

**GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2007**

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**HOUSE BILL 2436\***  
**Committee Substitute Favorable 6/3/08**  
**Committee Substitute #2 Favorable 6/3/08**  
**Fourth Edition Engrossed 6/5/08**  
**Senate Appropriations/Base Budget Committee Substitute Adopted 6/17/08**

Short Title: Modify Appropriations Act of 2007.

(Public)

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Sponsors:

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Referred to:

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May 26, 2008

A BILL TO BE ENTITLED

AN ACT TO MODIFY THE CURRENT OPERATIONS AND CAPITAL  
APPROPRIATIONS ACT OF 2007.

The General Assembly of North Carolina enacts:

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

**INTRODUCTION**

**SECTION 1.1.** The appropriations made in this act are for maximum amounts necessary to provide the services and accomplish the purposes described in the budget. Savings shall be effected where the total amounts appropriated are not required to perform these services and accomplish these purposes and, except as allowed by the State Budget Act, or this act, the savings shall revert to the appropriate fund at the end of each fiscal year as provided in G.S. 143C-1-2(b).

**TITLE**

**SECTION 1.2.** This act shall be known as "The Current Operations and Capital Improvements Appropriations Act of 2008."

**PART II. CURRENT OPERATIONS AND EXPANSION/GENERAL FUND**

**CURRENT OPERATIONS AND EXPANSION/GENERAL FUND**

**SECTION 2.1.** Appropriations from the General Fund of the State for the maintenance of the State departments, institutions, and agencies, and for other purposes as enumerated, are adjusted for the fiscal year ending June 30, 2009, according to the

1 schedule that follows. Amounts set out in brackets are reductions from General Fund  
2 appropriations for the 2008-2009 fiscal year.

3  
4 **Current Operations – General Fund**

**FY 2008-2009**

5  
6 **EDUCATION**

7  
8 Community Colleges System Office \$ 31,129,698

9  
10 Department of Public Instruction 75,762,945

11  
12 University of North Carolina – Board of Governors

13 Appalachian State University (175,179)

14 East Carolina University

15 Academic Affairs 1,665,101

16 Health Affairs 0

17 Elizabeth City State University 0

18 Fayetteville State University (250,409)

19 NC Agricultural and Technical University (476,363)

20 North Carolina Central University 0

21 North Carolina School of the Arts 0

22 North Carolina State University

23 Academic Affairs (622,928)

24 Agricultural Extension 0

25 Agricultural Research 0

26 University of North Carolina at Asheville (26,836)

27 University of North Carolina at Chapel Hill

28 Academic Affairs (589,752)

29 Health Affairs (736,357)

30 Area Health Education Centers 0

31 University of North Carolina at Charlotte (756,504)

32 University of North Carolina at Greensboro 0

33 University of North Carolina at Pembroke (59,019)

34 University of North Carolina at Wilmington (752,940)

35 Western Carolina University (159,665)

36 Winston-Salem State University 0

37 General Administration 0

38 University Institutional Programs 100,837,867

39 Related Educational Programs (52,965,000)

40 North Carolina School of Science and Mathematics 0

41 UNC Hospitals at Chapel Hill 0

42 **Total University of North Carolina Board of Governors \$ 44,932,016**

43  
44 **HEALTH AND HUMAN SERVICES**

1		
2	Department of Health and Human Services	
3	Office of the Secretary	\$ (9,759,966)
4	Division of Aging	2,500,000
5	Division of Blind Services/Deaf/HH	75,000
6	Division of Child Development	(5,602,422)
7	Division of Education Services	698,940
8	Division of Facility Services	822,028
9	Division of Medical Assistance	(186,500,748)
10	Division of Mental Health	25,847,833
11	NC Health Choice	2,376,893
12	Division of Public Health	6,880,537
13	Division of Social Services	1,929,632
14	Division of Vocation Rehabilitation	(2,000,000)
15	<b>Total Health and Human Services</b>	<b>\$ (162,732,273)</b>
16		
17	<b>NATURAL AND ECONOMIC RESOURCES</b>	
18		
19	Department of Agriculture and Consumer Services	\$ 460,589
20		
21	Department of Commerce	
22	Commerce	7,310,470
23	Commerce State-Aid	7,401,578
24	NC Biotechnology Center	(155,834)
25	Rural Economic Development Center	49,756,974
26		
27	Department of Environment and Natural Resources	
28	Environment and Natural Resources	8,706,305
29	Clean Water Management Trust Fund	0
30		
31	Department of Labor	51,392
32		
33	<b>JUSTICE AND PUBLIC SAFETY</b>	
34		
35	Department of Correction	\$ 132,088
36		
37	Department of Crime Control and Public Safety	2,387,175
38		
39	Judicial Department	(736,374)
40	Judicial Department – Indigent Defense	(435,057)
41		
42	Department of Justice	(601,079)
43		
44	Department of Juvenile Justice and Delinquency Prevention	19,894,280

1		
2	<b>GENERAL GOVERNMENT</b>	
3		
4	Department of Administration	\$ 950,548
5		
6	Office of Administrative Hearings	313,544
7		
8	Department of State Auditor	(283,938)
9		
10	Office of State Controller	(110,940)
11		
12	Department of Cultural Resources	
13	Cultural Resources	2,960,367
14	Roanoke Island Commission	(15,000)
15		
16	State Board of Elections	582,934
17		
18	General Assembly	(881,000)
19		
20	Office of the Governor	
21	Office of the Governor	(84,205)
22	Office of State Budget and Management	15,242
23	OSBM – Reserve for Special Appropriations	16,050,000
24	Housing Finance Agency	12,000,000
25		
26	Department of Insurance	
27	Insurance	633,492
28	Insurance – Volunteer Safety Workers' Compensation	(1,150,000)
29		
30	Office of Lieutenant Governor	0
31		
32	Department of Revenue	8,584,136
33		
34	Department of Secretary of State	135,771
35		
36	Department of State Treasurer	
37	State Treasurer	763,829
38	State Treasurer – Retirement for Fire and Rescue Squad Workers	1,027,851
39		
40	<b>TRANSPORTATION</b>	
41		
42	Department of Transportation	0
43		
44	<b>RESERVES, ADJUSTMENTS, AND DEBT SERVICE</b>	

1		
2	Compensation Increases	\$ 366,494,351
3		
4	Bonus Pay for Mental Health Nurses	500,000
5		
6	Salary Adjustment Fund 2007-2009 Biennium	0
7		
8	Teachers' and State Employees' Retirement System Contributions	30,237,400
9		
10	Hospitalization Reserve	(5,000,000)
11		
12	Reserve for Eliminated Positions	0
13		
14	No Penalty for Teachers Taking Personal Leave	5,000,000
15		
16	Contingency and Emergency Fund	0
17		
18	Information Technology Fund	0
19		
20	Job Development Investment Grants Reserve	15,000,000
21		
22	Prevention of Pesticide Exposure	357,055
23		
24	Worker Safety Positions	350,000
25		
26	Criminal Justice Data Integration Pilot	5,000,000
27		
28	Pending Gang Prevention Legislation	10,000,000
29		
30	Debt Service	
31	General Debt Service	(17,500,000)
32	Federal Reimbursement	0
33		
34	<b>TOTAL CURRENT OPERATIONS – GENERAL FUND</b>	<b>\$ 535,196,530</b>

**GENERAL FUND AVAILABILITY STATEMENT**

SECTION 2.2.(a) Section 2.2.(a) of S.L. 2007-323 is repealed. The General Fund availability used in adjusting the 2008-2009 budget is shown below:

39		
40		<b>FY 2008-2009</b>
41		
42	Unappropriated Balance from FY 2007-2008	\$ 270,504,098
43	Net Adjustments – S.L. 2007-540	(1,000,000)
44	Adjustment from Estimated to Actual 2007-2008	

1	Beginning Unreserved Balance	47,867,864
2	Projected Reversions from FY 2007-2008	150,000,000
3	Projected Over Collections from FY 2007-2008	151,500,000
4	Year-End Unreserved Credit Balance before Earmarkings	618,871,962
5	Less: Credit to Savings Reserve Account	(13,400,000)
6	Less: Credit to Repairs and Renovations Reserve Account	(100,000,000)
7	<b>Revised Year-End Unreserved Credit Balance</b>	<b>\$ 505,471,962</b>
8		
9	<b>Revenues Based on Existing Tax Structure</b>	<b>\$ 19,903,800,000</b>
10		
11	<b>Nontax Revenues</b>	
12	Investment Income	\$ 247,300,000
13	Judicial Fees	204,800,000
14	Disproportionate Share	100,000,000
15	Insurance	62,900,000
16	Other Nontax Revenues	160,600,000
17	Highway Trust Fund Transfer	172,500,000
18	Highway Fund Transfer	17,600,000
19	<b>Subtotal Nontax Revenues</b>	<b>\$ 965,700,000</b>
20		
21	<b>Total General Fund Availability</b>	<b>\$ 21,374,971,962</b>
22		
23	<b>Adjustments to Availability: 2008 Session</b>	
24	Reserve for Tax Relief	\$ (50,000,000)
25	Health Care Facility Construction Project Fee Increase	822,028
26	Adjust Securities Filing Fee	2,500,000
27	Reduce Transfer from Highway Trust Fund	(25,000,000)
28	Transfer from Disaster Relief Reserve (Western NC Disasters)	21,000,000
29	Transfer from NC Rx Unexpended Balance	3,500,000
30	Transfer from Tobacco Trust Fund	5,000,000
31	Transfer from Health & Wellness Trust Fund	5,000,000
32	Transfer from Coaching Scholarship Fund	267,000
33	Transfer from Principal Fellows Trust Fund	1,000,000
34	Transfer from NC Community College System Computer	
35	Information System (CIS) Unexpended Balance	4,500,000
36	Transfer from Focused Industrial Training Unexpended Balance	783,246
37	Transfer from Disproportionate Share Receipt Reserve	19,300,000
38	Adjust Transfer from Insurance Regulatory Fund	633,492
39	Adjust Transfer from Treasurer's Office	763,829
40	Adjust Asbestos Hazard Removal Program Cap	112,901
41		
42	<b>Subtotal Adjustments to Availability: 2008 Session</b>	<b>\$ (9,817,504)</b>
43		
44	<b>Revised General Fund Availability for the 2008-2009 Fiscal Year</b>	<b>\$ 21,365,154,458</b>

1		
2	<b>Less: Total General Fund Appropriations</b>	
3	<b>for the 2008-2009 Fiscal Year</b>	<b>\$ (21,365,154,458)</b>
4		
5	<b>Unappropriated Balance Remaining</b>	<b>\$ 0</b>
6		

7           **SECTION 2.2.(b)** Notwithstanding the provisions of G.S. 143C-4-3, the  
8 State Controller shall transfer one hundred million dollars (\$100,000,000) from the  
9 unreserved fund balance to the Repairs and Renovations Reserve Account on June 30,  
10 2008. This subsection becomes effective June 30, 2008.

11           **SECTION 2.2.(c)** Funds transferred under this section to the Repairs and  
12 Renovations Reserve Account are appropriated for the 2008-2009 fiscal year to be used  
13 in accordance with G.S. 143C-4-3.

14           **SECTION 2.2.(c1)** Notwithstanding G.S. 143C-4-2, the State Controller  
15 shall transfer only thirteen million four hundred thousand dollars (\$13,400,000) from  
16 the unreserved fund balance to the Savings Reserve Account on June 30, 2008. This is  
17 not an "appropriation made by law," as that phrase is used in Article V, Section 7(1) of  
18 the North Carolina Constitution. This subsection becomes effective June 30, 2008.

19           **SECTION 2.2.(d)** Section 2.2.(d) of S.L. 2007-323 reads as rewritten:

20           **"SECTION 2.2.(d)** Notwithstanding the provisions of G.S. 105-187.9(b)(1), the  
21 sum to be transferred under that subdivision for the 2007-2008 fiscal year is one  
22 hundred seventy million dollars (\$170,000,000) and for the 2008-2009 fiscal year is ~~one~~  
23 ~~hundred seventy million dollars (\$170,000,000).~~ one hundred forty-five million dollars  
24 (\$145,000,000)."

25           **SECTION 2.2.(e)** Notwithstanding G.S. 143C-9-3, of the funds credited to  
26 the Tobacco Trust, the sum of five million dollars (\$5,000,000) shall be transferred from  
27 the Department of Agriculture and Consumer Services, Budget Code 23703 (Tobacco  
28 Trust Fund), to the State Controller to be deposited in Nontax Budget Code 19978 (Intra  
29 State Transfers) to support General Fund appropriations for the 2008-2009 fiscal year.

30           **SECTION 2.2.(f)** Notwithstanding G.S. 143C-9-3, of the funds credited to  
31 the Health Trust Account, the sum of five million dollars (\$5,000,000) that would  
32 otherwise be deposited in the Fund Reserve shall be transferred from the Department of  
33 State Treasurer, Budget Code 23460 (Health and Wellness Trust Fund), to the State  
34 Controller to be deposited in Nontax Budget Code 19978 (Intra State Transfers) to  
35 support General Fund appropriations for the 2008-2009 fiscal year.

36           **SECTION 2.2.(g)** On July 1, 2008, the State Controller shall transfer  
37 twenty-one million dollars (\$21,000,000) from the Disaster Reserve Fund to Nontax  
38 Budget Code 19978 (Intra State Transfers) to support General Fund appropriations for  
39 the 2008-2009 fiscal year.

40           **SECTION 2.2.(h)** On July 1, 2008, the State Controller shall transfer  
41 nineteen million three hundred thousand dollars (\$19,300,000) from the  
42 Disproportionate Share Receipt Reserve to Nontax Budget Code 19978 (Intra State  
43 Transfers) to support General Fund appropriations for the 2008-2009 fiscal year.

1           **SECTION 2.2.(i)** Transfers of additional availability in the amount of ten  
2 million eight hundred fourteen thousand seventy-five dollars (\$10,814,075) are made to  
3 the General Fund pursuant to Sections 8.9, 9.1, 9.4, and 10.1 of this act.

4           **SECTION 2.2.(j)** The Office of State Budget and Management and the  
5 Legislative Fiscal Research Division shall review the condition of revenues for the  
6 General Fund after the first four months of the fiscal year. This examination shall  
7 include assessments of revenues to date, trends in revenues and the economy expected  
8 for the remainder of the fiscal year, and any other relevant data. The Office and  
9 Division shall use conservative forecasting practices in order to ensure the viability of  
10 any review in the formation of a certified consensus estimate. If the Office of State  
11 Budget and Management and the Legislative Fiscal Research Division jointly certify  
12 that actual recurring General Fund revenues are expected to exceed the revenues  
13 included in subsection (a) of this section in the General Fund availability statement for  
14 the 2008-2009 fiscal year, the Governor may, after consultation with the Speaker of the  
15 House and the President Pro Tempore of the Senate, use fifty percent (50%) of funds  
16 made available by said certified estimate to reduce or eliminate to the extent feasible the  
17 disparity between North Carolina teacher pay and the national average for teachers of  
18 similar levels of education and experience, pursuant to Section 2.2(j) of S.L. 2005-276.  
19 The Governor shall use these funds to increase each step on the teacher salary schedule  
20 by an equal flat-dollar amount.

21           Notwithstanding any other provision of law, fifty percent (50%) of those  
22 excess recurring General Fund revenues that are collected or expected to be collected  
23 under the certified consensus estimate may be used to support this salary increase for  
24 the 2008-2009 fiscal year. These funds shall not exceed two hundred million dollars  
25 (\$200,000,000). Any such unused funds shall remain unspent at the end of the fiscal  
26 year.

### 27 28 **PART III. CURRENT OPERATIONS/HIGHWAY FUND**

#### 29 30 **CURRENT OPERATIONS AND EXPANSION/HIGHWAY FUND**

31           **SECTION 3.1.** Appropriations from the State Highway Fund for the  
32 maintenance and operation of the Department of Transportation and for other purposes  
33 as enumerated are adjusted for the fiscal year ending June 30, 2009, according to the  
34 following schedule. Amounts set out in brackets are reductions from Highway Fund  
35 Appropriations for the 2008-2009 fiscal year.

	<b>2008-2009</b>
36	
37 Department of Transportation	
38     Administration	(\$9,583,308)
39	
40 Repairs and Renovations	9,084,221
41	
42 Division of Highways	
43     Administration	0
44     Construction	1,807,592

1	Maintenance	24,542,804
2	Planning and Research	0
3	OSHA Program	0
4		
5	Ferry Operations	1,000,000
6		
7	Public Transportation	0
8		
9	Airports	0
10		
11	Railroads	1,000,000
12		
13	Governor's Highway Safety Program	0
14		
15	Division of Motor Vehicles	245,266
16		
17	State Aid to Municipalities	1,807,592
18		
19	Transfers to Other State Agencies	431,491
20		
21	Reserve for Compensation Increases	14,762,342
22		
23	Reserve for Teachers' and State Employees' Retirement Contribution	1,462,000
24		
25	<b>TOTAL</b>	<b>\$46,560,000</b>

**HIGHWAY FUND AVAILABILITY STATEMENT**

SECTION 3.2. Section 3.2 of S.L. 2007-323 is repealed. The Highway Fund availability used in adjusting the 2008-2009 fiscal year budget is shown below:

31	Highway Fund Availability Statement	2008-2009
32		
33	Unappropriated Balance From Previous Year	0
34	Beginning Fund Balance	35,000,000
35	Estimated Revenue	1,822,550,000
36	Total Highway Fund Availability	\$1,857,550,000

**PART IV HIGHWAY TRUST FUND APPROPRIATIONS****HIGHWAY TRUST FUND**

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 adjusted for the fiscal year ending June 30, 2009, according to the

1 following schedule. Amounts set out in brackets are reductions from Highway Trust  
 2 Fund Appropriations for the 2008-2009 fiscal year.

3		
4	<b>Current Operations – Highway Trust Fund</b>	<b>2008-2009</b>
5		
6	Intrastate System	(40,691,943)
7	Urban Loops	(16,454,126)
8	Aid to Municipalities	(4,269,533)
9	Secondary Roads	(7,687,965)
10	Program Administration	3,627,360
11	Transfer to General Fund	(25,143,793)
12	North Carolina Turnpike Authority	25,000,000
13		
14	<b>Total</b>	<b>(\$65,620,000)</b>

15  
 16 **HIGHWAY TRUST FUND AVAILABILITY STATEMENT**

17 **SECTION 4.2.** Section 4.2 of S.L. 2007-323 is repealed. The Highway Trust  
 18 Fund availability used in adjusting the 2008-2009 fiscal year budget is shown below:

19  
 20 **Highway Trust Fund Availability** **\$1,073,160,000**

21  
 22 **PART V. OTHER AVAILABILITY AND APPROPRIATIONS**

23  
 24 **CIVIL PENALTIES AND FORFEITURES/FUND AVAILABILITY AND**  
 25 **APPROPRIATION**

26 **SECTION 5.1.(a)** Section 5.1(a) of S.L. 2007-323 reads as rewritten:

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

	<b>FY 2007-2008</b>	<del>\$63,000,000</del>	<b>FY 2008-2009</b>
31 Department of Revenue	\$63,000,000	<del>\$63,000,000</del>	<u>\$85,200,000</u>
32 Department of Transportation	\$15,000,000	<del>\$15,000,000</del>	<u>\$22,000,000</u>
33 Employment Security Commission	\$ 3,000,000	<del>\$3,000,000</del>	<u>\$4,200,000</u>
34 Department of Insurance	\$ 1,000,000	<del>\$1,000,000</del>	<u>\$600,000</u>
35 University of North Carolina	\$ 3,500,000	<del>\$3,500,000</del>	<u>\$3,600,000</u>
36 Other Agencies	\$10,000,000	<del>\$10,000,000</del>	<u>\$10,900,000</u>
37 Total Funds Available	\$95,500,000	<del>\$95,500,000</del>	<u>\$126,500,000"</u>

38 **SECTION 5.1.(b)** Section 5.1(b) of S.L. 2007-323 reads as rewritten:

39 **"SECTION 5.1.(b)** Appropriations. – Appropriations are made from the Civil  
 40 Penalty and Forfeiture Fund for the fiscal ~~biennium~~-year ending June 30, 2009, as  
 41 follows:

	<b>FY 2007-2008</b>	<del>\$77,500,000</del>	<b>FY 2008-2009</b>
43 School Technology Fund	\$18,000,000		\$18,000,000
44 State Public School Fund	\$77,500,000	<del>\$77,500,000</del>	<u>\$108,500,000</u>

1 Total Appropriation \$95,500,000 ~~\$95,500,000~~ \$126,500,000"

2

3 **EDUCATION LOTTERY**

4 **SECTION 5.2.(a)** Pursuant to G.S. 18C-164, the revenue used to support  
5 appropriations made in this act is transferred from the State Lottery Fund in the amount  
6 of three hundred eighty-five million five hundred thousand dollars (\$385,500,000) for  
7 the 2008-2009 fiscal year.

8 **SECTION 5.2.(b)** Notwithstanding G.S. 18C-164(b), funds in the amount of  
9 nineteen million seven hundred fifty thousand dollars (\$19,750,000) shall be transferred  
10 from the Education Lottery Reserve Fund to the Education Lottery Fund to support  
11 appropriations made in this act. These funds shall be allocated for class size reduction.  
12 Any unexpended funds not needed for this purpose shall be transferred back to the  
13 Education Lottery Reserve Fund at the end of the 2008-2009 fiscal year.

14 **SECTION 5.2.(c)** Notwithstanding G.S. 18C-164(d), the appropriations  
15 made from the Education Lottery Fund for the 2008-2009 fiscal year are as follows:

16	(1) Class Size Reduction	\$127,864,291
17	(2) Prekindergarten Program	84,635,709
18	(3) Public School Building Capital Fund	154,200,000
19	(4) Scholarships for Needy Students	38,550,000
20	Total	\$405,250,000

21

22 **INFORMATION TECHNOLOGY FUND AVAILABILITY AND**  
23 **APPROPRIATION**

24 **SECTION 5.3.** Section 5.3 of S.L. 2007-323 reads as rewritten:

25 **"SECTION 5.3.(a)** The availability used to support appropriations made in this act  
26 from the Information Technology Fund established in G.S. 147-33.72H is as follows:

27

28		<b>FY 2007-2008</b>	<b>FY 2008-2009</b>
29	Receipts from Information		
30	Technology Enterprise Fee	\$9,800,000	\$9,800,000
31			
32	BEACON/Data Integration Funds	\$5,000,000	\$5,000,000
33			
34	Interest Income	\$100,000	\$100,000
35			
36	IT Fund Balance June 30	\$600,000	\$690,000
37			
38	Appropriation from General Fund	\$4,140,000	\$2,840,000
39			
40	<u>Reversions</u>	<u>0</u>	<u>\$800,000</u>
41			
42	<b>Total Funds Available</b>	<b>\$19,640,000</b>	<b>\$18,430,000</b>
43			<b><u>\$19,230,000</u></b>

44

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

<b>Office of Information Technology Services</b>	<b>FY 2007-2008</b>	<b>FY 2008-2009</b>
Information Technology Operations	\$9,452,835	\$8,152,835
Information Technology Projects	\$4,497,165	\$9,451,778
BEACON/Data Integration Funds	\$5,000,000	\$4,497,165
		\$4,129,362
	\$5,000,000	\$5,000,000
<b>Total</b>	<b>\$18,950,000</b>	<b>\$17,650,000</b>
		<b><u>\$18,581,140</u></b>

"SECTION 5.3.(c) The State shall not enter into any information technology enterprise agreements without obtaining written agreements from participating State agencies regarding apportionment of funding. State agencies agreeing to participate (i) must ensure that sufficient funds are budgeted to support their agreed shares of enterprise agreements throughout the life of the contract and (ii) must transfer the funds agreed upon to the Office of Information Technology Services in sufficient time for ITS to meet contract requirements.

"SECTION 5.3.(d) The Office of State Budget and Management shall identify the sum of eight hundred thousand dollars (\$800,000) in year-end reversions from State agencies to support Information Technology Fund programs and operations."

**PART VI. GENERAL PROVISIONS**

**EXPENDITURES OF FUNDS IN RESERVES LIMITED**

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

**BUDGET CODE CONSOLIDATIONS**

**SECTION 6.3.** Notwithstanding G.S. 143C-6-4, the Office of State Budget and Management may adjust the enacted budget by making transfers among purposes or programs for the purpose of consolidating budget and fund codes or eliminating inactive budget and fund codes. The Office of State Budget and Management shall change the authorized budget to reflect these adjustments.

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

**SECTION 6.4.** Notwithstanding G.S. 12-3.1, an agency is not required to consult with the Joint Legislative Commission on Governmental Operations prior to establishing or increasing a fee as authorized or anticipated in this act.

**AUTHORIZATION TO ESTABLISH RECEIPT-SUPPORTED POSITIONS**

1           **SECTION 6.6.** Notwithstanding any other provision of law, a department,  
2 institution, or other agency of State government may establish receipt-supported  
3 positions authorized in this act upon approval by the Director of the Budget. The  
4 Director, if necessary, may establish a receipt-supported position pursuant to this  
5 section at an annual salary amount different from the salary amount set out in this act if  
6 (i) funds are available from the proposed funding source and (ii) the alternative salary  
7 amount remains within the established salary range grade identified for the job  
8 classification of the affected receipt-supported position established in this act. The  
9 Director shall not change the job classifications or increase the number of  
10 receipt-supported positions specified in this act without prior consultation with the Joint  
11 Legislative Commission on Governmental Operations.

12  
13 **CONTINUATION REVIEW OF CERTAIN FUNDS, PROGRAMS, AND**  
14 **DIVISIONS**

15           **SECTION 6.7.(a)** It is the intent of the General Assembly to establish a  
16 process to periodically and systematically review the funds, agencies, divisions, and  
17 programs financed by State government. This process shall be known as the  
18 Continuation Review Program. The Continuation Review Program is intended to assist  
19 the General Assembly in determining whether to continue, reduce, or eliminate funding  
20 for the State's funds, agencies, divisions, and programs subject to continuation review.

