dollars
 39 (\$359.00) per week plus subsistence at the same daily rate provided for members of the
 40 General Assembly, plus mileage at the rate provided for members of the General
 41 Assembly for one round trip only from their homes to Raleigh and return. The
 42 sergeants-at-arms shall serve during sessions of the General Assembly and at such time
 43 prior to the convening of, and subsequent to adjournment or recess of, sessions as may
 44 be authorized by the Legislative Services Commission. The reading clerks shall serve
 45 during sessions only."
 46

47 **LEGISLATIVE EMPLOYEES/SALARY INCREASES**

48 **SECTION 28.10.** Effective July 1, 2007, the Legislative Services Officer
 49 shall increase the salaries of nonelected employees of the General Assembly in effect
 50 for fiscal year 2006-2007 by four percent (4.0%). Nothing in this act limits any of the
 51 provisions of G.S. 120-32.

COMMUNITY COLLEGES PERSONNEL/SALARY INCREASES

SECTION 28.11.(a) The Director of the Budget shall transfer from the Reserve for Compensation Increases, created in this act for fiscal years 2007-2008 and 2008-2009, funds to the North Carolina Community Colleges System Office necessary to provide an annual salary increase of four percent (4.0%) including funds for the employer's retirement and social security contributions, commencing July 1, 2007, for all community college employees supported by State funds.

SECTION 28.11.(b) The Director of the Budget shall transfer from the Reserve for Compensation Increases, created in this act for fiscal years 2007-2008 and 2008-2009, funds to the North Carolina Community Colleges System Office necessary to provide an additional annual salary increase of one percent (1.0%) for Community College faculty and professional staff, including funds for the employer's retirement and social security contributions, supported by State funds.

UNIVERSITY OF NORTH CAROLINA SYSTEM/EPA SALARY INCREASES

SECTION 28.12.(a) Effective July 1, 2007, the Director of the Budget shall transfer to the Board of Governors of The University of North Carolina sufficient funds from the Reserve for Compensation Increases, created in this act for fiscal years 2007-2008 and 2008-2009, including funds for the employer's retirement and social security contributions, to provide to employees of The University of North Carolina, other than teachers of the North Carolina School of Science and Mathematics, whose salaries are supported by State funds and who are exempt from the State Personnel Act (EPA) an annual salary increase of five percent (5%) for faculty. The percentage annual salary increase of five percent (5%), authorized by this section shall be made on an aggregated average basis, according to the rules adopted by the Board of Governors of The University of North Carolina and may not be used for any purpose other than for salary increases and necessary employer contributions provided by this section. The Board of Governors may use a portion of the annual salary increase provided by this section to improve competitive national peer rankings for faculty.

SECTION 28.12.(b) Effective July 1, 2007, the Director of the Budget shall transfer to the Board of Governors of The University of North Carolina sufficient funds from the Reserve for Compensation Increases, created in this act for fiscal years 2007-2008 and 2008-2009, including funds for the employer's retirement and social security contributions, to provide to employees of The University of North Carolina, other than teachers of the North Carolina School of Science and Mathematics, whose salaries are supported by State funds and who are exempt from the State Personnel Act (EPA) an annual salary increase of four percent (4.0%) for non-faculty. The percentage annual salary increase of four percent (4.0%) authorized by this section shall be made on an aggregated average basis, according to the rules adopted by the Board of Governors of The University of North Carolina and may not be used for any purpose other than for salary increases and necessary employer contributions provided by this section.

SECTION 28.12.(c) The Director of the Budget shall transfer to the Board of Governors of The University of North Carolina sufficient funds from the Reserve for Compensation Increases, created in this act for fiscal years 2007-2008 and 2008-2009, to provide an average annual salary increase of five percent (5%) but at least an annual increase of one thousand two hundred forty dollars (\$1,240), including funds for the employer's retirement and social security contributions, commencing July 1, 2007, for all teaching employees of the North Carolina School of Science and Mathematics, supported by State funds and whose salaries are exempt from the State Personnel Act

1 (EPA). These funds shall be allocated to individuals according to the rules adopted by
2 the Board of Trustees of the North Carolina School of Science and Mathematics and
3 may not be used for any purpose other than for salary increases and necessary employer
4 contributions provided by this section.
5

6 **STATE AGENCY TEACHERS' COMPENSATION**

7 **SECTION 28.13.** Funds in the Reserve for Compensation Increases shall be
8 used for experience step increases for employees of schools operated by the Department
9 of Health and Human Services, the Department of Correction, or the Department of
10 Juvenile Justice and Delinquency Prevention, who are paid on the Teacher Salary
11 Schedule or the School Based Administrator Salary Schedule.
12

13 **MOST STATE EMPLOYEES/SALARY INCREASES**

14 **SECTION 28.14.(a)** The salaries in effect June 30, 2007, of all permanent
15 full-time State employees whose salaries are set in accordance with the State Personnel
16 Act, and who are paid from the General Fund or the Highway Fund, shall be increased,
17 on or after July 1, 2007, unless otherwise provided by this act, by four percent (4.0%).

18 **SECTION 28.14.(b)** Except as otherwise provided in this act, the fiscal year
19 2007-2008 salaries for permanent full-time State officials and persons in exempt
20 positions that are recommended by the Governor or the Governor and the Advisory
21 Budget Commission and set by the General Assembly shall be increased by four percent
22 (4.0%), commencing July 1, 2007.

23 **SECTION 28.14.(c)** The salaries in effect for fiscal year 2007-2008 for all
24 permanent part-time State employees shall be increased on and after July 1, 2007, by the
25 four percent (4.0%) salary increase provided for permanent full-time employees covered
26 under this part.

27 **SECTION 28.14.(d)** The Director of the Budget may allocate out of special
28 operating funds or from other sources of the employing agency, except tax revenues,
29 sufficient funds to allow a salary increase, on and after July 1, 2007, in accordance with
30 subsection (a), (b), or (c) of this section including funds for the employer's retirement
31 and social security contributions, for the permanent full-time and part-time employees
32 of the agency, provided the employing agency elects to make available the necessary
33 funds.

34 **SECTION 28.14.(e)** Within regular State Budget Act procedures as limited
35 by this act, all State agencies and departments may increase on an equitable basis the
36 rate of pay of temporary and permanent hourly State employees, subject to availability
37 of funds in the particular agency or department, by pro rata amounts of the four percent
38 (4.0%) salary increase provided for permanent full-time employees covered by the
39 provisions of subsection (a) of this section, commencing July 1, 2007.
40

41 **ALL STATE-SUPPORTED PERSONNEL/SALARY INCREASES**

42 **SECTION 28.15.(a)** Salaries and related benefits for positions that are
43 funded partially from the General Fund or Highway Fund and partially from sources
44 other than the General Fund or Highway Fund shall be increased from the General Fund
45 or Highway Fund appropriation only to the extent of the proportionate part of the
46 salaries paid from the General Fund or Highway Fund.

47 **SECTION 28.15.(b)** The granting of the salary increases under this act does
48 not affect the status of eligibility for salary increments for which employees may be
49 eligible unless otherwise required by this act.

50 **SECTION 28.15.(c)** The salary increases provided in this act are to be
51 effective July 1, 2007, do not apply to persons separated from State service due to

1 resignation, dismissal, reduction in force, death, or retirement, or whose last workday is
2 prior to July 1, 2007.

3 Payroll checks issued to employees after July 1, 2007, which represent
4 payment of services provided prior to July 1, 2007, shall not be eligible for salary
5 increases provided for in this act. This subsection shall apply to all employees, subject
6 to or exempt from the State Personnel Act, paid from State funds, including public
7 schools, community colleges, and The University of North Carolina.

8 **SECTION 28.15.(d)** The Director of the Budget shall transfer from the
9 Reserve for Compensation Increases in this act for fiscal year 2007-2008 all funds
10 necessary for the salary increases provided by this act, including funds for the
11 employer's retirement and social security contributions.

12 **SECTION 28.15.(e)** Nothing in this act authorizes the transfer of funds
13 between the General Fund and the Highway Fund for salary increases.

14 **SECTION 28.15.(f)** Permanent full-time employees who work a nine-, ten-,
15 or eleven-month work year schedule shall receive the four percent (4.0%) annual
16 increase provided by this act.

17 18 **CERTAIN SALARIES SET BY GENERAL ASSEMBLY**

19 **SECTION 28.15A.** G.S. 7A-65(a) reads as rewritten:

20 "(a) The annual salary of:

21 (1) District attorneys shall be ~~the midpoint amount between the salary of a~~
22 ~~senior resident superior court judge and the salary of a chief district~~
23 ~~court judge, as provided by law,~~ as provided in the Current Operations
24 Appropriations Act.

25 (2) Full-time assistant district attorneys shall be as provided in the Current
26 Operations Appropriations Act.

27 When traveling on official business, each district attorney and assistant district
28 attorney is entitled to reimbursement for his subsistence and travel expenses to the same
29 extent as State employees generally."

30 31 **TEMPORARY SALES TAX TRANSFER FOR WILDLIFE RESOURCES** 32 **COMMISSION SALARIES**

33 **SECTION 28.15B.** For the 2007-2008 and 2008-2009 fiscal years, the
34 Secretary of Revenue shall transfer at the end of each quarter from the State sales and
35 use tax net collections received by the Department of Revenue under Article 5 of
36 Chapter 105 of the General Statutes to the State Treasurer for the Wildlife Resources
37 Fund to fund the cost of any legislative salary increase for employees of the Wildlife
38 Resources Commission.

39 40 **SALARY ADJUSTMENT FUND**

41 **SECTION 28.18.(a)** Any remaining appropriations in the General Fund
42 Reserve for Compensation Increases authorized for employee salary increases not
43 required for that purpose may be used to supplement the General Fund Salary
44 Adjustment Fund to support salary adjustments for positions supported by the General
45 Fund. Any remaining appropriations in the Highway Fund Reserves and Transfers
46 authorized for employee salary increases not required for that purpose may be used to
47 supplement the Highway Fund Salary Adjustment Fund to support salary adjustments
48 for positions supported by the Highway Fund.

49 **SECTION 28.18.(b)** Funds appropriated or otherwise transferred to the
50 General Fund Salary Adjustment Fund or to the Highway Fund Salary Adjustment Fund

1 by this act or any other provision of law shall be used to fund agency requests for the
2 following purposes:

- 3 (1) Salary range revisions, special minimum rates, grade to band transfers
4 and geographic site differential adjustments to provide competitive
5 salary rates for affected job classifications/groups in response to
6 changes in labor market rates as documented through data collection
7 and analysis according to accepted human resource professional
8 practices and standards.
9 (2) Reallocation of positions to higher level job classifications to
10 compensate employees for more difficult duties at competitive salary
11 rates as documented through data collection and analysis according to
12 accepted human resource professional practices and standards.

13 The terms 'salary range revision' and 'reallocation' as used in this section shall conform
14 to the definitions of those terms as previously contained in the State Personnel Manual
15 and adopted by the State Personnel Commission effective immediately prior to
16 November 1, 2005. Funds shall only be used for salary adjustments that are in
17 compliance with State Personnel Commission policies. Funding shall first be provided
18 to the earliest actions approved on or before July 1, 2007, by the State Personnel
19 Commission or the Office of State Personnel and shall not be used for other purposes
20 including, but not limited to, in-range adjustments, career progression adjustments, or
21 other adjustments as these terms may be defined by State personnel policy.

22 **SECTION 28.18.(c)** The Director of the Budget shall consult with the Joint
23 Legislative Commission on Governmental Operations prior to transferring any salary
24 adjustment funds for any State agency.

25 **SECTION 28.18.(d)** The Director of the Budget may:

- 26 (1) Transfer to General Fund budget codes from the General Fund Salary
27 Adjustment Fund amounts required to support salary adjustments
28 authorized by this section with the oldest of the pending adjustments to
29 be funded first.
30 (2) Transfer to Highway Fund budget codes from the Highway Fund
31 Salary Adjustment Fund amounts required to support salary
32 adjustments authorized by this section.

33 **SECTION 28.18.(e)** The Judicial Department is eligible for the funding
34 authorized in subsection (a) of this section.

35 **SECTION 28.18.(f)** Employees subject to the State Personnel Act in The
36 University of North Carolina System are eligible for funding authorized in subsection
37 (a) of this section and for the purposes outlined in subsection (b) of this section.
38

39 JUDICIAL BRANCH LONGEVITY

40 **SECTION 28.18A.(a)** G.S. 7A-10(c) reads as rewritten:

41 "(c) In lieu of merit and other increment raises paid to regular State employees,
42 the Chief Justice and each of the Associate Justices shall receive as longevity pay an
43 annual amount equal to four and eight-tenths percent (4.8%) of the annual salary set
44 forth in the Current Operations Appropriations Act payable monthly after five years of
45 service, nine and six-tenths percent (9.6%) after 10 years of service, fourteen and
46 four-tenths percent (14.4%) after 15 years of service, ~~and~~ nineteen and two-tenths
47 percent (19.2%) after 20 years of service. ~~service, twenty-four percent (24%) after 25~~
48 years of service, and twenty-eight and eight-tenths percent (28.8%) after 30 years of
49 service. "Service" means service as a justice or judge of the General Court of Justice or
50 as a member of the Utilities Commission. Service shall also mean service as a district
51 attorney or as a clerk of superior court."

1 **SECTION 28.18A.(b)** G.S. 7A-18(b) reads as rewritten:

2 "(b) In lieu of merit and other increment raises paid to regular State employees, a
3 judge of the Court of Appeals shall receive as longevity pay an annual amount equal to
4 four and eight-tenths percent (4.8%) of the annual salary set forth in the Current
5 Operations Appropriations Act payable monthly after five years of service, nine and
6 six-tenths percent (9.6%) after 10 years of service, fourteen and four-tenths percent
7 (14.4%) after 15 years of service, ~~and nineteen and two-tenths percent (19.2%) after 20~~
8 years of service, service, twenty-four percent (24%) after 25 years of service, and
9 twenty-eight and eight-tenths percent (28.8%) after 30 years of service. "Service" means
10 service as a justice or judge of the General Court of Justice or as a member of the
11 Utilities Commission. Service shall also mean service as a district attorney or as a clerk
12 of superior court."

13 **SECTION 28.18A.(c)** G.S. 7A-44(b) reads as rewritten:

14 "(b) In lieu of merit and other increment raises paid to regular State employees, a
15 judge of the superior court, regular or special, shall receive as longevity pay an annual
16 amount equal to four and eight-tenths percent (4.8%) of the annual salary set forth in the
17 Current Operations Appropriations Act payable monthly after five years of service, nine
18 and six-tenths percent (9.6%) after 10 years of service, fourteen and four-tenths percent
19 (14.4%) after 15 years of service, ~~and nineteen and two-tenths percent (19.2%) after 20~~
20 years of service, service, twenty-four percent (24%) after 25 years of service, and
21 twenty-eight and eight-tenths percent (28.8%) after 30 years of service. "Service" means
22 service as a justice or judge of the General Court of Justice or as a member of the
23 Utilities Commission or as director or assistant director of the Administrative Office of
24 the Courts. Service shall also mean service as a district attorney or as a clerk of superior
25 court."

26 **SECTION 28.18A.(d)** G.S. 7A-65 reads as rewritten:

27 "**§ 7A-65. Compensation and allowances of district attorneys and assistant district**
28 **attorneys.**

29 (a) The annual salary of:

- 30 (1) District attorneys shall be the midpoint amount between the salary of a
31 senior resident superior court judge and the salary of a chief district
32 court judge, as provided by law,
33 (2) Full-time assistant district attorneys shall be as provided in the Current
34 Operations Appropriations Act.

35 When traveling on official business, each district attorney and assistant district
36 attorney is entitled to reimbursement for his subsistence and travel expenses to the same
37 extent as State employees generally.

38 (b) Repealed by Session Laws 1985, c. 689, s. 2.

39 (c) In lieu of merit and other increment raises paid to regular State employees, a
40 district attorney shall receive as longevity pay an amount equal to four and eight-tenths
41 percent (4.8%) of the annual salary set forth in the Current Operations Appropriations
42 Act payable monthly after five years of service, and nine and six-tenths percent (9.6%)
43 after 10 years of service, fourteen and four-tenths percent (14.4%) after 15 years of
44 service, ~~and nineteen and two-tenths percent (19.2%) after 20 years of service, service,~~
45 twenty-four percent (24%) after 25 years of service, and twenty-eight and eight-tenths
46 percent (28.8%) after 30 years of service. Service shall mean service in the elective
47 position of a district attorney and shall not include service as a deputy or acting district
48 attorney. Service shall also mean service as a justice or judge of the General Court of
49 Justice, clerk of superior court, assistant district attorney, public defender, appellate
50 defender, or assistant public or appellate defender.

1 (d) In lieu of merit and other increment raises paid to regular State employees, an
 2 assistant district attorney shall receive as longevity pay an amount equal to four and
 3 eight-tenths percent (4.8%) of the annual salary set forth in the Current Operations
 4 Appropriations Act payable monthly after five years of service, nine and six-tenths
 5 percent (9.6%) after 10 years of service, fourteen and four-tenths percent (14.4%) after
 6 15 years of service, ~~and~~ nineteen and two-tenths percent (19.2%) after 20 years of
 7 service, twenty-four percent (24%) after 25 years of service, and twenty-eight
 8 and eight-tenths percent (28.8%) after 30 years of service. "Service" means service as an
 9 assistant district attorney, district attorney, resource prosecutor, public defender,
 10 appellate defender, assistant public or appellate defender, justice or judge of the General
 11 Court of Justice, or clerk of superior court. For purposes of this subsection, "resource
 12 prosecutor" means a former assistant district attorney who has left the employment of
 13 the district attorney's office to serve in a specific, time-limited position with the
 14 Conference of District Attorneys."

15 **SECTION 28.18A.(e)** G.S. 7A-101(c) reads as rewritten:

16 "(c) In lieu of merit and other increment raises paid to regular State employees, a
 17 clerk of superior court shall receive as longevity pay an amount equal to four and
 18 eight-tenths percent (4.8%) of the clerk's annual salary payable monthly after five years
 19 of service, nine and six-tenths percent (9.6%) after 10 years of service, fourteen and
 20 four-tenths percent (14.4%) after 15 years of service, ~~and~~ nineteen and two-tenths
 21 percent (19.2%) after 20 years of service, twenty-four percent (24%) after 25
 22 years of service, and twenty-eight and eight-tenths percent (28.8%) after 30 years of
 23 service. Service shall mean service in the elective position of clerk of superior court, as
 24 an assistant clerk of court and as a supervisor of clerks of superior court with the
 25 Administrative Office of the Courts and shall not include service as a deputy or acting
 26 clerk. Service shall also mean service as a justice, judge, or magistrate of the General
 27 Court of Justice or as a district attorney."

28 **SECTION 28.18A.(f)** G.S. 7A-144(b) reads as rewritten:

29 "(b) Notwithstanding merit, longevity and other increment raises paid to regular
 30 State employees, a judge of the district court shall receive as longevity pay an annual
 31 amount equal to four and eight-tenths percent (4.8%) of the annual salary set forth in the
 32 Current Operations Appropriations Act payable monthly after five years of service, nine
 33 and six-tenths percent (9.6%) after 10 years of service, fourteen and four-tenths percent
 34 (14.4%) after 15 years of service, ~~and~~ nineteen and two-tenths percent (19.2%) after 20
 35 years of service, twenty-four percent (24%) after 25 years of service, and
 36 twenty-eight and eight-tenths percent (28.8%) after 30 years of service. "Service" means
 37 service as a justice or judge of the General Court of Justice or as a member of the
 38 Utilities Commission or as director or assistant director of the Administrative Office of
 39 the Courts. Service shall also mean service as a district attorney or as a clerk of superior
 40 court."

41 **SECTION 28.18A.(g)** G.S. 7A-498.7 reads as rewritten:

42 **"§ 7A-498.7. Public Defender Offices.**

43 (a) The following counties of the State are organized into the defender districts
 44 listed below, and in each of those defender districts an office of public defender is
 45 established:

<u>Defender District</u>	<u>Counties</u>
1	Camden, Chowan, Currituck, Dare, Gates, Pasquotank, Perquimans

1	3A	Pitt
2	3B	Carteret
3	10	Wake
4	12	Cumberland
5	14	Durham
6	15B	Orange, Chatham
7	16A	Scotland, Hoke
8	16B	Robeson
9	18	Guilford
10	21	Forsyth
11	26	Mecklenburg
12	27A	Gaston
13	28	Buncombe
14		

15 After notice to, and consultation with, the affected district bar, senior resident superior
16 court judge, and chief district court judge, the Commission on Indigent Defense
17 Services may recommend to the General Assembly that a district or regional public
18 defender office be established. A legislative act is required in order to establish a new
19 office or to abolish an existing office.