21           **SECTION 6.7.(b)** The Appropriations Committees of the Senate and House  
22 of Representatives may review the funds, programs, and divisions listed in this section  
23 and shall determine whether to continue, reduce, or eliminate funding for the funds,  
24 programs, and divisions, subject to the continuation review program. The Fiscal  
25 Research Division may issue instructions to the State departments and agencies subject  
26 to continuation review regarding the expected content and format of the reports required  
27 by this section. No later than December 1, 2008, the following agencies shall report to  
28 the Fiscal Research Division:

- 29           (1) Tarheel Challenge Academy – Department of Crime Control and  
30           Public Safety.  
31           (2) Spot Safety Program – Department of Transportation.  
32           (3) Safety Inspection Program – Department of Commerce.  
33           (4) Parking Office – Department of Administration.  
34           (5) Military Business Center – Community College System.

35           **SECTION 6.7.(c)** The continuation review reports required in this section  
36 shall include the following information:

- 37           (1) A description of the fund, agency, division, or program mission, goals,  
38           and objectives.  
39           (2) The statutory objectives for the fund, agency, division, or program and  
40           the problem or need addressed.  
41           (3) The extent to which the fund's, agency's, division's, or program's  
42           objectives have been achieved.  
43           (4) The fund, agency, division, or program's functions or programs  
44           performed without specific statutory authority.

- 1 (5) The performance measures for each fund, agency, division, or program  
2 and the process by which the performance measures determine  
3 efficiency and effectiveness.  
4 (6) Recommendations for statutory, budgetary, or administrative changes  
5 needed to improve efficiency and effectiveness of services delivered to  
6 the public.  
7 (7) The consequences of discontinuing funding.  
8 (8) Recommendations for improving services or reducing costs or  
9 duplication.  
10 (9) The identification of policy issues that should be brought to the  
11 attention of the General Assembly.  
12 (10) Other information necessary to fully support the General Assembly's  
13 Continuation Review Program along with any information included in  
14 instructions from the Fiscal Research Division.

15 **SECTION 6.7.(d)** State departments and agencies identified in subsection  
16 (b) of this section shall submit a final report to the General Assembly by March 1, 2009.  
17

#### 18 **STATE SUPPORT OF OUR MILITARY PERSONNEL**

19 **SECTION 6.8.** The General Assembly finds that North Carolina has a rich  
20 military heritage and is the site of some of the nation's major military installations,  
21 including Camp Lejeune, Fort Bragg, Pope Air Force Base, Seymour Johnson Air Force  
22 Base, New River Marine Corps Air Station, United States Coast Guard Air Station,  
23 Elizabeth City, and Cherry Point Marine Corps Air Station. The General Assembly  
24 further finds that North Carolina is the home to more than 770,000 veterans of our  
25 nation's armed forces, more than 18,000 Army Reserve and National Guard personnel,  
26 and about 120,000 active-duty military, one of the largest active-duty military  
27 populations in our entire country. In appreciation of and gratitude to those North  
28 Carolinians, both living and deceased, who have served in our armed forces in service to  
29 our country, the General Assembly provides funding for and support of the following  
30 initiatives:

- 31 (1) Defense and Security Technology Accelerator.  
32 (2) Military Morale, Welfare, and Recreation Fund.  
33 (3) "More at Four" for children of deployed military personnel.  
34 (4) Traumatic Brain Injury (TBI) Services.  
35 (5) Fayetteville Tech 3-D Technology Project.  
36 (6) National Guard Pension Fund.  
37 (7) National Guard Tuition Assistance Program.  
38 (8) National Guard Family Assistance Centers.  
39 (9) National Guard Armory Rehabilitations.  
40 (10) Master Planning for Future Armory Needs.  
41 (11) Latrines for Camp Butner.  
42 (12) North Carolina State Veterans Park.  
43

#### 44 **FEDERAL AND OTHER RECEIPTS FROM PENDING GRANT AWARDS**

1           **SECTION 6.9.** Notwithstanding G.S. 143C-6-4, State agencies may, with  
2 approval of the Director of the Budget, spend funds received from grants awarded  
3 subsequent to the enactment of this act, provided the applications for the grants were  
4 made prior to May 14, 2008. The Office of State Budget and Management shall work  
5 with the recipient State agencies to budget grants award according to the annual  
6 program needs and within the parameters of the respective granting entities. Depending  
7 on the nature of the award, additional State personnel may be employed on a permanent  
8 or time-limited basis. The Office of State Budget and Management shall consult with  
9 the Joint Legislative Commission on Governmental Operations prior to expending any  
10 funds received from grant awards. Funds received from such grants are hereby  
11 appropriated and shall be incorporated into the certified budget of the recipient State  
12 agency.  
13

#### 14 **STATE HOUSING SUPPORT**

15           **SECTION 6.9A.** The General Assembly finds that homeownership is the  
16 primary means by which families and individuals of low and moderate incomes build  
17 wealth. The General Assembly further finds that homeownership and a healthy housing  
18 market are essential to the health and economic vitality of North Carolina. To help  
19 stabilize the housing market, the General Assembly provides in excess of fourteen  
20 million (\$14,000,000) in funding for and support of the following initiatives:

- 21           (1) \$1,000,000 in nonrecurring funds from the State Banking Commission  
22           for counseling services to assist homeowners at risk of foreclosure.
- 23           (2) \$2,000,000 in recurring funds for the Housing Trust Fund, located in  
24           the Housing Finance Agency, to provide affordable housing to  
25           low-income citizens.
- 26           (3) \$7,000,000 in nonrecurring funds for the Housing Trust Fund, located  
27           in the Housing Finance Agency, to provide additional independent-  
28           and supportive-living apartments for persons with disabilities.
- 29           (4) \$1,000,000 in recurring funds to the Department of Health and Human  
30           Services for operating cost subsidies for independent- and  
31           supportive-living apartments for individuals with disabilities.
- 32           (5) \$3,000,000 in recurring funds for the Home Protection Program,  
33           located in the Housing Finance Agency, to provide counseling services  
34           and mortgage assistance to citizens who are at risk of foreclosure due  
35           to job loss.
- 36           (6) \$200,000 in recurring funds to the North Carolina State Bar to provide  
37           legal assistance to low-income consumers in cases involving predatory  
38           mortgage lending, mortgage broker and loan services abuses,  
39           foreclosure defense, and other legal issues that relate to helping  
40           low-income consumers avoid foreclosure and home loss. Of these  
41           funds, \$100,000 recurring is provided to the Land Loss Prevention  
42           Project and \$100,000 recurring is provided to the Financial Protection  
43           Law Center.

- 1           (7) Amends G.S. 7A-474.3(b) to allow the use of a portion of the  
2           estimated \$1,700,000 in increased revenue generated by Section 30.8  
3           (a)(4) of S.L. 2007-323, to provide access to legal assistance to  
4           homeowners in cases involving predatory mortgage lending, mortgage  
5           broker and loan services abuses, foreclosure defense, and other legal  
6           issues that relate to helping consumers avoid foreclosure and home  
7           loss.  
8

### 9 **IMPROVE DISASTER RECOVERY AND BUSINESS CONTINUITY**

10           **SECTION 6.10.(a)** The State Chief Information Officer (CIO) shall utilize  
11           the business and disaster recovery plans submitted under G.S. 147-33.89 and any other  
12           information at the CIO's disposal to determine whether State agencies have made  
13           adequate preparations for backing up critical applications.

14           **SECTION 6.10.(b)** In cases where backup is not sufficient to minimize any  
15           disruptions in critical State services caused by natural or man-made disasters, the State  
16           CIO, in conjunction with the agencies and the Office of State Budget and Management,  
17           shall develop plans to utilize the Western Data Center for providing backup.

18           **SECTION 6.10.(c)** By December 1, 2008, the State CIO shall report to the  
19           Joint Legislative Oversight Committee on Information Technology on the number of  
20           critical State applications without adequate backup, the State agencies utilizing the  
21           applications, and the plans for providing adequate backup.

22           **SECTION 6.10.(d)** This section does not apply to the General Assembly, to  
23           the Judicial Department, or to The University of North Carolina and its constituent  
24           institutions.  
25

### 26 **MULTIYEAR CONTRACTS FOR INFORMATION TECHNOLOGY**

27           **SECTION 6.11.(a)** Notwithstanding the cash management provisions of  
28           G.S. 147-86.11, the Office of Information Technology Services (ITS) may procure  
29           information technology goods and services for periods not exceeding three years where  
30           the terms require payment of all or a portion of the purchase price at the beginning of  
31           the agreement. All of the following conditions must be met before payment for these  
32           agreements may be disbursed:

- 33           (1) Any advance payment complies with the ITS budget.  
34           (2) The State Controller receives conclusive evidence that the proposed  
35           agreement would be more cost-effective than a multiyear agreement  
36           that complies with G.S. 147-86.11.  
37           (3) The procurement complies in all other respects with applicable statutes  
38           and rules.  
39           (4) The proposed agreement contains contract terms that protect the  
40           financial interests of the State against contractor nonperformance or  
41           insolvency through the creation of escrow accounts for funds, source  
42           codes, or both, or by other reasonable means that have legally binding  
43           effect.

1           **SECTION 6.11.(b)** The Office of State Budget and Management (OSBM)  
2 shall ensure that the savings from any authorized agreement will be included in the ITS  
3 calculation of rates before OSBM annually approves the proposed rates.

4           **SECTION 6.11.(c)** The Office of Information Technology Services shall  
5 report to the Office of State Budget and Management on any State agency budget  
6 impacts resulting from the multiyear contracts.

7           **SECTION 6.11.(d)** By January 1, 2009, then quarterly thereafter, the Office  
8 of Information Technology Services shall submit a written report of any authorizations  
9 granted under this section to the Joint Legislative Oversight Committee on Information  
10 Technology and to the Fiscal Research Division.

11  
12           **STATE                   GEOGRAPHIC                   INFORMATION/CONSOLIDATION**  
13           **IMPLEMENTATION**

14           **SECTION 6.13.** The State Chief Information Officer (SCIO), the Office of  
15 State Budget and Management (OSBM), and the Geographic Information Coordinating  
16 Council (GICC) shall develop a detailed plan to implement the recommendations  
17 contained in the Geographic Information System Study mandated by Section 6.13 of  
18 S.L. 2007-323. The implementation plan shall include, at a minimum, details relating to  
19 all of the following:

- 20           (1) The current and future costs of unconsolidated State agency GIS  
21 efforts and an estimate of savings to be realized by the consolidation of  
22 GIS efforts.
- 23           (2) A cost estimate for implementing the consolidation plan, with specific  
24 costs associated with each study report recommendation and the  
25 amount of any additional funding requirements to accomplish the  
26 consolidation and transfer.
- 27           (3) An accounting of funds, furniture, equipment, and other operational  
28 resources to be transferred from the Department of Environment and  
29 Natural Resources (DENR) to the SCIO to support the Center for  
30 Geographic Information and Analysis (CGIA) and the GICC.
- 31           (4) A description of personnel positions to be (i) transferred from DENR  
32 to SCIO and the sources and amount of funding associated with each  
33 position and (ii) eliminated due to the consolidation, if any.
- 34           (5) Any new positions required and the costs associated with each new  
35 position.
- 36           (6) Projects that can be consolidated as part of the plan implementation  
37 and the State agencies or contractors, or both, responsible for each of  
38 those projects.
- 39           (7) A time line for implementation, including specific benchmarks.

40 By December 1, 2008, this detailed implementation plan shall be submitted to the  
41 Chairs of the House and Senate Appropriations Committees and to the Fiscal Research  
42 Division of the Legislative Services Office.

43  
44           **SINGLE ELECTRONIC MAIL SYSTEM**

1           **SECTION 6.14.(a)** The State Chief Information Officer shall develop a  
2 detailed plan providing for the transition of all State agencies, departments, and  
3 institutions except for The University of North Carolina and its constituent institutions  
4 to a single statewide electronic mail system by January 1, 2010. This plan shall be  
5 developed in consultation with each organization not currently using the Office of  
6 Information Technology Services (ITS) electronic mail system and shall specifically  
7 address any issues identified by these organizations.

8           **SECTION 6.14.(b)** The plan shall be presented to the Joint Legislative  
9 Oversight Committee on Information Technology by November 1, 2008, and may be  
10 implemented after consultation with the Committee.

11           **SECTION 6.14.(c)** In preparing the Governor's proposed budget for the  
12 2009-2011 fiscal biennium, the Office of State Budget and Management shall utilize the  
13 plan required under subsection (b) of this section.

14           **SECTION 6.14.(d)** The University of North Carolina and its constituent  
15 institutions shall be added to the single statewide electronic mail system beginning  
16 January 1, 2010.

#### 17 18 **CRIMINAL JUSTICE DATA INTEGRATION PILOT PROGRAM**

19           **SECTION 6.15.(a)** The General Assembly finds that the State's Uniform  
20 Crime Reporting technology is based on procedures developed in the 1930s and a  
21 design plan developed in the late 1980s. Based on recent unfortunate events, it is  
22 abundantly clear that the State must establish a framework for sharing critical  
23 information, and the framework must be implemented as soon as possible. With  
24 improved access to timely, complete, and accurate information, the members of the  
25 General Assembly, leadership in State and local law enforcement agencies, law  
26 enforcement officers, and everyone working in the criminal justice system can enhance  
27 their ability to make decisions on behalf of the people of the State, with fewer decisions  
28 based on instinct or guesswork.

29           The General Assembly further finds that the April 2008 Beacon Report on a  
30 Strategic Plan for Data Integration recommends the development and implementation of  
31 a Crime Reporting Re-Design Project, a statewide crime analysis system designed to  
32 save time, save money, and save lives.

33           **SECTION 6.15.(b)** The Office of the State Controller, in cooperation with  
34 the State Chief Information Officer, and under the governance of the BEACON Project  
35 Steering Committee, shall by May 1, 2009, develop and implement a Criminal Justice  
36 Data Integration Pilot Program in Wake County in cooperation and communication with  
37 the advisory committee established pursuant to subsection (c) of this section and the  
38 leadership of State and local agencies. This pilot program shall integrate and provide  
39 up-to-date criminal information in a centralized location via a secure connection for use  
40 by State and local government.

41           While it is the intent that this initiative provide a broad new access to  
42 information across State government, the plan shall comply with all necessary security  
43 measures and restrictions to ensure that access to any specific information held  
44 confidential under federal and State law shall be limited to authorized persons.

1           **SECTION 6.15.(c)** The Advisory Committee to the Criminal Justice Data  
2 Integration Pilot program is hereby established. The Advisory Committee shall consist  
3 of the District Attorney for Prosecutorial District 10, who shall serve as chair, the senior  
4 resident superior court judge for Superior Court Districts 10A through 10D, a Wake  
5 County magistrate designated by the senior resident superior court judge, the Clerk of  
6 Superior Court of Wake County, the sheriff of Wake County, the judicial district  
7 manager for District 10 of the Division of Community Corrections, the chief court  
8 counselor for District Court District 10, the president of Duke University, the chancellor  
9 of the University of North Carolina at Chapel Hill, or their designees.

10           **SECTION 6.15.(d)** The Advisory Committee, the Department of Justice, the  
11 Administrative Office of the Courts, the Department of Juvenile Justice and  
12 Delinquency Prevention, the Department of Correction, the Department of Crime  
13 Control and Public Safety, the Department of Transportation, and local law enforcement  
14 agencies shall fully cooperate with the Office of the State Controller and the State Chief  
15 Information Officer, under the guidance of the BEACON Steering Committee, to  
16 identify the informational needs, develop a plan of action, provide access to data, and  
17 implement secure integrated applications for information sharing of criminal justice and  
18 corrections data.

19           **SECTION 6.15.(e)** Funds in the amount of five million dollars (\$5,000,000)  
20 are appropriated to the Reserve for the Criminal Justice Data Integration Pilot to support  
21 the Criminal Justice Data Integration Pilot Program. Other funds available to BEACON  
22 may also be used for this purpose.

23           The Office of the State Controller, with the support of the Office of State  
24 Budget and Management, shall identify and make all efforts to secure any matching  
25 funds or other resources to assist in funding this initiative.

26           The BEACON Project Steering Committee shall use the State's software  
27 enterprise licensing agreements to establish a foundation for data warehousing and  
28 business analytics to implement the pilot program.

29           **SECTION 6.15.(f)** The provisions of Articles 3 and 3A of Chapter 143 of  
30 the General Statutes shall not apply to the development of this pilot program.

31           **SECTION 6.15.(g)** The Office of the State Controller, with the support of  
32 the Advisory Committee and the State Chief Information Officer, shall provide a written  
33 report of the plan's implementation progress to the Chairs of the House of  
34 Representatives Appropriations Committee, the Chairs of the Senate Committee on  
35 Appropriations/Base Budget, the Information Technology Committee, and the Fiscal  
36 Research Division on a quarterly basis beginning October 1, 2008.

## 37 38 **BEACON DATA INTEGRATION**

39           **SECTION 6.16.(a)** The Office of the State Controller, in cooperation with  
40 the State Chief Information Officer, shall begin implementation of the Beacon Strategic  
41 Plan for Data Integration, issued in April 2008. This plan shall be implemented under  
42 the governance of the BEACON Project Steering Committee and in conjunction with  
43 leadership in appropriate State agencies and with the support and cooperation of the  
44 Office of State Budget and Management.

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

5 **SECTION 6.16.(b)** The State Controller shall serve as the Chairman of the  
6 BEACON Project Steering Committee. The other members of the committee shall be  
7 the State Chief Information Officer, the State Treasurer, the Attorney General, the  
8 Secretary of Correction, the Administrative Officer of the Courts, the State Budget  
9 Officer, and the Chief Financial Officer of the Department of Transportation.

10 **SECTION 6.16.(c)** Of the funds appropriated from the General Fund to the  
11 North Carolina Information Technology Fund, the sum of five million dollars  
12 (\$5,000,000) for the 2008-2009 fiscal year shall be used for BEACON data integration  
13 as provided by subsection (a) of this section. Funds to support this activity shall also be  
14 the unexpended balance from the funds appropriated for BEACON/Data Integration  
15 Funds in Section 5.3(b) of S.L. 2007-323. The Office of the State Controller, with the  
16 support of the Office of State Budget and Management, shall identify and make all  
17 efforts to secure any matching funds or other resources to assist in funding this  
18 initiative.

19 **SECTION 6.16.(d)** Funds authorized in this section may be used for the  
20 following purposes:

- 21 (1) To support the cost of a project manager to conduct the activities  
22 outlined herein reportable to the Office of the State Controller.
- 23 (2) To support two business analysts to provide support to the program  
24 manager and agencies in identifying requirements under this program.
- 25 (3) To establish a Business Intelligence Competency Center (BICC), a  
26 collaborative organization comprised of both technical and business  
27 stakeholders, to support and manage the business need for analytics  
28 through the development of standards and best practices.
- 29 (4) To engage a vendor to implement the Strategic Implementation Plan as  
30 required herein.
- 31 (5) To conduct integration activities as approved by the BEACON Project  
32 Steering Committee. The State Chief Information Officer shall use  
33 current enterprise licensing to implement these integration activities.

34 **SECTION 6.16.(e)** Prior to the convening of the 2009 General Assembly,  
35 the Office of the State Controller shall provide semiannual reports to the Joint  
36 Legislative Oversight Committee for Information Technology. Written reports shall be  
37 submitted not later than October 1, 2008, and April 1, 2009, with presentations of the  
38 reports at the first session of the Joint Legislative Oversight Committee on Information  
39 Technology following the written report submission date. The Joint Legislative  
40 Oversight Committee on Information Technology shall then report to the Joint  
41 Legislative Commission on Governmental Operations.

42 **SECTION 6.16.(f)** Neither the implementation of the Strategic Information  
43 Plan nor the provisions of this section shall place any new or additional requirements

1 upon The University of North Carolina or the North Carolina Community College  
2 System.

## 3 4 **PART VII. PUBLIC SCHOOLS**

### 5 6 **CHILDREN WITH DISABILITIES**

7 **SECTION 7.1.** The State Board of Education shall allocate funds for  
8 children with disabilities on the basis of three thousand three hundred eighty-six dollars  
9 and eighty-four cents (\$3,386.84) per child for a maximum of 172,079 children for the  
10 2008-2009 school year. Each local school administrative unit shall receive funds for the  
11 lesser of (i) all children who are identified as children with disabilities or (ii) twelve and  
12 five-tenths percent (12.5%) of the 2008-2009 allocated average daily membership in the  
13 local school administrative unit.

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

### 18 19 **FUNDS FOR ACADEMICALLY GIFTED CHILDREN**

20 **SECTION 7.2.** The State Board of Education shall allocate funds for  
21 academically or intellectually gifted children on the basis of one thousand one hundred  
22 thirty-seven dollars and nineteen cents (\$1,137.19) per child. A local school  
23 administrative unit shall receive funds for a maximum of four percent (4%) of its  
24 2008-2009 allocated average daily membership, regardless of the number of children  
25 identified as academically or intellectually gifted in the unit. The State Board shall  
26 allocate funds for no more than 59,063 children for the 2008-2009 school year.

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

### 31 32 **FUNDS TO IMPLEMENT THE ABCS OF PUBLIC EDUCATION**

33 **SECTION 7.3.(a)** The State Board of Education shall use funds  
34 appropriated in this act for State Aid to Local School Administrative Units to provide  
35 incentive funding for schools that met or exceeded the projected levels of improvement  
36 in student performance during the 2007-2008 school year, in accordance with the ABCs  
37 of Public Education Program. In accordance with State Board of Education policy:

- 38 (1) Incentive awards in schools that achieve higher than expected  
39 improvements may be:
- 40 a. Up to one thousand five hundred dollars (\$1,500) for each  
41 teacher and for certified personnel; and
  - 42 b. Up to five hundred dollars (\$500.00) for each teacher assistant.
- 43 (2) Incentive awards in schools that meet the expected improvements may  
44 be:

- 1                   a.     Up to seven hundred fifty dollars (\$750.00) for each teacher and  
2                             for certified personnel; and  
3                   b.     Up to three hundred seventy-five dollars (\$375.00) for each  
4                             teacher assistant.

5                   **SECTION 7.3.(b)** The State Board of Education may use funds appropriated  
6 to the State Public School Fund to implement the consolidated assistance program, as  
7 directed in Section 7.6(b) of S.L. 2006-66. The Board shall report to the Joint  
8 Legislative Education Oversight Committee by January 15, 2009, on any restructuring  
9 of the program pursuant to this section.

10  
11 **NORTH CAROLINA VIRTUAL PUBLIC SCHOOL**

12                   **SECTION 7.4.(a)** Section 7.20(d) of S.L. 2007-323 reads as rewritten:

13                   **"SECTION 7.20.(d)** The State Board of Education shall implement an allotment  
14 formula developed pursuant to Section 7.16(d) of S.L. 2006-66, for funding e-learning,  
15 effective in the ~~2008-2009~~2009-2010 fiscal year. NCVPS shall be available at no cost to  
16 all students in North Carolina who are enrolled in North Carolina's public schools,  
17 Department of Defense schools, and schools operated by the Bureau of Indian Affairs.  
18 The Department of Public Instruction shall communicate to local school administrative  
19 units all applicable guidelines regarding the enrollment of nonpublic school students in  
20 these courses.

21                   The State Board of Education shall report to the Joint Legislative Education  
22 Oversight Committee and the Fiscal Research Division by December 15, 2008, on its  
23 implementation of this section.

24                   Funds appropriated for NCVPS shall not revert at the end of the 2007-2008 fiscal  
25 year but shall remain available for expenditure in the 2008-2009 fiscal year."

26                   **SECTION 7.4.(b)** If the State Board of Education finds that it is appropriate  
27 to do so, the State Board may use funds appropriated for NCVPS to create up to 15  
28 full-time positions to support the continued implementation of NCVPS.

29                   **SECTION 7.4.(c)** Subsection (a) of this section becomes effective June 30,  
30 2008.

31  
32 **LEARN AND EARN ONLINE CARRYFORWARD**

33                   **SECTION 7.5.(a)** Funds appropriated for Learn and Earn Online that are  
34 unexpended or unencumbered at the end of each fiscal year shall not revert, but shall  
35 remain available for expenditure.

36                   **SECTION 7.5.(b)** This section becomes effective June 30, 2008.

37  
38 **SCHOOL CONNECTIVITY INITIATIVE**

39                   **SECTION 7.6.(a)** Of the funds appropriated for the School Connectivity  
40 Initiative, up to three hundred thousand dollars (\$300,000), may be transferred to the  
41 Friday Institute at North Carolina State University to evaluate the effectiveness of using  
42 technology and its impact on 21<sup>st</sup> Century Teaching and Learning outcomes approved  
43 by the State Board of Education. The Friday Institute shall report annually to the State  
44 Board of Education on the evaluation results.

1           **SECTION 7.6.(b)** Funds allocated to the School Connectivity Initiative shall  
2 carry forward to the next fiscal year until the project is fully implemented by June 30,  
3 2010.

4           **SECTION 7.6.(c)** Subsection (b) of this section becomes effective June 30,  
5 2008.

#### 6 7 **ALLOTMENT FOR MENTORING SERVICES**

8           **SECTION 7.8.** The State Board of Education shall allot funds for mentoring  
9 services to local school administrative units based on the highest number of employees  
10 in the preceding three school years who (i) are paid with State, federal, or local funds  
11 and (ii) are either teachers paid on the first or second steps of the teacher salary schedule  
12 or instructional support personnel paid on the first step of the instructional support  
13 personnel salary schedule.

14           Local school administrative units shall use these funds to provide mentoring  
15 support to eligible employees in accordance with a plan approved by the State Board of  
16 Education. The plan shall include information on how all mentors in the local school  
17 administrative unit will be adequately trained to provide mentoring support.

#### 18 19 **DISADVANTAGED STUDENT SUPPLEMENTAL FUNDING**

20           **SECTION 7.9.** Section 7.8(c) of S.L. 2007-323 reads as rewritten:

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

- 25           (1) For counties with wealth greater than ninety percent (90%) of the  
26 statewide average, a ratio of ~~4:20.0~~; 1:19.9;
- 27           (2) For counties with wealth not less than eighty percent (80%) and not  
28 greater than ninety percent (90%) of the statewide average, a ratio of  
29 ~~4:19.5~~; 1:19.41;
- 30           (3) For counties with wealth less than eighty percent (80%) of the  
31 statewide average, a ratio of ~~4:19.3~~; 1:19.18; and
- 32           (4) For LEAs receiving DSSF funds in 2005-2006, a ratio of 1:16. These  
33 LEAs shall receive no less than the DSSF amount allotted in  
34 2006-2007.

35 For the purpose of this subsection, wealth shall be calculated under the low-wealth  
36 supplemental formula."

#### 37 38 **MODIFY LOW-WEALTH SCHOOL FUNDING FORMULA**

39           **SECTION 7.10.(a)** Local school administrative units shall receive the same  
40 amount of funds for the 2008-2009 fiscal year under the low-wealth supplemental  
41 formula that they received for the 2007-2008 fiscal year. This allotment shall be  
42 adjusted in accordance with legislative salary increments, retirement rate adjustments,  
43 and health benefit adjustments for personnel enacted by the General Assembly for the  
44 2007-2008 fiscal year.

1           **SECTION 7.10.(b)** The provisions of Section 7.6 of S.L. 2007-323  
2 regarding the expenditure of funds shall apply to low-wealth funds received for the  
3 2008-2009 fiscal year.

4  
5 **STUDY OF STUDENTS WITH DISABILITIES**

6           **SECTION 7.12.** The Department of Public Instruction shall analyze the  
7 participation of students with disabilities in Learn and Earn Early College High Schools,  
8 Redesigned High Schools, the North Carolina Virtual Public School, and North  
9 Carolina public high schools that are on block schedules. In conducting its analysis, the  
10 Department shall consider enrollment, graduation, and dropout rates for students with  
11 disabilities in these different programs. The Department shall report its findings and  
12 any recommendations to the Joint Legislative Education Oversight Committee and the  
13 Committee on Dropout Prevention by March 15, 2009.

14  
15 **FOCUSED ED. REFORM PROG. FUNDS DO NOT REVERT**

16           **SECTION 7.13.(a)** Funds appropriated for the Focused Education Reform  
17 Pilot Program that are unexpended and unencumbered at the end of each fiscal year  
18 shall not revert but shall remain available for expenditure for that purpose for the  
19 duration of the pilot program.

20           **SECTION 7.13.(b)** This section becomes effective June 30, 2008.

21  
22 **REESTABLISH COMMITTEE ON DROPOUT PREVENTION**

23           **SECTION 7.14.(a)** Section 7.32(e) of S.L. 2007-323 reads as rewritten:

24           "**SECTION 7.32.(e)** Report. – The Committee shall report to the Joint Legislative  
25 Commission on Dropout Prevention and High School Graduation created in subsection  
26 (f) of this section by December 1, 2007, on the grants awarded under subsection (d) of  
27 this section, after which time the Committee shall terminate section. The Committee  
28 shall terminate on December 31, 2010."

29           **SECTION 7.14.(b)** Committee. – The Committee on Dropout Prevention, as  
30 created in Section 7.32 of S.L. 2007-323, is reestablished to determine which local  
31 school administrative units, schools, agencies, and nonprofits shall receive dropout  
32 prevention grants under this section, the amount of each grant, and eligible uses of the  
33 grant funding. When utilizing outside grant reviewers and raters, the Committee is  
34 encouraged to utilize individuals who represent public schools, universities, and  
35 community-based organizations.

36           The Committee shall continue to be located administratively in the  
37 Department of Public Instruction but shall exercise its powers and duties independently  
38 of the Department of Public Instruction. The Department of Public Instruction shall  
39 provide for the administrative costs of the Committee. The Department of Public  
40 Instruction shall contract with an independent consultant to serve as staff to the  
41 Committee, to provide technical assistance to the grant recipients for the length of the  
42 grant, and to assist the Committee in evaluating the impact of the grants awarded.

1 The members of the Committee shall assure they are in compliance with laws  
2 and rules governing conflicts of interest. The Committee shall meet on the call of the  
3 cochairs provided that the Committee shall meet at least once every three months.

4 In the event of a vacancy on the Committee, the appointing authorities are  
5 encouraged to provide representation on the Committee from each of the eight  
6 educational districts as defined in G.S. 115C-65.

7 **SECTION 7.14.(c)** Dropout Prevention Grants. – The Committee shall  
8 select grant recipients as follows:

- 9 (1) From applications received in the process outlined in Section 7.32(d)  
10 of S.L. 2007-323 and using the process for the review of grant  
11 applications in 2007, the Committee shall establish a new cutoff score  
12 and award grants to applicants that both meet the new cutoff score and  
13 did not previously receive funding under S.L. 2007-323. Priority for  
14 additional funding of grants awarded under S.L. 2007-323 shall be  
15 given to programs that would serve students in local schools that have  
16 a four-year cohort graduation rate of less than sixty-five percent  
17 (65%).
- 18 (2) From the recipients of grants awarded under S.L. 2007-323, the  
19 Committee shall establish a process to award additional funds to those  
20 grantees.
- 21 (3) Using the process outlined in Section 7.32(d) of S.L. 2007-323  
22 consistent with subsection (d) of this section, the Committee may  
23 award grants to new applicants that did not apply for funding under  
24 that act.

25 **SECTION 7.14.(d)** Criteria for Dropout Prevention Grants. – The following  
26 criteria apply to all types of dropout prevention grants approved by the Committee:

- 27 (1) Grants shall be issued in varying amounts up to a maximum of one  
28 hundred fifty thousand dollars (\$150,000).
- 29 (2) These grants shall be provided to innovative programs and initiatives  
30 that target students at risk of dropping out of school and that  
31 demonstrate the potential to (i) be developed into effective,  
32 sustainable, and coordinated dropout prevention and reentry programs  
33 in middle schools and high schools and (ii) serve as effective models  
34 for other programs.
- 35 (3) Priority shall be given to new programs and initiatives or to those that  
36 have begun within the last five school years.
- 37 (4) Grants shall be distributed geographically throughout the State and  
38 throughout the eight educational districts as defined in G.S. 115C-65.  
39 No more than three grants shall be awarded in any one county under  
40 this section in a single fiscal year.
- 41 (5) Grants may be made to local school administrative units, schools, local  
42 agencies, or nonprofit organizations.
- 43 (6) Grants shall be to programs and initiatives that hold all students to  
44 high academic and personal standards.

- 1 (7) Grant applications shall state (i) how grant funds will be used, (ii)  
2 what, if any, other resources will be used in conjunction with the grant  
3 funds, (iii) how the program or initiative will be coordinated to  
4 enhance the effectiveness of existing programs, initiatives, or services  
5 in the community, and (iv) a process for evaluating the success of the  
6 program or initiative.
- 7 (8) Programs and initiatives that receive grants under this section shall be  
8 based on best practices for helping at-risk students achieve successful  
9 academic progress, preventing students from dropping out of school,  
10 or for increasing the high school completion rate for those students  
11 who already have dropped out of school.
- 12 (9) Priority for grants shall be given to proposals that demonstrate input  
13 from the local community and coordination with other available  
14 programs or resources.
- 15 (10) Grantees shall assure their compliance with applicable laws and rules  
16 regulating conflicts of interest.
- 17 (11) Priority for grants shall be given to programs that would serve students  
18 in local schools that have a four-year cohort graduation rate of less  
19 than sixty-five percent (65%) and that are from counties that did not  
20 receive funding under S.L. 2007-323. The Committee shall establish a  
21 grant rating cutoff score at such a level as to allow for consideration of  
22 all viable grants in this priority category. The Committee may require  
23 grantees to provide supplemental information in response to any prior  
24 reviewer comments.
- 25 (12) Grants shall be made no later than November 1, 2008.

26 The Committee shall report to the Joint Legislative Commission on Dropout  
27 Prevention and High School Graduation and the Joint Legislative Education Oversight  
28 Committee on the grants awarded under this section by March 1, 2009.

29 **SECTION 7.14.(e)** Evaluation. – The Committee shall evaluate the impact  
30 of the dropout prevention grants awarded under S.L. 2007-323 and under this section.  
31 In evaluating the impact of the grants, the Committee shall consider:

- 32 (1) How grant funds were used, including the services provided for teen  
33 pregnancy prevention and for pregnant and parenting teens;
- 34 (2) The success of the program or initiative, as indicated by the evaluation  
35 process stated in its grant application;
- 36 (3) The extent to which the program or initiative has improved students'  
37 attendance, test scores, persistence, and graduation rates;
- 38 (4) How the program or initiative was coordinated to enhance the  
39 effectiveness of existing programs, initiatives, or services in the  
40 community;
- 41 (5) What, if any, other resources were used in conjunction with the grant  
42 funds;
- 43 (6) The sustainability of the program;

- 1 (7) The number, gender, ethnicity, and grade level of students being  
2 served as well as whether the student left school due to pregnancy or  
3 parenting responsibilities;
- 4 (8) The potential for the program to serve as a model for achieving  
5 successful academic progress for at-risk students; and
- 6 (9) Other indicators of the impact of the grant on dropout prevention.

7 The recipients of the dropout prevention grants awarded under S.L. 2007-323  
8 shall report to the Committee on Dropout Prevention by January 31, 2009, and by  
9 September 30, 2009. The Committee shall make an interim report of the results of its  
10 evaluation of the grants awarded under S.L. 2007-323 by March 31, 2009, to the Joint  
11 Legislative Commission on Dropout Prevention and High School Graduation and to the  
12 Joint Legislative Education Oversight Committee. The Committee shall make a final  
13 report of the results of its evaluation of the grants awarded under S.L. 2007-323 by  
14 November 15, 2009, to the Joint Legislative Commission on Dropout Prevention and  
15 High School Graduation and to the Joint Legislative Education Oversight Committee.

16 The recipients of the dropout prevention grants awarded under this section  
17 shall report to the Committee on Dropout Prevention by January 31, 2010, and by  
18 September 30, 2010. The Committee shall make an interim report of the results of its  
19 evaluation of the grants awarded under this section by March 31, 2010, to the Joint  
20 Legislative Commission on Dropout Prevention and High School Graduation and to the  
21 Joint Legislative Education Oversight Committee. The Committee shall make a final  
22 report of the results of its evaluation of the grants awarded under subsection (c) of this  
23 section by November 15, 2010, to the Joint Legislative Commission on Dropout  
24 Prevention and High School Graduation and to the Joint Legislative Education  
25 Oversight Committee.

26 **SECTION 7.14.(f)** Dropout Prevention Network. – In addition to its other  
27 duties, the Joint Legislative Commission on Dropout Prevention and High School  
28 Graduation, established under Section 7.32 of S.L. 2007-323, shall study the  
29 development of an effective network for the purpose of sharing best practices among the  
30 grant recipients, the public schools, and other interested organizations. The  
31 Commission shall consider interactive Web sites, electronic information sharing,  
32 professional development opportunities, conferences, and other means that it believes  
33 would be effective. The Commission may consult with the Department of Public  
34 Instruction and the Committee on Dropout Prevention. The Commission shall report its  
35 findings and any recommendations to the 2009 General Assembly.

36 **SECTION 7.14.(g)** Funds appropriated for the dropout prevention grants for  
37 the 2007-2008 fiscal year shall not revert but shall remain available for expenditure  
38 until August 31, 2009. Funds appropriated for the 2008-2009 fiscal year shall not revert  
39 but shall remain available for expenditure until August 31, 2010.

40 **SECTION 7.14.(h)** Of the funds appropriated for the dropout prevention  
41 grants, the sum of one hundred thousand dollars (\$100,000) for the 2008-2009 fiscal  
42 year may be used to issue a request for proposals from qualified vendors on a  
43 competitive basis to contract as a consultant to assist with the evaluation. The factors to  
44 be considered in awarding the contract shall be identified in the request for proposals.

1           **SECTION 7.14.(i)** Of the funds appropriated for the dropout prevention  
2 grants, the Department of Public Instruction may use up to fifty thousand dollars  
3 (\$50,000) for its administrative assistance to the Committee and provide technical  
4 assistance under this section.

5           **SECTION 7.14.(j)** Subsection (g) of this section becomes effective June 30,  
6 2008.

#### 7 8 **DROPOUT PREVENTION TECHNICAL CORRECTION**

9           **SECTION 7.14A.** Section 7.32(c) of S.L. 2007-323 reads as rewritten:

10          **"SECTION 7.32.(c)** Committee. – There is established the Committee on Dropout  
11 Prevention. The Committee shall be located administratively in the Department of  
12 Public Instruction but shall exercise its powers and duties independently of the  
13 Department of Public Instruction. The Department of Public Instruction shall provide  
14 for the administrative costs of the Committee and shall provide staff to the Committee.

15          The Committee shall determine which local school administrative units, schools,  
16 agencies, and nonprofits shall receive dropout prevention grants under subsection (d) of  
17 this section, the amount of each grant, and eligible uses of the grant funding. The  
18 Committee shall consist of the following 15 members:

- 19           (1) The Governor shall appoint five members, of whom one is a  
20 superintendent of schools, one is a representative of a nonprofit, and  
21 one is a school social worker;
- 22           (2) The General Assembly upon the recommendation of the President Pro  
23 Tempore of the Senate shall appoint five members, of whom one is a  
24 principal, one is a representative of a school of education, and one is a  
25 school counselor; and
- 26           (3) The General Assembly upon the recommendation of the Speaker of the  
27 House of Representatives shall appoint five members, of whom one is  
28 a teacher, one is a member of the business community, and one is a  
29 representative of the juvenile justice system.

30          The President Pro Tempore of the Senate and the Speaker of the House of  
31 Representatives shall each designate a cochair of the Committee. The members of the  
32 Committee shall assure they are in compliance with laws and rules governing conflicts  
33 of interest."

#### 34 35 **USE OF LEARN AND EARN ONLINE FOR HYBRID COURSES**

36           **SECTION 7.15.** Local school administrative units may use funds  
37 appropriated for Learn and Earn Online for college-level courses taught by university  
38 instructors at public schools. Instruction for these courses shall be partially delivered  
39 online. Payments related to the textbooks and the prorated cost of the instructor shall be  
40 paid to the university supplying the instruction.

41          The State Board of Education shall adopt policies to establish guidelines and  
42 reimbursement procedures.

#### 43 44 **COMPREHENSIVE SUPPORT FOR SCHOOL SYSTEMS AND SCHOOLS**

1           **SECTION 7.16.** If a local school administrative unit is designated by the  
2 State Board of Education as a targeted school district for comprehensive support, the  
3 State Board may:

- 4           (1) Authorize additional flexibility with regard to State allotments to allow  
5 the State Board's assigned support team and the local school  
6 administrative unit's leadership to redirect State funding to address the  
7 identified reform requirements. This additional flexibility shall not  
8 increase overall State funding available to the unit.
- 9           (2) Use funds already appropriated to the State Board of Education to  
10 allocate time-limited funds to implement strategies identified by the  
11 State Board's assigned support team and the school unit's leadership.  
12 The State Board shall adopt policies regarding (i) the strategies for  
13 which these time-limited funds may be used and (ii) the maximum  
14 time a unit may receive these funds. This funding shall not be allotted  
15 for more than one fiscal year. This funding is intended to allow the  
16 implementation of necessary reform initiatives while the unit obtains  
17 local funding or identifies other State or federal funding to cover the  
18 initiatives.

#### 19 20 **MORE AT FOUR PROGRAM**

21           **SECTION 7.17.(a)** Section 7.24(f) of S.L. 2007-323 reads as rewritten:

22           **"SECTION 7.24.(f)** If a county is unable to increase "More at Four" slots because  
23 of a documented lack of available resources necessary to provide the required local  
24 contribution for the additional slots allocated to the county for the 2007-2008 fiscal  
25 ~~year, year or the 2008-2009 fiscal year,~~ the contract agency for that county may appeal  
26 to the Office of School Readiness for an exception to the required local amount for  
27 those additional slots. The Office of School Readiness may grant an exception and allot  
28 funds to pay up to ninety percent (90%) of the full cost of the additional slots for that  
29 county if it finds that (i) there is in fact a documented lack of available resources in the  
30 county and (ii) granting the exception will not reduce access statewide to "More at  
31 Four" slots."

32           **SECTION 7.17.(b)** The Office of School Readiness shall develop a plan to  
33 tier the local More at Four slots that are in child care facilities, based on child care  
34 subsidy market rates. The Office of School Readiness shall report the plan to the House  
35 of Representatives Appropriations Subcommittee on Education, the Senate  
36 Appropriations Committee on Education, the House of Representatives Appropriations  
37 Subcommittee on Health and Human Services, the Senate Appropriations Committee on  
38 Health and Human Services, the Education Oversight Committee, and the Fiscal  
39 Research Division by January 1, 2009.

#### 40 41 **PLANT OPERATION FUNDING**

42           **SECTION 7.18.(a)** G.S. 115C-546.2 reads as rewritten:

43           "(a) ~~Monies~~ Of the monies credited to the Fund by the Secretary of Revenue  
44 pursuant to G.S. 115C-546.1(b), the State Board of Education may allocate up to one

1 million dollars (\$1,000,000) each year to the Department of Public Instruction. These  
2 funds shall be used by the Plant Operation Section of the School Support Division to  
3 assist each local school administrative unit with effective energy and environmental  
4 management, effective water management, hazardous material management, clean air  
5 quality, and engineering support for safe, effective environmental practices. The  
6 remainder of the monies in the Fund shall be allocated to the counties on a per average  
7 daily membership basis according to the average daily membership for the budget year  
8 as determined and certified by the State Board of Education. Interest earned on funds  
9 allocated to each county shall be allocated to that county."

10 **SECTION 7.18.(b)** The Department of Public Instruction shall report to the  
11 Joint Legislative Education Oversight Committee by April 15 of each year on the  
12 effectiveness of the program in accomplishing its purpose and on any other information  
13 requested by the Committee.

#### 14 **ALLOTMENTS OF TEACHERS FOR SMALL SCHOOLS**

15 **SECTION 7.20.** The State Board of Education shall modify its policy on the  
16 allotment of funds for small schools by:

- 17 (1) Defining small schools to include schools of fewer than 110 students;  
18 and
- 19 (2) Giving consideration to small, geographically isolated schools over  
20 other qualifying programs and schools.  
21

#### 22 **MATH AND SCIENCE TEACHERS PILOT PROGRAM MODIFIED**

23 **SECTION 7.21.** The pilot program providing for salary supplements for  
24 newly hired mathematics or science teachers is modified to permit both highly qualified  
25 and newly hired teachers in the pilot units to qualify to receive salary supplements.  
26

#### 27 **REPORT TO PARENTS REGARDING LOW FUNDING EFFORT**

28 **SECTION 7.22.** G.S. 115C-12 is amended by adding a new subdivision to  
29 read:

30 **"§ 115C-12. Powers and duties of the Board generally.**

31 The general supervision and administration of the free public school system shall be  
32 vested in the State Board of Education. The State Board of Education shall establish  
33 policy for the system of free public schools, subject to laws enacted by the General  
34 Assembly. The powers and duties of the State Board of Education are defined as  
35 follows:  
36

37 ...

- 38 (35) Duty to Notify Parents of Their County's Low Effort to Fund Schools.  
39 – The State Board of Education shall identify the 10 counties that  
40 provide the lowest funding per student for the public schools and shall  
41 prepare a letter to parents of schoolchildren in each of those counties  
42 indicating (i) the amount per student their county is providing and the  
43 impact of that funding on public school services, (ii) the amount per  
44 student other counties are providing and the potential impact of that

1                   additional funding on public school services in their county, and (iii)  
2                   the relative amount of their county's commitment to funding public  
3                   schools in light of their ability to pay. The board of county  
4                   commissioners shall forward the letter to all parents of schoolchildren  
5                   in the county."  
6

## 7 **INCREASES IN STUDENT POPULATION DUE TO BRAC ACTIVITY**

8                   **SECTION 7.23.** If a local school administrative unit employs more  
9 classroom teachers than are allotted to it due to a projected increase in student  
10 population resulting from BRAC activity, the State Board shall allot additional teachers  
11 to the unit based on the greater of (i) the local school administrative unit's first month  
12 average daily membership (ADM) or (ii) seventy-five percent (75%) of the projected  
13 increase in ADM resulting from BRAC activity that is in excess of the increase  
14 anticipated in the allotted ADM.

15                   The Department of Public Instruction shall notify each impacted local school  
16 administrative unit as to the BRAC population increase in excess of allotted average  
17 daily membership on or before the distribution of the initial allotments.

18                   Section 7.15(b) of S.L. 2007-323 does not apply to local school  
19 administrative units receiving an additional allotment of teachers pursuant to this  
20 section.

## 21

## 22 **PART VIII. COMMUNITY COLLEGES**

### 23

### 24 **REORGANIZATION OF THE NORTH CAROLINA COMMUNITY**

### 25 **COLLEGES SYSTEM OFFICE**

26                   **SECTION 8.1.(a)** Notwithstanding any other provision of law, and  
27 consistent with the authority established in G.S. 115D-3, the President of the North  
28 Carolina Community College System may reorganize the System Office in accordance  
29 with recommendations and plans submitted to and approved by the State Board of  
30 Community Colleges.

31                   **SECTION 8.1.(b)** This section expires June 30, 2009.

### 32

### 33 **USE OF FUNDS FOR THE COLLEGE INFORMATION SYSTEM**

34                   **SECTION 8.2.(a)** Funds appropriated in this act to the Community Colleges  
35 System Office for the College Information System shall not revert at the end of the  
36 2008-2009 fiscal year but shall remain available until expended. These funds may only  
37 be used to purchase periodic system upgrades.

38                   **SECTION 8.2.(b)** Notwithstanding G.S. 143C-6-4, the Community Colleges  
39 System Office may, subject to the approval of the Office of State Budget and  
40 Management and in consultation with the Office of Information Technology Services,  
41 use funds appropriated in this act for the College Information System to create a  
42 maximum of three positions. Personnel positions created pursuant to this subsection  
43 shall be dedicated to maintaining and administering information technology and  
44 software upgrades to the College Information System.

1           **SECTION 8.2.(c)** The Community Colleges System Office shall report by  
2 January 1, 2009, to the Joint Legislative Education Oversight Committee on the  
3 transition from the implementation phase to the ongoing operations and maintenance  
4 phase of the College Information System Project.

5  
6           **REPORT ON EFFECT OF ADDITIONAL ALLIED HEALTH FUNDING**

7           **SECTION 8.3.** The Community Colleges System Office shall report by  
8 March 1, 2009, to the Joint Legislative Education Oversight Committee, the Fiscal  
9 Research Division, and the Office of State Budget and Management regarding the  
10 impact of the additional funding received for nursing and allied health programs during  
11 the 2006-2007, 2007-2008, and 2008-2009 fiscal years. This report shall include, at a  
12 minimum:

- 13           (1) The number of FTE students enrolled in these programs;  
14           (2) The number of qualified applicants who were not admitted due to  
15           program capacity constraints;  
16           (3) The performance of students on nursing licensure exams; and  
17           (4) The average salary for allied health faculty by education level.

18  
19           **REPORT ON COST OF ALL PROGRAMS**

20           **SECTION 8.4.** The Community Colleges System Office shall report by May  
21 15, 2009, to the Fiscal Research Division and the Office of State Budget and  
22 Management regarding the instructional cost of all curriculum and non-curriculum  
23 programs. This report shall include an explanation of the differences in costs between  
24 programs, including faculty salaries and equipment costs.

25  
26           **MINORITY MALE MENTORING PROGRAM FUNDS**

27           **SECTION 8.5.(a)** One hundred thousand dollars (\$100,000) of the funds  
28 appropriated for the Minority Male Mentoring Program shall not revert at the end of the  
29 fiscal year but shall remain available until expended. The State Board of Community  
30 Colleges may use these funds to recruit minority male students to community colleges,  
31 market the 15 pilot programs statewide, and contract for summer enrichment programs  
32 for program participants.

33           **SECTION 8.5.(b)** This section becomes effective June 30, 2008.

34  
35           **LEARN AND EARN ONLINE FUNDS**

36           **SECTION 8.6.(a)** Funds reimbursed to the Community College System for  
37 full-time equivalent (FTE) students participating in learn and earn online courses shall  
38 not revert at the end of a fiscal year, but shall remain available for expenditure up to 12  
39 months after the close of a fiscal year.

40           **SECTION 8.6.(b)** This section becomes effective June 30, 2008.

41  
42           **CONSOLIDATE WORKFORCE DEVELOPMENT PROGRAMS**

43           **SECTION 8.7.(a)** G.S. 115D-5.1 reads as rewritten:

44           "**§ 115D-5.1. Workforce Development Programs.**

1 (a) Community colleges shall assist in the preemployment and in-service training  
2 of employees in industry, business, agriculture, health occupation and governmental  
3 agencies. Such training shall include instruction on worker safety and health standards  
4 and practices applicable to the field of employment. The State Board of Community  
5 Colleges shall make appropriate regulations including the establishment of maximum  
6 hours of instruction which may be offered at State expense in each in-plant training  
7 program. No instructor or other employee of a community college shall engage in the  
8 normal management, supervisory and operational functions of the establishment in  
9 which the instruction is offered during the hours in which the instructor or other  
10 employee is employed for instructional or educational purposes.