20 (b) For each new term, and to fill any vacancy, public defenders shall be
21 appointed from a list of not less than two and not more than three names nominated by
22 written ballot of the attorneys resident in the defender district who are licensed to
23 practice law in North Carolina. The balloting shall be conducted pursuant to rules
24 adopted by the Commission on Indigent Defense Services. The appointment shall be
25 made by the senior resident superior court judge of the superior court district or set of
26 districts as defined in G.S. 7A-44.1 that includes the county or counties of the defender
27 district for which the public defender is being appointed.

28 (c) A public defender shall be an attorney licensed to practice law in North
29 Carolina and shall devote full time to the duties of the office. In lieu of merit and other
30 increment raises paid to regular State employees, a public defender shall receive as
31 longevity pay an amount equal to four and eight-tenths percent (4.8%) of the annual
32 salary set forth in the Current Operations Appropriations Act payable monthly after five
33 years of service, nine and six-tenths percent (9.6%) after 10 years of service, fourteen
34 and four-tenths percent (14.4%) after 15 years of service, ~~and nineteen and two-tenths~~
35 percent (19.2%) after 20 years of service, twenty-four percent (24%) after 25
36 years of service, and twenty-eight and eight-tenths percent (28.8%) after 30 years of
37 service. "Service" means service as a public defender, appellate defender, assistant
38 public or appellate defender, district attorney, assistant district attorney, justice or judge
39 of the General Court of Justice, or clerk of superior court.

40 (d) Subject to standards adopted by the Commission, the day-to-day operation
41 and administration of public defender offices shall be the responsibility of the public
42 defender in charge of the office. The public defender shall keep appropriate records and
43 make periodic reports, as requested, to the Director of the Office of Indigent Defense
44 Services on matters related to the operation of the office.

45 (e) The Office of Indigent Defense Services shall procure office equipment and
46 supplies for the public defender, and provide secretarial and library support from State
47 funds appropriated to the public defender's office for this purpose.

48 (f) Each public defender is entitled to assistant public defenders, investigators,
49 and other staff, full-time or part-time, as may be authorized by the Commission.
50 Assistants, investigators, and other staff are appointed by the public defender and serve
51 at the pleasure of the public defender. Average and minimum compensation of

1 assistants shall be as provided in the biennial Current Operations Appropriations Act.
2 The actual salaries of assistants shall be set by the public defender in charge of the
3 office, subject to approval by the Commission. The Commission shall fix the
4 compensation of investigators. Assistants and investigators shall perform such duties as
5 may be assigned by the public defender.

6 (g) In lieu of merit and other increment raises paid to regular State employees, an
7 assistant public defender shall receive as longevity pay an amount equal to four and
8 eight-tenths percent (4.8%) of the annual salary set forth in the Current Operations
9 Appropriations Act payable monthly after five years of service, nine and six-tenths
10 percent (9.6%) after 10 years of service, fourteen and four-tenths percent (14.4%) after
11 15 years of service, ~~and nineteen and two-tenths percent (19.2%) after 20 years of~~
12 ~~service.~~ service, twenty-four percent (24%) after 25 years of service, and twenty-eight
13 and eight-tenths percent (28.8%) after 30 years of service. "Service" means service as a
14 public defender, appellate defender, assistant public or appellate defender, district
15 attorney, assistant district attorney, justice or judge of the General Court of Justice, or
16 clerk of superior court.

17 (h) The term of office of public defender appointed under this section is four
18 years. A public defender or assistant public defender may be suspended or removed
19 from office, and reinstated, for the same causes and under the same procedures as are
20 applicable to removal of a district attorney.

21 (i) A public defender may apply to the Director of the Office of Indigent
22 Defense Services to enter into contracts with local governments for the provision by the
23 State of services of temporary assistant public defenders pursuant to G.S. 153A-212.1 or
24 G.S. 160A-289.1.

25 (j) The Director of the Office of Indigent Defense Services may provide
26 assistance requested pursuant to subsection (i) of this section only upon a showing by
27 the requesting public defender, supported by facts, that the overwhelming public interest
28 warrants the use of additional resources for the speedy disposition of cases involving
29 drug offenses, domestic violence, or other offenses involving a threat to public safety.

30 (k) The terms of any contract entered into with local governments pursuant to
31 subsection (i) of this section shall be fixed by the Director of the Office of Indigent
32 Defense Services in each case. Nothing in this section shall be construed to obligate the
33 General Assembly to make any appropriation to implement the provisions of this
34 section or to obligate the Office of Indigent Defense Services to provide the
35 administrative costs of establishing or maintaining the positions or services provided for
36 under this section. Further, nothing in this section shall be construed to obligate the
37 Office of Indigent Defense Services to maintain positions or services initially provided
38 for under this section."
39

40 CAREER BANDING/CONTINUATION

41 **SECTION 28.18B.** Notwithstanding any other provision of law, the State
42 Personnel Commission, the Office of State Personnel, The University of North Carolina
43 as to its employees subject to the State Personnel Act, and State agencies as to their
44 defined critical occupational groups such as nursing, engineering, library, fiscal, and
45 pharmacy positions, and other similar occupational groups, shall begin or continue the
46 development and implementation of career banding, effective July 1, 2007.

47 The Office of State Personnel shall provide quarterly updates on career
48 banding to the Joint Legislative Commission on Governmental Operations.

49 The Office of State Personnel shall consult with the Joint Legislative
50 Commission on Governmental Operations prior to the State Personnel Commission's

1 review and approval of career banding for major occupational groups with significant
2 labor market changes.

4 **SALARY-RELATED CONTRIBUTIONS/EMPLOYER**

5 **SECTION 28.19.(a)** Required employer salary-related contributions for
6 employees whose salaries are paid from department, office, institution, or agency
7 receipts shall be paid from the same source as the source of the employees' salary. If an
8 employee's salary is paid in part from the General Fund or Highway Fund and in part
9 from department, office, institution, or agency receipts, required employer salary-related
10 contributions may be paid from the General Fund or Highway Fund only to the extent of
11 the proportionate part paid from the General Fund or Highway Fund in support of the
12 salary of the employee, and the remainder of the employer's requirements shall be paid
13 from the source that supplies the remainder of the employee's salary. The requirements
14 of this section as to source of payment are also applicable to payments on behalf of the
15 employee for hospital-medical benefits, longevity pay, unemployment compensation,
16 accumulated leave, workers' compensation, severance pay, separation allowances, and
17 applicable disability income benefits.

18 Notwithstanding any other provision of law, an employer who hires or has
19 hired a retiree as an employee shall enroll the retiree in the active group and pay the cost
20 for the hospital-medical benefits if that retiree is employed in a position that would
21 require the employer to pay hospital-medical benefits if the individual had not been
22 retired.

23 **SECTION 28.19.(b)** Effective July 1, 2007, the State's employer
24 contribution rates budgeted for retirement and related benefits as percentage of covered
25 salaries for the 2007-2008 fiscal year are: (i) seven and ninety-six hundredths percent
26 (7.96%) – Teachers and State Employees; (ii) twelve and ninety-six hundredths percent
27 (12.96%) – State Law Enforcement Officers; (iii) eleven and sixty-six hundredths
28 percent (11.66%) – University Employees' Optional Retirement System; (iv) eleven and
29 sixty-six hundredths percent (11.66%) – Community College Optional Retirement
30 Program; (v) seventeen and fifty-one hundredths percent (17.51%) – Consolidated
31 Judicial Retirement System; and (vi) four and thirty hundredths percent (4.30%) –
32 Legislative Retirement System. Each of the foregoing contribution rates includes four
33 and thirty hundredths percent (4.30%) for hospital and medical benefits. The rate for
34 Teachers and State Employees, State Law Enforcement Officers, Community College
35 Optional Retirement Program, and for the University Employees' Optional Retirement
36 Program includes fifty-two hundredths percent (0.52%) for the Disability Income Plan.
37 The rates for Teachers and State Employees and State Law Enforcement Officers
38 include sixteen-hundredths percent (0.16%) for the Death Benefits Plan. The rate for
39 State Law Enforcement Officers includes five percent (5%) for Supplemental
40 Retirement Income.

41 **SECTION 28.19.(c)** Effective July 1, 2008, the State's employer
42 contribution rates budgeted for retirement and related benefits as percentage of covered
43 salaries for the 2007-2008 fiscal year are: (i) seven and ninety-six hundredths percent
44 (7.96%) – Teachers and State Employees; (ii) twelve and ninety-six hundredths percent
45 (12.96%) – State Law Enforcement Officers; (iii) eleven and sixty-six hundredths
46 percent (11.66%) – University Employees' Optional Retirement System; (iv) eleven and
47 sixty-six hundredths percent (11.66%) – Community College Optional Retirement
48 Program; (v) seventeen and fifty-one hundredths percent (17.51%) – Consolidated
49 Judicial Retirement System; and (vi) four and thirty hundredths percent (4.30%) –
50 Legislative Retirement System. Each of the foregoing contribution rates includes four
51 and thirty hundredths percent (4.30%) for hospital and medical benefits. The rate for

1 Teachers and State Employees, State Law Enforcement Officers, Community College
2 Optional Retirement Program, and for the University Employees' Optional Retirement
3 Program includes fifty-two hundredths percent (0.52%) for the Disability Income Plan.
4 The rates for Teachers and State Employees and State Law Enforcement Officers
5 include sixteen-hundredths percent (0.16%) for the Death Benefits Plan. The rate for
6 State Law Enforcement Officers includes five percent (5%) for Supplemental
7 Retirement Income.

8 **SECTION 28.19.(d)** The maximum annual employer contributions, payable
9 monthly, by the State for each covered employee or retiree for the 2007-2008 fiscal year
10 to the Teachers' and State Employees' Comprehensive Major Medical Plan's Indemnity
11 Plan are: (i) Medicare-eligible employees and retirees – three thousand two hundred
12 twenty-six dollars (\$3,226) and (ii) non-Medicare-eligible employees and retirees – four
13 thousand two hundred thirty-eight dollars (\$4,238).

14 **SECTION 28.19.(f)** The maximum annual employer contributions, payable
15 monthly, by the State for each covered employee or retiree for the 2007-2008 fiscal year
16 to the Teachers' and State Employees' Comprehensive Major Medical Plan's Preferred
17 Provider Options Program are: (i) Medicare-eligible employees and retirees – three
18 thousand ninety-one dollars (\$3,091) and (ii) non-Medicare-eligible employees and
19 retirees – four thousand sixty-one dollars (\$4,061).

20 **SECTION 28.19.(g)** The maximum annual employer contributions, payable
21 monthly, by the State for each covered employee or retiree for the 2008-2009 fiscal year
22 to the Teachers' and State Employees' Comprehensive Major Medical Plan's Preferred
23 Provider Options Program are: (i) Medicare-eligible employees and retirees – three
24 thousand one hundred seventy-three dollars (\$3,173) and (ii) non-Medicare-eligible
25 employees and retirees – four thousand one hundred sixty-eight dollars (\$4,168).

26
27 **PROVIDE COST-OF-LIVING INCREASES FOR RETIREES OF THE**
28 **TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM, THE**
29 **JUDICIAL RETIREMENT SYSTEM, THE LEGISLATIVE RETIREMENT**
30 **SYSTEM, AND THE LOCAL GOVERNMENTAL EMPLOYEES'**
31 **RETIREMENT SYSTEM**

32 **SECTION 28.20.(a)** G.S. 135-5 is amended by adding a new subsection to
33 read:

34 "(qqq) From and after July 1, 2007, the retirement allowance to or on account of
35 beneficiaries whose retirement commenced on or before July 1, 2006, shall be increased
36 by two percent (2%) of the allowance payable on June 1, 2007, in accordance with
37 G.S. 135-5(o). Furthermore, from and after July 1, 2007, the retirement allowance to or
38 on account of beneficiaries whose retirement commenced after July 1, 2006, but before
39 June 30, 2007, shall be increased by a prorated amount of two percent (2%) of the
40 allowance payable as determined by the Board of Trustees based upon the number of
41 months that a retirement allowance was paid between July 1, 2006, and June 30, 2007."

42 **SECTION 28.20.(b)** G.S. 135-65 is amended by adding a new subsection to
43 read:

44 "(bb) From and after July 1, 2007, the retirement allowance to or on account of
45 beneficiaries whose retirement commenced on or before July 1, 2006, shall be increased
46 by two percent (2%) of the allowance payable on June 1, 2007. Furthermore, from and
47 after July 1, 2007, the retirement allowance to or on account of beneficiaries whose
48 retirement commenced after July 1, 2006, but before June 30, 2007, shall be increased
49 by a prorated amount of two percent (2%) of the allowance payable as determined by
50 the Board of Trustees based upon the number of months that a retirement allowance was
51 paid between July 1, 2006, and June 30, 2007."

1 **SECTION 28.20.(c)** G.S. 120-4.22A is amended by adding a new subsection
2 to read:

3 "(v) In accordance with subsection (a) of this section, from and after July 1, 2007,
4 the retirement allowance to or on account of beneficiaries whose retirement commenced
5 on or before January 1, 2007, shall be increased by two percent (2%) of the allowance
6 payable on June 1, 2007. Furthermore, from and after July 1, 2007, the retirement
7 allowance to or on account of beneficiaries whose retirement commenced after January
8 1, 2007, but before June 30, 2007, shall be increased by a prorated amount of two
9 percent (2%) of the allowance payable as determined by the Board of Trustees based
10 upon the number of months that a retirement allowance was paid between January 1,
11 2007, and June 30, 2007."

12
13 **INCREASE THE MONTHLY PENSION FOR MEMBERS OF THE FIREMEN'S**
14 **AND RESCUE SQUAD WORKERS' PENSION FUND**

15 **SECTION 28.21.** G.S. 58-86-55 reads as rewritten:

16 **"§ 58-86-55. Monthly pensions upon retirement.**

17 Any member who has served 20 years as an "eligible fireman" or "eligible rescue
18 squad worker" in the State of North Carolina, as provided in G.S. 58-86-25 and
19 G.S. 58-86-30, and who has attained the age of 55 years is entitled to be paid a monthly
20 pension from this fund. The monthly pension shall be in the amount of ~~one hundred~~
21 ~~sixty five dollars (\$165.00)~~ one hundred sixty-seven dollars (\$167.00) per month. Any
22 retired fireman receiving a pension shall, effective ~~July 1, 2006,~~ July 1, 2007, receive a
23 pension of ~~one hundred sixty five dollars (\$165.00)~~ one hundred sixty-seven dollars
24 (\$167.00) per month.

25 Members shall pay ten dollars (\$10.00) per month as required by G.S. 58-86-35 and
26 G.S. 58-86-40 for a period of no longer than 20 years. No "eligible rescue squad
27 member" shall receive a pension prior to July 1, 1983. No member shall be entitled to a
28 pension hereunder until the member's official duties as a fireman or rescue squad
29 worker for which the member is paid compensation shall have been terminated and the
30 member shall have retired as such according to standards or rules fixed by the board of
31 trustees.

32 A member who is totally and permanently disabled while in the discharge of the
33 member's official duties as a result of bodily injuries sustained or as a result of extreme
34 exercise or extreme activity experienced in the course and scope of those official duties
35 and who leaves the fire or rescue squad service because of this disability shall be
36 entitled to be paid from the fund a monthly benefit in an amount of ~~one hundred~~
37 ~~sixty five dollars (\$165.00)~~ one hundred sixty-seven dollars (\$167.00) per month
38 beginning the first month after the member's fifty-fifth birthday. All applications for
39 disability are subject to the approval of the board who may appoint physicians to
40 examine and evaluate the disabled member prior to approval of the application, and
41 annually thereafter. Any disabled member shall not be required to make the monthly
42 payment of ten dollars (\$10.00) as required by G.S. 58-86-35 and G.S. 58-86-40.

43 A member who is totally and permanently disabled for any cause, other than line of
44 duty, who leaves the fire or rescue squad service because of this disability and who has
45 at least 10 years of service with the pension fund, may be permitted to continue making
46 a monthly contribution of ten dollars (\$10.00) to the fund until the member has made
47 contributions for a total of 240 months. The member shall upon attaining the age of 55
48 years be entitled to receive a pension as provided by this section. All applications for
49 disability are subject to the approval of the board who may appoint physicians to
50 examine and evaluate the disabled member prior to approval of the application and
51 annually thereafter.

1 A member who, because his residence is annexed by a city under Part 2 or Part 3 of
2 ~~Article 4~~ Article 4A of Chapter 160A of the General Statutes, or whose department is
3 closed because of an annexation by a city under Part 2 or Part 3 of ~~Article 4~~ Article 4A
4 of Chapter 160A of the General Statutes, or whose volunteer department is taken over
5 by a city or county, and because of such annexation or takeover is unable to perform as
6 a fireman or rescue squad worker of any status, and if the member has at least 10 years
7 of service with the pension fund, may be permitted to continue making a monthly
8 contribution of ten dollars (\$10.00) to the fund until the member has made contributions
9 for a total of 240 months. The member upon attaining the age of 55 years and
10 completion of such contributions shall be entitled to receive a pension as provided by
11 this section. Any application to make monthly contributions under this section shall be
12 subject to a finding of eligibility by the Board of Trustees upon application of the
13 member.

14 The pensions provided shall be in addition to all other pensions or benefits under any
15 other statutes of the State of North Carolina or the United States, notwithstanding any
16 exclusionary provisions of other pensions or retirement systems provided by law."
17

18 **ENHANCE BENEFITS PAYABLE THROUGH THE NATIONAL GUARD** 19 **PENSION FUND**

20 **SECTION 28.21A.** G.S. 127A-40(a) reads as rewritten:

21 "(a) Every member and former member of the North Carolina national guard who
22 meets the requirements hereinafter set forth shall receive, commencing at age 60, a
23 pension of ~~eighty dollars (\$80.00)~~ ninety-five dollars (\$95.00) per month for 20 years'
24 creditable military service with an additional ~~eight dollars (\$8.00)~~ nine dollars fifty
25 cents (\$9.50) per month for each additional year of such service; provided, however,
26 that the total pension shall not exceed ~~one hundred sixty dollars (\$160.00)~~ one hundred
27 ninety dollars (\$190.00) per month. The requirements for such pension are that each
28 member shall:

- 29 (1) Have served and qualified for at least 20 years' creditable military
30 service, including national guard, reserve and active duty, under the
31 same requirement specified for entitlement to retired pay for
32 nonregular service under Chapter 67, Title 10, United States Code.
- 33 (2) Have at least 15 years of the aforementioned service as a member of
34 the North Carolina national guard.
- 35 (3) Have received an honorable discharge from the North Carolina
36 national guard."
37

38 **INCLUDE PUBLIC DEFENDERS AS MEMBERS OF THE CONSOLIDATED** 39 **JUDICIAL RETIREMENT SYSTEM**

40 **SECTION 28.21B.(a)** G.S. 135-50(b) reads as rewritten:

41 "(b) The purpose of this Article is to improve the administration of justice by
42 attracting and retaining the most highly qualified talent available within the State to the
43 positions of justice and judge, district attorney and solicitor, public defender, and clerk
44 of superior court, within the General Court of Justice."

45 **SECTION 28.21B.(b)** G.S. 135-51 reads as rewritten:

46 "**§ 135-51. Scope.**

47 (a) This Article provides consolidated retirement benefits for all justices and
48 judges, district attorneys, and solicitors who are serving on January 1, 1974, and who
49 become such thereafter; and for all clerks of superior court who are so serving on
50 January 1, 1975, and who become such ~~thereafter~~ after that date; and for all public

1 defenders who are serving on July 1, 2007, and who become public defenders after that
2 date.

3 (b) For justices and judges of the appellate and superior court divisions of the
4 General Court of Justice who so served prior to January 1, 1974, the provisions of this
5 Article supplement and, under certain circumstances, replace the provisions of Articles
6 6 and 8, as the case may be, of Chapter 7A of the General Statutes.

7 For district attorneys and judges of the district court of the General Court of Justice
8 who so served prior to January 1, 1974, the provisions of this Article supplement and,
9 under certain circumstances, replace the provisions of Article 1 of this Chapter.

10 For clerks of superior court of the General Court of Justice who so served prior to
11 January 1, 1975, the provisions of this Article supplement and, under certain
12 circumstances, replace the provisions of Article 1 of this Chapter.