11 ~~(b) The North Carolina Community College System's New and Expanding~~  
12 ~~Industry Training (NEIT) Program Guidelines, which were adopted by the State Board~~  
13 ~~of Community Colleges on April 18, 1997, apply to all funds appropriated for the~~  
14 ~~Program after June 30, 1997. A project approved as an exception under these~~  
15 ~~Guidelines, or these Guidelines as modified by the State Board of Community Colleges,~~  
16 ~~shall be approved for one year only.~~

17 ~~(b1) Notwithstanding any other provision of law, the State Board of Community~~  
18 ~~Colleges may adopt rules and guidelines that allow the New and Expanding Industry~~  
19 ~~Training Program and the Focused Industrial Training Program to use funds~~  
20 ~~appropriated for those programs to support training projects for the various branches of~~  
21 ~~the United States Armed Forces.~~

22 ~~(c) The State Board of Community Colleges shall report to the Joint Legislative~~  
23 ~~Education Oversight Committee on September 1 of each year on expenditures for the~~  
24 ~~New and Expanding Industry Training Program each fiscal year. The report shall~~  
25 ~~include, for each company or individual that receives funds for the New and Expanding~~  
26 ~~Industry Training Program:~~

27 ~~(1) The total amount of funds received by the company or individual;~~

28 ~~(2) The amount of funds per trainee received by the company or~~  
29 ~~individual;~~

30 ~~(3) The amount of funds received per trainee by the community college~~  
31 ~~training the trainee;~~

32 ~~(4) The number of trainees trained by company and by community~~  
33 ~~college; and~~

34 ~~(5) The number of years the companies or individuals have been funded.~~

35 ~~(d) Funds available to the New and Expanding Industry Training Program shall~~  
36 ~~not revert at the end of a fiscal year but shall remain available until expended.~~

37 (e) There is created within the North Carolina Community College System the  
38 Customized Industry Training (CIT) Program. The CIT Customized Training Program  
39 shall offer programs and training services ~~as new options for assisting~~ to assist new and  
40 existing business and industry to remain productive, profitable, and within the State.  
41 Before a business or industry qualifies to receive assistance under the CIT Customized  
42 Training Program, the President of the North Carolina Community College System shall  
43 determine that:

44 (1) The business is making an appreciable capital investment;

1           (2) The business is deploying new technology; ~~and~~  
 2           (2a) The business or individual is creating jobs, expanding an existing  
 3           workforce, or enhancing the productivity and profitability of the  
 4           operations within the State; and  
 5           (3) The skills of the workers will be enhanced by the assistance.  
 6       (f) The State Board shall report on an annual basis to the Joint Legislative  
 7 Education Oversight Committee on:

- 8           (1) The total amount of funds received by a company under the CIT  
 9           Program;
- 10          (2) The amount of funds per trainee received by that company;
- 11          (3) The amount of funds received per trainee by the community college  
 12          delivering the training;
- 13          (4) The number of trainees trained by the company and community  
 14          college; and
- 15          (5) The number of years that company has been funded.

16       (f1) Notwithstanding any other provision of law, the State Board of Community  
 17 Colleges may adopt rules and guidelines that allow the Customized Training Program  
 18 and the Focused Industrial Training Program to use funds appropriated for those  
 19 programs to support training projects for the various branches of the United States  
 20 Armed Forces.

21       (f2) Funds available to the Customized Training Program shall not revert at the  
 22 end of a fiscal year but shall remain available until expended. Up to ten percent (10%)  
 23 of the college-delivered training expenditures and up to five percent (5%) of the  
 24 contractor-delivered training expenditures for the prior fiscal year for Customized  
 25 Training may be allotted to each college for capacity building at that college.

26       (f3) Of the funds appropriated in a fiscal year for the Customized Training  
 27 Programs, the State Board of Community Colleges may approve the use of up to eight  
 28 percent (8%) for the training and support of regional community college personnel to  
 29 deliver Customized Industry Training Program services to business and industry.

30       (g) The State Board shall adopt rules and policies to implement this section."

31       **SECTION 8.7.(b)** The State Board of Community Colleges shall transfer  
 32 funds appropriated for the New and Expanding Industry Training Program and the  
 33 Focused Industrial Training Program to the Customized Industry Training Programs  
 34 appropriation. This transfer shall be completed by September 1, 2008.  
 35

36 **BASIC SKILLS BLOCK GRANT**

37       **SECTION 8.8.** The Community Colleges System Office shall develop a new  
 38 formula for the Basic Skills Block Grant for consideration during the 2009 Session of  
 39 the General Assembly. The revised formula shall incorporate the following changes:

- 40          (1) Federal funds shall be distributed to both community-based  
 41          organizations and community colleges using the same process and  
 42          shall only be awarded to programs that meet minimum standards; and
- 43          (2) A larger amount of funding shall be distributed on the basis of  
 44          performance using revised criteria.

- 1 (3) The formula shall not include funding for members of target  
2 populations who do not receive basic skills services.  
3

#### 4 **TRANSFERS OF CASH BALANCES TO THE GENERAL FUND**

5 **SECTION 8.9.(a)** Notwithstanding any other provision of law, four million  
6 five hundred thousand dollars (\$4,500,000) of the cash balance remaining in the North  
7 Carolina Community College System Information Technology CIS Fund (Budget Code  
8 26802, Fund 2201) on July 1, 2008, shall be transferred to the State Controller to be  
9 deposited in Nontax Budget Code 19978 (Intra State Transfers). These funds shall be  
10 used to support the General Fund appropriations for the 2008-2009 fiscal year for  
11 expansion funding for the North Carolina Community College System.

12 **SECTION 8.9.(b)** Notwithstanding any other provision of law, seven  
13 hundred eighty-three thousand two hundred forty-six dollars (\$783,246) of the cash  
14 balance remaining in the Focused Industrial Training (FIT) programs (Budget Code  
15 16800, Fund 1603) on July 1, 2008, shall be transferred to the State Controller to be  
16 deposited in Nontax Budget Code 19978 (Intra State Transfers). These funds shall be  
17 used to support the General Fund appropriations for the 2008-2009 fiscal year for  
18 expansion funding for the North Carolina Community College System.  
19

#### 20 **FUNDS FOR CAMPUS SECURITY**

21 **SECTION 8.10.** Notwithstanding G.S. 115D-32 or any other provision of  
22 law, a community college may use up to two percent (2%) of the noninstructional State  
23 funds allocated to it in the institutional support allotment for the 2008-2009 fiscal year  
24 for campus security. This may include the hiring of personnel, contracted professional  
25 services, surveillance cameras, call boxes, alert systems, and other equipment-related  
26 expenditures.

27 These funds shall be used to supplement and shall not be used to supplant  
28 existing local funding for campus security.  
29

#### 30 **CLARIFY USE OF FEES COLLECTED FOR GED TESTING**

31 **SECTION 8.11.** G.S. 115C-5 is amended by adding a new subsection to  
32 read:

33 "(s) The State Board of Community Colleges may retain and budget fees charged  
34 to students taking the General Education Development (GED) test. Fees collected for  
35 this purpose shall be used only to (i) offset the costs of the GED test, including the cost  
36 of scoring the test, (ii) offset the course of printing GED certificates, and (iii) meet  
37 federal and State reporting requirements related to the test."  
38

#### 39 **CARRYFORWARD OF NORTH CAROLINA RESEARCH CAMPUS** 40 **BIOTECHNOLOGY TRAINING FUNDS**

41 **SECTION 8.12.(a)** Funds appropriated in S.L. 2006-66 and S.L. 2007-323  
42 for the Rowan-Cabarrus Community College Biotechnology Training Center and  
43 Greenhouse at the North Carolina Research Campus in Kannapolis shall not revert, but  
44 shall remain available until expended.

1           **SECTION 8.12.(b)** This section becomes effective June 30, 2008.

2  
3           **USE OF BASIC SKILLS FUNDS**

4           **SECTION 8.13.** Notwithstanding any other provision of law, a local  
5 community college may use up to five percent (5%) of the Literacy Funds allocated to it  
6 by the State Board of Community Colleges to procure instructional technology for  
7 literacy labs. This technology may include computers, instructional software and  
8 software licenses, scanners for testing, and classroom projection equipment.

9  
10           **SURRY COMMUNITY COLLEGE VITICULTURE & ENOLOGY CENTER**  
11           **FUNDS**

12           **SECTION 8.14.(a)** Funds appropriated for the 2007-2008 fiscal year to the  
13 Community Colleges System Office for the operations of the North Carolina Viticulture  
14 and Enology Center located at Surry Community College shall not revert at the end of  
15 the fiscal year. Surry Community College may use these funds for capital construction  
16 for the Center.

17           **SECTION 8.14.(b)** This section becomes effective June 30, 2008.

18  
19           **STUDY OF CHANGES NECESSARY TO IMPROVE FINANCIAL AID TO**  
20           **COMMUNITY COLLEGE STUDENTS**

21           **SECTION 8.15.** The Joint Legislative Education Oversight Committee shall  
22 study the changes necessary to improve financial aid for community college students.  
23 Specifically the study shall include recommendations on how to better serve  
24 nontraditional students and how to increase the number of community colleges that  
25 participate in federal student loan programs.

26  
27           **USE OF HOSIERY CENTER FUNDS.**

28           **SECTION 8.16.** Funds appropriated to the Community Colleges System  
29 Office for the Hosiery Technology Center at Catawba Valley Community College may  
30 be expended for the Center for Emerging Manufacturing Solutions (CEMS), which was  
31 established by Catawba Valley Community College in February 2008. The Hosiery  
32 Technology Center is now a division with the CEMS.

33  
34           **NO FEES FOR FIRST AID COURSES TAKEN BY SCHOOL EMPLOYEES**

35           **SECTION 8.17.** G.S. 115D-5(b) reads as rewritten:

36           "(b) In order to make instruction as accessible as possible to all citizens, the  
37 teaching of curricular courses and of noncurricular extension courses at convenient  
38 locations away from institution campuses as well as on campuses is authorized and shall  
39 be encouraged. A pro rata portion of the established regular tuition rate charged a  
40 full-time student shall be charged a part-time student taking any curriculum course. In  
41 lieu of any tuition charge, the State Board of Community Colleges shall establish a  
42 uniform registration fee, or a schedule of uniform registration fees, to be charged  
43 students enrolling in extension courses for which instruction is financed primarily from  
44 State funds; provided, however, that the State Board of Community Colleges may

1 provide by general and uniform regulations for waiver of tuition and registration fees  
2 for persons not enrolled in elementary or secondary schools taking courses leading to a  
3 high school diploma or equivalent certificate, for training courses for volunteer firemen,  
4 local fire department personnel, volunteer rescue and lifesaving department personnel,  
5 local rescue and lifesaving department personnel, Radio Emergency Associated Citizens  
6 Team (REACT) members when the REACT team is under contract to a county as an  
7 emergency response agency, local law-enforcement officers, patients in State alcoholic  
8 rehabilitation centers, all full-time custodial employees of the Department of Correction,  
9 employees of the Department's Division of Community Corrections and employees of  
10 the Department of Juvenile Justice and Delinquency Prevention required to be certified  
11 under Chapter 17C of the General Statutes and the rules of the Criminal Justice and  
12 Training Standards Commission, trainees enrolled in courses conducted under the New  
13 and Expanding Industry Program, clients of sheltered workshops, clients of adult  
14 developmental activity programs, students in Health and Human Services Development  
15 Programs, juveniles of any age committed to the Department of Juvenile Justice and  
16 Delinquency Prevention by a court of competent jurisdiction, prison inmates,  
17 ~~and~~ members of the North Carolina State Defense Militia as defined in G.S. 127A-5 and  
18 as administered under Article 5 of Chapter 127A of the General Statutes. ~~Statutes, and~~  
19 elementary and secondary school employees enrolled in courses in first aid or  
20 cardiopulmonary resuscitation (CPR). Provided further, tuition shall be waived for  
21 senior citizens attending institutions operating under this Chapter as set forth in Chapter  
22 115B of the General Statutes, Tuition Waiver for Senior Citizens. Provided further,  
23 tuition shall also be waived for all courses taken by high school students at community  
24 colleges, including students in early college and middle college high school programs,  
25 in accordance with G.S. 115D-20(4) and this section."  
26

## 27 **STUDENTS IN THE GATEWAY TO COLLEGE PROGRAM MAY ENROLL IN** 28 **DEVELOPMENTAL COURSES**

29 **SECTION 8.18.** G.S. 115D-5 is amended by adding a new subsection to  
30 read:

31 "(s) The purpose of the first semester of the Gateway to College Program is to  
32 address additional support to successfully complete the program. Students may need to  
33 take developmental courses necessary for the transition to more challenging courses;  
34 therefore, the State Board of Community Colleges shall (i) permit high school students  
35 who are enrolled in Gateway to College Programs to enroll in developmental courses  
36 based on an assessment of their individual student needs by a high school and  
37 community college staff team and (ii) include this coursework in computing the budget  
38 FTE for the colleges."  
39

## 40 **USE OF FUNDS FOR ISOTHERMAL COMMUNITY COLLEGE**

41 **SECTION 8.19.(a)** Funds appropriated by the 2005 General Assembly as a  
42 grant-in-aid for Isothermal Community College for a capital project shall remain  
43 available to the college and may be used for another capital project at the college.

44 **SECTION 8.19.(b)** This section becomes effective June 30, 2008.

1  
2 **PART IX. UNIVERSITIES**

3  
4 **ELIMINATE COACHING SCHOLARSHIP LOAN PROGRAM/TRANSFER**  
5 **FUND BALANCE TO GENERAL FUND**

6 **SECTION 9.1.(a)** G.S. 116-209.36 is repealed.

7 **SECTION 9.1.(b)** All financial obligations to any student awarded a  
8 scholarship loan from the Coaching Scholarship Loan Fund before July 1, 2008, shall be  
9 fulfilled provided the student remains eligible under the provisions of the Coaching  
10 Scholarship Loan Fund. All contractual agreements between a student awarded a  
11 scholarship loan from the Coaching Scholarship Loan Fund before July 1, 2008, and the  
12 State Education Assistance Authority remain enforceable and the provisions of  
13 G.S. 116-209.36 that would be applicable but for this section shall remain applicable  
14 with regard to any scholarship loan awarded before July 1, 2008.

15 **SECTION 9.1.(c)** Effective June 30, 2008, the unencumbered balance of  
16 funds in the Coaching Scholarship Loan Fund shall revert to the General Fund.

17  
18 **USE OF ESCHEAT FUNDS FOR CERTAIN EARN SCHOLARSHIPS**

19 **SECTION 9.2.(a)** Section 9.7(b) of S.L. 2007-323 reads as rewritten:

20 "**SECTION 9.7.(b)** There is appropriated from the General Fund to the State  
21 Education Assistance Authority the sum of twenty-seven million six hundred five  
22 thousand two hundred ten dollars (\$27,605,210) for the 2007-2008 fiscal year and the  
23 sum of ~~sixty million dollars (\$60,000,000)~~ ten million dollars (\$10,000,000) for the  
24 2008-2009 fiscal year."

25 **SECTION 9.2.(b)** Section 9.7(c) of S.L. 2007-323 reads as rewritten:

26 "**SECTION 9.7.(c)** There is appropriated from the Escheat Fund to the State  
27 Education Assistance Authority the sum of ~~forty million dollars (\$40,000,000)~~ fifty  
28 million dollars (\$50,000,000) for the 2008-2009 fiscal year. ~~Notwithstanding any other~~  
29 ~~provision of law, no funds shall be used from the Escheat Fund until all monies from the~~  
30 ~~General Fund appropriated under Section 9.7(c) have been exhausted."~~

31  
32 **CLOSING THE ACHIEVEMENT GAP/GRANTS**

33 **SECTION 9.3.(a)** Of the funds appropriated by this act for the 2008-2009  
34 fiscal year to the Board of Governors of The University of North Carolina to be used for  
35 the North Carolina Historically Minority Colleges and Universities initiative for  
36 "Closing the Achievement Gap," North Carolina Central University may use up to  
37 fifteen percent (15%) of the funds to cover the costs for administering the grants and  
38 shall award at least eighty-five percent (85%) of the funds as grants to participating  
39 public and private institutions of higher education identified as historically minority  
40 colleges and universities. These funds shall be used to develop and implement  
41 after-school programs designed to close the academic achievement gap and to improve  
42 the academic performance of youth at risk of academic failure and school dropout. A  
43 grant recipient under this section may also allocate the grant funds to a

1 community-based organization that is located in close proximity to the grant recipient  
2 for the purposes stated in this section.

3 **SECTION 9.3.(b)** North Carolina Central University shall report to the Joint  
4 Education Legislative Oversight Committee and to the Fiscal Research Division by  
5 April 1, 2009, regarding the number of grants awarded, the recipients of the grants, the  
6 amount of the grant awarded, the programs and purposes for which the grant was  
7 awarded, the cost of administering the grant, and any other information requested by the  
8 Committee or Fiscal Research Division. The grants awarded pursuant to this section  
9 shall also include as a term of the grant that the recipient of the grant report to the Joint  
10 Legislative Education Oversight Committee and to the Fiscal Research Division  
11 regarding the amount of the grant received, the program and purposes for which the  
12 grant was requested, the methodology used to implement the grant program and  
13 purposes, the results of the program funded by the grant, and any other information  
14 requested by the Joint Legislative Education Oversight Committee and the Fiscal  
15 Research Division.

16  
17 **OPTIONAL SCHOLARSHIP FOR CERTAIN GRADUATES OF THE**  
18 **PRINCIPAL FELLOWS PROGRAM**

19 **SECTION 9.4.(a)** The North Carolina Principal Fellows Commission in  
20 collaboration with the State Education Assistance Authority shall make available an  
21 optional six-month scholarship in the amount of twenty thousand dollars (\$20,000) to  
22 any person who was a recipient of a scholarship loan through the Principal Fellows  
23 Program and who: (i) was in Class 10 of the Principal Fellows Program for the  
24 2003-2004 academic year, (ii) completed the Principal Fellows Program, and (iii) has  
25 either served as a school administrator for four years at a North Carolina public school  
26 or at a school operated by the United States as required by G.S. 116-74.43, or who has  
27 had the loan forgiven by the State Education Assistance Authority pursuant to  
28 G.S. 116-74.43. A person may be eligible for the optional six-month scholarship only  
29 after fulfilling all contractual obligations agreed to by the person upon receipt of the  
30 original scholarship loan awarded to the person under G.S. 116-74.42. Exclusive of any  
31 deferment for extenuating circumstances, a person remains eligible for the optional  
32 six-month scholarship for two years after the six-year period of time allowed the person  
33 to satisfy the original scholarship loan requirements under G.S. 116-74.43. Should a  
34 person present extenuating circumstances, the State Education Assistance Authority  
35 may extend the period of time for which a person remains eligible for the optional  
36 six-month scholarship for a reasonable time period.

37 **SECTION 9.4.(b)** The Principal Fellows Commission shall develop the  
38 criteria for awarding the scholarship. In developing the criteria, the Commission shall  
39 require that the person agree to work at least another six months as a school  
40 administrator in a North Carolina public school or at a school operated by the United  
41 States after satisfying the four-year work requirement set out in G.S. 116-74.43. The  
42 Commission, in collaboration with the State Education Assistance Authority, shall  
43 develop a process for evaluating a scholarship recipient's work performance and for  
44 issuing a final approval and certification of the work performance. The Commission

1 shall transfer to the State Education Assistance Authority the name of each recipient  
2 that it certifies as successfully completing the optional scholarship program. The State  
3 Education Assistance Authority shall pay the twenty thousand dollar (\$20,000) stipend  
4 to the scholarship recipient within a reasonable time of receiving notification from the  
5 Commission that the recipient has successfully completed the optional scholarship  
6 program. The State Education Assistance Authority shall perform all of the  
7 administrative functions necessary to implement this act, including rule making.

8 **SECTION 9.4.(c)** Effective June 30, 2008, the sum of one million dollars  
9 (\$1,000,000) shall revert from the Principal Fellows Trust Fund to the General Fund.  
10 The sum of one million seven hundred forty thousand dollars (\$1,740,000) in the  
11 Principal Fellows Trust Fund shall be held in reserve to pay each participant in the  
12 optional scholarship program the stipend of twenty thousand dollars (\$20,000) upon  
13 successful completion of the optional scholarship program.

14  
15 **UNC ENROLLMENT GROWTH REQUEST TO CONTAIN PREVIOUS**  
16 **ACADEMIC YEAR'S ACTUAL STUDENT CREDIT HOURS (SCH) AND**  
17 **FULL TIME EQUIVALENCIES (FTE)**

18 **SECTION 9.8.** G.S. 116-11(9) reads as rewritten:

19 "(9) a. The Board of Governors shall develop, prepare and present to  
20 the Governor and the General Assembly a single, unified  
21 recommended budget for all of the constituent institutions of  
22 The University of North Carolina. The recommendations shall  
23 consist of requests in three general categories: (i) funds for the  
24 continuing operation of each constituent institution, (ii) funds  
25 for salary increases for employees exempt from the State  
26 Personnel Act and (iii) funds requested without reference to  
27 constituent institutions, itemized as to priority and covering  
28 such areas as new programs and activities, expansions of  
29 programs and activities, increases in enrollments, increases to  
30 accommodate internal shifts and categories of persons served,  
31 capital improvements, improvements in levels of operation and  
32 increases to remedy deficiencies, as well as other areas. The  
33 president may present to the General Assembly an updated  
34 estimate of tuition, fees, and other receipts by June 15 of each  
35 year to be included in the budget for the following fiscal year.

36 a1. The Board of Governors shall provide full documentation and  
37 justification of any enrollment change funding request at the  
38 time it is recommended. This documentation and justification  
39 shall include the most recent academic year's actual enrollment  
40 numbers in the same format in which the growth increase  
41 request is made. The actual enrollment numbers shall be the  
42 actual student credit hours (SCH) or full-time equivalencies  
43 (FTE).

- 1                   b.     Funds for the continuing operation of each constituent
- 2                   institution shall be appropriated directly to the institution. Funds
- 3                   for salary increases for employees exempt from the State
- 4                   Personnel Act shall be appropriated to the Board in a lump sum
- 5                   for allocation to the institutions. Funds for the third category in
- 6                   paragraph a of this subdivision shall be appropriated to the
- 7                   Board in a lump sum for allocation to the institutions. The
- 8                   Board shall make allocations among the institutions in
- 9                   accordance with the Board's schedule of priorities and any
- 10                  specifications in the Current Operations Appropriations Act.
- 11                  When both the Board and the Director of the Budget deem it to
- 12                  be in the best interest of the State, funds in the third category
- 13                  may be allocated, in whole or in part, for other items within the
- 14                  list of priorities or for items not included in the list. Provided,
- 15                  nothing herein shall be construed to allow the General
- 16                  Assembly, except as to capital improvements, to refer to
- 17                  particular constituent institutions in any specifications as to
- 18                  priorities in the third category.
- 19                  c.     The Director of the Budget may, on recommendation of the
- 20                  Board, authorize transfer of appropriated funds from one
- 21                  institution to another to provide adjustments for over or under
- 22                  enrollment or may make any other adjustments among
- 23                  institutions that would provide for the orderly and efficient
- 24                  operation of the institutions.
- 25                  d.     Repealed by Session Laws 1987, c. 795, s. 27."
- 26

**REVERT THE 2007-2008 APPROPRIATION FOR THE EDUCATION ACCESS REWARDS NORTH CAROLINA (EARN) SCHOLARS FUND**

**SECTION 9.9.** Effective June 30, 2008, the unencumbered balance of the funds appropriated in 2007-2008 to The University of North Carolina Board of Governors and the State Education Assistance Authority in Section 9.7 of S.L. 2007-323 shall revert to the General Fund. The amount reverted shall be no less than twenty-seven million six hundred five thousand two hundred ten dollars (\$27,605,210).

**HIGHER EDUCATION STUDIES/DISTANCE EDUCATION AND UNC ENROLLMENT GROWTH FUNDING FORMULAS**

**SECTION 9.10.(a)** The Joint Legislative Program Evaluation Oversight Committee shall include in the 2009-2010 Work Plan for the Program Evaluation Division of the General Assembly a study of the start-up and ongoing cost of distance education and compare it with the start-up and ongoing cost of on-campus education. The Program Evaluation Division shall submit the study to the Joint Legislative Program Evaluation Oversight Committee, the Joint Legislative Education Oversight Committee, and the Fiscal Research Division at a date to be determined by the Joint Legislative Program Evaluation Oversight Committee.

1           **SECTION 9.10.(b)** The Joint Legislative Program Evaluation Oversight  
2 Committee shall include in the 2009-2010 Work Plan for the Program Evaluation  
3 Division of the General Assembly a comprehensive review of the full-time  
4 equivalencies (FTE) and student credit hours (SCH) enrollment growth funding  
5 formulas used by The University of North Carolina. In its study, the Program  
6 Evaluation Division shall consider and evaluate all of the following:

- 7           (1) The assumptions contained within each element of the funding  
8           formulas.
- 9           (2) Benchmark information related to specific elements within the  
10           formulas.
- 11           (3) How a formula based on full-time equivalencies (FTE) compares with  
12           a formula based on Student Credit Hours (SCH).
- 13           (4) The types of formulas used by other states to fund university systems;  
14           how those states use those formulas; the success of the formulas with  
15           regard to indicating future financial needs, providing equitable funding  
16           to different institutions within the system based on the size, mission,  
17           and growth of each institution; and the types of support programs, if  
18           any, addressed by the formulas.
- 19           (5) The objectives that the formulas are designed to meet and whether  
20           those accurately reflect the goals of The University of North Carolina  
21           System.
- 22           (6) How the current formulas should be modified, if at all, to more  
23           accurately predict The University of North Carolina System's future  
24           financial needs or whether different types of formulas would be more  
25           helpful.