13 (c) The retirement benefits of any person who becomes a justice or judge, district
14 attorney, or solicitor on and after January 1, 1974, or clerk of superior court on and after
15 January 1, 1975, or public defender on or after July 1, 2007, shall be determined solely
16 in accordance with the provisions of this Article."

17 **SECTION 28.21B.(c)** G.S. 135-53 reads as rewritten:

18 **"§ 135-53. Definitions.**

19 The following words and phrases as used in this Article, unless a different meaning
20 is plainly required by the context, shall have the following meanings:

- 21 (1) "Accumulated contributions" with respect to any member shall mean
22 the sum of all the amounts deducted from the compensation of the
23 member pursuant to G.S. 135-68 since he last became a member and
24 credited to his account in the annuity savings fund, plus any amount
25 standing to his credit pursuant to G.S. 135-67(c) as a result of a prior
26 period of membership, plus any amounts credited to his account
27 pursuant to G.S. 135-28.1(b) or 135-56(b), together with regular
28 interest on all such amounts computed as provided in G.S. 135-7(b).
- 29 (2) "Actuarial equivalent" shall mean a benefit of equal value when
30 computed upon the bases of such mortality tables as shall be adopted
31 by the Board of Trustees, and regular interest.
- 32 (2a) "Average final compensation" shall mean the average annual
33 compensation of a member during the 48 consecutive calendar months
34 of membership service producing the highest such average.
- 35 (3) "Beneficiary" shall mean any person in receipt of a retirement
36 allowance or other benefit as provided in this Article.
- 37 (4) "Board of Trustees" shall mean the Board of Trustees established by
38 G.S. 135-6.
- 39 (4a) "Clerk of superior court" shall mean the clerk of superior court
40 provided for in G.S. 7A-100(a).
- 41 (5) "Compensation" shall mean all salaries and wages derived from public
42 funds which are earned by a member of the Retirement System for his
43 service as a justice or judge, or district attorney, or clerk of superior
44 ~~court.~~ court, or public defender.
- 45 (6) "Creditable service" shall mean for any member the total of his prior
46 service plus his membership service.
- 47 (6a) "District attorney" shall mean the district attorney or solicitor provided
48 for in G.S. 7A-60.
- 49 (7) "Filing" when used in reference to an application for retirement shall
50 mean the receipt of an acceptable application on a form provided by
51 the Retirement System.

- 1 (8) "Final compensation" shall mean for any member the annual
2 equivalent of the rate of compensation most recently applicable to him.
3 (9) "Judge" shall mean any justice or judge of the General Court of Justice
4 and the administrative officer of the courts.
5 (10) "Medical board" shall mean the board of physicians provided for in
6 G.S. 135-6.
7 (11) "Member" shall mean any person included in the membership of the
8 Retirement System as provided in this Article.
9 (12) "Membership service" shall mean service as a judge, district attorney,
10 ~~or~~ clerk of superior ~~court~~ court, or public defender rendered while a
11 member of the Retirement System.
12 (13) "Previous system" shall mean, with respect to any member, the
13 retirement benefit provisions of Article 6 and Article 8 of Chapter 7A
14 of the General Statutes, to the extent that such Article or Articles were
15 formerly applicable to the member, and in the case of judges of the
16 district court division, ~~and~~ district attorney, public defender, and clerk
17 of superior court of the General Court of Justice, the Teachers' and
18 State Employees' Retirement System.
19 (14) "Prior service" shall mean service rendered by a member, prior to his
20 membership in the Retirement System, for which credit is allowable
21 under G.S. 135-56.
22 (14a) "Public defender" means a public defender provided for in
23 G.S. 7A-498.7, the appellate defender provided for in G.S. 7A-498.8,
24 the capital defender, and the juvenile defender.
25 (15) "Regular interest" shall mean interest compounded annually at such a
26 rate as shall be determined by the Board of Trustees in accordance
27 with G.S. 135-7(b).
28 (16) "Retirement" shall mean the withdrawal from active service with a
29 retirement allowance granted under the provisions of this Chapter. In
30 order for a member's retirement to become effective in any month, the
31 member must render no service at any time during that month.
32 (17) "Retirement allowance" shall mean the periodic payments to which a
33 beneficiary becomes entitled under the provisions of this Article.
34 (18) "Retirement System" shall mean the "Consolidated Judicial Retirement
35 System" of North Carolina, as established in this Article.
36 (19) "Year" as used in this Article shall mean the regular fiscal year
37 beginning July 1 and ending June 30 in the following calendar year,
38 unless otherwise defined by regulation of the Board of Trustees."

39 **SECTION 28.21B.(d)** G.S. 135-54 reads as rewritten:

40 **"§ 135-54. Name and date of establishment.**

41 A Retirement System is hereby established and placed under the management of the
42 Board of Trustees for the purpose of providing retirement allowances and other benefits
43 under the provisions of this Article for justices and judges, district attorneys, public
44 defenders, and clerks of superior court of the General Court of Justice of North
45 Carolina, and their survivors. The Retirement System so created shall be established as
46 of January 1, 1974.

47 The Retirement System shall have the power and privileges of a corporation and
48 shall be known as the "Consolidated Judicial Retirement System of North Carolina,"
49 and by such name all of its business shall be transacted."

50 **SECTION 28.21B.(e)** G.S. 135-55 reads as rewritten:

51 **"§ 135-55. Membership.**

- 1 (a) The membership of the Retirement System shall consist of:
2 (1) All judges and district attorneys in office on January 1, 1974;
3 (2) All persons who become judges and district attorneys or reenter
4 service as judges and district attorneys after January 1, 1974;
5 (3) All clerks of superior court in office on January 1, 1975; ~~and~~
6 (4) All persons who become clerks of superior court or reenter service as
7 clerks of superior court after January 1, ~~1975, 1975;~~
8 (5) All public defenders in office on July 1, 2007; and
9 (6) All persons who become public defenders or reenter service as public
10 defenders after July 1, 2007.
11 (b) The membership of any person in the Retirement System shall cease upon:
12 (1) The withdrawal of his accumulated contributions after he is no longer
13 a judge, district ~~attorney~~ attorney, public defender, or clerk of superior
14 court, or
15 (2) His retirement under the provisions of the Retirement System, or
16 (3) His death."

17 **SECTION 28.21B.(f)** G.S. 135-58(a4) reads as rewritten:

18 "(a4) Any member who retires under the provisions of G.S. 135-57(a) or
19 G.S. 135-57(c) on or after January 1, 2004, but before July 1, 2007, after the member
20 has either attained the member's 65th birthday or has completed 24 years or more of
21 creditable service, shall receive an annual retirement allowance, payable monthly,
22 which shall commence on the effective date of the member's retirement and shall be
23 continued on the first day of each month thereafter during the member's lifetime, the
24 amount of which shall be computed as the sum of the amounts in subdivisions (1), (2),
25 (3), (4), and (5) of this subsection, provided that in no event shall the annual allowance
26 payable to any member be greater than an amount which, when added to the allowance,
27 if any, to which the member is entitled under the Teachers' and State Employees'
28 Retirement System, the Legislative Retirement System, or the Local Governmental
29 Employees' Retirement System (prior in any case to any reduction for early retirement
30 or for an optional mode of payment), would total three-fourths of the member's final
31 compensation:

- 32 (1) Four and two hundredths percent (4.02%) of the member's final
33 compensation, multiplied by the number of years of creditable service
34 rendered as a justice of the Supreme Court or judge of the Court of
35 Appeals;
36 (2) Three and fifty-two hundredths percent (3.52%) of the member's final
37 compensation, multiplied by the number of years of creditable service
38 rendered as a judge of the superior court or as Administrative Officer
39 of the Courts;
40 (3) Three and two hundredths percent (3.02%) of the member's final
41 compensation, multiplied by the number of years of creditable service
42 rendered as a judge of the district court, district attorney, or clerk of
43 superior court;
44 (4) A service retirement allowance computed in accordance with the
45 service retirement provisions of Article 3 of Chapter 128 of the
46 General Statutes using an average final compensation as defined in
47 G.S. 135-53(2a) and creditable service equal to the number of years of
48 the member's creditable service that was transferred from the Local
49 Governmental Employees' Retirement System to this System as
50 provided in G.S. 135-56; and

- 1 (5) A service retirement allowance computed in accordance with the
2 service retirement provisions of Article 1 of this Chapter of the
3 General Statutes using an average final compensation as defined in
4 G.S. 135-53(2a) and creditable service, including any sick leave
5 standing to the credit of the member, equal to the number of years of
6 the member's creditable service that was transferred from the Teachers'
7 and State Employees' Retirement System or the Legislative Retirement
8 System to this System as provided in G.S. 135-56."

9 **SECTION 28.21B.(g)** G.S. 135-58 is amended by adding a new subsection

10 to read:

11 "(a5) Any member who retires under the provisions of G.S. 135-57(a) or
12 G.S. 135-57(c) on or after July 1, 2007, after the member has either attained the
13 member's 65th birthday or has completed 24 years or more of creditable service, shall
14 receive an annual retirement allowance, payable monthly, which shall commence on the
15 effective date of the member's retirement and shall be continued on the first day of each
16 month thereafter during the member's lifetime, the amount of which shall be computed
17 as the sum of the amounts in subdivisions (1), (2), (3), (4), and (5) of this subsection,
18 provided that in no event shall the annual allowance payable to any member be greater
19 than an amount which, when added to the allowance, if any, to which the member is
20 entitled under the Teachers' and State Employees' Retirement System, the Legislative
21 Retirement System, or the Local Governmental Employees' Retirement System (prior in
22 any case to any reduction for early retirement or for an optional mode of payment),
23 would total three-fourths of the member's final compensation:

- 24 (1) Four and two hundredths percent (4.02%) of the member's final
25 compensation, multiplied by the number of years of creditable service
26 rendered as a justice of the Supreme Court or judge of the Court of
27 Appeals;
28 (2) Three and fifty-two hundredths percent (3.52%) of the member's final
29 compensation, multiplied by the number of years of creditable service
30 rendered as a judge of the superior court or as Administrative Officer
31 of the Courts;
32 (3) Three and two hundredths percent (3.02%) of the member's final
33 compensation, multiplied by the number of years of creditable service
34 rendered as a judge of the district court, district attorney, clerk of
35 superior court, or public defender;
36 (4) A service retirement allowance computed in accordance with the
37 service retirement provisions of Article 3 of Chapter 128 of the
38 General Statutes using an average final compensation as defined in
39 G.S. 135-53(2a) and creditable service equal to the number of years of
40 the member's creditable service that was transferred from the Local
41 Governmental Employees' Retirement System to this System as
42 provided in G.S. 135-56; and
43 (5) A service retirement allowance computed in accordance with the
44 service retirement provisions of Article 1 of this Chapter using an
45 average final compensation as defined in G.S. 135-53(2a) and
46 creditable service, including any sick leave standing to the credit of the
47 member, equal to the number of years of the member's creditable
48 service that was transferred from the Teachers' and State Employees'
49 Retirement System or the Legislative Retirement System to this
50 System as provided in G.S. 135-56."

1 **SECTION 28.21B.(h)** G.S. 135-56 is amended by adding a new subsection
2 to read:

3 "(g) On and after July 1, 2007, the creditable service of a member who was a
4 public defender and a member of the Teachers' and State Employees' Retirement
5 System at the time of transfer of membership from the previous system to this System
6 shall include service as a public defender that was creditable in the previous system
7 immediately prior to July 1, 2007. The accumulated contributions, creditable service,
8 and reserves, if any, of a member as a public defender shall be transferred from the
9 previous system to this System in the same manner as prescribed under G.S. 135-28.1 as
10 it pertained to judges of the district court division of the General Court of Justice."

11
12 **STATE HEALTH PLAN CHANGES EFFECTIVE FOR FISCAL YEAR**
13 **2007-2008**

14 **SECTION 28.22.(a)** The Teachers' and State Employees' Comprehensive
15 Major Medical Plan (Plan) shall provide for an annual open enrollment period in the
16 Indemnity Plan and Optional PPO program for the July 1, 2007, to June 30, 2008, Plan
17 year. Plan member changes to coverage type or selection of benefit coverage under the
18 Indemnity Plan or Optional PPO program during open enrollment shall become
19 effective October 1, 2007. At least 45 days prior to October 1, 2007, the Plan shall
20 provide to all plan members sufficient information on premiums, cost-sharing, and
21 benefits to enable the plan member or other eligible participant to make an enrollment
22 election effective October 1, 2007. As used in this subsection, the term "plan member"
23 includes active employees, retired employees, and other eligible participants with
24 respect to the Indemnity Plan and the optional PPO program.

25 **SECTION 28.22.(b)** G.S. 135-40.1(2) reads as rewritten:

26 "(2) Deductible. – Deductible shall mean an amount of covered expenses
27 during a fiscal year which must be incurred after which benefits
28 (subject to the deductible) becomes payable. The deductible for an
29 employee, retired employee and/or his or her dependents shall be ~~three~~
30 ~~hundred fifty dollars (\$350.00)~~ four hundred fifty dollars (\$450.00) for
31 each fiscal year.

32 The deductible applies separately to each covered individual in
33 each fiscal year, subject to an aggregate maximum of ~~one thousand~~
34 ~~five hundred dollars (\$1,050)~~ one thousand three hundred fifty dollars (\$1,350)
35 per employee and child(ren) or employee and family coverage contract
36 in any fiscal year.

37 If two or more family members are injured in the same accident
38 only one deductible is required for charges related to that accident
39 during the benefit period."

40 **SECTION 28.22.(c)** G.S. 135-40.4 reads as rewritten:

41 **"§ 135-40.4. Benefits in general.**

42 (a) In the event a covered person, as a result of accidental bodily injury, disease
43 or pregnancy, incurs covered expenses, the Plan will pay benefits up to the amounts
44 described in G.S. 135-40.5 through G.S. 135-40.9.

45 The Plan is divided into two parts. The first part includes certain benefits which are
46 not subject to a deductible or coinsurance. The second part is a comprehensive plan and
47 includes those benefits which are subject to both a ~~three hundred fifty dollar (\$350.00)~~
48 four hundred fifty dollar (\$450.00) deductible for each covered individual to an
49 aggregate maximum of ~~one thousand fifty dollars (\$1,050)~~ one thousand three hundred
50 fifty dollars (\$1,350) per employee and child(ren) or employee and family coverage

1 contract and coinsurance of 80%/20%. There is a limit on out-of-pocket expenses under
2 the second part.

3 Notwithstanding the provisions of this Article, the Executive Administrator and
4 Board of Trustees of the Teachers' and State Employees' Comprehensive Major Medical
5 Plan may contract with providers of institutional and professional medical care and
6 services to established preferred provider networks. The terms pertaining to
7 reimbursement rates or other terms of consideration of any contract between hospitals,
8 hospital authorities, doctors or other medical providers, an optional program contract
9 authorized under G.S. 135-39.5B(b), or a pharmacy benefit manager and the Plan shall
10 not be a public record under Chapter 132 of the General Statutes for a period of thirty
11 months after the date of the expiration of the contract. Provided, however, nothing in
12 this subsection shall be deemed to prevent or restrict the release of any information
13 made not a public record under this subsection to the State Auditor, the Attorney
14 General, the Director of the State Budget, the Plan's Executive Administrator, and the
15 Committee on Employee Hospital and Medical Benefits solely and exclusively for their
16 use in the furtherance of their duties and responsibilities. The design, adoption, and
17 implementation of the preferred provider contracts and networks are not subject to the
18 requirements of Chapter 143 of the General Statutes, provided that for any hospital
19 preferred provider network all hospitals will have an opportunity to contract with the
20 Plan if they meet the contract requirements. The Executive Administrator and Board of
21 Trustees shall, under the provisions of G.S. 135-39.5(12), pursue such preferred
22 provider contracts on a timely basis and shall make reports as requested to the President
23 of the Senate, the President Pro Tempore of the Senate, the Speaker of the House of
24 Representatives, and the Committee on Employee Hospital and Medical Benefits on its
25 progress in negotiating the preferred provider contracts. The Executive Administrator
26 and Board of Trustees shall implement a refined diagnostic-related grouping or
27 diagnostic-related grouping-based reimbursement system for hospitals as soon as
28 practicable, but no later than January 1, 1995.

29 (b) As used in this section the term "preferred provider contracts or networks"
30 includes, but is not limited to, a refined diagnostic-related grouping or
31 diagnostic-related grouping-based system of reimbursement for hospitals."

32 **SECTION 28.22.(d)** Effective July 1, 2007, G.S. 135-40.5(g) reads as
33 rewritten:

34 "(g) Prescription Drugs. – The Plan's allowable charges for prescription legend
35 drugs to be used outside of a hospital or skilled nursing facility are to be determined by
36 the Plan's Executive Administrator and Board of Trustees. The ~~Plan's indemnity~~
37 plan will pay allowable charges for each outpatient prescription drug less a copayment
38 to be paid by each covered individual equal to the following amounts: pharmacy
39 charges up to ~~ten dollars (\$10.00)~~ fifteen dollars (\$15.00) for each generic prescription,
40 ~~twenty five dollars (\$25.00)~~ thirty dollars (\$30.00) for each preferred branded
41 prescription, and ~~forty dollars (\$40.00)~~ forty-five dollars (\$45.00) for each preferred
42 branded prescription with a generic equivalent drug, and ~~fifty dollars (\$50.00)~~ fifty-five
43 dollars (\$55.00) for each nonpreferred branded or generic prescription. The Plan's
44 optional PPO program will pay allowable charges for each outpatient prescription drug
45 less a co-payment to be paid by each covered individual equal to the following amounts:
46 pharmacy charges up to ten dollars (\$10.00) for each generic prescription, twenty-five
47 dollars (\$25.00) for each preferred branded prescription, forty dollars (\$40.00) for each
48 preferred branded prescription with a generic equivalent drug, and fifty dollars (\$50.00)
49 for each nonpreferred branded or generic prescription.

50 Allowable charges shall not be greater than a pharmacy's usual and customary
51 charge to the general public for a particular prescription. Prescriptions shall be for no

1 more than a 34-day supply for the purposes of the copayments paid by each covered
2 individual. By accepting the copayments and any remaining allowable charges provided
3 by this subsection, pharmacies shall not balance bill an individual covered by the Plan.
4 A prescription legend drug is defined as an article the label of which, under the Federal
5 Food, Drug, and Cosmetic Act, is required to bear the legend: "Caution: Federal Law
6 Prohibits Dispensing Without Prescription." Such articles may not be sold to or
7 purchased by the public without a prescription order. Benefits are provided for insulin
8 even though a prescription is not required. The Plan may use a pharmacy benefit
9 manager to help manage the Plan's outpatient prescription drug coverage. In managing
10 the Plan's outpatient prescription drug benefits, the Plan and its pharmacy benefit
11 manager shall not provide coverage for erectile dysfunction, growth hormone,
12 antiwrinkle, weight loss, and hair growth drugs unless such coverage is medically
13 necessary to the health of the member. The Plan and its pharmacy benefit manager shall
14 not provide coverage for growth hormone and weight loss drugs and antifungal drugs
15 for the treatment of nail fungus and botulinum toxin without approval in advance by the
16 pharmacy benefit manager. Any formulary used by the Plan's Executive Administrator
17 and pharmacy benefit manager shall be an open formulary. Plan members shall not be
18 assessed more than two thousand five hundred dollars (\$2,500) per person per fiscal
19 year in copayments required by this subsection."

20 **SECTION 28.22.(e)** The first paragraph of G.S. 135-40.6 reads as rewritten:

21 "The benefits provided in this section are subject to a deductible of ~~three hundred~~
22 ~~five dollars (\$350.00)~~ four hundred fifty dollars (\$450.00) per covered individual to an
23 aggregate maximum of ~~one thousand fifty dollars (\$1,050)~~ one thousand three hundred
24 fifty dollars (\$1,350) per employee and child(ren) or employee and family coverage
25 contract per fiscal year and are payable on the basis of eighty percent (80%) by the Plan
26 and twenty percent (20%) by the covered individual up to a maximum of two thousand
27 dollars (\$2,000) out-of-pocket per fiscal year. The aggregate maximum out-of-pocket
28 required of individuals covered by this section shall not be more than six thousand
29 dollars (\$6,000) per employee and child(ren) or employee and family coverage contract
30 per fiscal year."

31 **SECTION 28.22.(f)** G.S. 135-40.8(c3) reads as rewritten:

32 "(c3) Notwithstanding any other provision of this Article, the Plan does not pay for
33 the first ~~fifteen dollars (\$15.00)~~ twenty-five dollars (\$25.00) of allowable charges for
34 each home, office, or skilled nursing facility visit under the provisions of
35 G.S. 135-40.6(7)a. and b., G.S. 135-40.6(4), G.S. 135-40.6(8)i., j., k., n., r., and s., and
36 G.S. 135-40.5(e). The co-payment assessed by this subsection shall be assessed only
37 once per person per provider per day and shall not apply to laboratory, pathology, and
38 radiology services, or to charges for injected medications. The exclusion made under
39 this subsection shall not count toward the deductible nor toward the maximum amount
40 of coinsurance out-of-pocket costs."

41 **SECTION 28.22.(g)** G.S. 135-39.5B is amended by adding the following
42 new subsections to read:

43 **"§ 135-39.5B. Optional plans.**

44 ...

45 (c) Chemical dependency and mental health benefits under G.S. 135-40.7B apply
46 to the optional program adopted under subsection (b) of this section.

47 (d) The optional program adopted under subsection (b) of this section shall not
48 limit the number of visits for physical therapy, occupational therapy, and speech
49 therapy."

50

1 **STATE HEALTH PLAN CHANGES EFFECTIVE BEGINNING WITH THE**
2 **2008-2009 FISCAL YEAR**

3 **SECTION 28.22A.(a)** Effective July 1, 2008, G.S. 135-39.5B, 135-40,
4 135-40.4, 135-40.5(g), 135-40.6, 135-40.8, and 135-40.9 are repealed.

5 **SECTION 28.22A.(b)** Effective July 1, 2008, G.S. 135-39(a) and (a1) read
6 as rewritten:

7 "(a) There is hereby established the Board of Trustees of the ~~Teachers' and State~~
8 ~~Employees' Comprehensive Major Medical Plan~~ State Health Plan for Teachers and
9 State Employees.

10 (a1) The Board of Trustees of the ~~Teachers' and State Employees' Comprehensive~~
11 ~~Major Medical Plan~~ State Health Plan for Teachers and State Employees shall consist of
12 nine members."

13 **SECTION 28.22A.(c)** Effective July 1, 2008, G.S. 135-37 reads as
14 rewritten:

15 **"§ 135-37. Confidentiality.**

16 Any information as herein described in this section which is in the possession of the
17 Executive Administrator and the Board of Trustees of the ~~Teachers' and State~~
18 ~~Employees' Comprehensive Major Medical Plan~~ State Health Plan for Teachers and
19 State Employees ("Plan") or its Claims Processor under the ~~Teachers' and State~~
20 ~~Employees' Comprehensive Major Medical Plan~~ Plan or the Predecessor Plan shall be
21 confidential and shall be exempt from the provisions of Chapter 132 of the General
22 Statutes or any other provision requiring information and records held by State agencies
23 to be made public or accessible to the public. This section shall apply to all information
24 concerning individuals, including the fact of coverage or noncoverage, whether or not a
25 claim has been filed, medical information, whether or not a claim has been paid, and
26 any other information or materials concerning a plan participant. Provided, however,
27 such information may be released to the State Auditor, or to the Attorney General, or to
28 the persons designated under G.S. 135-39.3 in furtherance of their statutory duties and
29 responsibilities, or to such persons or organizations as may be designated and approved
30 by the Executive Administrator and Board of Trustees of the ~~Teachers' and State~~
31 ~~Employees' Comprehensive Major Medical Plan~~ Plan but any information so released
32 shall remain confidential as stated above and any party obtaining such information shall
33 assume the same level of responsibility for maintaining such confidentiality as that of
34 the Executive Administrator and Board of Trustees of the ~~Teachers' and State~~
35 ~~Employees' Comprehensive Major Medical Plan~~ State Health Plan for Teachers and
36 State Employees."

37 **SECTION 28.22A.(d)** Effective July 1, 2008, G.S. 135-39.10 reads as
38 rewritten:

39 **"§ 135-39.10. Meaning of "Executive Administrator and Board of Trustees".**

40 Whenever in this Article the words "Executive Administrator and Board of Trustees"
41 appear, they mean that the Executive Administrator shall have the power, duty, right,
42 responsibility, privilege or other function mentioned, after consulting with the Board of
43 Trustees of the ~~Teachers' and State Employees' Comprehensive Major Medical~~
44 ~~Plan~~ North Carolina State Health Plan for Teachers and State Employees."

45 **SECTION 28.22A.(e)** Effective July 1, 2008, the title of Part 3 of Article 3
46 of Chapter 135 of the General Statutes reads as rewritten:

47 "Part 3. ~~Comprehensive Major Medical Plan~~ State Health Plan for Teachers and State
48 Employees."

49 **SECTION 28.22A.(f)** Effective July 1, 2008, G.S. 135-40(a) and (a1) read
50 as rewritten:

51 **"§ 135-40. Undertaking.**

1 (a) The State of North Carolina undertakes to make available a ~~Comprehensive~~
2 ~~Major Medical State Health Plan~~ (hereinafter called the "Plan") exclusively for the
3 benefit of its employees, retired employees and certain of their dependents which will
4 pay benefits in accordance with the terms hereof. The Plan shall have all the powers and
5 privileges of a corporation and shall be known as the ~~North Carolina Teachers' and State~~
6 ~~Employees' Comprehensive Major Medical Plan.~~ North Carolina State Health Plan for
7 Teachers and State Employees. The Executive Administrator and Board of Trustees
8 shall carry out their duties and responsibilities as fiduciaries for the Plan. The Plan may
9 be a PPO or other type of benefit plan that includes noncontributory coverage.

10 (a1) The State of North Carolina deems it to be in the public interest for North
11 Carolina firemen, rescue squad workers, and members of the national guard, and certain
12 of their dependents, who are not eligible for any other type of comprehensive group
13 health insurance or other comprehensive group health benefits, and who have been
14 without any form of group health insurance or other comprehensive group health benefit
15 coverage for at least six months, to be given the opportunity to participate in the benefits
16 provided by the ~~North Carolina Teachers' and State Employees' Comprehensive Major~~
17 ~~Medical Plan.~~ North Carolina State Health Plan for Teachers and State Employees.
18 Coverage under the Plan shall be voluntary for eligible firemen, rescue squad workers,
19 and members of the national guard who elect participation in the Plan for themselves
20 and their eligible dependents."

21 **SECTION 28.22A.(g)** Effective July 1, 2008, the lead paragraph and
22 subdivisions (8), (13a), and (14) of G.S. 135-40.1 read as rewritten:

23 **"§ 135-40.1. General definitions.**

24 As used in Parts 2 and 3 of this Article, and as applicable under the policies,
25 benefits, and limitations on coverage under the optional program offered pursuant to
26 G.S. 135-40.6A, the following terms have the meaning specified as follows:

27 ...

28 (8) Health Benefits Representative. – The employee designated by the
29 employing unit to administer the ~~Comprehensive Major Medical Plan~~
30 State Health Plan for Teachers and State Employees for the unit and its
31 employees. The HBR is responsible for enrolling new employees,
32 reporting changes, explaining benefits, reconciling group statements
33 and remitting group fees. The State Retirement System is the Health
34 Benefits Representative for retired members.

35 (13a) Plan. – The ~~Teachers' and State Employees' Comprehensive Major~~
36 ~~Medical Plan.~~ State Health Plan for Teachers and State Employees.

37 (14) Predecessor Plan. – The Hospital and Medical Benefits for the
38 Teachers' and State Employees' Retirement System of the State of
39 North ~~Carolina.~~ Carolina, or the North Carolina Teachers' and State
40 Employees Comprehensive Major Medical Plan, as applicable."

41 **SECTION 28.22.(g1)** Effective July 1, 2008, G.S. 135-40.2 is amended by
42 adding the following new subsection to read:

43 "(a3) The Executive Administrator and Board of Trustees may in addition to
44 noncontributory coverage offer optional coverage on a partially contributory basis and
45 may set premium rates for the optional coverage on a partially contributory basis. The
46 amount of State funds contributed for optional coverage on a partially contributory
47 basis shall not be more than the Plan's total noncontributory premium for Employee
48 only coverage, with the person selecting the coverage paying the balance of the partially
49 contributory premium not paid by the Plan. The amount of State funds contributed shall
50 not exceed the Plan's cost for Employee Only coverage. The Executive Administrator
51 and Board of Trustees shall not impose a partially contributory premium until after it

1 has consulted on the premium and the optional coverage design with the Committee on
2 Employee Hospital and Medical Benefits."

3 **SECTION 28.22A.(h)** Effective July 1, 2008, G.S. 135-40.3(d) reads as
4 rewritten:

5 "(d) Types of Coverage Available. – There are three types of coverage which an
6 employee or retiree may elect.

7 (1) Employee Only. – Covers enrolled employees only. Maternity benefits
8 are provided to employee only.

9 (2) Employee and Child(ren). – Covers enrolled employee and all eligible
10 dependent children. Maternity benefits are provided to the employee
11 only.

12 (3) Employee and Family. – Covers employee and spouse, and all eligible
13 dependent children. Maternity benefits are provided to employee or
14 enrolled spouse.

15 (4), (5) Repealed by Session Laws 1985 (Reg. Sess., 1986), c. 1020, s.
16 5(b).

17 (4a) Employee and spouse. – Covers employee and spouse only. Maternity
18 benefits are provided to the employee only."

19 **SECTION 28.22A.(i)** Effective July 1, 2008, G.S. 135-40.5 is amended by
20 adding the following new subsection to read:

21 "(g1) Prescription Drugs. – The Plan will pay allowable charges for each outpatient
22 prescription drug less a co-payment to be paid by each covered individual equal to the
23 following amounts: pharmacy charges up to ten dollars (\$10.00) for each generic
24 prescription, twenty-five dollars (\$25.00) for each preferred branded prescription, forty
25 dollars (\$40.00) for each preferred branded prescription with a generic equivalent drug,
26 and fifty dollars (\$50.00) for each nonpreferred branded or generic prescription.

27 Allowable charges shall not be greater than a pharmacy's usual and customary
28 charge to the general public for a particular prescription. Prescriptions shall be for no
29 more than a 34-day supply for the purposes of the co-payments paid by each covered
30 individual. By accepting the cop-ayments and any remaining allowable charges
31 provided by this subsection, pharmacies shall not balance bill an individual covered by
32 the Plan. A prescription legend drug is defined as an article the label of which, under the
33 Federal Food, Drug, and Cosmetic Act, is required to bear the legend: "Caution: Federal
34 Law Prohibits Dispensing Without Prescription." Such articles may not be sold to or
35 purchased by the public without a prescription order. Benefits are provided for insulin
36 even though a prescription is not required. The Plan may use a pharmacy benefit
37 manager to help manage the Plan's outpatient prescription drug coverage. In managing
38 the Plan's outpatient prescription drug benefits, the Plan and its pharmacy benefit
39 manager shall not provide coverage for erectile dysfunction, growth hormone,
40 antiwrinkle, weight loss, and hair growth drugs unless such coverage is medically
41 necessary to the health of the member. The Plan and its pharmacy benefit manager shall
42 not provide coverage for growth hormone and weight loss drugs and antifungal drugs
43 for the treatment of nail fungus and botulinium toxin without approval in advance by the
44 pharmacy benefit manager. Any formulary used by the Plan's Executive Administrator
45 and pharmacy benefit manager shall be an open formulary. Plan members shall not be
46 assessed more than two thousand five hundred dollars (\$2,500) per person per fiscal
47 year in co-payments required by this subsection."

48 **SECTION 28.22A.(j)** Effective July 1, 2008, the Revisor of Statutes shall
49 delete all statutory references to "Teachers' and State Employees' Comprehensive Major
50 Medical Plan" and substitute therefor "State Health Plan for Teachers and State
51 Employees."

STATE HEALTH PLAN WELLNESS PILOT

SECTION 28.22B.(a) The Executive Administrator and Board of Trustees of the Teachers' and State Employees' Comprehensive Major Medical Plan may use funds available in an amount not to exceed two hundred thousand dollars (\$200,000) for the 2007-2008 fiscal year to establish and implement one or more wellness pilot programs for State employees. The purpose of the pilot programs is to reduce health care costs and improve worker productivity through improved health status of the employee. The pilot programs shall be designed to encourage State employee enrollment in a structured fitness program that includes measurable benchmarks. The Executive Administrator shall select one or more pilot sites that represent different geographic regions of the State, taking into consideration sites that have the highest density of State employees.

SECTION 28.22B.(b) Not later than May 1, 2008, the Executive Administrator of the Teachers' and State Employees' Comprehensive Major Medical Plan shall report to the Committee on Employee Hospital and Medical Benefits on State employee participation levels in the wellness pilot programs and health outcomes resulting from the participation. The Executive Administrator shall also recommend in its report whether the pilot programs should be continued and expanded in other areas of the State in the 2008-2009 fiscal year.

RETIREE HEALTH BENEFIT FUND

SECTION 28.23. G.S. 135-7(f) reads as rewritten:

"(f) Retiree Health Benefit Fund. – The Retiree Health Benefit Fund is established as a fund in which accumulated contributions from employers and any earnings on those contributions shall be used to provide health benefits to retired and disabled employees and their applicable beneficiaries as provided by this Chapter. The Retiree Health Benefit Fund shall be administered in accordance with the provisions of subsection (a) of this section. Employer contributions to the Fund are irrevocable. The assets of the Fund are dedicated to providing health benefits to retired and disabled employees and their applicable beneficiaries as provided by this Chapter and are not subject to the claims of creditors of the employers making contributions to the Fund. However, Fund assets may be used for reasonable expenses to administer the Fund, including costs to conduct required actuarial valuations of State-supported retired employees' health benefits under other post-employment benefit accounting standards set forth by the Governmental Accounting Standards Board of the Financial Accounting Foundation."

PART XXIX. CAPITAL APPROPRIATIONS.**GENERAL FUND CAPITAL APPROPRIATIONS/INTRODUCTION**

SECTION 29.1. The appropriations made by the 2007 General Assembly for capital improvements are for constructing, repairing, or renovating State buildings, utilities, and other capital facilities, for acquiring sites for them where necessary, and acquiring buildings and land for State government purposes.

CAPITAL APPROPRIATIONS/GENERAL FUND

SECTION 29.2. There is appropriated from the General Fund for the 2007-2008 fiscal year the following amount for capital improvements:

Capital Improvements – General Fund

2007-2008

1	Department of Administration	
2	Deerfield Cottage Renovation	\$3,556,000
3		
4	Department of Correction	
5	Scotland Correctional Institution Minimum Security	
6	Addition Planning Funds	1,033,088
7	Bertie Correctional Institution Medium Security Addition	
8	Planning Funds	1,551,950
9	Lanesboro Correctional Institution Medium Security	
10	Addition Planning Funds	547,839
11	Tabor Correctional Institution Minimum Security Addition	
12	Planning Funds	364,680
13	Alexander Correctional Institution Minimum Security	
14	Construction Funds	13,191,300
15		
16	Department of Crime Control and Public Safety	
17	Voice Interoperability Plan for Emergency	
18	Responders Phase 1	12,250,000
19		
20	Department of Natural and Environmental Resources	
21	Water Resources Development Projects	20,000,000
22		
23	Division of Forest Resources County Headquarters	1,000,000
24		
25	Information Technology Services	
26	Secondary Data Center Equipment	9,000,000
27		
28	University of North Carolina System	
29	Reserve for Fire Suppression in Dormitories Phase 1	9,000,000
30		
31	TOTAL CAPITAL IMPROVEMENTS – GENERAL FUND	\$71,494,857

WATER RESOURCES DEVELOPMENT PROJECT FUNDS

SECTION 29.3.(a) The Department of Environment and Natural Resources shall allocate the funds appropriated in this act for water resources development projects to the following projects whose costs are as indicated:

38	Name of Project	2007-2008
39		
40	(1) Wilmington Harbor Deepening	\$ 4,333,000
41	(2) Manteo (Shallowbag) Bay	350,000
42	(3) Wilmington Harbor Maintenance	2,000,000
43	(4) Bogue Banks Shore Protection Study	125,000
44	(5) B. Everett Jordan Lake Water Supply Storage	100,000
45	(6) Princeville Flood Control	98,000
46	(7) Aquatic Plant Control, Statewide and Lake Gaston	200,000
47	(8) Belhaven Harbor Feasibility	120,000
48	(9) John H. Kerr Dam & Reservoir	520,000
49	(10) Currituck Sound Environmental Restoration Study	350,000
50	(11) Neuse River Basin Study	554,000
51	(12) Surf City/North Topsail Beach Study	50,000

1	(13)	West Onslow Beach (Topsail Beach) Study	43,000
2	(14)	Dare County Beaches (Bodie Island)	500,000
3	(15)	North Carolina Beach and Inlet Management Plan	250,000
4	(16)	Dredging Contingency Fund	4,037,000
5	(17)	State – Local Projects	2,400,000
6	(18)	Western N.C. Hurricane Damage Stream Restoration	1,200,000
7	(19)	Planning Assistance to Communities	75,000
8	(20)	Concord Stream Restoration – Cabarrus County	170,000
9	(21)	Southern Shores Canal Dredging Phase 2	800,000
10	(22)	Ararat River Restoration	550,000
11	(23)	Town of Williamston Drainage Improvement	600,000
12	(24)	Little Sugar Creek Stream Restoration Phase 7	575,000
13			
14	TOTALS		\$20,000,000

15
 16 **SECTION 29.3.(b)** Where the actual costs are different from the estimated
 17 costs under subsection (a) of this section, the Department may adjust the allocations
 18 among projects as needed. If any projects funded under subsection (a) of this section are
 19 delayed and the budgeted State funds cannot be used during the 2007-2008 fiscal year,
 20 or if the projects funded under subsection (a) of this section are accomplished at a lower
 21 cost, the Department may use the resulting fund availability to fund any of the
 22 following:

- 23 (1) U.S. Army Corps of Engineers project feasibility studies.
- 24 (2) U.S. Army Corps of Engineers projects whose schedules have
 25 advanced and require State-matching funds in fiscal year 2007-2008.
- 26 (3) State-local water resources development projects.

27 Funds not expended or encumbered for these purposes shall revert to the General Fund
 28 at the end of the 2008-2009 fiscal year.

29 **SECTION 29.3.(c)** The Department shall make semiannual reports on the
 30 use of these funds to the Joint Legislative Commission on Governmental Operations,
 31 the Fiscal Research Division, and the Office of State Budget and Management. Each
 32 report shall include all of the following:

- 33 (1) All projects listed in this section.
- 34 (2) The estimated cost of each project.
- 35 (3) The date that work on each project began or is expected to begin.
- 36 (4) The date that work on each project was completed or is expected to be
 37 completed.
- 38 (5) The actual cost of each project.

39 The semiannual reports shall also show those projects advanced in schedule,
 40 those projects delayed in schedule, and an estimate of the amount of funds expected to
 41 revert to the General Fund.

42
 43 **PROCEDURES FOR DISBURSEMENT OF CAPITAL FUNDS**

44 **SECTION 29.4.** The appropriations made by the 2007 General Assembly
 45 for capital improvements shall be disbursed for the purposes provided by this act.
 46 Expenditure of funds shall not be made by any State department, institution, or agency
 47 until an allotment has been approved by the Governor as Director of the Budget. The
 48 allotment shall be approved only after full compliance with the State Budget Act,
 49 Chapter 143C of the General Statutes. Prior to the award of construction contracts for
 50 projects to be financed in whole or in part with self-liquidating appropriations, the
 51 Director of the Budget shall approve the elements of the method of financing of those

1 projects including the source of funds, interest rate, and liquidation period. Provided,
2 however, that if the Director of the Budget approves the method of financing a project,
3 the Director shall report that action to the Joint Legislative Commission on
4 Governmental Operations at its next meeting.

5 Where direct capital improvement appropriations include the purpose of
6 furnishing fixed and movable equipment for any project, those funds for equipment
7 shall not be subject to transfer into construction accounts except as authorized by the
8 Director of the Budget. The expenditure of funds for fixed and movable equipment and
9 furnishings shall be reviewed and approved by the Director of the Budget prior to
10 commitment of funds.

11 Capital improvement projects authorized by the 2007 General Assembly shall
12 be completed, including fixed and movable equipment and furnishings, within the limits
13 of the amounts of the direct or self-liquidating appropriations provided, except as
14 otherwise provided in this act. Capital improvement projects authorized by the 2007
15 General Assembly for the design phase only shall be designed within the scope of the
16 project as defined by the approved cost estimate filed with the Director of the Budget,
17 including costs associated with site preparation, demolition, and movable and fixed
18 equipment.