26           The Program Evaluation Division shall submit the study to the Joint  
27 Legislative Program Evaluation Oversight Committee, the Joint Legislative Education  
28 Oversight Committee, and the Fiscal Research Division at a date to be determined by  
29 the Joint Legislative Program Evaluation Oversight Committee.

## 30 31 **UNIVERSITY OF NORTH CAROLINA TO STUDY COASTAL SOUNDS WIND** 32 **ENERGY**

33           **SECTION 9.12.** The University of North Carolina shall study the feasibility  
34 of establishing wind turbines in the Pamlico and Albemarle Sounds. The study shall  
35 include an analysis of energy production potential (including the resulting benefits due  
36 to a reduction in dependence on fossil fuel combustion for generation of electricity),  
37 siting, ecological impacts, and statutory or regulatory barriers to construction and  
38 operation of one or more wind turbines and associated support and interconnection  
39 facilities in the coastal sounds. The study shall also consider the feasibility and  
40 potential synergistic benefits of co-siting wind turbines and artificial oyster reefs.

41           The Board of Governors shall use available funds from its budget in  
42 conducting this study and may apply for, receive, or accept grants and contributions  
43 from any source for the purposes of conducting the study. The Board of Governors shall  
44 report the results of this study to the House Committee on Energy and Energy

1 Efficiency and the Senate Committee on Agriculture/Environment/Natural Resources by  
2 July 1, 2009.

#### 4 **AGRICULTURE RESEARCH STATIONS**

5 **SECTION 9.13.** The Dean of the College of Agriculture and Life Sciences  
6 at North Carolina State University, the Dean of the School of Agriculture and  
7 Environmental Sciences at North Carolina Agricultural and Technical State University,  
8 and the Commissioner of Agriculture shall jointly develop a comprehensive strategic  
9 plan for the implementation of the recommendations for the management of the  
10 agriculture research stations that were published by the North Carolina General  
11 Assembly, Program Evaluation Division, in Report Number 2008-05-1, on May 8,  
12 2008. The plan shall be submitted to the Chairs of the House Agriculture Committee,  
13 the Senate Agriculture, Environment, and Natural Resources Committee, and the House  
14 of Representatives and Senate Appropriations Subcommittees on Natural and Economic  
15 Resources no later than October 1, 2008.

#### 17 **STUDY OF STRUCTURE & ORGANIZATION OF THE DEPARTMENT OF 18 PUBLIC INSTRUCTION**

19 **SECTION 9.14.** The General Administration of The University of North  
20 Carolina shall conduct an independent review of the structure and organization of the  
21 Department of Public Instruction and the State Board of Education. The General  
22 Administration may hire an outside consultant to assist it in conducting the review.

23 The Board of Governors shall report the results of this review to the Joint  
24 Legislative Education Oversight Committee and the chairs of the appropriations  
25 committees of the Senate and the House of Representatives by May 1, 2009.

#### 27 **BIENNIAL PROJECTION OF UNC ENROLLMENT GROWTH**

28 **SECTION 9.15.** Part 2A of Article 1 of Chapter 116 of the General Statutes  
29 is amended by adding a new section to read:

30 **"§ 116-30.7. Biennial projection of enrollment growth for The University of North  
31 Carolina.**

32 By September 1 of each even-numbered year, the General Administration of The  
33 University of North Carolina shall provide to the Joint Education Legislative Oversight  
34 Committee and to the Office of State Budget and Management a projection of the total  
35 student enrollment in The University of North Carolina that is anticipated for the next  
36 biennium. The enrollment projection shall be divided into the following categories and  
37 shall include the projected growth for each year of the biennium in each category at  
38 each of the constituent institutions: undergraduate students, graduate students (students  
39 earning master's and doctoral degrees), first year professional students, and any other  
40 categories deemed appropriate by General Administration. The projection shall also  
41 distinguish between on-campus and distance education students. The projections shall  
42 be considered by the Director of the Budget when determining the amount the Director  
43 proposes to fund as the continuation requirement for the enrollment increase in the  
44 university system pursuant to G.S. 143C-3-5(b)."

1  
2 **NORTH CAROLINA CENTER FOR NURSING**

3 **SECTION 9.16.(a)** G.S. 90-171.70 reads as rewritten:

4 **"§ 90-171.70. North Carolina Center for Nursing; establishment; goals.**

5 There is established the North Carolina Center for Nursing to ~~address issues of~~  
6 ~~supply and demand for nursing, including issues of recruitment, retention, and~~  
7 ~~utilization of nurse manpower resources. The General Assembly finds that the Center~~  
8 ~~will repay the State's investment by providing an ongoing strategy for the allocation of~~  
9 ~~the State's resources directed towards nursing. The primary goals for the Center shall~~  
10 be: conduct research on nursing supply and demand in North Carolina, forecast the  
11 future nursing supply, and maintain databases on licensed nurses and student nurses.

12 (1) ~~To develop a strategic statewide plan for nursing manpower in North~~  
13 ~~Carolina by:~~

14 a. ~~Establishing and maintaining a database on nursing supply and~~  
15 ~~demand in North Carolina, to include (i) current supply and~~  
16 ~~demand, and (ii) future projections; and~~

17 b. ~~Selecting priorities from the plan to be addressed.~~

18 (2) ~~To convene various groups representative of nurses, other health care~~  
19 ~~providers, business and industry, consumers, legislators, and educators~~  
20 ~~to:~~

21 a. ~~Review and comment on data analysis prepared for the Center;~~

22 b. ~~Recommend systemic changes, including strategies for~~  
23 ~~implementation of recommended changes; and~~

24 c. ~~To evaluate and report the results of these efforts to the General~~  
25 ~~Assembly and others.~~

26 (3) ~~To enhance and promote recognition, reward, and renewal activities~~  
27 ~~for nurses in North Carolina by:~~

28 a. ~~Promoting continuation of Institutes for Nursing Excellence~~  
29 ~~programs as piloted by the Area Health Education Centers in~~  
30 ~~1989-90 or similar options;~~

31 b. ~~Proposing and creating additional reward, recognition, and~~  
32 ~~renewal activities for nurses; and~~

33 c. ~~Promoting media and positive image building efforts for~~  
34 ~~nursing."~~

35 **SECTION 9.16.(b)** G.S. 90-171.71 reads as rewritten:

36 **"§ 90-171.71. North Carolina Center for Nursing; governing board.**

37 (a) The North Carolina Center for Nursing shall be governed by a ~~policy setting~~  
38 ~~board of directors. The Board shall consist of 46-7 members, with a simple majority of~~  
39 ~~the Board being nurses representative of various practice areas. Other members shall~~  
40 ~~include representatives of other health care professions, business and industry, health~~  
41 ~~care providers, and consumers. The Board members shall be appointed as follows: by the~~  
42 President of The University of North Carolina and shall serve at the pleasure of the  
43 President. The terms of all of the members shall begin July 1 and shall be for one year.

- 1           (1) ~~Four members appointed by the General Assembly upon~~  
2 ~~recommendation of the President Pro Tempore of the Senate, at least~~  
3 ~~one of whom shall be a registered nurse and at least one other a~~  
4 ~~representative of the hospital industry;~~  
5           (2) ~~Four members appointed by the General Assembly upon the~~  
6 ~~recommendation of the Speaker of the House of Representatives, at~~  
7 ~~least one of whom shall be a registered nurse and at least one other a~~  
8 ~~representative of the long term care industry;~~  
9           (3) ~~Four members appointed by the Governor, two of whom shall be~~  
10 ~~registered nurses; and~~  
11           (4) ~~Four nurse educators, one of whom shall be appointed by the Board of~~  
12 ~~Governors of The University of North Carolina, one other by the State~~  
13 ~~Board of Community Colleges, one other by the North Carolina~~  
14 ~~Association of Independent Colleges and Universities, and one by the~~  
15 ~~Area Health Education Centers Program.~~  
16       (b) ~~The initial terms of the members shall be as follows:~~  
17           (1) ~~Of the members appointed pursuant to subdivision (1) of subsection~~  
18 ~~(a) of this section, two shall be appointed for terms expiring June 30,~~  
19 ~~1994, one for a term expiring June 30, 1993, and one for a term~~  
20 ~~expiring June 30, 1992;~~  
21           (2) ~~Of the members appointed pursuant to subdivision (2) of subsection~~  
22 ~~(a) of this section, one shall be appointed for a term expiring June 30,~~  
23 ~~1994, two for terms expiring June 30, 1993, and one for a term~~  
24 ~~expiring June 30, 1992;~~  
25           (3) ~~Of the members appointed pursuant to subdivision (3) of subsection~~  
26 ~~(a) of this section, one shall be appointed for a term expiring June 30,~~  
27 ~~1994, one for a term expiring June 30, 1993, and two for terms~~  
28 ~~expiring June 30, 1992; and~~  
29           (4) ~~Of the members appointed pursuant to subdivision (4) of subsection~~  
30 ~~(a) of this section, the terms of the members appointed by the Board of~~  
31 ~~Governors of The University of North Carolina and the State Board of~~  
32 ~~Community Colleges shall expire June 30, 1994; the term of the~~  
33 ~~member appointed by the North Carolina Association of Independent~~  
34 ~~Colleges shall expire June 30, 1993; and the term of the member~~  
35 ~~appointed by the Area Health Education Centers Program shall expire~~  
36 ~~June 30, 1992.~~  
37 ~~After the initial appointments expire, the terms of all of the members shall be three~~  
38 ~~years, with no member serving more than two consecutive terms.~~  
39       (c) The Board of Directors shall have the following powers and duties:  
40           (1) To employ the executive director;  
41           (2) To determine operational policy;  
42           (3) To elect a chairperson and officers, to serve ~~two year~~ one-year terms.  
43           The chairperson and officers may not succeed themselves;  
44           (4) To establish committees of the Board as needed;

- 1           (5) ~~To appoint a multidisciplinary advisory council for input and advice~~  
2           ~~on policy matters;~~  
3           (6) To implement the major functions of the Center for Nursing as  
4           established in the goals set out in subsection (a) of this section; ~~and~~  
5           (7) To seek and accept non-State funds for carrying out Center  
6           ~~policy-policy; and~~  
7           (8) To evaluate the functions of the Center for Nursing, compare those  
8           with the functions of the Cecil G. Sheps Center for Health Services  
9           Research, and determine whether it is appropriate and more efficient to  
10           transfer the functions of the Center for Nursing to the Cecil G. Sheps  
11           Center for Health Services Research.

12           (d) The Board shall receive the per diem and allowances prescribed by  
13 G.S. 138-5 for State boards and commissions.

14           (e) The North Carolina Center for Nursing shall be administered by The  
15 University of North Carolina through the Center's Board of Directors established under  
16 this section."

17           **SECTION 9.16.(c)** The terms of office for members of the Board of  
18 Directors of the North Carolina Center for Nursing terminate on June 30, 2008. Any  
19 person serving as a member on the Board of Directors whose term was terminated  
20 pursuant to this section may be reappointed to the Board of Directors as provided by  
21 G.S. 90-171.71 as amended by this section.

## 22

## 23 **PART X. DEPARTMENT OF HEALTH AND HUMAN SERVICES**

### 24

### 25 **NC RX FUNDS TRANSFER**

26           **SECTION 10.1.** Notwithstanding G.S. 143C-9-3, the sum of three million  
27 five hundred thousand dollars (\$3,500,000) shall be transferred from the Department of  
28 State Treasurer, Budget Code 23460 (Health and Wellness Trust Fund), to the State  
29 Controller to be deposited in Nontax Budget Code 19978 (Intra State Transfers). These  
30 funds shall be used to support General Fund appropriations for the 2008-2009 fiscal  
31 year in the following amounts and for the following purposes:

- 32           (1) \$350,000 to HealthNet (Budget Code 536J30; Fund 1510),  
33           (2) \$2,300,000 to Community Health Centers (Budget Code 536E66;  
34           Fund 1510),  
35           (3) \$500,000 to the North Carolina Housing Trust Fund (Budget Code  
36           13010), and  
37           (4) \$350,000 to the Department of Health and Human Services, Division  
38           of Public Health, Office of Chief Medical Examiner (Budget Code  
39           14430; Fund Code 1420, Account 534523).

### 40

### 41 **DHHS BUDGET FLEXIBILITY**

42           **SECTION 10.1A.** Notwithstanding G.S. 143C-6-4, for the 2008-2009 fiscal  
43 year the Department of Health and Human Services may, with approval of the Office of  
44 State Budget and Management, take actions necessary to identify and realign or adjust

1 the authorized budgets of the Department to fund payments for audit services provided  
2 by the Office of State Auditor and for data processing services billed by the State  
3 Information Technology Services office.

4  
5 **DHHS RECOMMENDATIONS ON CONSOLIDATION OF CERTAIN**  
6 **DIVISIONS**

7 **SECTION 10.1B.(a)** The Department of Health and Human Services shall  
8 develop a plan for the consolidation of the following into a newly established Division  
9 of Disability Services:

- 10 (1) The Office of Educational Services.  
11 (2) The Division of Vocational Rehabilitation.  
12 (3) The Division of Services to the Deaf and Hard of Hearing.  
13 (4) The Division of Services to the Blind.

14 **SECTION 10.1B.(b)** The Plan for Consolidation shall address the following:

- 15 (1) Ensure the visibility and integrity of specialized services to visually  
16 impaired and deaf and hard-of-hearing adults and children.  
17 (2) Provide a mechanism for advocates and consumers of disability  
18 services to advise the Department on policy related to service delivery.  
19 (3) Establish procedures for addressing client complaints concerning  
20 services provided by the Department.  
21 (4) Transfer management of the schools for the deaf and blind to the  
22 Department of Public Instruction.  
23 (5) Determine how the nonresidential and non-day programs currently  
24 affiliated with the residential schools can continue to be provided  
25 effectively and efficiently and determine whether this can be done with  
26 management transferred to the newly established Division of  
27 Disability Services, to another division within the Department, or to  
28 the Department of Public Instruction.

29 **SECTION 10.1B.(c)** On or before January 1, 2009, the Department shall  
30 provide to the Fiscal Research Division the following information:

- 31 (1) The number of consumers served by each division, and the extent to  
32 which these consumer bases overlap among divisions.  
33 (2) The specific services provided by each division, and the extent to  
34 which efficiencies could be gained through consolidating the  
35 services/agencies.  
36 (3) The number of staff in each service provided by each office or division  
37 named in subsection (a) of this section and the number of staff needed  
38 for each proposed service under a division of disability services.  
39 (4) The 2008-2009 fiscal year budgeted and the 2007-2008 fiscal year  
40 actual expenditures, receipts, and State appropriations and the  
41 proposed budgeted expenditures, receipts, and State appropriation for a  
42 new division of disability services.  
43 (5) Regional offices across the State currently in each program and how  
44 these locations would be used by a new Disabilities Division.

1 (6) Potential gains in efficiency and benefits to consumers from  
2 cross-training staff over time.

3 **SECTION 10.1B.(d).** The Department shall submit its Plan for  
4 Consolidation to the Senate Committee on Appropriations, Senate Appropriations  
5 Committee on Health and Human Services, the House of Representative Appropriations  
6 Committee and the House of Representatives Subcommittee on Health and Human  
7 Services, and the Fiscal Research Division not later than January 1, 2009.

## 8 9 STATE COUNTY SPECIAL ASSISTANCE

10 **SECTION 10.2.** Section 10.13 of S.L. 2007-323 is amended by adding the  
11 following new subsection to read:

12 "SECTION 10.13.(c1) Effective January 1, 2009, the maximum monthly rate for  
13 residents in adult care home facilities shall be one thousand two hundred eleven dollars  
14 (\$1,211) per month per resident unless adjusted by the Department in accordance with  
15 subsection (e) of this section."

## 16 17 AIDS DRUG ASSISTANCE PROGRAM

18 **SECTION 10.3.** Section 10.26 of S.L. 2007-323 reads as rewritten:

19 "SECTION 10.26.(a) For the 2007-2008 fiscal year and the 2008-2009 fiscal  
20 year, year, the Department may adjust the financial eligibility criterion of the ADAP up  
21 to an amount not exceeding two hundred fifty percent (250%) of the federal poverty  
22 level in order to serve as many eligible North Carolinians living with HIV disease as  
23 possible within existing resources plus any new federal resources. If the Department  
24 raises the eligibility limit above one hundred twenty-five percent (125%) of the federal  
25 poverty level and a waiting list develops as a result, the Department shall give priority  
26 on the waiting list to those individuals at or below one hundred twenty-five percent  
27 (125%) of the federal poverty level.

28 "SECTION 10.26.(b) For the 2008-2009 fiscal year, the Department may, within  
29 existing ADAP Program resources, adjust the financial eligibility criterion of the ADAP  
30 up to an amount not exceeding three hundred percent (300%) of the federal poverty  
31 level in order to serve as many eligible North Carolinians living with HIV disease as  
32 possible within existing resources plus any new federal resources. If a waiting list  
33 develops as a result of the eligibility criterion being raised, the Department shall give  
34 first priority to those individuals on the waiting list with income at or below one  
35 hundred twenty-five percent (125%) of the federal poverty level, and second priority to  
36 those individuals with income above one hundred twenty-five percent (125%) and at or  
37 below two hundred fifty percent (250%) of federal poverty guidelines."

## 38 39 CHANGES TO COMMUNITY-FOCUSED ELIMINATING HEALTH 40 DISPARITIES INITIATIVE

41 **SECTION 10.4.** Section 10.22 of S.L. 2007-323 reads as rewritten:

42 **"SECTION 10.22.(a)** Of funds appropriated in this act from the General Fund to  
43 the Department of Health and Human Services, the sum of two million five hundred  
44 thousand dollars (\$2,500,000) for the 2007-2008 fiscal year and the sum of ~~two million~~

1 ~~dollars (\$2,000,000) for the~~ three million dollars (\$3,000,000) for the 2008-2009 fiscal  
2 year shall be allocated for the Community-Focused Eliminating Health Disparities  
3 Initiative (CFEHDI) to provide grants-in-aid to local public health departments,  
4 American Indian tribes, and faith-based and community-based organizations to close the  
5 gap in the health status of African-Americans, Hispanics/Latinos, and American Indians  
6 as compared to the health status of white persons. These grants shall focus on the use of  
7 preventive measures to support healthy lifestyles. The areas of focus on health status  
8 shall be infant mortality, HIV-AIDS and sexually transmitted infections, cancer,  
9 diabetes, and homicides and motor vehicle deaths.

10 The five hundred thousand dollars (\$500,000) in nonrecurring funds appropriated in  
11 this act to the Department of Health and Human Services, Division of Public Health, for  
12 the Health Disparities Initiative in the 2007-2008 fiscal year shall be awarded as a  
13 grant-in-aid to honor the memory of the following recently deceased members of the  
14 General Assembly: Bernard Allen, John Hall, Robert Holloman, Howard Hunter, Jeanne  
15 Lucas, and William Martin. These funds shall be used for concerted efforts to address  
16 large gaps in health status among North Carolinians who are African-American, as well  
17 as disparities among other minority populations in North Carolina. These efforts shall  
18 include:

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

24 The Secretary shall send to each grantee organization a letter stating that the award  
25 is made in honor of the memory of and in recognition of the recent deaths of Senators  
26 Robert Holloman, Jeanne Lucas, and William Martin and Representatives Bernard  
27 Allen, John Hall, and Howard Hunter.

28 "**SECTION 10.22.(b)** The Department of Health and Human Services shall report  
29 on the following with respect to funds appropriated to the CFEHDI program ~~in fiscal~~  
30 ~~years 2005-2006, 2006-2007, and 2007-2008.~~ for the 2007-2008 and 2008-2009 fiscal  
31 years. The report shall address for each fiscal year:

- 32 (1) Which community programs and local health departments received  
33 CFEHDI grants.
- 34 (2) What amount of funding did each program or local health department  
35 receive.
- 36 (3) Which of the minority populations were served by the programs or  
37 local health departments.
- 38 (4) Which counties were served by the programs or local health  
39 departments.
- 40 (5) What activities were planned and implemented by the programs or  
41 local health departments to fulfill the community focus of the CFEHDI  
42 program.

43 ~~The report shall also contain a comprehensive evaluation of all grantees with regard~~  
44 ~~to fulfilling the goals of the program, assessing the difference the funded activities have~~

1 made in the community, and addressing and mitigating the health disparities identified  
2 in the Racial and Ethnic Health Disparities in North Carolina, Report Card 2006. In  
3 addition, ~~the~~The Department shall solicit from the grantees their observations and  
4 recommendations on ways the CFEHDI program can best accomplish its goals. The  
5 report shall also include specific activities undertaken pursuant to subsection (a) of this  
6 section to address large gaps in health status among North Carolinians who are  
7 African-American and other minority populations in this State. The Department shall  
8 submit the report not later than October 1, 2009, to the House of Representatives  
9 Appropriations Subcommittee on Health and Human Services, the Senate  
10 Appropriations Committee on Health and Human Services, and the Fiscal Research  
11 Division."  
12

### 13 NICOTINE REPLACEMENT THERAPY PROGRAMS

14 **SECTION 10.4B.** Article 1 of Chapter 90 of the General Statutes is  
15 amended by adding the following new section to read:

16 **"§ 90-18.6. Requirements for certain nicotine replacement therapy programs.**

17 The Department of Health and Human Services may operate a tobacco use cessation  
18 program through which the Department may engage agents or contractors for the  
19 purpose of recommending, supplying free-of-charge, and discussing contraindications  
20 and all other aspects of over-the-counter nicotine replacement therapy. The program  
21 shall be operated through a contract with the Department of Health and Human  
22 Services. All medical aspects of the nicotine replacement therapy programs shall be  
23 supervised by a physician licensed to practice medicine under this Article who is  
24 employed by the Department of Health and Human Services, and whose responsibilities  
25 shall include the supervision of all agents or contractors of the nicotine replacement  
26 therapy programs who provide nicotine replacement therapy services to members of the  
27 public. The name of the supervising physician shall be reported to the North Carolina  
28 Medical Board."  
29

### 30 CHILD CARE FUNDS MATCHING REQUIREMENT

31 **SECTION 10.6.** Section 10.17 of S.L. 2007-323 reads as rewritten:

32 **"SECTION 10.17.(a)** No local matching funds may be required by the Department  
33 of Health and Human Services as a condition of any locality's receiving its initial  
34 allocation of child care funds appropriated by this act unless federal law requires a  
35 match. If the Department reallocates additional funds above twenty-five thousand  
36 dollars (\$25,000) to local purchasing agencies beyond their initial allocation, local  
37 purchasing agencies must provide a ~~fifteen percent (15%)~~ twenty percent (20%) local  
38 match to receive the reallocated funds. Matching requirements shall not apply when  
39 funds are allocated because of a disaster as defined in G.S. 166A-4(1).

40 **"SECTION 10.17.(b)** If funds are reallocated to local purchasing agencies in  
41 accordance with subsection (a) of this section, the Department of Health and Human  
42 Services shall evaluate the ~~fifteen percent (15%)~~ twenty percent (20%) local matching  
43 requirement to determine its effect on local purchasing agencies and whether the  
44 matching requirement should be adjusted. The Department shall report its findings and

1 recommendations to the House of Representatives Appropriations Subcommittee on  
2 Health and Human Services, the Senate Appropriations Committee on Health and  
3 Human Services, and the Fiscal Research Division no later than April 1, 2009."

#### 4 5 **CHANGES TO FOSTER CARE AND ADOPTION ASSISTANCE PAYMENTS**

6 **SECTION 10.7.** Section 10.29 of S.L. 2007-323 reads as rewritten:

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

9 (1) ~~\$390.00~~\$475.00 per child per month for children aged birth through 5;

10 (2) ~~\$440.00~~\$581.00 per child per month for children aged 6 through 12;  
11 and

12 (3) ~~\$490.00~~\$634.00 per child per month for children aged 13 through 18.

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

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

17 (1) ~~\$390.00~~\$475.00 per child per month for children aged birth through 5;

18 (2) ~~\$440.00~~\$581.00 per child per month for children aged 6 through 12;  
19 and

20 (3) ~~\$490.00~~\$634.00 per child per month for children aged 13 through 18.

21 "**SECTION 10.29.(c)** In addition to providing board payments to foster and  
22 adoptive families of HIV-infected children, as prescribed in Section 23.28 of Chapter  
23 324 of the 1995 Session Laws, any additional funds remaining that were appropriated  
24 for this purpose shall be used to provide medical training in avoiding HIV transmission  
25 in the home.

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

28 (1) \$800.00 per child per month with indeterminate HIV status;

29 (2) \$1,000 per child per month confirmed HIV-infected, asymptomatic;

30 (3) \$1,200 per child per month confirmed HIV-infected, symptomatic; and

31 (4) \$1,600 per child per month terminally ill with complex care needs.

32 "**SECTION 10.29.(e)** The State and a county participating in foster care and  
33 adoption assistance shall each contribute fifty percent (50%) of the nonfederal share of  
34 the cost of care for a child placed by a county department of social services or child  
35 placing agency in a family foster home or residential child care facility. A county shall  
36 be held harmless from contributing fifty percent (50%) of the nonfederal share of the  
37 cost for a child currently in a family foster home or residential child care facility until  
38 the child leaves foster care or experiences a placement change.

39 "**SECTION 10.29.(f)** The Department of Health and Human Services may establish  
40 foster care and adoption assistance rates based on the United States Department of  
41 Agriculture (USDA) 'Expenditures on Children by Families' index subject to State  
42 appropriations for each fiscal year.

43 "**SECTION 10.29.(g)** This section becomes effective January 1, 2009, and applies  
44 to payments made on or after that date."

**TICKET TO WORK IMPLEMENTATION DATE**

**SECTION 10.8.** The Department of Health and Human Services shall implement the Ticket to Work Program on July 1, 2008, whether or not the new MMIS is operational.

**IMPLEMENTATION OF MMIS/CONTRACT PROVISION**

**SECTION 10.9.(a)** Section 10.40D(a) and (b) of S.L. 2007-323 read as rewritten:

**"SECTION 10.40D.(a)** The Department of Health and Human Services (Department) shall make full development of the replacement Medicaid Management Information System (MMIS+) a top priority. During the development and implementation of MMIS+, the Department shall develop plans to ensure the timely and effective implementation of ~~future~~ enhancements to the system to provide the following capabilities:

- (1) Receiving and tracking premium or other payments required by law.
- (2) Compatibility with the administration of NC Health Choice, NC Kids' Care, the State Employees' Health Plan, the Health Information System, Ticket to Work, Families pay part of the cost of services under the CAP-MR/DD and CAP children's programs, and Medicaid waivers and the Medicare 646 waiver.

These enhancements shall not delay the procurement or implementation of the core system but shall be included in the development and implementation of the multipayor initiatives included in the MMIS program currently under development between the Department, the Federal Centers for Medicare and Medicaid Services, and the Office of Information Technology Services (ITS). The Department shall make every effort to expedite the implementation of the enhancements. ITS shall work in cooperation with the Department to ensure the timely and effective implementation of the core system and enhancements. The contract between the Department and the contract vendor shall contain an explicit provision requiring that the MMIS+ system have the capability to fully implement the administration of NC Health Choice, NC Kids' Care, the State Health Plan for Teachers and State Employees, and all relevant Medicaid waivers and the Medicare 646 waiver. The Department must have detailed cost information for each requirement before signing the contract. Any contract between the Department and a vendor for the MMIS+ system that does not contain the explicit provision required under this subsection is void on its face. Notwithstanding any other provision of law to the contrary, the Secretary of the Department of Health and Human Services does not have the authority to sign a contract for the MMIS+ system if the contract does not contain the explicit provision required under this section.

**"SECTION 10.40D.(b)** Notwithstanding G.S. 114-2.3, the Department of Health and Human Services shall engage the services of private counsel with the pertinent information technology and computer law expertise to review requests for proposals and to negotiate and review contracts associated with MMIS+. The counsel engaged by the Department shall review the MMIS+ contract between the Department of Health and

1 Human Services and the vendor to ensure that the requirements of subsection (a) of this  
2 section are met in their entirety."

3 **SECTION 10.9.(b)** Of the funds appropriated in this act to the Department  
4 of Health and Human Services, the sum of three hundred thousand dollars (\$300,000)  
5 for the 2008-2009 fiscal year may be used to contract with an outside consultant to  
6 serve as project manager/coordinator to oversee the development and implementation of  
7 the MMIS+ project.

8 **SECTION 10.9.(c)** The Department of Health and Human Services shall  
9 develop a comprehensive schedule for the development and implementation of the  
10 MMIS+ that fully incorporates federal and State project management and review  
11 requirements. The Department shall ensure that the schedule is as accurate as possible.  
12 Not later than October 1, 2008, the Department shall submit the schedule to the Chairs  
13 of the House of Representatives Committee on Appropriations and the House of  
14 Representatives Subcommittee on Health and Human Services, the Chairs of the Senate  
15 Committee on Appropriations and the Senate Appropriations Committee on Health and  
16 Human Services, and the Fiscal Research Division. Any adjustments to the schedule  
17 shall be immediately reported to the Chairs of the House of Representatives Committee  
18 on Appropriations and the House of Representatives Subcommittee on Health and  
19 Human Services, the Chairs of the Senate Committee on Appropriations and the Senate  
20 Appropriations Committee on Health and Human Services, and the Fiscal Research  
21 Division with a full explanation of the reason for the adjustment.

22 **SECTION 10.9.(d)** Beginning December 1, 2008, the Department shall  
23 make quarterly reports on the functionality and projected costs of the MMIS+ system.  
24 Not later than April 1, 2009, the Department shall make a final report on the total costs  
25 and functionality of MMIS+. The quarterly and final reports shall be made to the Chairs  
26 of the House of Representatives Committee on Appropriations and the House of  
27 Representatives Subcommittee on Health and Human Services, the Chairs of the Senate  
28 Committee on Appropriations and the Senate Appropriations Committee on Health and  
29 Human Services, and the Fiscal Research Division. A copy of the final report shall also  
30 be submitted to the Joint Legislative Commission on Governmental Operations.

## 31 32 **MEDICAID POLICY CHANGE**

33 **SECTION 10.10.(a)** Section 10.36(b) of S.L. 2007-323 reads as rewritten:

34 **"SECTION 10.36.(b)** Policy. –

35 (1) Volume purchase plans and single source procurement. – The  
36 Department of Health and Human Services, Division of Medical  
37 Assistance, may, subject to the approval of a change in the State  
38 Medicaid Plan, contract for services, medical equipment, supplies, and  
39 appliances by implementation of volume purchase plans, single source  
40 procurement, or other contracting processes in order to improve cost  
41 containment.

42 (2) Cost-containment programs. – The Department of Health and Human  
43 Services, Division of Medical Assistance, may undertake  
44 cost-containment programs, including contracting for services,

1 preadmissions to hospitals, and prior approval for certain outpatient  
 2 surgeries before they may be performed in an inpatient setting.

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

8 (4) Medical policy. – Unless required for compliance with federal law, the  
 9 Department shall not change medical policy affecting the amount,  
 10 sufficiency, duration, and scope of health care services and who may  
 11 provide services until the Division of Medical Assistance has prepared  
 12 a five-year fiscal analysis documenting the increased cost of the  
 13 proposed change in medical policy and submitted it for Departmental  
 14 review. If the fiscal impact indicated by the fiscal analysis for any  
 15 proposed medical policy change exceeds three million dollars  
 16 (\$3,000,000) in total requirements for a given fiscal year, then the  
 17 Department shall submit the proposed medical policy change with the  
 18 fiscal analysis to the Office of State Budget and Management and the  
 19 Fiscal Research Division. The Department shall not implement any  
 20 proposed medical policy change exceeding three million dollars  
 21 (\$3,000,000) in total requirements for a given fiscal year unless the  
 22 source of State funding is identified and approved by the Office of  
 23 State Budget and Management. For medical policy changes exceeding  
 24 three million dollars (\$3,000,000) in total requirements for a given  
 25 fiscal year that are required for compliance with federal law, the  
 26 Department shall submit the proposed medical policy or policy  
 27 interpretation change with the fiscal analysis to the Office of State  
 28 Budget and Management prior to implementing the change. The  
 29 Department shall provide the Office of State Budget and Management  
 30 and the Fiscal Research Division a quarterly report itemizing all  
 31 medical policy changes with total requirements of less than three  
 32 million dollars (\$3,000,000)."

33 **SECTION 10.10.(b)** Section 10.36(d)(21) of S.L. 2007-323 reads as  
 34 rewritten:

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

41 ...  
 42 (21) Personal care services. – Payment in accordance with the State Plan  
 43 developed by the Department of Health and Human Services. Effective  
 44 October 1, 2007, the Department of Health and Human Services shall

1           ~~impose prior authorization on all personal care services. Criteria for~~  
2           ~~prior authorization shall be developed in consultation with the~~  
3           ~~Physician Advisory Group of the North Carolina Medical Society and~~  
4           ~~shall include a requirement that a determination and notification of~~  
5           ~~approval or denial of personal care services shall be made within seven~~  
6           ~~working days of receipt of the prior authorization request. The~~  
7           ~~Department shall provide periodic data on recipients of personal care~~  
8           ~~services to Community Care of North Carolina. Community Care of~~  
9           ~~North Carolina shall assist the Department in assessing personal care~~  
10          ~~services for medical necessity. The Department shall report on the~~  
11          ~~implementation of prior authorization of all personal care services to~~  
12          ~~the House of Representatives Appropriations Subcommittee on Health~~  
13          ~~and Human Services, the Senate Appropriations Committee on Health~~  
14          ~~and Human Services, and the Fiscal Research Division by May 1,~~  
15          ~~2008. The report on implementation of prior authorization shall~~  
16          ~~address the following:~~

- 17          ~~a.     Criteria for prior authorization developed in consultation with~~  
18          ~~the North Carolina Physician Advisory Group.~~  
19          ~~b.     Policies and procedures for the prior authorization program.~~  
20          ~~c.     Use of the Uniform Screening Tool and the Integrated~~  
21          ~~Assessment Tool for Medicaid Long Term Care Services in~~  
22          ~~determining the need for personal care services.~~  
23          ~~d.     Cost of implementing a prior authorization system.~~  
24          ~~e.     Estimated costs savings from the implementation of a prior~~  
25          ~~authorization system for personal care services."~~

26           **SECTION 10.10.(c)** Section 31.16.1(d) of S.L. 2007-323 reads as rewritten:

27           **"SECTION 31.16.1.(d)** Subsection (a) of this section becomes effective October 1,  
28           2007, and applies to Medicaid claims paid by the State on or after that date and ends  
29           with claims paid by the State through May 31, 2008. Subsection (b) of this section  
30           becomes effective June 1, 2008, and applies to Medicaid claims paid by the State on or  
31           after that date and ends with claims paid by the State through May 31, 2009. Subsection  
32           (c) of this section becomes effective ~~June~~July 1, 2009, and applies to Medicaid claims  
33           paid by the State on or after that date."  
34

#### 35 **DMA CONTRACT SHORTFALL**

36           **SECTION 10.10A.(a)** Budget approval by the Office of State Budget and  
37           Management is required before the Department may enter into any new contract or the  
38           renewal or amendment of existing contracts that exceed the current contract amounts.

39           **SECTION 10.10A.(b)** The Department of Health and Human Services,  
40           Division of Medical Assistance, shall make every effort to effect savings within its  
41           operational budget and to use those savings to offset its contract shortfall.  
42

#### 43 **PRESCRIPTION PADS/DHHS CERTIFICATION**

1           **SECTION 10.10B.(a)** The Department of Health and Human Services shall  
2 accept a prescription pad or copy thereof submitted by any person and shall make a  
3 determination if the prescription pad meets the requirements of 42 U.S.C. § 1396, as  
4 amended by Sec. 7002(b) of P.L. 110-28, the U.S. Troop Readiness, Veterans' Care,  
5 Katrina Recovery, and Iraq Accountability Appropriations Act of 2007 (hereafter  
6 "Troop Readiness Act"). The Department shall provide a list of those prescription pads  
7 certified by the Department as meeting the requirements of the Troop Readiness Act.  
8 The Department shall post on its Web site and in its newsletters the list of certified  
9 prescription pads and the requirements for certification, and shall make this information  
10 available upon request. A person whose prescription pad has been certified by the  
11 Department as meeting the requirements of the Troop Readiness Act may represent that  
12 the person's prescription pad has been certified by the Department as meeting Troop  
13 Readiness Act requirements. A prescription pad submitted to the Department for  
14 certification shall be accompanied by a written statement under oath that the person  
15 submitting the prescription pad shall resubmit the prescription pad for certification  
16 should the features of the prescription pad change in any manner. Certification of a  
17 prescription pad by the Department shall not be construed as Department endorsement  
18 of one certified prescription pad over another certified prescription pad.

19           **SECTION 10.10B.(b)** Any person that fraudulently represents that the  
20 person's prescription pad has been certified by the Department as meeting the  
21 requirements of the Troop Readiness Act shall be in violation of G.S. 108A-63 and may  
22 be held civilly liable to any party suffering damages due to the fraudulent  
23 misrepresentation of Department certification.

24           **SECTION 10.10B.(c)** A physician or pharmacist who in good faith accepts a  
25 prescription pad certified by the Department of Health and Human Services as meeting  
26 the requirements of 42 U.S.C. § 1396, as amended by Sec. 7002(b) of P.L. 110-28, the  
27 U.S. Troop Readiness, Veterans' Care, Katrina Recovery, and Iraq Accountability  
28 Appropriations Act of 2007, shall not be held civilly or criminally liable for accepting  
29 the certified pad or for damages resulting from the physician's or pharmacist's good faith  
30 reliance on the certification of the prescription pad.

## 31 32 **EXPAND HEALTH CHOICE/NC KIDS' CARE**

33           **SECTION 10.12.(a)** Section 10.48 of S.L. 2007-323 reads as rewritten:

34           **"SECTION 10.48.(a)** Of the funds appropriated in this act to the Department of  
35 Health and Human Services, Division of Medical Assistance, the sum of three hundred  
36 sixty-eight thousand dollars (\$368,000) for the 2007-2008 fiscal year shall be used by  
37 the Department of Health and Human Services to produce a report that identifies the  
38 most cost-efficient and cost-effective method for developing and implementing a  
39 program of comprehensive health care benefits within available funding for children  
40 ages 0 through 18 in families with annual incomes between two hundred percent  
41 (200%) and three hundred percent (300%) of the federal poverty level. The report shall  
42 consider and address the following:

- 43           (1) Congress' reauthorization of the State Children's Health Insurance  
44           Program (SCHIP) with respect to:

- 1 a. The amount of federal funds authorized for each of the fiscal
- 2 years covered in the reauthorization;
- 3 b. The number of fiscal years that federal funding awarded to the
- 4 states remains available to each state;
- 5 c. The adequacy of the formula by which federal funds are
- 6 distributed to the states; and
- 7 d. The ability of states to expand SCHIP coverage to children
- 8 whose family incomes exceed two hundred percent (200%) of
- 9 the federal poverty level.

10 The Department shall determine whether the most effective use of  
11 State funds is to develop a program that expands access to health  
12 insurance for children whose family income exceeds two hundred  
13 percent (200%) of the federal poverty level through NC Health Choice  
14 or the State Medical Assistance Program.

- 15 (2) Eligibility and benefits are not an entitlement, are for legal residents of
- 16 North Carolina, and are subject to availability of State and federal
- 17 funds, and State and federal requirements.
- 18 (3) The most cost-effective use of limited State funds to offer health care
- 19 services to children in families between two hundred percent (200%)
- 20 and three hundred percent (300%) of the federal poverty level.
- 21 (4) Children enrolled in the program must be ineligible for Medicaid,
- 22 Medicare, or other government-sponsored health insurance. The
- 23 Department shall study whether children must also be without private
- 24 health insurance for a specified amount of time, e.g. six months.
- 25 (5) The health care benefits covered in the proposed expansion program
- 26 shall not exceed the benefits currently covered by the NC Health
- 27 Choice.
- 28 (6) The establishment of cost-sharing measures for the families of children
- 29 with an income above two hundred percent (200%) of the federal
- 30 poverty level, including:
  - 31 a. A monthly premium per child that is at an optimal level that
  - 32 simultaneously is affordable, encourages participation by
  - 33 families, controls costs, and provides revenue to reduce the cost
  - 34 of the program to the State. The amount of the premium may
  - 35 increase as income increases above two hundred percent
  - 36 (200%) of the federal poverty level.
  - 37 b. Increased co-payments and cost-sharing that are affordable and
  - 38 sufficient to control costs, while not discouraging families from
  - 39 seeking and continuing prescribed treatment for children.
  - 40 c. A deductible that is to be applied to certain health care benefits.
  - 41 d. A limit on out-of-pocket expenses that is no more than five
  - 42 percent (5%) of family income.

1 (7) The establishment of a comprehensive annual benefit limit per child  
2 that is no more than the current annual benefit limit under NC Health  
3 Choice.

4 (8) The most cost-effective and efficient way of administering and  
5 managing enrollment in the program and the collection of premiums.  
6 This may include having the current administrator of NC Health  
7 Choice be the entity to collect premiums, or designating some other  
8 benefit management or administrative entity to do so, including the  
9 Department.

10 **"SECTION 10.48.(b)** Not later than January 1, 2008, the Department shall submit  
11 an interim report of its findings and recommendations to the Senate Appropriations  
12 Committee on Health and Human Services, the House of Representatives  
13 Appropriations Subcommittee on Health and Human Services, the Joint Legislative  
14 Commission on Governmental Operations, and the Fiscal Research Division. The  
15 Department shall submit its final report not later than February 1, 2008. It is the intent  
16 of the General Assembly to review the Department's recommendations before the  
17 Department implements a program to expand access to health insurance to children  
18 above two hundred percent (200%) of the federal poverty level effective July 1, 2008, or  
19 upon approval of all required federal waivers, whichever occurs later level.

20 **"SECTION 10.48.(c)** ~~Of the funds appropriated in this act to the Department of~~  
21 ~~Health and Human Services, the sum of seven (\$7,000,000) for the 2008-2009 fiscal~~  
22 ~~year shall be used to implement a program to expand access to health insurance to~~  
23 ~~children above two hundred percent (200%) of the federal poverty level effective July~~  
24 ~~1, 2008.~~

25 **"SECTION 10.48.(d)** The Department of Health and Human Services, Division of  
26 Medical Assistance, shall implement a health care assistance program, NC Kids' Care,  
27 to provide health insurance coverage to children in families with incomes above two  
28 hundred percent (200%) and not more than two hundred fifty percent (250%) of the  
29 federal poverty level, by expanding the Health Insurance Program for Children  
30 established under Part 8 of Article 2 of Chapter 108A of the General Statutes. Except as  
31 otherwise provided, all the requirements of Part 8 of Article 2 of Chapter 108A of the  
32 General Statutes shall apply to the NC Kids' Care program. The Department shall  
33 submit any State Child Health Plan amendments required to implement this section.  
34 Eligibility for and benefits under this program are not an entitlement and are subject to  
35 availability of funds and other changes to State and federal law.

36 **"SECTION 10.48.(e)** Eligibility. – The Department may enroll eligible children  
37 based on the availability of funds. Following are the eligibility and other requirements  
38 for participation in NC Kids' Care. Children must:

39 (1) Be between the ages of birth through 18 years of age;

40 (2) Be ineligible for Medicaid, Medicare, or other government sponsored  
41 health insurance, except that any child covered under  
42 G.S. 108A-70.21(g) as of the effective date of this section shall be  
43 eligible for participation in NC Kids' Care as provided in subsection  
44 (o) of this section;

- 1           (3) If permitted by federal law, have been uninsured for a period of time  
2 established by the Department in accordance with federal law. A child  
3 enrolled in NC Health Choice pursuant to Part 8 of article 1 of Chapter  
4 108A of the General statutes immediately prior to enrollment under  
5 NC Kids' Care shall not be required to satisfy a waiting period in order  
6 to receive coverage under NC Kids' Care.
- 7           (4) Be in a family whose family income is above two hundred percent  
8 (200%) through two hundred fifty percent (250%) of the federal  
9 poverty level;
- 10          (5) Be a resident of this State, meet applicable federal citizenship and  
11 immigration requirements, and be eligible under federal law; and
- 12          (6) Have paid the monthly premiums required under this section.

13        "SECTION 10.48.(f) Benefits and Limitations. – Except as otherwise provided in  
14 this section for eligibility and cost-sharing requirements, health benefits coverage  
15 provided to children eligible for NC Kids' Care shall be the same as coverage provided  
16 under Part 8 of Article 2 of Chapter 108A of the General Statutes.

17        "SECTION 10.48.(g) Community Care of North Carolina. – The Department of  
18 Health and Human Services shall provide services to children enrolled in the NC Kids'  
19 Care program through Community Care of North Carolina and shall pay Community  
20 Care of North Carolina providers a care management fee for these services as allowed  
21 under Medicaid.

22        "SECTION 10.48.(h) Cost-Sharing. – The Department shall require NC Kids' Care  
23 enrollees to contribute to the cost of their care through the use of deductibles,  
24 co-payments, and premiums as follows:

- 25          (1) No annual enrollment fee. – In lieu of an annual enrollment fee, a  
26 monthly premium shall be charged for each child or family enrolled in  
27 NC Kids' Care. The Department shall establish a procedure for sharing  
28 a portion of premium receipts with each county department of social  
29 services to cover the cost of determining eligibility for services under  
30 NC Kids' Care.
- 31          (2) Premiums. – The premium amount charged for each child or family  
32 shall vary depending on family income. Enrollees shall pay monthly  
33 premiums as follows:
- 34           a. Enrollees whose family income is above two hundred percent  
35 (200%) through two hundred twenty-five percent (225%) of the  
36 federal poverty level shall pay a monthly premium not to  
37 exceed thirty dollars (\$30.00) per child.
- 38           b. Enrollees whose family income is above two hundred  
39 twenty-five percent (225%) through two hundred fifty percent  
40 (250%) of the federal poverty level shall pay a monthly  
41 premium not to exceed sixty dollars (\$60.00) per child.
- 42          (3) Co-payments. – NC Kids' Care enrollees shall be responsible for  
43 co-payments to providers as follows:

- 1           a.     Ten dollars (\$10.00) per child for each primary care physician  
2           visit;
- 3           b.     Twenty-five dollars (\$25.00) per child for each specialty care  
4           physician visit;
- 5           c.     Twenty-five dollars (\$25.00) per child for each physical  
6           therapy, occupational therapy, or speech therapy visit;
- 7           d.     Thirty dollars (\$30.00) per child for each outpatient hospital  
8           visit;
- 9           e.     Fifty dollars (\$50.00) per child for each inpatient hospital visit;
- 10          f.     Twenty dollars (\$20.00) per child for durable medical  
11          equipment, except there shall be no co-payment required for  
12          diabetic supplies;
- 13          g.     One hundred dollars (\$100.00) for each emergency room visit,  
14          except the co-payment is waived if the enrollee is admitted to  
15          the hospital;
- 16          h.     One hundred fifty dollars (\$150.00) for each ambulance service,  
17          except the co-payment is waived if the enrollee is admitted to  
18          the hospital;
- 19          i.     Outpatient prescription drugs, as follows:
- 20            1.     Five dollars (\$5.00) for each generic prescription drug,  
21            for each brand-name prescription drug for which there is  
22            no generic substitution available, and for each covered  
23            over-the-counter medication; and
- 24            2.     Twenty dollars (\$20.00) for each brand-name  
25            prescription drug for which there is a generic substitution  
26            available.
- 27          (4)     Deductible. – The Department may establish an annual deductible not  
28          to exceed two hundred fifty dollars (\$250.00) per child.
- 29          (5)     The Department shall establish maximum annual cost-sharing limits  
30          per individual or family, provided that the total annual aggregate  
31          cost-sharing, including premiums, with respect to all children in a  
32          family receiving benefits under this section shall not exceed five  
33          percent (5%) of the family's income for the year involved.
- 34          "SECTION 10.48.(i) Enrollment in NC Kids' Care shall not exceed 15,000 children  
35          for the 2008-2009 fiscal year. This enrollment cap shall not be exceeded even if State  
36          and federal funds are available to enroll additional children for the current fiscal year.
- 37          "SECTION 10.48.(j) The nonfederal costs of NC Kids' Care shall be paid with  
38          State funds and enrollee premiums. Counties shall not be required to share in the  
39          nonfederal costs of NC Kids' Care.
- 40          "SECTION 10.48.(k) To the extent allowed by federal law, providers of services  
41          under NC Kids' Care shall be paid at rates equivalent to Medicaid rates, less any  
42          applicable co-payments or deductibles.
- 43          "SECTION 10.48.(l) Administration of NC Kids' Care shall be in accordance with  
44          Part 8 of Article 2 of Chapter 108A of the General Statutes.

1 "SECTION 10.48.(m) Enrollees covered under G.S. 108A-70.21(g) prior to the  
2 effective date of subsection (n) of this section may choose to continue coverage under  
3 that section through the end of their buy-in coverage period or enroll in NC Kids' Care  
4 provided they meet the eligibility requirements, pay the applicable premium, and notify  
5 their county department of social services within 60 days of receiving notice of their  
6 potential eligibility under NC Kids' Care. For any enrollee electing to transfer coverage  
7 from the buy-in program to NC Kids' Care, coverage under NC Kids' Care shall become  
8 effective the first day of the next month immediately following the month in which they  
9 notified their county department of social services of their intent to enroll in NC Kids'  
10 Care.

11 "SECTION 10.48.(n) This section becomes effective April 1, 2009, or upon  
12 approval of all State Child Health Plan amendments, whichever is later, and is  
13 contingent upon the availability of sufficient federal funding. The Department shall not  
14 apply for such amendments until the US Congress acts to reauthorize the State  
15 Children's Health Insurance Program with sufficient funding to support the current  
16 North Carolina program and the provisions of this section."

17 **SECTION 10.12.(b)** G.S. 108A-70.21(c) reads as rewritten:

18 "(c) Annual Enrollment Fee. – There shall be no enrollment fee for Program  
19 coverage for enrollees whose family income is at or below one hundred fifty percent  
20 (150%) of the federal poverty level. The enrollment fee for Program coverage for  
21 enrollees whose family income is above one hundred fifty percent (150%) through two  
22 hundred percent (200%) of the federal poverty level shall be fifty dollars (\$50.00) per  
23 year per child with a maximum annual enrollment fee of one hundred dollars (\$100.00)  
24 for two or more children. The enrollment fee shall be collected by the county  
25 department of social services and retained to cover the cost of determining eligibility for  
26 services under the Program. County departments of social services shall establish  
27 procedures for the collection of enrollment fees."

28 **SECTION 10.12.(c)** G.S. 108A-70.21(g) reads as rewritten:

29 "(g) Purchase of Extended Coverage. – An enrollee in the Program who loses  
30 eligibility due to an increase in family income above two hundred percent (200%) of the  
31 ~~federal poverty level and up to and including two hundred twenty five percent (225%)~~  
32 ~~of the federal poverty level~~ fifty percent (250%) of the federal poverty level and up to  
33 and including two hundred seventy-five percent (275%) of the federal poverty level may  
34 purchase at full premium cost continued coverage under the Program for a period not to  
35 exceed one year beginning on the date the enrollee becomes ineligible under the income  
36 requirements for the Program. The ~~same~~ benefits, copayments, and other conditions of  
37 enrollment under the Program shall apply applicable to extended coverage purchased  
38 under this ~~subsection~~ subsection shall be the same as those applicable to an NC Kids'  
39 Care enrollee whose family income equals two hundred fifty percent (250%) of the  
40 federal poverty level."