19 **REPAIRS AND RENOVATIONS RESERVE ALLOCATION**

20 **SECTION 29.5.(a)** Of the funds in the Reserve for Repairs and Renovations
21 for the 2007-2008 fiscal year, forty-six percent (46%) shall be allocated to the Board of
22 Governors of The University of North Carolina for repairs and renovations pursuant to
23 G.S. 143C-4-3, in accordance with guidelines developed in The University of North
24 Carolina Funding Allocation Model for Reserve for Repairs and Renovations, as
25 approved by the Board of Governors of The University of North Carolina, and fifty-four
26 percent (54%) shall be allocated to the Office of State Budget and Management for
27 repairs and renovations pursuant to G.S. 143C-4-3.

28 Notwithstanding G.S. 143C-4-3, the Board of Governors may allocate funds
29 for the repair and renovation of facilities not supported from the General Fund if the
30 Board determines that sufficient funds are not available from other sources and that
31 conditions warrant General Fund assistance. Any such finding shall be included in the
32 Board's submission to the Joint Legislative Commission on Governmental Operations
33 on the proposed allocation of funds.

34 The Board of Governors and the Office of State Budget and Management
35 shall consult with the Joint Legislative Commission on Governmental Operations prior
36 to the allocation or reallocation of these funds.

37 **SECTION 29.5.(b)** The Office of State Budget and Management and the
38 University of North Carolina General Administration shall jointly study the allocation
39 of funds in the Reserve for Repairs and Renovations set forth in subsection (a) of this
40 section and shall recommend to the General Assembly changes to the current allocation
41 if any are deemed necessary. The study shall include the following:

- 42 (1) A review of the Department of Administration's Facilities Condition
43 and Assessment Program.
- 44 (2) A review and identification of State-owned buildings supported by the
45 General Fund.
- 46 (3) A review of the actual expenditures for repairs and renovations from
47 allocated reserve funds.

48 The Office of State Budget and Management and the University of North Carolina
49 General Administration shall submit a joint report to the Senate Appropriations and
50 Base Budget Committee, the House Appropriations Committee, the House
51

1 Appropriations Subcommittee on Capital, the Senate Finance Subcommittee on Capital
2 and Infrastructure Financing, the Joint Legislative Oversight Committee on Capital
3 Improvements, and the Fiscal Research Division. The report shall include the study
4 findings and recommendations and shall be submitted no later than April 1, 2008.

5 **SECTION 29.5.(c)** Of the funds allocated to the Office of State Budget and
6 Management in subsection (a) of this section, the sum of five hundred thirty-four
7 thousand dollars (\$534,000) shall be allocated to the Department of Juvenile Justice and
8 Delinquency Prevention to renovate two cottages at the Samarkand Youth Development
9 Center to use for the Eckerd Family Focus on Rehabilitative Treatment (EFFORT)
10 project, which would supplement the traditional youth development centers pursuant to
11 G.S. 143C-4-3.

12 13 **PLANT CONSERVATION PROGRAM FUNDS**

14 **SECTION 29.6.** From funds deposited with the State Treasurer in a capital
15 improvement account to the credit of the Department of Agriculture and Consumer
16 Services pursuant to G.S. 146-30, the sum of thirty thousand dollars (\$30,000) for the
17 2007-2008 fiscal year shall be transferred to the Department of Agriculture and
18 Consumer Services to be used, notwithstanding G.S. 146-30, by the Department for its
19 plant conservation program under Article 19B of Chapter 106 of the General Statutes
20 for costs incidental to the acquisition of land, such as land appraisals, land surveys, title
21 searches, environmental studies, and for the management of the plant conservation
22 program preserves owned by the Department.

23 24 **EASTERN NORTH CAROLINA AGRICULTURAL CENTER FUNDS**

25 **SECTION 29.8.(a)** Timber sales receipts received for the sale of timber
26 harvested on the property on which the Eastern North Carolina Agricultural Center at
27 Williamston is located shall be transferred from the Department of Agriculture and
28 Consumer Services' timber sales capital improvement account in the Department of
29 Agriculture and Consumer Services as such funds become available and shall be used
30 for the 2007-2008 fiscal year by the Department for capital improvements to the
31 grounds and facilities at the Eastern North Carolina Agricultural Center.

32 **SECTION 29.8.(b)** Funds transferred pursuant to subsection (a) of this
33 section are hereby appropriated.

34 35 **TIME WARNER CABLE LEASE PROCEEDS**

36 **SECTION 29.9.** The sum of two hundred twenty-five thousand dollars
37 (\$225,000) in net proceeds received from Time Warner, Inc., by the Department of
38 Environment and Natural Resources, Division of Forest Resources, for the lease of
39 property located at 2600 Howard Road in Raleigh shall be transferred to the Department
40 for deposit into a capital improvement account. Funds in this account for the 2007-2008
41 fiscal year may be used to construct an equipment storage building and related
42 improvements.

43 44 **TRANSFER OF STATE PROPERTY TO WAYNE COUNTY**

45 **SECTION 29.11.** The State-owned property in Wayne County that is
46 bordered on the north by SR 581, on the west by the DART-Cherry Facility/Programs,
47 on the south by Cherry Hospital Cemetery, and on the west by property owned by APV
48 North America, Inc., is hereby transferred to Wayne County. The transfer under this
49 section shall be evidenced by a deed executed in accordance with G.S. 146-75 and
50 registered in accordance with G.S. 146-77. The deed shall provide that the State retains
51 a possibility of reverter and that, in the event that Wayne County does not substantially

1 commence construction of a community agricultural center on the site within five years
2 of the execution of the deed, the property shall revert to the State.

3 4 **UNC RESERVE FOR FIRE SUPPRESSION**

5 **SECTION 29.12.** Notwithstanding any other provision of law, the funds
6 appropriated in this act to the Board of Governors of The University of North Carolina
7 for the installation of fire sprinklers in University residence halls shall be allocated
8 among the University's constituent institutions by the President of the University of
9 North Carolina, who shall consider the following factors when allocating those funds:

- 10 (1) The current level of housing rents charged to students and how that
11 compares to an institution's public peers and other UNC institutions.
- 12 (2) The level of previous authorizations to constituent institutions for the
13 construction or renovation of residence halls funded from the General
14 Fund, or from bonds or certificates of participation supported by the
15 General Fund, since 1996.
- 16 (3) The financial status of each constituent institution's housing system,
17 including debt capacity, debt coverage ratios, credit rankings, required
18 reserves, the planned use of cash balances for other housing system
19 improvements, and the constituent institution's ability to pay for the
20 installation of fire sprinklers in all residence halls by 2012.
- 21 (4) The total cost of each proposed project, including the cost of installing
22 fire sprinklers and the cost of other construction, such as asbestos
23 removal and additional water supply needs.

24 25 **SPECIAL INDEBTEDNESS PROJECTS**

26 **SECTION 29.13.(a)** In accordance with G.S. 142-83, this subsection
27 authorizes the issuance or incurrence of special indebtedness in the maximum aggregate
28 principal amount of thirty-four million dollars (\$34,000,000) to finance the capital
29 facility costs of completing a new educational building at Appalachian State University.
30 The State, with the prior approval of the State Treasurer and the Council of State, as
31 provided in Article 9 of Chapter 142 of the General Statutes, is authorized to issue or
32 incur special indebtedness in order to provide funds to the State to be used, together
33 with other available funds, to pay the capital facility costs of the project described in
34 this subsection. No more than a maximum aggregate amount of three million dollars
35 (\$3,000,000) of special indebtedness may be issued or incurred under this subsection
36 prior to July 1, 2008.

37 **SECTION 29.13.(b)** In accordance with G.S. 142-83, this subsection
38 authorizes the issuance or incurrence of special indebtedness in the maximum aggregate
39 principal amount of eighty-seven million dollars (\$87,000,000) to finance the capital
40 facility costs of completing a building and 10 dental clinics for the School of Dentistry
41 at East Carolina University. The State, with the prior approval of the State Treasurer and
42 the Council of State, as provided in Article 9 of Chapter 142 of the General Statutes, is
43 authorized to issue or incur special indebtedness in order to provide funds to the State to
44 be used, together with other available funds, to pay the capital facility costs of the
45 project described in this subsection. No more than a maximum aggregate amount of ten
46 million dollars (\$10,000,000) of special indebtedness may be issued or incurred under
47 this subsection prior to July 1, 2008. No more than a maximum aggregate amount of
48 fifty-two million dollars (\$52,000,000) of special indebtedness may be issued or
49 incurred under this subsection prior to July 1, 2009.

50 **SECTION 29.13.(c)** In accordance with G.S. 142-83, this subsection
51 authorizes the issuance or incurrence of special indebtedness in the maximum aggregate

1 principal amount of twenty million dollars (\$20,000,000) to finance the capital facility
2 costs of completing a building for the School of Education at Elizabeth City State
3 University. The State, with the prior approval of the State Treasurer and the Council of
4 State, as provided in Article 9 of Chapter 142 of the General Statutes, is authorized to
5 issue or incur special indebtedness in order to provide funds to the State to be used,
6 together with other available funds, to pay the capital facility costs of the project
7 described in this subsection. No more than a maximum aggregate amount of two million
8 dollars (\$2,000,000) of special indebtedness may be issued or incurred under this
9 subsection prior to July 1, 2008. No more than a maximum aggregate amount of six
10 million dollars (\$6,000,000) of special indebtedness may be issued or incurred under
11 this subsection prior to July 1, 2009.

12 **SECTION 29.13.(d)** In accordance with G.S. 142-83, this subsection
13 authorizes the issuance or incurrence of special indebtedness in the maximum aggregate
14 principal amount of twenty-two million five hundred eighty-seven thousand dollars
15 (\$22,587,000) to finance the capital facility costs of completing a new Science and
16 Technology Complex at Fayetteville State University. The State, with the prior approval
17 of the State Treasurer and the Council of State, as provided in Article 9 of Chapter 142
18 of the General Statutes, is authorized to issue or incur special indebtedness in order to
19 provide funds to the State to be used, together with other available funds, to pay the
20 capital facility costs of the project described in this subsection. No more than a
21 maximum aggregate amount of five million dollars (\$5,000,000) of special indebtedness
22 may be issued or incurred under this subsection prior to July 1, 2008.

23 **SECTION 29.13.(e)** In accordance with G.S. 142-83, this subsection
24 authorizes the issuance or incurrence of special indebtedness in the maximum aggregate
25 principal amount of twenty-five million seven hundred eighty-seven thousand dollars
26 (\$25,787,000) to finance the capital facility costs of completing a general classroom
27 building at North Carolina Agricultural and Technical State University. The State, with
28 the prior approval of the State Treasurer and the Council of State, as provided in Article
29 9 of Chapter 142 of the General Statutes, is authorized to issue or incur special
30 indebtedness in order to provide funds to the State to be used, together with other
31 available funds, to pay the capital facility costs of the project described in this
32 subsection. No more than a maximum aggregate amount of five million dollars
33 (\$5,000,000) of special indebtedness may be issued or incurred under this subsection
34 prior to July 1, 2008.

35 **SECTION 29.13.(f)** In accordance with G.S. 142-83, this subsection
36 authorizes the issuance or incurrence of special indebtedness in the maximum aggregate
37 principal amount of twenty-four million dollars (\$24,000,000) to finance the capital
38 facility costs of completing a building for the School of Nursing at North Carolina
39 Central University. The State, with the prior approval of the State Treasurer and the
40 Council of State, as provided in Article 9 of Chapter 142 of the General Statutes, is
41 authorized to issue or incur special indebtedness in order to provide funds to the State to
42 be used, together with other available funds, to pay the capital facility costs of the
43 project described in this subsection. No more than a maximum aggregate amount of two
44 million five hundred thousand dollars (\$2,500,000) of special indebtedness may be
45 issued or incurred under this subsection prior to July 1, 2008. No more than a maximum
46 aggregate amount of six million two hundred fifty thousand dollars (\$6,250,000) of
47 special indebtedness may be issued or incurred under this subsection prior to July 1,
48 2009.

49 **SECTION 29.13.(g)** In accordance with G.S. 142-83, this subsection
50 authorizes the issuance or incurrence of special indebtedness in the maximum aggregate
51 principal amount of twenty-four million nine hundred twenty thousand dollars

1 (\$24,920,000) to finance the capital facility costs of completing a new library at the
2 North Carolina School of the Arts. The State, with the prior approval of the State
3 Treasurer and the Council of State, as provided in Article 9 of Chapter 142 of the
4 General Statutes, is authorized to issue or incur special indebtedness in order to provide
5 funds to the State to be used, together with other available funds, to pay the capital
6 facility costs of the project described in this subsection. No more than a maximum
7 aggregate amount of one million seven hundred seventy-five thousand six hundred
8 dollars (\$1,775,600) of special indebtedness may be issued or incurred under this
9 subsection prior to July 1, 2008. No more than a maximum aggregate amount of
10 fourteen million three hundred seventy-three thousand six hundred dollars
11 (\$14,373,600) of special indebtedness may be issued or incurred under this subsection
12 prior to July 1, 2009.

13 **SECTION 29.13.(h)** In accordance with G.S. 142-83, this subsection
14 authorizes the issuance or incurrence of special indebtedness in the maximum aggregate
15 principal amount of thirty-four million dollars (\$34,000,000) to finance the capital
16 facility costs of completing an addition to Engineering Building III in the School of
17 Engineering at North Carolina State University. The State, with the prior approval of the
18 State Treasurer and the Council of State, as provided in Article 9 of Chapter 142 of the
19 General Statutes, is authorized to issue or incur special indebtedness in order to provide
20 funds to the State to be used, together with other available funds. No more than a
21 maximum aggregate amount of eight million five hundred thousand dollars
22 (\$8,500,000) of special indebtedness may be issued or incurred under this subsection
23 prior to July 1, 2008. No more than a maximum aggregate amount of twenty-five
24 million five hundred thousand dollars (\$25,500,000) of special indebtedness may be
25 issued or incurred under this subsection prior to July 1, 2009.

26 **SECTION 29.13.(i)** In accordance with G.S. 142-83, this subsection
27 authorizes the issuance or incurrence of special indebtedness in the maximum aggregate
28 principal amount of one hundred fourteen million dollars (\$114,000,000) to finance the
29 capital facility costs of completing the James B. Hunt Library at North Carolina State
30 University. The State, with the prior approval of the State Treasurer and the Council of
31 State, as provided in Article 9 of Chapter 142 of the General Statutes, is authorized to
32 issue or incur special indebtedness in order to provide funds to the State to be used,
33 together with other available funds, to pay the capital facility costs of the project
34 described in this subsection. No more than a maximum aggregate amount of two million
35 three hundred twenty-five thousand dollars (\$2,325,000) of special indebtedness may be
36 issued or incurred under this subsection prior to July 1, 2008. No more than a maximum
37 aggregate amount of seven million nine hundred eight thousand three hundred
38 thirty-three dollars (\$7,908,333) of special indebtedness may be issued or incurred
39 under this subsection prior to July 1, 2009. No more than a maximum aggregate amount
40 of sixty-four million dollars (\$64,000,000) of special indebtedness may be issued or
41 incurred under this subsection prior to July 1, 2010.

42 **SECTION 29.13.(j)** In accordance with G.S. 142-83, this subsection
43 authorizes the issuance or incurrence of special indebtedness in the maximum aggregate
44 principal amount of eight million six hundred eighty-seven thousand dollars
45 (\$8,687,000) to finance the capital facility costs of renovating Rhoades Hall at the
46 University of North Carolina at Asheville. The State, with the prior approval of the State
47 Treasurer and the Council of State, as provided in Article 9 of Chapter 142 of the
48 General Statutes, is authorized to issue or incur special indebtedness in order to provide
49 funds to the State to be used, together with other available funds, to pay the capital
50 facility costs of the project described in this subsection. No more than a maximum

1 aggregate amount of one million dollars (\$1,000,000) of special indebtedness may be
2 issued or incurred under this subsection prior to July 1, 2008.

3 **SECTION 29.13.(k)** In accordance with G.S. 142-83, this subsection
4 authorizes the issuance or incurrence of special indebtedness in the maximum aggregate
5 principal amount of nine million three hundred five thousand dollars (\$9,305,000) to
6 finance the capital facility costs of renovating Carmichael Hall at the University of
7 North Carolina at Asheville. The State, with the prior approval of the State Treasurer
8 and the Council of State, as provided in Article 9 of Chapter 142 of the General
9 Statutes, is authorized to issue or incur special indebtedness in order to provide funds to
10 the State to be used, together with other available funds, to pay the capital facility costs
11 of the project described in this subsection. No more than a maximum aggregate amount
12 of one million dollars (\$1,000,000) of special indebtedness may be issued or incurred
13 under this subsection prior to July 1, 2008.

14 **SECTION 29.13.(l)** In accordance with G.S. 142-83, this subsection
15 authorizes the issuance or incurrence of special indebtedness in the maximum aggregate
16 principal amount of one hundred nineteen million six hundred eight thousand two
17 hundred twenty-five dollars (\$119,608,225) to finance the capital facility costs of a
18 Genomics Science Building at the University of North Carolina at Chapel Hill. The
19 State, with the prior approval of the State Treasurer and the Council of State, as
20 provided in Article 9 of Chapter 142 of the General Statutes, is authorized to issue or
21 incur special indebtedness in order to provide funds to the State to be used, together
22 with other available funds, to pay the capital facility costs of the project described in
23 this subsection. No more than a maximum aggregate amount of twenty-five million two
24 hundred seventy-two thousand two hundred twenty-five dollars (\$25,272,225) of special
25 indebtedness may be issued or incurred under this subsection prior to July 1, 2008.

26 **SECTION 29.13.(m)** In accordance with G.S. 142-83, this subsection
27 authorizes the issuance or incurrence of special indebtedness in the maximum aggregate
28 principal amount of ninety-six million dollars (\$96,000,000) to finance the capital
29 facility costs of a building addition to the School of Dentistry at the University of North
30 Carolina at Chapel Hill. The State, with the prior approval of the State Treasurer and the
31 Council of State, as provided in Article 9 of Chapter 142 of the General Statutes, is
32 authorized to issue or incur special indebtedness in order to provide funds to the State to
33 be used, together with other available funds, to pay the capital facility costs of the
34 project described in this subsection. No more than a maximum aggregate amount of
35 thirty million dollars (\$30,000,000) of special indebtedness may be issued or incurred
36 under this subsection prior to July 1, 2008. No more than a maximum aggregate amount
37 of eighty-seven million dollars (\$87,000,000) of special indebtedness may be issued or
38 incurred under this subsection prior to July 1, 2009.

39 **SECTION 29.13.(n)** In accordance with G.S. 142-83, this subsection
40 authorizes the issuance or incurrence of special indebtedness in the maximum aggregate
41 principal amount of seventy-six million two hundred eighteen thousand dollars
42 (\$76,218,000) to finance the capital facility costs of an Energy Production Infrastructure
43 Center at the University of North Carolina at Charlotte. The State, with the prior
44 approval of the State Treasurer and the Council of State, as provided in Article 9 of
45 Chapter 142 of the General Statutes, is authorized to issue or incur special indebtedness
46 in order to provide funds to the State to be used, together with other available funds, to
47 pay the capital facility costs of the project described in this subsection. No more than a
48 maximum aggregate amount of seven million dollars (\$7,000,000) of special
49 indebtedness may be issued or incurred under this subsection prior to July 1, 2008. No
50 more than a maximum aggregate amount of twenty-two million dollars (\$22,000,000) of
51 special indebtedness may be issued or incurred under this subsection prior to July 1,

1 2009. No more than a maximum aggregate amount of fifty-seven million dollars
2 (\$57,000,000) of special indebtedness may be issued or incurred under this subsection
3 prior to July 1, 2010.

4 **SECTION 29.13.(o)** In accordance with G.S. 142-83, this subsection
5 authorizes the issuance or incurrence of special indebtedness in the maximum aggregate
6 principal amount of forty-five million one hundred sixty-seven thousand dollars
7 (\$45,167,000) to finance the capital facility costs of completing a new education
8 classroom building at the University of North Carolina at Greensboro. The State, with
9 the prior approval of the State Treasurer and the Council of State, as provided in Article
10 9 of Chapter 142 of the General Statutes, is authorized to issue or incur special
11 indebtedness in order to provide funds to the State to be used, together with other
12 available funds, to pay the capital facility costs of the project described in this
13 subsection. No more than a maximum aggregate amount of six million dollars
14 (\$6,000,000) of special indebtedness may be issued or incurred under this subsection
15 prior to July 1, 2008.