## 41 42 **NC HEALTH CHOICE TRANSITION**

43 **SECTION 10.13.(a)** G.S. 135-39.5(23), 135-39.6(d), and 135-39.6A(c) are  
44 repealed.

1           SECTION 10.13.(b) G.S. 135-42 reads as rewritten:

2   "§ 135-42. Undertaking Administration and processing of Program claims.

3       (a)   The State of North Carolina undertakes to make available a health insurance  
4   program for children ~~(hereinafter called the "Program")~~ children (Program), which shall  
5   be called North Carolina Health Choice for Children. The Program shall ~~to~~ provide  
6   comprehensive acute medical care to low-income, uninsured children who are residents  
7   of this State and who meet the eligibility requirements established for the Program  
8   under Part 8 of Article 2 of Chapter 108A of the General Statutes. ~~The Executive~~  
9   ~~Administrator and Board of Trustees of the State Health Plan for Teachers and State~~  
10   ~~Employees (hereinafter called the "Plan") shall administer the Program under this Part~~  
11   ~~and shall carry out their duties and responsibilities in accordance with Parts 2 and 3 of~~  
12   ~~this Article and with applicable provisions of Part 8 of Article 2 of Chapter 108A. The~~  
13   ~~Plan's self insured indemnity program shall not incur any financial obligations for the~~  
14   ~~Program in excess of the amount of funds that the Plan's self insured indemnity program~~  
15   ~~receives for the Program. Except as provided in this Part, the Program shall be~~  
16   ~~administered by the Department of Health and Human Services in accordance with Part~~  
17   ~~8 of Article 2 of Chapter 108A of the General Statutes and as required under applicable~~  
18   ~~federal law.~~

19       (a1) Notwithstanding any other provision of law, the Secretary of the Department  
20   of Health and Human Services shall delegate the responsibility for the administration  
21   and processing of claims for benefits provided under the Program to the Executive  
22   Administrator and Board of Trustees of the State Health Plan for Teachers and State  
23   Employees (hereinafter called the "Plan") until such date, but not later than July 1, 2010,  
24   the Secretary determines that the Department is prepared to assume some or all of these  
25   responsibilities. In administering the processing of claims for benefits, the Executive  
26   Administrator and Board of Trustees shall have the same type of powers and duties as  
27   provided for these purposes under the Predecessor Plan. For the purposes of this Part,  
28   "Predecessor Plan" means the "North Carolina Teachers' and State Employees'  
29   Comprehensive Major Medical Plan in effect prior to July 1, 2008." The claims  
30   payments shall be made against accounts maintained by the Department of Health and  
31   Human Services. The Executive Administrator and Board of Trustees shall establish  
32   premium rates for benefits provided under this Part. The Department of Health and  
33   Human Services shall, from State and federal appropriations and from any other funds  
34   made available for the Program, make payments to the Plan as determined by the Plan  
35   for its administration, claims processing, and other services delegated by the Secretary  
36   to provide coverage for acute medical care for children eligible for benefits provided  
37   under the Program. The Plan shall not incur any financial obligations for the Program in  
38   excess of the amount of funds that the Plan receives for the Program.

39       (b)   The benefits provided under the Program shall be equivalent to the Teachers'  
40   and State Employees' Comprehensive Major Medical Plan (hereafter "Predecessor  
41   Plan") in effect through June 30, 2008, and as provided under Part 8 of Article 2 of  
42   Chapter 108A of the General Statutes, and made available through the Plan pursuant to  
43   ~~Articles 2 and 3 of this Chapter and as provided under G.S. 108A 70.21(b) and~~  
44   ~~administered by the Plan's Executive Administrator and Board of Trustees. To the~~

1 extent there is a conflict between the provisions of Part 8 of Article 2 of Chapter 108A  
2 and ~~Part 3 of this Article~~ the Predecessor Plan pertaining to eligibility, fees, deductibles,  
3 copayments, and lifetime maximum benefits, and other cost-sharing charges, the  
4 provisions of Part 8 of Article 2 of Chapter 108A shall control. In administering the  
5 benefits provided by this Part, the Executive Administrator and Board of Trustees shall  
6 have the same type of powers and duties that are provided under ~~Part 3 of this Article~~  
7 the Predecessor Plan for hospital and medical benefits.

8 (c) The benefits authorized by this Part are available only to children who are  
9 residents of this State and who meet the eligibility requirements established for the  
10 Program under Part 8 of Article 2 of Chapter 108A of the General Statutes."

11 **SECTION 10.13.(c)** Part 5 of Article 3 of Chapter 135 of the General  
12 Statutes is amended by adding the following new sections to read:

13 **"§ 135-43. Child health insurance fund.**

14 There is established a Child Health Insurance Fund. All premium receipts or any  
15 other receipts, including earnings on investments, occurring or arising in connection  
16 with acute medical care benefits provided under the Program shall be deposited into the  
17 Child Health Insurance Fund. Disbursements from the Child Health Insurance Fund  
18 shall include any and all amounts required to pay the benefits and administrative costs  
19 of the Health Insurance Program for Children.

20 **"§ 135-44. Data reporting.**

21 The Executive Administrator and Board of Trustees of the State Health Plan for  
22 Teachers and State Employees shall provide to the Department:

- 23 (1) Data as necessary and in sufficient detail to meet federal reporting  
24 requirements under Title XXI; and
- 25 (2) Data showing cost-sharing paid by Program enrollees to assist the  
26 Department in monitoring and ensuring that enrollees do not exceed  
27 the Program's cost of sharing limitations.
- 28 (3) Data as necessary and in sufficient detail to meet the data collections  
29 and reporting requirements pursuant to G.S. 108A -70.27."

30 **SECTION 10.13.(d)** G.S. 108A-70.18 reads as rewritten:

31 **"§ 108A-70.18. Definitions.**

32 As used in this Part, unless the context clearly requires otherwise, the term:

- 33 (1) "Comprehensive health coverage" means creditable health coverage as  
34 defined under Title XXI.
- 35 (2) "Family income" has the same meaning as used in determining  
36 eligibility for the Medical Assistance Program.
- 37 (3) "FPL" or "federal poverty level" means the federal poverty guidelines  
38 established by the United States Department of Health and Human  
39 Services, as revised each April 1.
- 40 (4) "Medical Assistance Program" means the State Medical Assistance  
41 Program established under Part 6 of Article 2 of Chapter 108A of the  
42 General Statutes.

- 1           (4a) "Predecessor Plan" means the North Carolina Teachers' and State  
2           Employees' Comprehensive Major Medical Plan in effect prior to July  
3           1, 2008.
- 4           (5) "Program" means The Health Insurance Program for Children  
5           established in this Part.
- 6           (6) "State Plan" means the State Child Health Plan for the State Children's  
7           Health Insurance Program established under Title XXI.
- 8           (7) "Title XXI" means Title XXI of the Social Security Act, as added by  
9           Pub. L. 105-33, 111 Stat. 552, codified in scattered sections of 42  
10          U.S.C. (1997).
- 11          (8) "Uninsured" means the applicant for Program benefits is not covered  
12          under any private or employer-sponsored comprehensive health  
13          insurance plan on the date of enrollment."

14          **SECTION 10.13.(e)** G.S. 108A-70.20 reads as rewritten:

15          **"§ 108A-70.20. Program established.**

16          The Health Insurance Program for Children is established. The Program shall be  
17          known as North Carolina Health Choice for Children, and it shall be administered by  
18          the Department of Health and Human Services in accordance with this Part and as  
19          required under Title XXI and related federal rules and regulations. Administration of  
20          Program benefits and claims processing shall be as provided under Part 5 of Article 3 of  
21          Chapter 135 of the General Statutes."

22          **SECTION 10.13.(f)** Effective July 1, 2008, G.S. 108A-70.21 reads as  
23          rewritten:

24          **"§ 108A-70.21. Program eligibility; benefits; enrollment fee and other**  
25          **cost-sharing; coverage from private plans; purchase of extended**  
26          **coverage.**

27          (a) Eligibility. – The Department may enroll eligible children based on  
28          availability of funds. Following are eligibility and other requirements for participation  
29          in the Program:

- 30           (1) Children must:
- 31           a. Be between the ages of 6 through 18;
- 32           b. Be ineligible for Medicaid, Medicare, or other federal  
33           government-sponsored health insurance;
- 34           c. Be uninsured;
- 35           d. Be in a family whose family income is above one hundred  
36           percent (100%) through two hundred percent (200%) of the  
37           federal poverty level;
- 38           e. Be a resident of this State and eligible under federal law; and
- 39           f. Have paid the Program enrollment fee required under this Part.
- 40           (2) Proof of family income and residency and declaration of uninsured  
41           status shall be provided by the applicant at the time of application for  
42           Program coverage. The family member who is legally responsible for  
43           the children enrolled in the Program has a duty to report any change in  
44           the enrollee's status within 60 days of the change of status.

- 1 (3) If a responsible parent is under a court order to provide or maintain  
2 health insurance for a child and has failed to comply with the court  
3 order, then the child is deemed uninsured for purposes of determining  
4 eligibility for Program benefits if at the time of application the  
5 custodial parent shows proof of agreement to notify and cooperate  
6 with the child support enforcement agency in enforcing the order.

7 If health insurance other than under the Program is provided to the  
8 child after enrollment and prior to the expiration of the eligibility  
9 period for which the child is enrolled in the Program, then the child is  
10 deemed to be insured and ineligible for continued coverage under the  
11 Program. The custodial parent has a duty to notify the Department  
12 within 10 days of receipt of the other health insurance, and the  
13 Department, upon receipt of notice, shall disenroll the child from the  
14 Program. As used in this paragraph, the term "responsible parent"  
15 means a person who is under a court order to pay child support.

- 16 (4) Except as otherwise provided in this section, enrollment shall be  
17 continuous for one year. At the end of each year, applicants may  
18 reapply for Program benefits.

19 (b) Benefits. – Except as otherwise provided for eligibility, fees, deductibles,  
20 copayments, and other cost-sharing charges, health benefits coverage provided to  
21 children eligible under the Program shall be equivalent to coverage provided for  
22 dependents under the ~~State Health Plan for Teachers and State Employees, including~~  
23 ~~optional prepaid plans.~~ Predecessor Plan.

24 In addition to the benefits provided under the ~~Plan,~~ Predecessor Plan, the following  
25 services and supplies are covered under the Health Insurance Program for Children  
26 established under this Part:

- 27 (1) Dental: Oral examinations, teeth cleaning, and scaling twice during a  
28 12-month period, full mouth X-rays once every 60 months,  
29 supplemental bitewing X-rays showing the back of the teeth once  
30 during a 12-month period, fluoride applications twice during a  
31 12-month period, fluoride varnish, sealants, simple extractions,  
32 therapeutic pulpotomies, prefabricated stainless steel crowns, and  
33 routine fillings of amalgam or other tooth-colored filling material to  
34 restore diseased teeth. No benefits are to be provided for services and  
35 materials under this subsection that ~~are not performed by or upon the~~  
36 ~~direction of a dentist, doctor, or other professional provider approved~~  
37 ~~by the Plan nor for services and materials that~~ do not meet the  
38 standards accepted by the American Dental Association.
- 39 (2) Vision: Scheduled routine eye examinations once every 12 months,  
40 eyeglass lenses or contact lenses once every 12 months, routine  
41 replacement of eyeglass frames once every 24 months, and optical  
42 supplies and solutions when needed. Optical services, supplies, and  
43 solutions must be obtained from licensed or certified ophthalmologists,  
44 optometrists, or optical dispensing laboratories. Eyeglass lenses are

1 limited to single vision, bifocal, trifocal, or other complex lenses  
2 necessary for a Plan enrollee's visual welfare. Coverage for oversized  
3 lenses and frames, designer frames, photosensitive lenses, tinted  
4 contact lenses, blended lenses, progressive multifocal lenses, coated  
5 lenses, and laminated lenses is limited to the coverage for single  
6 vision, bifocal, trifocal, or other complex lenses provided by this  
7 subsection. Eyeglass frames are limited to those made of zylonite,  
8 metal, or a combination of zylonite and metal. All visual aids covered  
9 by this subsection require ~~prior approval of the Plan. Upon prior~~  
10 ~~approval by the Plan, prior approval.~~ Upon prior approval refractions  
11 may be covered more often than once every 12 months.

12 (3) Hearing: Auditory diagnostic testing services and hearing aids and  
13 accessories when provided by a licensed or certified audiologist,  
14 otolaryngologist, or other approved hearing aid specialist ~~approved by~~  
15 ~~the Plan. Prior approval of the Plan specialist.~~ Prior approval is  
16 required for hearing aids, accessories, earmolds, repairs, loaners, and  
17 rental aids.

18 (4) Over-the-counter medications: Selected over-the-counter medications  
19 provided the medication is covered under the State Medical Assistance  
20 Plan. Coverage shall be subject to the same policies and approvals as  
21 required under the Medicaid program.

22 ~~Effective January 1, 2006, the~~ The Department shall provide services to children  
23 enrolled in the NC Health Choice Program through Community Care of North Carolina  
24 and shall pay Community Care of North Carolina providers for these services as  
25 allowed under Medicaid.

26 (b1) Payments. – Prescription drug providers shall accept as payment in full, for  
27 outpatient prescriptions filled, amounts allowable for prescription drugs under  
28 Medicaid. For all other providers, ~~effective no later than January 1, 2006,~~ services  
29 provided to children enrolled in the Program shall be provided at rates equivalent to one  
30 hundred ~~fifteen percent (115%)~~ percent (100%) of Medicaid rates, less any co-payments  
31 assessed to enrollees under this Part. ~~Effective July 1, 2006, services provided to these~~  
32 ~~children shall be provided at rates equivalent to one hundred percent (100%) of~~  
33 ~~Medicaid rates, less any co-payments assessed to enrollees under this Part. Effective~~  
34 ~~until rates equivalent to one hundred fifteen percent (115%) of Medicaid rates become~~  
35 ~~effective, providers of services to Program enrollees shall accept as payment in full for~~  
36 ~~services rendered the maximum allowable charges under the State Health Plan for~~  
37 ~~Teachers and State Employees for services less any co-payments assessed to enrollees~~  
38 ~~under this Part.~~

39 (c) Annual Enrollment Fee. – There shall be no enrollment fee for Program  
40 coverage for enrollees whose family income is at or below one hundred fifty percent  
41 (150%) of the federal poverty level. The enrollment fee for Program coverage for  
42 enrollees whose family income is above one hundred fifty percent (150%) of the federal  
43 poverty level shall be fifty dollars (\$50.00) per year per child with a maximum annual  
44 enrollment fee of one hundred dollars (\$100.00) for two or more children. The

1 enrollment fee shall be collected by the county department of social services and  
2 retained to cover the cost of determining eligibility for services under the Program.  
3 County departments of social services shall establish procedures for the collection of  
4 enrollment fees.

5 (d) Cost-Sharing. – There shall be no deductibles, copayments, or other  
6 cost-sharing charges for families covered under the Program whose family income is at  
7 or below one hundred fifty percent (150%) of the federal poverty level, except that fees  
8 for outpatient prescription drugs are applicable and shall be one dollar (\$1.00) for each  
9 outpatient generic prescription ~~drug and drug~~, for each outpatient brand-name  
10 prescription drug for which there is no generic substitution ~~available~~.available, and for  
11 each covered over-the-counter medication. The fee for each outpatient brand-name  
12 prescription drug for which there is a generic substitution available is three dollars  
13 (\$3.00). Families covered under the Program whose family income is above one  
14 hundred fifty percent (150%) of the federal poverty level shall be responsible for  
15 copayments to providers as follows:

- 16 (1) Five dollars (\$5.00) per child for each visit to a provider, except that  
17 there shall be no copayment required for well-baby, well-child, or  
18 age-appropriate immunization services;
- 19 (2) Five dollars (\$5.00) per child for each outpatient hospital visit;
- 20 (3) A one dollar (\$1.00) fee for each outpatient generic prescription ~~drug~~  
21 ~~and drug~~, for each outpatient brand-name prescription drug for which  
22 there is no generic substitution ~~available~~.available, and for each  
23 covered over-the-counter medication. The fee for each outpatient  
24 brand-name prescription drug for which there is a generic substitution  
25 available is ten dollars (\$10.00).
- 26 (4) Twenty dollars (\$20.00) for each emergency room visit unless:
  - 27 a. The child is admitted to the hospital, or
  - 28 b. No other reasonable care was available as determined by the  
29 ~~Claims Processing Contractor of the State Health Plan for~~  
30 ~~Teachers and State Employees~~.Department.

31 Copayments required under this subsection for prescription drugs apply only to  
32 prescription drugs prescribed on an outpatient basis.

33 (e) Cost-Sharing Limitations. – The total annual aggregate cost-sharing,  
34 including fees, with respect to all children in a family receiving Program benefits under  
35 this Part shall not exceed five percent (5%) of the family's income for the year involved.  
36 ~~To assist the Department in monitoring and ensuring that the limitations of this~~  
37 ~~subsection are not exceeded, the Executive Administrator and Board of Trustees of the~~  
38 ~~State Health Plan for Teachers and State Employees shall provide data to the~~  
39 ~~Department showing cost sharing paid by Program enrollees.~~

40 (f) Coverage From Private Plans. – The Department shall, from funds available  
41 for the Program, pay the cost for dependent coverage provided under a private insurance  
42 plan for persons eligible for coverage under the Program if all of the following  
43 conditions are met:

- 1           (1)    The person eligible for Program coverage requests to obtain dependent
- 2           coverage from a private insurer in lieu of coverage under the Program
- 3           and shows proof that coverage under the private plan selected meets
- 4           the requirements of this subsection;
- 5           (2)    The dependent coverage under the private plan is actuarially
- 6           equivalent to the coverage provided under the Program and the private
- 7           plan does not engage in the exclusive enrollment of children with
- 8           favorable health care risks;
- 9           (3)    The cost of dependent coverage under the private plan is the same as
- 10          or less than the cost of coverage under the Program; and
- 11          (4)    The total annual aggregate cost-sharing, including fees, paid by the
- 12          enrollee under the private plan for all dependents covered by the plan,
- 13          do not exceed five percent (5%) of the enrollee's family income for the
- 14          year involved.

15          The Department may reimburse an enrollee for private coverage under this  
 16 subsection upon a showing of proof that the dependent coverage is in effect for the  
 17 period for which the enrollee is eligible for the Program.

18          (g)    Purchase of Extended Coverage. – An enrollee in the Program who loses  
 19 eligibility due to an increase in family income above two hundred percent (200%) of the  
 20 federal poverty level and up to and including two hundred twenty-five percent (225%)  
 21 of the federal poverty level may purchase at full premium cost continued coverage  
 22 under the Program for a period not to exceed one year beginning on the date the enrollee  
 23 becomes ineligible under the income requirements for the Program. The same benefits,  
 24 copayments, and other conditions of enrollment under the Program shall apply to  
 25 extended coverage purchased under this subsection.

26          (h)    No State Funds for Voluntary Participation. – No State or federal funds shall  
 27 be used to cover, subsidize, or otherwise offset the cost of coverage obtained under  
 28 subsection (f) of this section.

29          (i)    No Lifetime Maximum Benefit Limit. – Benefits provided to an enrollee in  
 30 the Program shall not be subject to a maximum lifetime limit."

31                **SECTION 10.13.(g)** G.S. 108A-70.22 is repealed.

32                **SECTION 10.13.(h)** G.S. 108A-70.23 reads as rewritten:

33                "**§ 108A-70.23. Services for children with special needs established; definition;**  
 34                **eligibility; services; limitation; recommendations; no entitlement.**

35          (a)    [Special Needs Services Authorized. –] The Department shall, from federal  
 36 funds received and State funds appropriated for the Program, pay for services for  
 37 children with special needs as authorized under this section. As used in this section, the  
 38 term "children with special needs" or "special needs child" means children who have  
 39 been diagnosed as having one or more of the following conditions which in the opinion  
 40 of the diagnosing physician (i) is likely to continue indefinitely, (ii) interferes with daily  
 41 routine, and (iii) require extensive medical intervention and extensive family  
 42 management:

- 43           (1)    Birth defect, including genetic, congenital, or acquired disorders;
- 44           (2)    Developmental disability as defined under G.S. 122C-3;

1 (3) Mental or behavioral disorder; or  
 2 (4) Chronic and complex illnesses.  
 3 (b) Eligibility for Services. – In order to be eligible for services under this section  
 4 a special needs child must be enrolled in the Program.

5 (c) Services Provided. – The services authorized to be provided to children  
 6 eligible under this section are as follows:

7 (1) The same level of services as provided for special needs children under  
 8 the Medical Assistance Program as authorized in the Current  
 9 Operations Appropriations Act except that:

- 10 a. No services for long-term care shall be provided under this
- 11 section;
- 12 b. Services for respite care shall be provided only under
- 13 emergency circumstances; and
- 14 c. The Department may limit services for special needs children
- 15 after consultation with the Commission on Children with
- 16 Special Health Care Needs.

17 (2) Only those services eligible under this section that are not covered or  
 18 otherwise provided under ~~Part 5 of Article 3 of Chapter 135 of the~~  
 19 ~~General Statutes~~ the Predecessor Plan.

20 (d) Limitation. – Funds may be expended for services under this section only if  
 21 the special needs child is enrolled in the Program, the services provided under this  
 22 section are not provided under ~~Part 5 of Article 3 of Chapter 135 of the General~~  
 23 ~~Statutes~~ the Predecessor Plan and the child meets the definition of a special needs child  
 24 under this section.

25 (e) Case Management Services. – The Department shall develop procedures for  
 26 the provision of case management services by the Department to eligible special needs  
 27 children. Case management services shall be developed to ensure to the maximum  
 28 extent possible that services are provided in the most efficient and effective manner  
 29 considering the special needs of the child. The cost of providing case management  
 30 services for children with special needs shall be paid from funds available for services  
 31 under this section.

32 (f) Recommendations by Commission on Children With Special Health Care  
 33 Needs. – In implementing this section the Department shall consider the  
 34 recommendations of the Commission on Children With Special Health Care Needs  
 35 established under ~~Article 71~~ Article 72 of Chapter 143 of the General Statutes. The  
 36 Department, in consultation with the Commission on Children With Special Health Care  
 37 Needs shall develop procedures for providing respite care services under emergency  
 38 circumstances.

39 (g) No Entitlement. – Nothing in this section shall be construed as entitling any  
 40 person to services under this section."

41 **SECTION 10.13.(i)** G.S. 108A-70.24 is repealed.

42 **SECTION 10.13.(j)** G.S. 108A-27(c) reads as rewritten:

43 **"§ 108A-70.27. Data collection; reporting.**

44 ...

1 (c) ~~The Executive Administrator and Board of Trustees of the North Carolina~~  
2 ~~Teachers' and State Employees' Major Medical Plan ("Plan") shall provide to the~~  
3 ~~Department data required under this section that are collected by the Plan. Data shall be~~  
4 ~~reported by the Plan in sufficient detail to meet federal reporting requirements under~~  
5 ~~Title XXI. The Plan~~The Department shall report periodically to the Joint Legislative  
6 Health Care Oversight Committee claims processing data for the Program and any other  
7 information the Plan or the Committee deems appropriate and relevant to assist the  
8 Committee in its review of the Program."

9 **SECTION 10.13.(k)** Effective July 1, 2009, G.S. 108A-70.21(b)(1), as  
10 amended by subsection (g) of this section, reads as rewritten:

11 "**§ 108A-70.21. Program eligibility; benefits; enrollment fee and other**  
12 **cost-sharing; coverage from private plans; purchase of extended**  
13 **coverage.**

14 ...

15 (b) Benefits. – Except as otherwise provided for eligibility, fees, deductibles,  
16 copayments, and other cost-sharing charges, health benefits coverage provided to  
17 children eligible under the Program shall be equivalent to coverage provided for  
18 dependents under the Predecessor Plan.

19 In addition to the benefits provided under the Predecessor Plan, dental services and  
20 supplies as follows:

21 (1) ~~Dental:~~ Oral examinations, teeth cleaning, and ~~sealing~~topical fluoride  
22 treatments twice during a 12-month period, full mouth X-rays once  
23 every 60 months, supplemental bitewing X-rays showing the back of  
24 the teeth once during a 12-month period, ~~fluoride applications twice~~  
25 ~~during a 12 month period, fluoride varnish, sealants, simple~~  
26 ~~extractions,~~sealants, extractions, other than impacted teeth or wisdom  
27 teeth, therapeutic pulpotomies, space maintainers, root canal therapy  
28 for permanent anterior teeth and permanent first molars, prefabricated  
29 stainless steel crowns, and routine fillings of amalgam or other  
30 tooth-colored filling material to restore diseased teeth.

31 (1a) Orthognathic surgery to correct functionally impairing malocclusions  
32 when orthodontics was approved and initiated while the child was  
33 covered by Medicaid and the need for orthognathic surgery was  
34 documented in the orthodontic treatment plan.

35 No benefits are to be provided for services and materials under this subsection that  
36 do not meet the standards accepted by the American Dental Association."

37 **SECTION 10.13.(l)** The Secretary of the Department of Health and Human  
38 Services shall develop and implement a plan for assuming administrative responsibility  
39 for the North Carolina Health Choice for Children program by transitioning all  
40 administrative oversight and claims processing activities from the Executive  
41 Administrator and Board of Trustees of the State Health Plan for Teachers and State  
42 Employees to the Division of Medical Assistance. The transition of all administrative  
43 oversight and claims processing from the State Health Plan to the Division of Medical  
44 Assistance shall be completed not later than July 1, 2010. The Secretary shall report to

1 the Joint Legislative Health Care Oversight Committee and the Committee on  
2 Employee Hospital and Medical Benefits at least 30 days prior to effecting the transition  
3 of the responsibilities for the administration and processing of claims for benefits  
4 provided under the North Carolina Health Choice for Children program from the  
5 Executive Administrator and Board of Trustees of the State Health Plan for Teachers  
6 and State Employees to the Department.