16 **SECTION 29.13.(p)** In accordance with G.S. 142-83, this subsection
17 authorizes the issuance or incurrence of special indebtedness in the maximum aggregate
18 principal amount of nineteen million dollars (\$19,000,000) to finance the capital facility
19 costs of completing a Nursing and Allied Health Building at the University of North
20 Carolina at Pembroke. The State, with the prior approval of the State Treasurer and the
21 Council of State, as provided in Article 9 of Chapter 142 of the General Statutes, is
22 authorized to issue or incur special indebtedness in order to provide funds to the State to
23 be used, together with other available funds, to pay the capital facility costs of the
24 project described in this subsection. No more than a maximum aggregate amount of five
25 million dollars (\$5,000,000) of special indebtedness may be issued or incurred under
26 this subsection prior to July 1, 2008.

27 **SECTION 29.13.(q)** In accordance with G.S. 142-83, this subsection
28 authorizes the issuance or incurrence of special indebtedness in the maximum aggregate
29 principal amount of thirty-four million five hundred twenty-five thousand dollars
30 (\$34,525,000) to finance the capital facility costs of completing a new teaching
31 laboratory at the University of North Carolina at Wilmington. The State, with the prior
32 approval of the State Treasurer and the Council of State, as provided in Article 9 of
33 Chapter 142 of the General Statutes, is authorized to issue or incur special indebtedness
34 in order to provide funds to the State to be used, together with other available funds, to
35 pay the capital facility costs of the project described in this subsection. No more than a
36 maximum aggregate amount of two million five hundred thousand dollars (\$2,500,000)
37 of special indebtedness may be issued or incurred under this subsection prior to July 1,
38 2008. No more than a maximum aggregate amount of eight million six hundred
39 thirty-one thousand two hundred fifty dollars (\$8,631,250) of special indebtedness may
40 be issued or incurred under this subsection prior to July 1, 2009.

41 **SECTION 29.13.(r)** In accordance with G.S. 142-83, this subsection
42 authorizes the issuance or incurrence of special indebtedness in the maximum aggregate
43 principal amount of eighteen million seven hundred eight thousand dollars
44 (\$18,708,000) to finance the capital facility costs of completing a new student activities
45 center at Winston-Salem State University. The State, with the prior approval of the State
46 Treasurer and the Council of State, as provided in Article 9 of Chapter 142 of the
47 General Statutes, is authorized to issue or incur special indebtedness in order to provide
48 funds to the State to be used, together with other available funds, to pay the capital
49 facility costs of the project described in this subsection. No more than a maximum
50 aggregate amount of two million dollars (\$2,000,000) of special indebtedness may be
51 issued or incurred under this subsection prior to July 1, 2008. No more than a maximum

1 aggregate amount of five million dollars (\$5,000,000) of special indebtedness may be
2 issued or incurred under this subsection prior to July 1, 2009.

3 **SECTION 29.13.(s)** In accordance with G.S. 142-83, this subsection
4 authorizes the issuance or incurrence of special indebtedness in the maximum aggregate
5 principal amount of twenty-eight million two hundred twelve thousand dollars
6 (\$28,212,000) to finance the capital facility costs of completing a new science and
7 general classroom building at Winston-Salem State University. The State, with the prior
8 approval of the State Treasurer and the Council of State, as provided in Article 9 of
9 Chapter 142 of the General Statutes, is authorized to issue or incur special indebtedness
10 in order to provide funds to the State to be used, together with other available funds, to
11 pay the capital facility costs of the project described in this subsection. No more than a
12 maximum aggregate amount of four million dollars (\$4,000,000) of special
13 indebtedness may be issued or incurred under this subsection prior to July 1, 2008. No
14 more than a maximum aggregate amount of nineteen million dollars (\$19,000,000) of
15 special indebtedness may be issued or incurred under this subsection prior to July 1,
16 2009.

17 **SECTION 29.13.(t)** In accordance with G.S. 142-83, this subsection
18 authorizes the issuance or incurrence of special indebtedness in the maximum aggregate
19 principal amount of forty-three million eight hundred five thousand dollars
20 (\$43,805,000) to finance the capital facility costs of completing a new Health and
21 Gerontological Building at Western Carolina University. The State, with the prior
22 approval of the State Treasurer and the Council of State, as provided in Article 9 of
23 Chapter 142 of the General Statutes, is authorized to issue or incur special indebtedness
24 in order to provide funds to the State to be used, together with other available funds, to
25 pay the capital facility costs of the project described in this subsection. No more than a
26 maximum aggregate amount of two million two hundred thousand dollars (\$2,200,000)
27 of special indebtedness may be issued or incurred under this subsection prior to July 1,
28 2008. No more than a maximum aggregate amount of twenty-three million two
29 thousand five hundred dollars (\$23,002,500) of special indebtedness may be issued or
30 incurred under this subsection prior to July 1, 2009.

31 **SECTION 29.13.(u)** In accordance with G.S. 142-83, this subsection
32 authorizes the issuance or incurrence of special indebtedness in the maximum aggregate
33 principal amount of thirty-four million dollars (\$34,000,000) to finance the capital
34 facility costs of establishing and renovating buildings at State-owned 4-H campuses
35 across the State. The State, with the prior approval of the State Treasurer and the
36 Council of State, as provided in Article 9 of Chapter 142 of the General Statutes, is
37 authorized to issue or incur special indebtedness in order to provide funds to the State to
38 be used, together with other available funds, to pay the capital facility costs of the
39 project described in this subsection. No more than a maximum aggregate amount of four
40 million dollars (\$4,000,000) of special indebtedness may be issued or incurred under
41 this subsection prior to July 1, 2008. No more than a maximum aggregate amount of
42 fourteen million dollars (\$14,000,000) of special indebtedness may be issued or
43 incurred under this subsection prior to July 1, 2009. No more than a maximum
44 aggregate amount of twenty-four million dollars (\$24,000,000) of special indebtedness
45 may be issued or incurred under this subsection prior to July 1, 2010.

46 **SECTION 29.13.(v)** In accordance with G.S. 142-83, this subsection
47 authorizes the issuance or incurrence of special indebtedness in the maximum aggregate
48 principal amount of thirty-two million five hundred thousand dollars (\$32,500,000) to
49 finance the capital facility costs for completing the Coastal Studies Institute. The State,
50 with the prior approval of the State Treasurer and the Council of State, as provided in
51 Article 9 of Chapter 142 of the General Statutes, is authorized to issue or incur special

1 indebtedness in order to provide funds to the State to be used, together with other
2 available funds, to pay the capital facility costs of the project described in this
3 subsection. No more than a maximum aggregate amount of eight million dollars
4 (\$8,000,000) of special indebtedness may be issued or incurred under this subsection
5 prior to July 1, 2008.

6 **SECTION 29.13.(w)** In accordance with G.S. 142-83, this subsection
7 authorizes the issuance or incurrence of special indebtedness in the maximum aggregate
8 principal amount of fifty-eight million dollars (\$58,000,000) to finance the capital
9 facility costs of completing a Nanoscience Building to be used jointly by the University
10 of North Carolina at Greensboro and North Carolina Agricultural and Technical State
11 University. The State, with the prior approval of the State Treasurer and the Council of
12 State, as provided in Article 9 of Chapter 142 of the General Statutes, is authorized to
13 issue or incur special indebtedness in order to provide funds to the State to be used,
14 together with other available funds, to pay the capital facility costs of the project
15 described in this subsection. No more than a maximum aggregate amount of ten million
16 dollars (\$10,000,000) of special indebtedness may be issued or incurred under this
17 subsection prior to July 1, 2008. No more than a maximum aggregate amount of
18 thirty-eight million dollars (\$38,000,000) of special indebtedness may be issued or
19 incurred under this subsection prior to July 1, 2009.

20 **SECTION 29.13.(x)** In accordance with G.S. 142-83, this subsection
21 authorizes the issuance or incurrence of special indebtedness in the maximum aggregate
22 principal amount of seventeen million five hundred thousand dollars (\$17,500,000) to
23 finance the capital facility costs for infrastructure improvements at the North Carolina
24 School of Science and Mathematics. The State, with the prior approval of the State
25 Treasurer and the Council of State, as provided in Article 9 of Chapter 142 of the
26 General Statutes, is authorized to issue or incur special indebtedness in order to provide
27 funds to the State to be used, together with other available funds, to pay the capital
28 facility costs of the project described in this subsection.

29 **SECTION 29.13.(y)** In accordance with G.S. 142-83, this subsection
30 authorizes the issuance or incurrence of special indebtedness in the maximum aggregate
31 principal amount of twenty-five million dollars (\$25,000,000) to acquire land for The
32 University of North Carolina. The State, with the prior approval of the State Treasurer
33 and the Council of State, as provided in Article 9 of Chapter 142 of the General
34 Statutes, is authorized to issue or incur special indebtedness in order to provide funds to
35 the State to be used, together with other available funds, to pay for the acquisition of
36 lands described in this subsection.

37 **SECTION 29.13.(z)** In accordance with G.S. 142-83, this subsection
38 authorizes the issuance or incurrence of special indebtedness in the maximum aggregate
39 principal amount of twenty-five million dollars (\$25,000,000) to finance the plans and
40 specifications for capital projects for The University of North Carolina. The State, with
41 the prior approval of the State Treasurer and the Council of State, as provided in Article
42 9 of Chapter 142 of the General Statutes, is authorized to issue or incur special
43 indebtedness in order to provide funds to the State to be used, together with other
44 available funds, to pay the capital facility costs of the project described in this
45 subsection.

46 **SECTION 29.13.(aa)** In accordance with G.S. 142-83, this subsection
47 authorizes the issuance or incurrence of special indebtedness in the maximum aggregate
48 principal amount of thirty-nine million seven hundred sixty-three thousand one hundred
49 dollars (\$39,763,100) to finance the capital facility costs of completing a new health
50 care facility to be located at the North Carolina Correctional Institution for Women. The
51 State, with the prior approval of the State Treasurer and the Council of State, as

1 provided in Article 9 of Chapter 142 of the General Statutes, is authorized to issue or
2 incur special indebtedness in order to provide funds to the State to be used, together
3 with other available funds, to pay the capital facility costs of the project described in
4 this subsection. No more than a maximum aggregate amount of five million dollars
5 (\$5,000,000) of special indebtedness may be issued or incurred under this subsection
6 prior to July 1, 2008. No more than a maximum aggregate amount of thirty-two million
7 dollars (\$32,000,000) of special indebtedness may be issued or incurred under this
8 subsection prior to July 1, 2009.

9 **SECTION 29.13.(cc)** In accordance with G.S. 142-83, this subsection
10 authorizes the issuance or incurrence of special indebtedness in the maximum aggregate
11 principal amount of nineteen million eight hundred sixteen thousand five hundred
12 dollars (\$19,816,500) to finance the capital facility costs of a medium security facility at
13 the Scotland Correctional Institution. The State, with the prior approval of the State
14 Treasurer and the Council of State, as provided in Article 9 of Chapter 142 of the
15 General Statutes, is authorized to issue or incur special indebtedness in order to provide
16 funds to the State to be used, together with other available funds, to pay the capital
17 facility costs of the project described in this subsection. No more than a maximum
18 aggregate amount of five million dollars (\$5,000,000) of special indebtedness may be
19 issued or incurred under this subsection prior to July 1, 2008.

20 **SECTION 29.13.(ff)** In accordance with G.S. 142-83, this subsection
21 authorizes the issuance or incurrence of special indebtedness in the maximum aggregate
22 principal amount of thirty-seven million five hundred thousand dollars (\$37,500,000) to
23 finance the capital facility costs of completing five new replacement youth development
24 centers. The State, with the prior approval of the State Treasurer and the Council of
25 State, as provided in Article 9 of Chapter 142 of the General Statutes, is authorized to
26 issue or incur special indebtedness in order to provide funds to the State to be used,
27 together with other available funds, to pay the capital facility costs of the project
28 described in this subsection. No more than a maximum aggregate amount of fifteen
29 million dollars (\$15,000,000) of special indebtedness may be issued or incurred under
30 this subsection prior to July 1, 2008. No more than a maximum aggregate amount of
31 thirty million dollars (\$30,000,000) of special indebtedness may be issued or incurred
32 under this subsection prior to July 1, 2009.

33 **SECTION 29.13.(gg)** It is the intent of the General Assembly to finance the
34 costs of a voice interoperability plan for emergency responders through the use of
35 special indebtedness, provided that funds can be identified with which to pay part or all
36 of the special indebtedness.

37 **SECTION 29.13.(hh)** This section is effective when it becomes law.
38

39 PART XXX. FEES

40 **EROSION AND SEDIMENTATION CONTROL PLAN FEE INCREASE**

41 **SECTION 30.1.(a)** G.S. 113A-54.2(a) reads as rewritten:

42 "(a) ~~The Commission may establish a fee schedule for the review and approval of~~
43 ~~erosion and sedimentation control plans under this Article. In establishing the fee~~
44 ~~schedule, the Commission shall consider the administrative and personnel costs incurred~~
45 ~~by the Department for reviewing the plans and for related compliance activities. An~~
46 ~~application fee may not exceed fifty dollars (\$50.00) of sixty-five dollars (\$65.00) per~~
47 ~~acre of disturbed land shown on an erosion and sedimentation control plan or of land~~
48 ~~actually disturbed during the life of the project.~~ project shall be charged for the review of
49 an erosion and sedimentation control plan under this Article."
50

- 1 ~~thousand eight hundred sixty five dollars (\$2,865).~~ is three thousand
2 four hundred forty dollars (\$3,440).
- 3 (2) Minor Individual NPDES Permits. – The annual fee for an individual
4 permit for a point source discharge other than a point source discharge
5 to which subdivision (1) of this subsection applies ~~shall be seven~~
6 ~~hundred fifteen dollars (\$715.00).~~ is eight hundred sixty dollars
7 (\$860.00).
- 8 (3) Single-Family Residence. – The annual fee for a certificate of
9 coverage under a general permit for a point source discharge or an
10 individual nondischarge permit from a single-family residence ~~shall be~~
11 ~~fifty dollars (\$50.00).~~ is sixty dollars (\$60.00).
- 12 (4) Stormwater and Wastewater Discharge General Permits. – The annual
13 fee for a certificate of coverage under a general permit for a point
14 source discharge of stormwater or wastewater ~~shall be eighty dollars~~
15 ~~(\$80.00).~~ is one hundred dollars (\$100.00).
- 16 (5) Recycle Systems. – The annual fee for an individual permit for a
17 recycle system nondischarge permit ~~shall be three hundred dollars~~
18 ~~(\$300.00).~~ is three hundred sixty dollars (\$360.00).
- 19 (6) Major Nondischarge Permits. – The annual fee for an individual permit
20 for a nondischarge of 10,000 or more gallons per day or requiring 300
21 or more acres of land ~~shall be one thousand ninety dollars (\$1,090).~~ is
22 one thousand three hundred ten dollars (\$1,310).
- 23 (7) Minor Nondischarge Permits. – The annual fee for an individual
24 permit for a nondischarge of less than 10,000 gallons per day or
25 requiring less than 300 acres of land ~~shall be six hundred seventy five~~
26 ~~dollars (\$675.00).~~ is eight hundred ten dollars (\$810.00).
- 27 (8) Animal Waste Management Systems. – The annual fee for animal
28 waste management systems ~~shall be~~ is as set out in G.S. 143-215.10G.
- 29 (b) Application fee for new discharge and nondischarge permits. – An
30 application for a new permit of the type set out in subsection (a) of this section shall be
31 accompanied by an initial application fee equal to the annual fee for that permit. If a
32 permit is issued, the application fee ~~will~~ shall be applied as the annual fee for the first
33 year that the permit is in effect. If the application is denied, the application fee shall not
34 be refunded.
- 35 (c) Application and annual fees for consent special orders. –
- 36 (1) Major Consent Special Orders. – If the Commission enters into a
37 consent special order, assurance of voluntary compliance, or similar
38 document pursuant to G.S. 143-215.2 for an activity subject to an
39 annual fee under subdivision (1) or (6) of subsection (a) of this section,
40 the initial project fee ~~shall be~~ is four hundred dollars (\$400.00) and the
41 annual fee ~~shall be~~ is five hundred dollars (\$500.00). These fees ~~shall~~
42 ~~be~~ is in addition to the annual fee due under subsection (a) of this
43 section.
- 44 (2) Minor Consent Special Orders. – If the Commission enters into a
45 consent special order, assurance of voluntary compliance, or similar
46 document pursuant to G.S. 143-215.2 for an activity subject to an
47 annual fee under subdivision (2) or (7) of subsection (a) of this section,
48 the initial project fee ~~shall be~~ is four hundred dollars (\$400.00) and the
49 annual fee ~~shall be~~ is two hundred fifty dollars (\$250.00). These fees
50 ~~shall be~~ is in addition to the annual fee due under subsection (a) of this
51 section.

1 (d) Fee for major permit modifications. – An application for a major modification
2 of a permit of the type set out in subsection (a) of this section shall be accompanied by
3 an application fee equal to thirty percent (30%) of the annual fee applicable to that
4 permit. A major modification of a permit is any modification that would allow an
5 increase in the volume or pollutant load of the discharge or nondischarge or that would
6 result in a significant relocation of the point of discharge, as determined by the
7 Commission. This fee ~~shall be~~ is in addition to the fees due under subsections (a) and (c)
8 of this section. If the application is denied, the application fee shall not be refunded.

9 (e) Other fees under this Article. –

10 (1) Sewer System Extension Permits. – The application fee for a permit
11 for the construction of a new sewer system or for the extension of an
12 existing sewer system ~~shall be four hundred dollars (\$400.00)~~ is four
13 hundred eighty dollars (\$480.00).

14 (2) State Stormwater Permits. – The application fee for a permit regulating
15 stormwater runoff under G.S. 143-214.7 and G.S. 143-215.1 ~~shall be~~
16 ~~four hundred twenty dollars (\$420.00)~~ is five hundred five dollars
17 (\$505.00).

18 (3) Major Water Quality Certifications. – The fee for a water quality
19 certification involving one acre or more of wetland fill or 150 feet or
20 more of stream impact ~~shall be four hundred seventy five dollars~~
21 ~~(\$475.00)~~ is five hundred seventy dollars (\$570.00).

22 (4) Minor Water Quality Certifications. – The fee for a water quality
23 certification involving less than one acre of wetland fill or less than
24 150 feet of stream impact ~~shall be two hundred dollars (\$200.00)~~ is
25 two hundred forty dollars (\$240.00).

26 (5) Permit for Land Application of Petroleum Contaminated Soils. – The
27 fee for a permit to apply petroleum contaminated soil to land ~~shall be~~
28 ~~four hundred dollars (\$400.00)~~ is four hundred eighty dollars
29 (\$480.00).

30 (6) Fee Nonrefundable. – If an application for a permit or a certification
31 described in this subsection is denied, the application or certification
32 fee shall not be refunded.

33 (7) Limit Water Quality Certification Fee Required for CAMA Permit. –
34 An applicant for a permit under Article 7 of Chapter 113A of the
35 General Statutes for which a water quality certification is required
36 shall pay a fee established by the Secretary. The Secretary shall not
37 establish a fee that exceeds the greater of the fee for a permit under
38 Article 7 of Chapter 113A of the General Statutes or the fee for a water
39 quality certification under subdivision (3) or (4) of this subsection.

40 (f) Local Government Fee Authority Not Impaired. – This section shall not be
41 construed to limit any authority that a unit of local government may have pursuant to
42 any other provision of law to assess or collect a fee for the review of an application for a
43 permit, the review of a mitigation plan, or the inspection of a site or a facility under any
44 local program that is approved by the Commission under this Article."

45 **SECTION 30.3.(b)** G.S. 143-215.10G reads as rewritten:

46 "**§ 143-215.10G. Fees for animal waste management systems.**

47 (a) The Department shall charge an annual permit fee to an animal operation that
48 is subject to a permit under G.S. 143-215.10C for an animal waste management system
49 according to the following schedule:

- 1 (1) For a system with a design capacity of 38,500 or more and less than
2 100,000 pounds steady state live weight, ~~fifty dollars (\$50.00)~~sixty
3 dollars (\$60.00).
4 (2) For a system with a design capacity of 100,000 or more and less than
5 800,000 pounds steady state live weight, ~~one hundred fifty dollars~~
6 ~~(\$150.00)~~one hundred eighty dollars (\$180.00).
7 (3) For a system with a design capacity of 800,000 pounds or more steady
8 state live weight, ~~three hundred dollars (\$300.00)~~three hundred sixty
9 dollars (\$360.00).

10 (a1) The Department shall charge an annual permit fee to a dry litter poultry
11 facility that is subject to a permit under G.S. 143-215.10C for an animal waste
12 management system according to the following schedule:

- 13 (1) For a system with a permitted capacity of less than 25,000 laying
14 chickens, less than 37,500 nonlaying chickens, or less than 16,500
15 turkeys, ~~fifty dollars (\$50.00)~~sixty dollars (\$60.00).
16 (2) For a system with a permitted capacity of 25,000 or more but less than
17 200,000 laying chickens, 37,500 or more but less than 290,000
18 nonlaying chickens, 16,500 or more but less than 133,000 turkeys, ~~one~~
19 ~~hundred fifty dollars (\$150.00)~~one hundred eighty dollars (\$180.00).
20 (3) For a system with a permitted capacity of more than 200,000 laying
21 chickens, more than 290,000 nonlaying chickens, or more than
22 133,000 turkeys, ~~three hundred dollars (\$300.00)~~three hundred sixty
23 dollars (\$360.00).

24 (b) An application for a new permit under this section shall be accompanied by
25 an initial application fee equal to the annual fee for that permit. If a permit is issued, the
26 application fee ~~will~~shall be applied as the annual fee for the first year that the permit is
27 in effect. If the application is denied, the application fee shall not be refunded.

28 (c) Fees collected under this section shall be credited to the Water and Air
29 Quality Account. The Department shall use fees collected pursuant to this section to
30 cover the costs of administering this Part."

31 **SECTION 30.3.(c)** G.S. 90A-42 reads as rewritten:
32 "**§ 90A-42. Fees.**

33 (a) The Commission, in establishing procedures for implementing the
34 requirements of this Article, shall impose the following schedule of fees:

- 35 (1) Examination including Certificate, \$85.00;
36 (2) Temporary Certificate, \$200.00;
37 (3) Temporary Certification Renewal, \$300.00;
38 (4) Conditional Certificate, \$75.00;
39 (5) Repealed by Session Laws 1987, c. 582, s. 3.
40 (6) Reciprocity Certificate, \$100.00;
41 (6a) Voluntary Conversion Certificate, \$50.00;
42 (7) Annual Renewal, ~~\$35.00~~\$50.00;
43 (8) Replacement of Certificate, \$20.00;
44 (9) Late Payment of Annual Renewal, \$50.00 penalty in addition to all
45 current and past due annual renewal fees plus one hundred dollars
46 (\$100.00) penalty per year for each year for which annual renewal fees
47 were not paid prior to the current year; and
48 (10) Mailing List Charges – The Commission may provide mailing lists of
49 certified water pollution control system operators and of water
50 pollution control system operators to persons who request such lists.

The charge for such lists shall be twenty-five dollars (\$25.00) for each such list provided.

(b) The Water Pollution Control System Account is established as a nonreverting account within the Department. Fees collected under this section shall be credited to the Account and applied to the costs of administering this Article."

SECTION 30.3.(d) This section becomes effective July 1, 2007.

CERTIFICATE OF NEED FEE INCREASES TO MEET STATUTORY OBLIGATIONS

SECTION 30.4.(a) G.S. 131E-177(9) reads as rewritten:

"(9) ~~Establish and collect~~ Collect fees for submitting applications for certificates of need. ~~The fee schedule established should generate sufficient revenue to offset the entire cost of the certificate of need program. This fee may not exceed seventeen thousand five hundred dollars (\$17,500) and may not be less than two thousand dollars (\$2,000). Fees collected under this subdivision shall be credited to the General Fund as nontax revenue.~~"

SECTION 30.4.(b) G.S. 131E-182(c) reads as rewritten:

"(c) An application fee is imposed on an applicant for a certificate of need. An applicant must submit the fee with the application. All fees established by the Department for submitting an application for a certificate of need are due when the application is submitted. These fees are ~~The fee is not refundable, regardless of whether a certificate of need is issued. Fees collected under this section shall be credited to the General Fund as nontax revenue. The application fee is five thousand dollars (\$5,000) plus an amount equal to three-tenths of one percent (.3%) of the amount of the capital expenditure proposed in the application that exceeds one million dollars (\$1,000,000). In no event may the fee exceed fifty thousand dollars (\$50,000).~~"

SECTION 30.4.(c) This section becomes effective July 1, 2007, and applies to applications submitted on or after that date.

HEALTH CARE FACILITY CONSTRUCTION PROJECT FEE INCREASES TO MEET STATUTORY OBLIGATIONS

SECTION 30.5.(a) G.S. 131E-267 reads as rewritten:

"§ 131E-267. Fees for departmental review of licensed health care facility or Medical Care Commission bond-financed construction projects.

(a) ~~The Department of Health and Human Services shall charge a fee for the review of each health care facility construction project to ensure that project plans and construction are in compliance with State law. The fee shall be charged on a one-time, per-project basis, as follows, and basis as provided in this section. In no event may a fee imposed under this section shall not exceed twenty five thousand dollars (\$25,000) two hundred thousand dollars (\$200,000) for any single project:project. The first seven hundred twelve thousand six hundred twenty-six dollars (\$712,626) in fees collected under this section shall remain in the Division of Facility Services. Additional fees collected shall be credited to the General Fund as nontax revenue and are intended to offset rather than replace appropriations made for this purpose.~~

Institutional Project	Project Fee
Hospitals	\$300.00 plus \$0.20/square foot of project space
Nursing Homes	\$250.00 plus \$0.16/square foot of project space
Ambulatory Surgical Facility	\$200.00 plus \$0.16/square foot of project space

1 Psychiatric Hospital \$200.00 plus \$0.16/square foot of project space
 2 Adult Care Home

3 7 or more beds \$175.00 plus \$0.10/square foot of project space
 4 (b) The fee imposed for the review of a hospital construction project varies
 5 depending upon the square footage of the project:

Over	Up To	Project Fee
-0-	5,000	\$750.00 plus \$0.25 per square foot
5,000	10,000	\$1,500 plus \$0.40 per square foot
10,000	20,000	\$2,000 plus \$0.50 per square foot
20,000	NA	\$3,000 plus \$0.75 per square foot

11 (c) The fee imposed for the review of a nursing home construction project varies
 12 depending upon the square footage of the project:

Over	Up To	Project Fee
-0-	2,000	\$250.00 plus \$0.15 per square foot
2,000	NA	\$250.00 plus \$0.16 per square foot

16 (d) The fee imposed for the review of an ambulatory surgical facility
 17 construction project varies depending upon the square footage of the project:

Over	Up To	Project Fee
-0-	2,000	\$200.00 plus \$0.15 per square foot
2,000	NA	\$250.00 plus \$0.20 per square foot

21 (e) The fee imposed for the review of a psychiatric hospital construction project
 22 varies depending upon the square footage of the project:

Over	Up To	Project Fee
-0-	5,000	\$200.00 plus \$0.16 per square foot
5,000	10,000	\$200.00 plus \$0.25 per square foot
10,000	20,000	\$300.00 plus \$0.45 per square foot
20,000	NA	\$400.00 plus \$0.45 per square foot

28 (f) The fee imposed for the review of an adult care home construction project
 29 varies depending upon the square footage of the project:

Over	Up To	Project Fee
-0-	2,000	\$175.00 plus \$0.10 per square foot
2,000	NA	\$175.00 plus \$0.20 per square foot

33 (g) The fee imposed for the review of the following residential construction
 34 projects is:

Residential Project	Project Fee
35 Family Care Homes	\$175.00 \$200.00 flat fee
36 ICF/MR Group Homes	\$275.00 \$300.00 flat fee
37 Group Homes: 1-3 beds	\$100.00 flat fee
38 Group Homes: 4-6 beds	\$175.00 \$200.00 flat fee
39 Group Homes: 7-9 beds	\$225.00 \$250.00 flat fee
40 Other residential:	
41 More than 9 beds	\$225.00 plus \$0.075/square foot of project space.
42 More than 9 beds	\$250.00 plus \$0.75 per square foot of project space."

44 **SECTION 30.5.(b)** This section becomes effective July 1, 2007, and applies
 45 to applications for review submitted on or after that date.

46 **CHANGE CORPORATE ANNUAL REPORT FEES**

48 **SECTION 30.6.(a)** G.S. 55-1-22(a) reads as rewritten:
 49 "(a) The Secretary of State shall collect the following fees when the documents
 50 described in this subsection are delivered to the Secretary for filing:

Document	Fee
51	

1	(1)	Articles of incorporation	\$125.00
2	(2)	Application for reserved name	30.00
3	(3)	Notice of transfer of reserved name	10.00
4	(4)	Application for registered name	10.00
5	(5)	Application for renewal of registered name	10.00
6	(6)	Corporation's statement of change of registered agent or registered	
7		office or both	5.00
8	(7)	Agent's statement of change of registered office for each affected	
9		corporation	5.00
10	(8)	Agent's statement of resignation	No fee
11	(9)	Designation of registered agent or registered office or both	5.00
12	(10)	Amendment of articles of incorporation	50.00
13	(11)	Restated articles of incorporation	10.00
14		with amendment of articles	50.00
15	(12)	Articles of merger or share exchange	50.00
16	(12a)	Articles of conversion (other than articles of conversion included as	
17		part of another document)	50.00
18	(13)	Articles of dissolution	30.00
19	(14)	Articles of revocation of dissolution	10.00
20	(15)	Certificate of administrative dissolution	No fee
21	(16)	Application for reinstatement following administrative dissolution	100.00
22	(17)	Certificate of reinstatement	No fee
23	(18)	Certificate of judicial dissolution	No fee
24	(19)	Application for certificate of authority	250.00
25	(20)	Application for amended certificate of authority	75.00
26	(21)	Application for certificate of withdrawal	25.00
27	(22)	Certificate of revocation of authority to transact business	No fee
28	(23)	Annual report (<u>paper</u>)	20.00 25.00
29	<u>(23a)</u>	<u>Annual report (electronic)</u>	18.00
30	(24)	Articles of correction	10.00
31	(25)	Application for certificate of existence or authorization (paper)	15.00
32	(25a)	Application for certificate of existence or authorization (electronic)	10.00
33	(26)	Any other document required or permitted to be filed by this Chapter	10.00
34	(27)	Repealed by Session Laws 2001-358, s. 6(b), effective January 1, 2002."	

SECTION 30.6.(b) G.S. 105-122.1 reads as rewritten:

"§ 105-122.1. Credit for additional annual report fees paid by limited liability companies subject to franchise tax.

A limited liability company subject to tax under this Article is allowed a credit against the tax imposed by this Article equal to the difference between the annual report fee for corporations under ~~G.S. 55-1-22~~ G.S. 55-1-22(a)(23) and the annual report fee for limited liability companies under G.S. 57C-1-22(a). The credit allowed by this section may not exceed the amount of tax imposed by this Article for the taxable year reduced by the sum of all credits allowed, except payments of tax made by or on behalf of the taxpayer."

SECTION 30.6.(c) Subsection (a) of this section becomes effective July 1, 2007, and applies to annual reports filed on or after that date. Subsection (b) of this section is effective for taxable years beginning on or after January 1, 2007. The remainder of this section is effective when it becomes law.

INCREASE PRIMARY FOREST PRODUCTS ASSESSMENT RATES

SECTION 30.7.(a) G.S. 113A-194(b) reads as rewritten:

1 "(b) The assessment levied on primary forest products shall be at the following
2 rates:

- 3 (1) ~~Fifty cents (50¢)~~ One dollar (\$1.00) per thousand board feet for
4 softwood sawtimber, veneer logs and bolts, and all other softwood
5 products normally measured in board feet;
6 (2) ~~Forty cents (40¢)~~ Eighty cents (80¢) per thousand board feet for
7 hardwood and bald cypress sawtimber, veneer, and all other hardwood
8 and bald cypress products normally measured in board feet;
9 (3) ~~Twenty cents (20¢)~~ Forty cents (40¢) per cord for softwood pulpwood
10 and other softwood products normally measured in cords;
11 (4) ~~Twelve cents (12¢)~~ Twenty-four cents (24¢) per cord for hardwood
12 pulpwood and other hardwood and bald cypress products normally
13 measured in cords;
14 (5) All material harvested within North Carolina for shipment outside the
15 State for primary processing will be assessed at a percentage of the
16 invoice value. This percentage will be established to yield rates equal
17 to those if the material were processed within the State."

18 **SECTION 30.7.(b)** This section becomes effective July 1, 2007, and applies
19 to assessments made on or after that date.

20
21 **INCREASE COURT FEES AND AMEND THE ACCESS TO CIVIL JUSTICE**
22 **ACT**

23 **SECTION 30.8.(a)** G.S. 7A-304(a) reads as rewritten:

24 "(a) In every criminal case in the superior or district court, wherein the defendant
25 is convicted, or enters a plea of guilty or nolo contendere, or when costs are assessed
26 against the prosecuting witness, the following costs shall be assessed and collected,
27 except that when the judgment imposes an active prison sentence, costs shall be
28 assessed and collected only when the judgment specifically so provides, and that no
29 costs may be assessed when a case is dismissed.

- 30 (1) For each arrest or personal service of criminal process, including
31 citations and subpoenas, the sum of five dollars (\$5.00), to be remitted
32 to the county wherein the arrest was made or process was served,
33 except that in those cases in which the arrest was made or process
34 served by a law-enforcement officer employed by a municipality, the
35 fee shall be paid to the municipality employing the officer.
36 (2) For the use of the courtroom and related judicial facilities, the sum of
37 twelve dollars (\$12.00) in the district court, including cases before a
38 magistrate, and the sum of thirty dollars (\$30.00) in superior court, to
39 be remitted to the county in which the judgment is rendered. In all
40 cases where the judgment is rendered in facilities provided by a
41 municipality, the facilities fee shall be paid to the municipality. Funds
42 derived from the facilities fees shall be used exclusively by the county
43 or municipality for providing, maintaining, and constructing adequate
44 courtroom and related judicial facilities, including: adequate space and
45 furniture for judges, district attorneys, public defenders and other
46 personnel of the Office of Indigent Defense Services, magistrates,
47 juries, and other court related personnel; office space, furniture and
48 vaults for the clerk; jail and juvenile detention facilities; free parking
49 for jurors; and a law library (including books) if one has heretofore
50 been established or if the governing body hereafter decides to establish
51 one. In the event the funds derived from the facilities fees exceed what

1 is needed for these purposes, the county or municipality may, with the
2 approval of the Administrative Officer of the Courts as to the amount,
3 use any or all of the excess to retire outstanding indebtedness incurred
4 in the construction of the facilities, or to reimburse the county or
5 municipality for funds expended in constructing or renovating the
6 facilities (without incurring any indebtedness) within a period of two
7 years before or after the date a district court is established in such
8 county, or to supplement the operations of the General Court of Justice
9 in the county.

10 (3) For the retirement and insurance benefits of both State and local
11 government law-enforcement officers, the sum of six dollars and
12 twenty-five cents (\$6.25), to be remitted to the State Treasurer. Fifty
13 cents (50¢) of this sum shall be administered as is provided in Article
14 12C of Chapter 143 of the General Statutes. Five dollars and
15 seventy-five cents (\$5.75) of this sum shall be administered as is
16 provided in Article 12E of Chapter 143 of the General Statutes, with
17 one dollar and twenty-five cents (\$1.25) being administered in
18 accordance with the provisions of G.S. 143-166.50(e).

19 (3a) For the supplemental pension benefits of sheriffs, the sum of one
20 dollar twenty-five cents (\$1.25) to be remitted to the Department of
21 Justice and administered under the provisions of Article 12G of
22 Chapter 143 of the General Statutes.

23 (4) For support of the General Court of Justice, the sum of ~~eighty-five~~
24 ~~dollars and fifty cents (\$85.50)~~ ninety-five dollars and fifty cents
25 (\$95.50) in the district court, including cases before a magistrate, and
26 the sum of ninety-two dollars and fifty cents (\$92.50) ~~one hundred two~~
27 ~~dollars and fifty cents (\$102.50)~~ in the superior court, to be remitted to
28 the State Treasurer. For a person convicted of a felony in superior
29 court who has made a first appearance in district court, both the district
30 court and superior court fees shall be assessed. The State Treasurer
31 shall remit the sum of ~~one dollar and five cents (\$1.05)~~ two dollars and
32 five cents (\$2.05) of each fee collected under this subdivision to the
33 North Carolina State Bar for the provision of services described in
34 G.S. 7A-474.4, and ninety-five cents (\$.95) of each fee collected under
35 this subdivision to the North Carolina State Bar for the provision of
36 services described in G.S. 7A-474.19.

37 (5) For using pretrial release services, the district or superior court judge
38 shall, upon conviction, impose a fee of fifteen dollars (\$15.00) to be
39 remitted to the county providing the pretrial release services. This cost
40 shall be assessed and collected only if the defendant had been accepted
41 and released to the supervision of the agency providing the pretrial
42 release services.

43 (6) For support of the General Court of Justice, ~~for the issuance by the~~
44 ~~clerk of a report to the Division of Motor Vehicles pursuant to~~
45 ~~G.S. 20-24.2, the sum of fifty dollars (\$50.00), to be remitted to the~~
46 ~~State Treasurer.~~ one hundred dollars (\$100.00) is payable by a
47 defendant who fails to appear to answer the charge as scheduled,
48 unless within 20 days after the scheduled appearance, the person either
49 appears in court to answer the charge or disposes of the charge
50 pursuant to G.S. 7A-146. Upon a showing to the court that the
51 defendant failed to appear because of an error or omission of a judicial

1 official, a prosecutor, or a law-enforcement officer, the court shall
 2 waive this fee. This fee shall be remitted to the State Treasurer.

3 (7) For the services of the State Bureau of Investigation laboratory
 4 facilities, the district or superior court judge shall, upon conviction,
 5 order payment of the sum of three hundred dollars (\$300.00) to be
 6 remitted to the Department of Justice for support of the State Bureau
 7 of Investigation. This cost shall be assessed only in cases in which, as
 8 part of the investigation leading to the defendant's conviction, the
 9 laboratories have performed DNA analysis of the crime, tests of bodily
 10 fluids of the defendant for the presence of alcohol or controlled
 11 substances, or analysis of any controlled substance possessed by the
 12 defendant or the defendant's agent. The court may waive or reduce the
 13 amount of the payment required by this subdivision upon a finding of
 14 just cause to grant such a waiver or reduction.

15 (8) For the services of any crime laboratory facility operated by a local
 16 government or group of local governments, the district or superior
 17 court judge shall, upon conviction, order payment of the sum of three
 18 hundred dollars (\$300.00) to be remitted to the general fund of the
 19 local governmental unit that operates the laboratory to be used for law
 20 enforcement purposes. The cost shall be assessed only in cases in
 21 which, as part of the investigation leading to the defendant's
 22 conviction, the laboratory has performed DNA analysis of the crime,
 23 test of bodily fluids of the defendant for the presence of alcohol or
 24 controlled substances, or analysis of any controlled substance
 25 possessed by the defendant or the defendant's agent. The costs shall be
 26 assessed only if the court finds that the work performed at the local
 27 government's laboratory is the equivalent of the same kind of work
 28 performed by the State Bureau of Investigation under subdivision (7)
 29 of this subsection. The court may waive or reduce the amount of the
 30 payment required by this subdivision upon a finding of just cause to
 31 grant such a waiver or reduction."

32 **SECTION 30.8.(b)** G.S. 7A-305(a) reads as rewritten:

33 "(a) In every civil action in the superior or district court, except for actions
 34 brought under Chapter 50B of the General Statutes, the following costs shall be
 35 assessed:

36 (1) For the use of the courtroom and related judicial facilities, the sum of
 37 twelve dollars (\$12.00) in cases heard before a magistrate, and the sum
 38 of sixteen dollars (\$16.00) in district and superior court, to be remitted
 39 to the county in which the judgment is rendered, except that in all
 40 cases in which the judgment is rendered in facilities provided by a
 41 municipality, the facilities fee shall be paid to the municipality. Funds
 42 derived from the facilities fees shall be used in the same manner, for
 43 the same purposes, and subject to the same restrictions, as facilities
 44 fees assessed in criminal actions.

45 (2) For support of the General Court of Justice, the sum of ~~seventy-nine~~
 46 ~~dollars (\$79.00)~~ ninety-three dollars (\$93.00) in the superior court,
 47 except that if a case is assigned to a special superior court judge as a
 48 complex business case under G.S. 7A-45.3, an additional two hundred
 49 dollars (\$200.00) shall be paid upon its assignment, and the sum of
 50 ~~sixty-four dollars (\$64.00)~~ seventy-three dollars (\$73.00) in the district
 51 court except that if the case is assigned to a magistrate the sum shall be

~~fifty three dollars (\$53.00). sixty-three dollars (\$63.00).~~ Sums collected under this subdivision shall be remitted to the State Treasurer. The State Treasurer shall remit the sum of ~~one dollar and five cents (\$1.05)~~ two dollars and five cents (\$2.05) of each fee collected under this subdivision to the North Carolina State Bar for the provision of services described in G.S. 7A-474.4, and ninety-five cents (\$.95) of each fee collected under this subdivision to the North Carolina State Bar for the provision of services described in G.S. 7A-474.19."

SECTION 30.8.(c) G.S. 7A-306(a) reads as rewritten:

"(a) In every special proceeding in the superior court, the following costs shall be assessed:

- (1) For the use of the courtroom and related judicial facilities, the sum of ten dollars (\$10.00) to be remitted to the county. Funds derived from the facilities fees shall be used in the same manner, for the same purposes, and subject to the same restrictions, as facilities fees assessed in criminal actions.
- (2) For support of the General Court of Justice the sum of forty dollars (\$40.00). In addition, in proceedings involving land, except boundary disputes, if the fair market value of the land involved is over one hundred dollars (\$100.00), there shall be an additional sum of thirty cents (30¢) per one hundred dollars (\$100.00) of value, or major fraction thereof, not to exceed a maximum additional sum of two hundred dollars (\$200.00). Fair market value is determined by the sale price if there is a sale, the appraiser's valuation if there is no sale, or the appraised value from the property tax records if there is neither a sale nor an appraiser's valuation. Sums collected under this subdivision shall be remitted to the State Treasurer. The State Treasurer shall remit the sum of ~~one dollar and five cents (\$1.05)~~ two dollars and five cents (\$2.05) of each forty-dollar (\$40.00) General Court of Justice fee collected under this subdivision to the North Carolina State Bar for the provision of services described in G.S. 7A-474.4."

SECTION 30.8.(d) G.S. 7A-307(a) reads as rewritten:

"(a) In the administration of the estates of decedents, minors, incompetents, of missing persons, and of trusts under wills and under powers of attorney, in trust proceedings under G.S. 36A-23.1, and in collections of personal property by affidavit, the following costs shall be assessed:

- (1) For the use of the courtroom and related judicial facilities, the sum of ten dollars (\$10.00), to be remitted to the county. Funds derived from the facilities fees shall be used in the same manner, for the same purposes, and subject to the same restrictions, as facilities fees assessed in criminal actions.
- (2) For support of the General Court of Justice, the sum of ~~forty dollars (\$40.00)~~ fifty dollars (\$50.00), plus an additional forty cents (40¢) per one hundred dollars (\$100.00), or major fraction thereof, of the gross estate, not to exceed six thousand dollars (\$6,000). Gross estate shall include the fair market value of all personalty when received, and all proceeds from the sale of realty coming into the hands of the fiduciary, but shall not include the value of realty. In collections of personal property by affidavit, the fee based on the gross estate shall be computed from the information in the final affidavit of collection made

pursuant to G.S. 28A-25-3 and shall be paid when that affidavit is filed. In all other cases, this fee shall be computed from the information reported in the inventory and shall be paid when the inventory is filed with the clerk. If additional gross estate, including income, comes into the hands of the fiduciary after the filing of the inventory, the fee for such additional value shall be assessed and paid upon the filing of any account or report disclosing such additional value. For each filing the minimum fee shall be fifteen dollars (\$15.00). Sums collected under this subdivision shall be remitted to the State Treasurer. The State Treasurer shall remit the sum of ~~one dollar and five cents (\$1.05)~~ two dollars and five cents (\$2.05) of each ~~forty dollar (\$40.00)~~ fifty-dollar (\$50.00) General Court of Justice fee collected under this subdivision to the North Carolina State Bar for the provision of services described in G.S. 7A-474.4.

- (2a) Notwithstanding subdivision (2) of this subsection, the fee of forty cents (40¢) per one hundred dollars (\$100.00), or major fraction, of the gross estate, not to exceed six thousand dollars (\$6,000), shall not be assessed on personalty received by a trust under a will when the estate of the decedent was administered under Chapters 28 or 28A of the General Statutes. Instead, a fee of twenty dollars (\$20.00) shall be assessed on the filing of each annual and final account.
- (2b) Notwithstanding subdivisions (1) and (2) of this subsection, no costs shall be assessed when the estate is administered or settled pursuant to G.S. 28A-25-6.
- (2c) Notwithstanding subdivision (2) of this subsection, the fee of forty cents (40¢) per one hundred dollars (\$100.00), or major fraction, of the gross estate shall not be assessed on the gross estate of a trust that is the subject of a proceeding under G.S. 36A-23.1 if there is no requirement in the trust that accountings be filed with the clerk.
- (3) For probate of a will without qualification of a personal representative, the clerk shall assess a facilities fee as provided in subdivision (1) of this subsection and shall assess for support of the General Court of Justice, the sum of twenty dollars (\$20.00)."

SECTION 30.8.(e) G.S. 7A-308(a)(1) reads as rewritten:

"(a) The following miscellaneous fees and commissions shall be collected by the clerk of superior court and remitted to the State for the support of the General Court of Justice:

- (1) Foreclosure under power of sale in deed of trust or mortgage ~~\$60.00~~ \$75.00
 If the property is sold under the power of sale, an additional amount will be charged, determined by the following formula: forty-five cents (.45) per one hundred dollars (\$100.00), or major fraction thereof, of the final sale price. If the amount determined by the formula is less than ten dollars (\$10.00), a minimum ten dollar (\$10.00) fee will be collected. If the amount determined by the formula is more than ~~three hundred dollars (\$300.00), five hundred dollars (\$500.00),~~ a maximum three hundred dollar (\$300.00) five hundred-dollar (\$500.00) fee will be collected."

SECTION 30.8.(f) G.S. 7A-308(a)(17) reads as rewritten:

"(a) The following miscellaneous fees and commissions shall be collected by the clerk of superior court and remitted to the State for the support of the General Court of Justice:

...

(17) Criminal record search except if search is requested by an agency of the State or any of its political subdivisions or by an agency of the United States or by a petitioner in a proceeding under Article 2 of General Statutes Chapter 20..... 10:0015.00"

SECTION 30.8.(g) G.S. 7A-474.1 reads as rewritten:

"§ 7A-474.1. Legislative findings and purpose.

The General Assembly of North Carolina declares it to be its purpose to provide access to legal representation for indigent persons in certain kinds of civil matters. The General Assembly finds that such representation can best be provided in an efficient, effective, and economic manner through ~~five geographically based field~~ the established legal services programs in this State."

SECTION 30.8.(h) G.S. 7A-474.2(4) reads as rewritten:

"§ 7A-474.2. Definitions.

The following definitions shall apply throughout this Article, unless the context otherwise requires:

(4) ~~"Geographically based field~~ "Established legal services programs" means the following not-for-profit corporations using State funds to serve the counties listed: Legal Services of the Southern Piedmont, serving Cabarrus, Gaston, Mecklenburg, Stanly, and Union Counties; Legal Aid Society of Northwest North Carolina, serving Davie, Forsyth, Iredell, Stokes, Surry, and Yadkin Counties; ~~North Central Legal Assistance Program, serving Durham, Franklin, Granville, Person, Vance, and Warren Counties;~~ Pisgah Legal Services, serving Buncombe, Henderson, Madison, Polk, Rutherford, and Transylvania Counties; and Legal Services Aid of North Carolina, ~~servng 83~~ counties in North Carolina; a statewide program; or any successor entity or entities of the named organizations, or, should any of the named organizations dissolve, the entity or entities providing substantially the same services in substantially the same service area."

SECTION 30.8.(i) G.S. 7A-474.4 reads as rewritten:

"§ 7A-474.4. Funds.

Funds to provide representation pursuant to this Article shall be provided to the North Carolina State Bar for provision of direct services by and support of the ~~geographically based field~~ established legal services programs. The North Carolina State Bar shall allocate these funds directly to each of the ~~five geographically based field~~ established legal services programs based upon the eligible client population in each ~~area program, area,~~ with Pisgah Legal Services receiving the allocation for Buncombe, Henderson, Madison, Polk, Rutherford, and Transylvania ~~Counties, based upon the eligible client population in each area program. Counties;~~ Legal Aid Society of Northwest North Carolina receiving half of the allocation for Davie, Forsyth, Iredell, Stokes, Surry, and Yadkin Counties; and Legal Services of Southern Piedmont receiving half of the allocation for Cabarras, Gaston, Mecklenburg, Stanly, and Union Counties. The North Carolina State Bar shall not use any of these funds for its administrative costs."

SECTION 30.8.(j) G.S. 7A-474.5 reads as rewritten:

"§ 7A-474.5. Records and reports.

The ~~geographically based field~~ established legal services programs shall keep appropriate records and make periodic reports, as requested, to the North Carolina State Bar."

SECTION 30.8.(k) G.S. 84-4.1(7) reads as rewritten:

"§ 84-4.1. Limited practice of out-of-state attorneys.

Any attorney domiciled in another state, and regularly admitted to practice in the courts of record of and in good standing in that state, having been retained as attorney for a party to any civil or criminal legal proceeding pending in the General Court of Justice of North Carolina, the North Carolina Utilities Commission, the North Carolina Industrial Commission, the Office of Administrative Hearings of North Carolina, or any administrative agency, may, on motion, be admitted to practice in that forum for the sole purpose of appearing for a client in the proceeding. The motion required under this section shall be signed by the attorney and shall contain or be accompanied by:

- ...
- (7) A fee in the amount of ~~one hundred twenty-five dollars (\$125.00)~~, two hundred twenty-five dollars (\$225.00), of which ~~one hundred dollars (\$100.00)~~ two hundred dollars (\$200.00) shall be remitted to the State Treasurer for support of the General Court of Justice and twenty-five dollars (\$25.00) shall be transmitted to the North Carolina State Bar to regulate the practice of out-of-state attorneys as provided in this section.

Compliance with the foregoing requirements does not deprive the court of the discretionary power to allow or reject the application."

SECTION 30.8.(I) Subsection (a) of this section becomes effective July 1, 2007, and applies to all costs assessed or collected on or after that date, except that in misdemeanor or infraction cases disposed of on or after that date by written appearance, waiver of trial or hearing, and plea of guilt or admission of responsibility pursuant to G.S. 7A-180(4) or G.S. 7A-273(2), in which the citation or other criminal process was issued before that date, the cost shall be the lesser of those specified in G.S. 7A-304(a), as amended by subsection (a) of this section, or those specified in the notice portion of the defendant's or respondent's copy of the citation or other criminal process, if any costs are specified in that notice. Subsections (b), (c), (d), (e), (f), and (k) of this section become effective July 1, 2007, and apply to all costs assessed or collected on or after that date. The remainder of this section becomes effective July 1, 2007.

COLLECTION OF OUTSTANDING FINES AND FEES BY THE COURTS

SECTION 30.9.(a) G.S. 7A-321 reads as rewritten:

"§ 7A-321. Collection of offender fines and fees assessed by the court.

(a) The Judicial Department may, in lieu of payment by cash or check, accept payment by credit card, charge card, or debit card for the fines, fees, and costs owed to the courts by offenders.

(b) In attempting to collect the fines, fees, and costs owed by offenders not sentenced to supervised probation, the Department may:

- (1) Assess a collection assistance fee if an amount due remains unpaid for 30 days after the time period allotted by the court. The amount of the collection assistance fee shall not exceed the average cost of collecting the debt or twenty percent (20%) of the amount past due, whichever is less.
- (2) Enter into contracts with a collection agency or agencies to collect unpaid fines, fees, and costs owed by offenders not sentenced to supervised probation.
- (3) Intercept tax refund checks under Chapter 105A of the General Statutes, the Setoff Debt Collection Act."

SECTION 30.9.(b) This section becomes effective July 1, 2007, and applies to cases adjudicated on or after that date.

INCREASE AND CLARIFY CERTAIN COURT COSTS

SECTION 30.10.(a) G.S. 7A-305(a1) is amended by adding a new subsection to read:

"(a1) Costs apply to any and all additional and subsequent actions filed by amendment to the original action brought under Chapter 50B of the General Statutes, unless such additional and subsequent amendment to the action is also brought under Chapter 50B of the General Statutes."

SECTION 30.10.(b) G.S. 7A-307(a)(2a) reads as rewritten:

"(a) In the administration of the estates of decedents, minors, incompetents, of missing persons, and of trusts under wills and under powers of attorney, in trust proceedings under G.S. 36A-23.1, and in collections of personal property by affidavit, the following costs shall be assessed:

...
(2a) Notwithstanding subdivision (2) of this subsection, the fee of forty cents (40¢) per one hundred dollars (\$100.00), or major fraction, of the gross estate, not to exceed six thousand dollars (\$6,000), shall not be assessed on personalty received by a trust under a will when the estate of the decedent was administered under Chapters 28 or 28A of the General Statutes. Instead, a fee of twenty dollars (\$20.00) shall be assessed on the filing of each annual and final account. However, the fee shall be assessed on newly contributed or acquired assets, all interest or other income that accrues or is earned on or with respect to any existing or newly contributed or acquired assets, and realized gains on the sale of any and all trust assets. Newly contributed or acquired assets do not include assets acquired by the sale, transfer, exchange, or otherwise of the amount of trust property on which fees were previously assessed.

...."

SECTION 30.10.(c) G.S. 7A-308(a)(12) reads as rewritten:

"(a) The following miscellaneous fees and commissions shall be collected by the clerk of superior court and remitted to the State for the support of the General Court of Justice:

- ...
 - (12) Preparation of copies
 - first page (of each document copied).....2.00
 - each additional page or fraction thereof..... .25

...."

SECTION 30.10.(d) G.S. 7A-317 reads as rewritten:

"§ 7A-317. Counties and municipalities not required to advance certain fees.

Counties and municipalities are not required to advance ~~costs for the facilities fee, the General Court of Justice fee, the miscellaneous fees enumerated in G.S. 7A-308, or the civil process fees enumerated in G.S. 7A-311.~~

SECTION 30.10.(e) G.S. 20-16.5(j) reads as rewritten:

"(j) Costs. – Unless the magistrate or judge orders the revocation rescinded, a person whose license is revoked under this section must pay a fee of ~~fifty dollars (\$50.00)~~ one hundred dollars (\$100.00) as costs for the action before the person's license may be returned under subsection ~~(h)~~-(h) of this section. ~~The costs collected under this section shall be credited to the General Fund.~~ Fifty percent (50%) of the costs collected shall be remitted to the General Fund and be used to fund a statewide chemical alcohol testing program administered by the Injury Control Section of the Department

1 of Health and Human Services. The remaining fifty percent (50%) shall be remitted to
2 the county for the sole purpose of reimbursing the county for jail expenses incurred due
3 to enforcement of the impaired driving laws."

4 **SECTION 30.10.(f)** G.S. 130A-106(b) is repealed.

5 **SECTION 30.10.(g)** G.S. 130A-107(d) is repealed.

6 **SECTION 30.10.(h)** Subsection (d) of this act becomes effective July 1,
7 2008. The remainder of this act becomes effective July 1, 2007, and applies to all costs
8 assessed or collected on or after that date.

9 10 **PART XXXI. TAX LAW CHANGES**

11 12 **SET INSURANCE REGULATORY FEE**

13 **SECTION 31.12.(a)** The percentage rate to be used in calculating the
14 insurance regulatory charge under G.S. 58-6-25 is five and one-half percent (5.5%) for
15 the 2007 calendar year.

16 **SECTION 31.12.(b)** This section is effective when it becomes law.

17 18 **SET REGULATORY FEE FOR UTILITIES COMMISSION**

19 **SECTION 31.13.(a)** The percentage rate to be used in calculating the public
20 utility regulatory fee under G.S. 62-302(b)(2) is twelve one-hundredths of one percent
21 (0.12%) for each public utility's North Carolina jurisdictional revenues earned during
22 each quarter that begins on or after July 1, 2007.

23 **SECTION 31.13.(b)** The electric membership corporation regulatory fee
24 imposed under G.S. 62-302(b1) for the 2007-2008 fiscal year is two hundred thousand
25 dollars (\$200,000).

26 **SECTION 31.13.(c)** This section becomes effective July 1, 2007.

27 28 **MAKE MOTOR FUEL TAX RATE CAP PERMANENT**

29 **SECTION 31.15.(a)** Section 24.3 of S.L. 2006-66 reads as rewritten:

30 **"SECTION 24.3.(a)** Notwithstanding G.S. 105-449.80(a), ~~for the period July 1,~~
31 ~~2006, through June 30, 2007,~~ the variable wholesale component of the motor fuel excise
32 tax rate may not exceed twelve and four-tenths cents (12.4¢) a gallon."

33 **SECTION 31.15.(b)** This section is effective when it becomes law.

34 35 **PART XXXII. MISCELLANEOUS PROVISIONS**

36 37 **STATE BUDGET ACT APPLIES**

38 **SECTION 32.1.** The provisions of the State Budget Act, Chapter 143C of
39 the General Statutes, are reenacted and shall remain in full force and effect and are
40 incorporated in this act by reference.

41 42 **COMMITTEE REPORT**

43 **SECTION 32.2.(a)** The Senate Appropriations/Base Budget Committee
44 Report on the Continuation, Expansion and Capital Budgets House Bill 1473
45 Committee Substitute, which was distributed in the Senate and House of
46 Representatives and used to explain this act, shall indicate action by the General
47 Assembly on this act and shall therefore be used to construe this act, as provided in the
48 State Budget Act, Chapter 143C of the General Statutes, or the Executive Budget Act,
49 Chapter 143 of the General Statutes, as appropriate, and for these purposes shall be
50 considered a part of this act and as such shall be printed as a part of the Session Laws.

1 **SECTION 32.2.(b)** The budget enacted by the General Assembly for the
2 maintenance of the various departments, institutions, and other spending agencies of the
3 State for the 2007-2009 fiscal biennium is a line-item budget, in accordance with the
4 Budget Code Structure and the State Accounting System Uniform Chart of Accounts set
5 out in the Administrative Policies and Procedures Manual of the Office of the State
6 Controller. This budget includes the appropriations made from all sources, including
7 the General Fund, Highway Fund, special funds, cash balances, federal receipts, and
8 departmental receipts.

9 The Director of the Budget submitted the itemized budget requests to the
10 General Assembly in February 2007, in the documents "The North Carolina State
11 Budget Summary of Recommendations 2007-2009" and "The North Carolina State
12 Budget 2007-2009 Recommended Operating Budget with Results-Based Information"
13 volumes one through six. The beginning appropriation for the 2007-2008 fiscal year and
14 the 2008-2009 fiscal year for the various departments, institutions, and other spending
15 agencies of the State is referenced in Tables 3 and 4 of the Summary of
16 Recommendations document as the recommended continuation budget.

17 **SECTION 32.2.(c)** The budget enacted by the General Assembly shall also
18 be interpreted in accordance with G.S. 143C-5-5, the special provisions in this act, and
19 other appropriate legislation.

20 In the event that there is a conflict between the line-item budget certified by
21 the Director of the Budget and the budget enacted by the General Assembly, the budget
22 enacted by the General Assembly shall prevail.

23 24 **MOST TEXT APPLIES ONLY TO THE 2007-2009 FISCAL BIENNIUM**

25 **SECTION 32.3.** Except for statutory changes or other provisions that clearly
26 indicate an intention to have effects beyond the 2007-2009 fiscal biennium, the textual
27 provisions of this act apply only to funds appropriated for, and activities occurring
28 during, the 2007-2009 fiscal biennium.

29 30 **EFFECT OF HEADINGS**

31 **SECTION 32.4.** The headings to the parts and sections of this act are a
32 convenience to the reader and are for reference only. The headings do not expand,
33 limit, or define the text of this act, except for effective dates referring to a part.

34 35 **SEVERABILITY CLAUSE**

36 **SECTION 32.5.** If any section or provision of this act is declared
37 unconstitutional or invalid by the courts, it does not affect the validity of this act as a
38 whole or any part other than the part so declared to be unconstitutional or invalid.

39 40 **EFFECTIVE DATE**

41 **SECTION 32.6.** Except as otherwise provided, this act becomes effective
42 July 1, 2007.