7 **SECTION 10.13.(m)** The Secretary of the Department of Health and Human  
8 Services shall develop a plan to ensure operation of the most cost-effective program on  
9 a long-term basis, including identifying a new third-party administrator and  
10 restructuring the benefits design for the North Carolina Health Choice program, if  
11 necessary, and provide a progress report to the General Assembly by May 15, 2009. The  
12 following factors should be considered in identifying and evaluating alternatives for a  
13 long-term claims processing solution:

- 14 (1) The ability of the State and the amount of time required to realize a  
15 return on its investment in the BCBSNC Power MHS system (i.e., the  
16 cost to the State to move NCHC claims processing from the Legacy  
17 System to MHS).
- 18 (2) The operational efficiency of the BCBSNC Power MHS system as an  
19 interim solution.
- 20 (3) The amount of time, transition and operating costs required to select a  
21 new vendor and develop, design, and implement an independent  
22 claims processing system for NC Health Choice.
- 23 (4) Likely operational issues and additional costs associated with ensuring  
24 compatibility of an independent claims processing system with the  
25 MMIS replacement system.
- 26 (5) The amount of time, transition, and operating costs required to modify  
27 and enhance the core MMIS replacement system to process NC Health  
28 Choice claims.
- 29 (6) The impact of decisions related to the benefit structure and coverage  
30 policies, including the ability to implement future program changes.
- 31 (7) Any other factors or issues related to ensuring long-term  
32 cost-effectiveness and operating efficiency of claims processing and  
33 other administrative activities for NC Health Choice.

34 **SECTION 10.13.(n)** Subsections (a) through (c) and subsections (e) through  
35 (k) of this section become effective July 1, 2008. Effective July 1, 2010, G.S. 135-42,  
36 as amended by subsection (b) of this section, is repealed. The remainder of this section  
37 is effective when this act becomes law.

#### 38 **HEALTH CHOICE PENDING FEDERAL ACTION**

39 **SECTION 10.14.(a)** Section 10.47 of S.L. 2007-323 is repealed.

40 **SECTION 10.14.(b)** Not later than July 1, 2008, the Department of Health  
41 and Human Services shall notify the Centers for Medicare and Medicaid Services that  
42 on September 1, 2008, the Department of Health and Human Services will suspend the  
43 enrollment of additional children in the NC Health Choice Program. The Department  
44

1 may begin enrolling new enrollees on April 1, 2009, only if the United States Congress  
2 reauthorizes or provides additional federal funding to address the shortfall in federal  
3 funding for federal fiscal year 2009 for the State Children's Health Insurance Program  
4 (SCHIP). Upon resuming enrollment of new enrollees, the Department may allow up to  
5 two and four-tenths percent (2.4%) enrollment growth over the prior fiscal year's  
6 enrollment in the NC Health Choice Program. The cap in enrollment growth shall be  
7 based on the month of highest Program enrollment in the prior fiscal year.

8 **SECTION 10.14(c)** Funds remaining due to the freeze on enrollment shall  
9 be retained by NC Health Choice for use in the next fiscal year. This subsection  
10 becomes effective June 30, 2008.

## 11 **MENTAL HEALTH CHANGES**

12 **SECTION 10.15.(a)** For the purpose of mitigating cash-flow problems that  
13 many non-single-stream local management entities (LMEs) experience at the beginning  
14 of each fiscal year, the Department of Health and Human Services, Division of Mental  
15 Health, Developmental Disabilities, and Substance Abuse Services, shall adjust the  
16 timing and method by which allocations of service dollars are distributed to each  
17 non-single-stream LME. To this end, the allocations shall be adjusted such that at the  
18 beginning of the fiscal year the Department shall distribute not less than one-twelfth of  
19 the LME's continuation allocation and subtract the amount of the adjusted distribution  
20 from the LME's total reimbursements for the fiscal year.

21 **SECTION 10.15.(b)** Of the funds appropriated for substance abuse services  
22 to the Department of Health and Human Services, Division of Mental Health,  
23 Developmental Disabilities, and Substance Abuse Services, for the 2007-2008 and  
24 2008-2009 fiscal years, the sum of at least eight million dollars (\$8,000,000) shall be  
25 allocated for regionally purchased locally hosted substance abuse services. These funds  
26 shall be used to support LMEs in establishing additional regionally purchased and  
27 locally hosted substance abuse programs. Funds appropriated shall be for the purpose  
28 of developing and enhancing the American Society of Addiction Medicine (ASAM)  
29 continuum of care at the community level. The Department of Health and Human  
30 Services shall work with LMEs in establishing these programs. LMEs shall report to  
31 the Department of Health and Human Services on the LMEs' use of the funds.  
32 Reporting dates and frequency shall be as determined by the Department.

33 **SECTION 10.15.(c)** The Department shall encourage the conversion of the  
34 remaining non-single-stream LMEs to single-stream funding as soon as possible. The  
35 Department shall develop prompt-pay guidelines as part of single-stream funding  
36 requirements. The Department shall also develop standards for the removal of  
37 single-stream designation for those LMEs that do not continue to comply with the  
38 applicable requirements for single-stream funding, except that the Department's  
39 requirements shall allow for LMEs in the first year of single-stream funding to have a  
40 six-month grace period to comply with the requirements from the time the LME begins  
41 single-stream funding. For its report on performance measures, the Department shall  
42 include a matrix by LME and performance measure of those LMEs that are not meeting  
43 the performance measure.  
44

1           **SECTION 10.15.(d)** The Department of Health and Human Services shall  
2 simplify the current State Integrated Payment and Reporting System (IPRS) to  
3 encourage more providers to serve State-paid clients. This effort shall include working  
4 with LMEs to develop billing codes for relevant activities currently lacking such codes.

5           **SECTION 10.15.(e)** The Department of Health and Human Services shall  
6 consult with LMEs and service providers to determine why there have been under- and  
7 over-expenditure of State service dollars by LMEs and shall take the action necessary to  
8 address the problem. In making its determination, the Department shall work with  
9 LMEs and providers. Not later than January 1, 2009, the Department shall report to the  
10 House of Representatives Appropriations Subcommittee on Health and Human  
11 Services, the Senate Appropriations Committee on Health and Human Services, the  
12 Fiscal Research Division, and the Joint Legislative Oversight Committee on Mental  
13 Health, Developmental Disabilities, and Substance Abuse Services on actions taken to  
14 address the problem of LME under- and over-expenditure of service dollars. The report  
15 shall include legislative action needed to address the problem.

16           **SECTION 10.15.(f)** The Department shall perform a services gap analysis  
17 of the Mental Health, Developmental Disabilities, and Substance Abuse Services  
18 System. The Department of Health and Human Services shall involve LMEs in  
19 performing the gap analysis. The Department shall not contract with an independent  
20 entity to perform the gap analysis. The Department shall report the results of its  
21 analysis to the House of Representatives Appropriations Subcommittee on Health and  
22 Human Services, the Senate Appropriations Committee on Health and Human Services,  
23 the Fiscal Research Division, and the Joint Legislative Oversight Committee on Mental  
24 Health, Developmental Disabilities, and Substance Abuse Services not later than  
25 January 1, 2010.

26           **SECTION 10.15.(g)** Notwithstanding any other provision of law to the  
27 contrary, the Secretary of Health and Human Services shall delay the opening of Central  
28 Regional Hospital until all Centers for Medicare and Medicaid Services (CMS) and  
29 JCAHO staffing and safety requirements have been met. Not sooner than the date on  
30 which all of these staffing and safety requirements have been met, the Secretary may  
31 transfer patients from John Umstead Hospital to Central Regional Hospital. After  
32 transferring patients from John Umstead Hospital, the Secretary may transfer patients  
33 from Dorothea Dix Hospital to Central Regional Hospital if the Secretary finds that  
34 Central Regional Hospital is operating in a safe and secure manner.

35           **SECTION 10.15.(h)** In order to temporarily address high admissions to  
36 adult acute unit beds in the State psychiatric hospitals, the Secretary of the Department  
37 of Health and Human Services may, notwithstanding G.S. 122C-181 and  
38 G.S. 122C-112.1(a)(30), open and operate on a temporary basis up to 60 beds at the  
39 Central Regional Hospital Wake Unit on the Dorothea Dix Campus and may maintain  
40 the Wake Unit on the Dix Campus until beds become available in the system. Section  
41 10.49(t) of S.L. 2007-323 does not apply to this subsection.

42           **SECTION 10.15.(i)** Onetime funds appropriated for the Dorothea Dix  
43 Hospital overflow unit shall be used to support the temporary opening and operation of  
44 the Central Regional Hospital Wake Unit on the Dorothea Dix Campus. It is the intent

1 of the General Assembly to fund the Wake Unit for three years. Notwithstanding any  
2 other provision of law to the contrary, the Office of State Budget and Management shall  
3 establish the positions for the Central Regional Hospital Wake Unit on the Dorothea  
4 Dix campus as time-limited positions.

5 **SECTION 10.15.(j)** Of the funds appropriated in this act to the Department  
6 of Health and Human Services, Division of Mental Health, Developmental Disabilities,  
7 and Substance Abuse Services, for mobile crisis teams, the sum of five million seven  
8 hundred fifty-five thousand dollars (\$5,755,000) shall be distributed to LMEs to support  
9 30 mobile crisis teams. The new mobile crisis units shall be distributed across the State  
10 according to need as determined by the Department.

11 **SECTION 10.15.(k)** Of the funds appropriated in this act to the Department  
12 of Health and Human Services, Division of Mental Health, Developmental Disabilities,  
13 and Substance Abuse Services, the sum of ten million six hundred twenty-one thousand  
14 six hundred forty-four dollars (\$10,621,644) shall be allocated for the purchase of local  
15 inpatient psychiatric beds. These beds shall be distributed across the State according to  
16 need as determined by the Department. The Department shall enter into contracts with  
17 the LMEs and community hospitals for the management of these beds. Local inpatient  
18 psychiatric beds shall be managed and controlled by the LME, including the  
19 determination of which local or State hospital the individual should be admitted to  
20 pursuant to an involuntary commitment order. Funds shall not be allocated to LMEs but  
21 shall be held in a statewide reserve at the Division of Mental Health, Developmental  
22 Disabilities, and Substance Abuse Services to pay for services authorized by the LMEs  
23 and billed by the hospitals through the LMEs. LMEs shall remit claims for payment to  
24 the Division within 15 working days of receipt of a clean claim from the hospital and  
25 shall pay the hospital within 10 working days of receipt of payment from the Division.  
26 If the Department determines (i) that an LME is not effectively managing the beds for  
27 which it has responsibility, as evidenced by beds in the local hospital not being utilized  
28 while demand for services at the State psychiatric hospitals has not reduced, or (ii) the  
29 LME has failed to comply with the prompt payment provisions of this subsection, the  
30 Department may contract with another LME to manage the beds or, notwithstanding  
31 any other provision of law to the contrary, may pay the hospital directly. The  
32 Department shall develop reporting requirements for LMEs regarding the utilization of  
33 the beds. Funds appropriated in this section for the purchase of local inpatient  
34 psychiatric beds shall be used to purchase additional beds not currently funded by or  
35 through LMEs and shall not be used to supplant other funds available or otherwise  
36 appropriated for the purchase of psychiatric inpatient services under contract with  
37 community hospitals, including beds being purchased through Hospital Pilot funds  
38 appropriated in S.L. 2007-323.

39 **SECTION 10.15.(l)** Funds appropriated in this act in the amount of one  
40 million eighty thousand nine hundred ninety-two dollars (\$1,080,992) for start-up and  
41 ongoing support of respite beds for individuals with developmental disabilities shall be  
42 distributed across the State by the Department according to need.

43 **SECTION 10.15.(m)** Of the funds appropriated in this act to the Department  
44 of Health and Human Services, Division of Mental Health, Developmental Disabilities,

1 and Substance Abuse Services, the sum of six million one hundred thirteen thousand  
2 nine hundred forty-seven dollars (\$6,113,947) shall be allocated for walk-in crisis and  
3 immediate psychiatric aftercare and shall be distributed to the LMEs to support 30  
4 psychiatrists and related support staff. Of these funds, the sum of one million six  
5 hundred fifty thousand dollars (\$1,650,000) shall be used for telepsychiatry equipment  
6 to be owned by the LMEs.

7 **SECTION 10.15.(n)** When implementing subsections (j) through (n) of this  
8 section, the Department shall apply the Cross-Area Service Program model where  
9 appropriate.

10 **SECTION 10.15.(o)** The independent and supportive living apartments for  
11 persons with disabilities constructed from funds appropriated in this act for that purpose  
12 shall be affordable to persons with incomes at the Supplemental Security Income (SSI)  
13 level.

14 **SECTION 10.15.(p)** The Department of Health and Human Services,  
15 Division of Mental Health, Developmental Disabilities, and Substance Abuse Services,  
16 shall implement the tiered CAP-MR/DD waiver program in accordance with Section  
17 10.49(dd) of S.L. 2007-323. The Department shall implement the program with four  
18 tiers: (i) up to fifteen thousand dollars (\$15,000); (ii) between fifteen thousand one  
19 dollars (\$15,001) and forty-five thousand dollars (\$45,000); (iii) between forty-five  
20 thousand one dollars (\$45,001) and seventy-five thousand dollars (\$75,000); and (iv)  
21 between seventy-five thousand one dollars (\$75,001) and one hundred thousand dollars  
22 (\$100,000). The Department shall review on a case-by-case basis tier funding in excess  
23 of one hundred thousand dollars (\$100,000) and may authorize the excess amount based  
24 on standards adopted by the Department.

25 **SECTION 10.15.(q)** Of the funds appropriated in this act to the Department  
26 of Health and Human Services, Division of Medical Assistance, for the 2008-2009  
27 fiscal year for additional CAP-MR/DD slots, a portion of these funds shall be allocated  
28 for slots managed under the North Carolina CAP-MR/DD 1915(c) Medicaid waiver and  
29 shall be used for tier one slots as described under subsection (n) of this section. In  
30 addition a portion of these funds shall be allocated to fund CAP-MR/DD slots statewide  
31 to fund a combination of slots managed under the North Carolina CAP-MR/DD 1915(c)  
32 Medicaid waiver and slots managed under the North Carolina Piedmont Behavioral  
33 Health Care 1915(b) and (c) Medicaid waiver.

34 **SECTION 10.15.(r)** The Department of Health and Human Services shall  
35 implement a plan to catch up Piedmont Behavioral Health (PBH) CAP-MR/DD slots to  
36 the State average such that one percent (1%) of the funds for turnover CAP-MR/DD  
37 slots shall be transferred each year to PBH until PBH CAP-MR/DD slots reach the State  
38 per capita average of slots.

39 **SECTION 10.15.(s)** The North Carolina Institute of Medicine (IOM) shall  
40 study and report on the transition for persons with developmental disabilities from one  
41 life setting to another, including barriers to transition and best practices in successful  
42 transitions. The IOM should conduct this study using funds appropriated for IOM  
43 studies in the 2007 Session. The study should encompass at least the following topics:  
44 (i) the transition for adolescents leaving high school, including adolescents in foster care

1 and those in other settings; (ii) the transition for persons with developmental disabilities  
2 who live with aging parents; and (iii) the transition from the developmental centers to  
3 other settings. The IOM shall report its findings and recommendations to the House of  
4 Representatives Appropriations Subcommittee on Health and Human Services, the  
5 Senate Appropriations Committee on Health and Human Services, the Fiscal Research  
6 Division, and the Joint Legislative Oversight Committee on Mental Health,  
7 Developmental Disabilities, and Substance Abuse Services on or before March 1, 2009.

8 **SECTION 10.15.(t)** The Department of Health and Human Services,  
9 Division of Mental Health, Developmental Disabilities, and Substance Abuse Services,  
10 shall assist local management entities (LMEs) in using up to five percent (5%) of the  
11 LME's developmental disability funds to help successfully transition individuals from  
12 developmental disability centers into the community. The Department of Health and  
13 Human Services, Division of Mental Health, Developmental Disabilities, and Substance  
14 Abuse Services, shall report on the progress of LMEs in successfully providing  
15 discharge planning to individuals with developmental disabilities. The Department of  
16 Health and Human Services shall make its report to the House of Representatives  
17 Appropriations Subcommittee on Health and Human Services, the Senate  
18 Appropriations Committee on Health and Human Services, the Joint Legislative  
19 Oversight Committee on Mental Health, Developmental Disabilities, and Substance  
20 Abuse Services, and the Fiscal Research Division not later than March 1, 2009.

21 **SECTION 10.15.(u)** The Department of Health and Human Services shall  
22 review State-County Special Assistance rates to develop an appropriate rate for special  
23 care units for persons with a mental health disability, including individuals with  
24 Traumatic Brain Injury (TBI), and shall review current rules pertaining to special care  
25 units for persons with a mental health disability to determine if additional standards are  
26 necessary. The Department shall report its findings and recommendations to the House  
27 of Representatives Appropriations Subcommittee on Health and Human Services, the  
28 Senate Appropriations Committee on Health and Human Services, the Joint Legislative  
29 Oversight Committee on Mental Health, Developmental Disabilities, and Substance  
30 Abuse Services, and the Fiscal Research Division not later than January 1, 2009.

31 **SECTION 10.15.(v)** The Department of Health and Human Services shall  
32 ensure that veterans and their families comprise one of the target populations for mental  
33 health, developmental disabilities, and substance abuse services in order that this  
34 population is eligible for existing funding.

35 **SECTION 10.15.(w)** The Department of Health and Human Services,  
36 Division of Mental Health, Developmental Disabilities, and Substance Abuse Services,  
37 shall develop a service authorization process that requires a comprehensive clinical  
38 assessment to be completed by a licensed clinician prior to service delivery, except  
39 where this requirement would impede access to crisis or other emergency services. The  
40 Department shall require that the licensed professional that signs a medical order for  
41 behavioral health services must indicate on the order whether the licensed professional  
42 (i) has had direct contact with the consumer, and (ii) has reviewed the consumer's  
43 assessment. Failure of a licensed professional to comply with this requirement shall  
44 subject the licensed professional to disciplinary action by the licensed professional's

1 occupational licensing board. The Department shall report on the development of the  
2 service authorization process to the Joint Legislative Oversight Committee on Mental  
3 Health, Developmental Disabilities, and Substance Abuse Services not later than  
4 October 1, 2008. The Department shall not implement the service authorization process  
5 until 15 days after it has notified the House of Representatives Appropriations  
6 Subcommittee on Health and Human Services, the Senate Appropriations Committee on  
7 Health and Human Services, and the Joint Legislative Oversight Committee on Mental  
8 Health, Developmental Disabilities, and Substance Abuse Services.

9 **SECTION 10.15.(x)** The Department of Health and Human Services shall  
10 adopt policy such that provider agencies that employ or contract with both medical  
11 doctors and licensed, provisionally licensed, or licensed eligible clinical staff, whereby  
12 the doctor and the clinical staff provide services on the agency's premises, may bill  
13 "incident to" the services of a physician for provisionally licensed staff using the  
14 agency's provider number and the physician's provider number as the attending  
15 physician. All requirements for supervision of provisionally licensed or licensed eligible  
16 staff must be met.

17 **SECTION 10.15.(y)** The Department of Health and Human Services shall  
18 develop a plan to return the service authorization, utilization review, and utilization  
19 management functions to LMEs for all clients. Not later than February 1, 2009, the  
20 Department shall report on the development of the plan to the House of Representatives  
21 Appropriations Subcommittee on Health and Human Services, the Senate  
22 Appropriations Committee on Health and Human Services, the Joint Legislative  
23 Oversight Committee on Mental Health, Developmental Disabilities, and Substance  
24 Abuse Services, and the Fiscal Research Division. Not later than July 1, 2009,  
25 utilization review, utilization management, and service authorization for publicly  
26 funded mental health, developmental disabilities, and substance abuse services should  
27 be returned to LMEs representing in total at least thirty percent (30%) of the State's  
28 population. The Department shall comply with the requirements of S.L. 2007-323,  
29 Section 10.49(ee). The Department shall not contract with an outside vendor for service  
30 authorization, utilization review, or utilization management functions, or otherwise  
31 obligate the State for these functions beyond September 30, 2010. The Department  
32 shall require LMEs to include in their service authorization, utilization management,  
33 and utilization review a review of assessments, as well as person-centered plans and  
34 random or triggered audits of services and assessments. The Department may also  
35 develop and implement a plan to return plan authorization for CAP-MR/DD slots to  
36 LMEs.

37 **SECTION 10.15.(z)** The Department of Health and Human Services,  
38 Division of Mental Health, Developmental Disabilities, and Substance Abuse Services,  
39 shall study Medicaid waivers, including 1915(b) and (c) waivers, for all LMEs. In cases  
40 where Medicaid waivers are not appropriate for an LME, the Department shall identify  
41 and recommend strategies to increase LME flexibility to provide case management,  
42 assessment, limit provider networks, or other innovative approach for managing care.  
43 Not later than March 1, 2009, the Department shall report its findings and  
44 recommendations to the House of Representatives Appropriations Subcommittee on

1 Health and Human Services, the Senate Appropriations Committee on Health and  
2 Human Services, the Joint Legislative Oversight Committee on Mental Health,  
3 Developmental Disabilities, and Substance Abuse Services, and the Fiscal Research  
4 Division.

5 **SECTION 10.15.(aa)** The Piedmont Behavioral Health (PBH) local  
6 management entity (LME) shall be deemed by the Department as a demonstration  
7 model in the PBH LME catchment area. The Department shall also adopt as part of the  
8 demonstration model the PBH 1915(b) and 1915(c) Medicaid waivers, and  
9 single-stream funding for State services funds, which include funds previously  
10 transferred from State institution budgets.

11 **SECTION 10.15.(bb)** The Secretary of the Department of Health and  
12 Human Services shall not implement a plan developed by the Secretary that offers  
13 incentives of any kind to LMEs to effectuate a merger or consolidation of LMEs  
14 operating on January 1, 2008, or that would result in the establishment of consortia or  
15 regional arrangements for the same purpose. This section does not prohibit the  
16 voluntary merger, consolidation, or administrative organization of LMEs that is pending  
17 or being proposed, considered, or under development at the initiation of one or more  
18 LMEs.

19 **SECTION 10.15.(cc)** If the Secretary of the Department of Health and  
20 Human Services desires to merge LMEs, the Secretary shall develop a detailed plan for  
21 General Assembly review on its recommendation to merge, consolidate, or establish  
22 regional arrangements or consortia of LMEs. In developing the plan, the Secretary shall  
23 consult with LMEs to obtain input on the feasibility and effectiveness of potential  
24 mergers and the time frame needed to fully implement the mergers, regional  
25 arrangements, or consortia at the local level. The Secretary shall provide the plan to the  
26 House of Representatives Appropriations Subcommittee on Health and Human  
27 Services, the Senate Appropriations Committee on Health and Human Services, the  
28 Joint Legislative Oversight Committee on Mental Health, Developmental Disabilities,  
29 and Substance Abuse Services, and the Fiscal Research Division not later than March  
30 1, 2009.

31 **SECTION 10.15.(dd)** G.S. 122C-115.4(d) reads as rewritten:

32 "(d) Except as provided in G.S. 122C-124.1 and G.S. 122C-125, the Secretary  
33 may neither remove from an LME nor designate another entity as eligible to implement  
34 any function enumerated under subsection (b) of this section unless all of the following  
35 applies:

- 36 (1) The LME fails during the previous consecutive three months to  
37 achieve a satisfactory outcome on any of the critical performance  
38 measures developed by the Secretary under G.S. 122C-112.1(33).
- 39 (2) The Secretary provides focused technical assistance to the LME in the  
40 implementation of the function. The assistance shall continue for at  
41 least ~~six~~-three months or until the LME achieves a satisfactory  
42 outcome on the performance measure, whichever occurs first.
- 43 (3) If, after ~~six~~-three months of receiving technical assistance from the  
44 Secretary, the LME still fails to achieve or maintain a satisfactory

1 outcome on the critical performance measure, the Secretary shall enter  
2 into a contract with another LME or agency to implement the function  
3 on behalf of the LME from which the function has been removed."

4 **SECTION 10.15.(ee)** G.S. 122C-3 is amended by adding the following new  
5 subdivision to read:

6 "(23a) 'Minimally adequate services' means a level of service required for  
7 compliance with all applicable State and federal laws, rules,  
8 regulations, and policies and with generally accepted professional  
9 standards and principles."

10 **SECTION 10.15.(ff)** The lead paragraph of G.S. 122C-124.1(b) reads as  
11 rewritten:

12 "(b) Suspension of Funding; Assumption of Service Delivery or Management  
13 Functions. – If the Secretary determines that a county, through an area authority or  
14 county program, is not providing minimally adequate services, ~~in accordance with rules~~  
15 ~~adopted by the Secretary or the Commission,~~ services to persons in need in a timely  
16 manner, or fails to demonstrate reasonable efforts to do so, the Secretary, after  
17 providing written notification of the Secretary's intent to the area authority or county  
18 program and to the board of county commissioners of the area authority or county  
19 program, and after providing the area authority or county program and the boards of  
20 county commissioners of the area authority or county program an opportunity to be  
21 heard, may:"

## 22 23 **IMPROVE AND STRENGTHEN FISCAL OVERSIGHT OF COMMUNITY** 24 **SUPPORT SERVICES**

25 **SECTION 10.15A.(a)** Not later than June 30, 2008, the Department of  
26 Health and Human Services, Division of Medical Assistance, shall submit to the Centers  
27 for Medicare and Medicaid Services, revised service definitions for two Medicaid  
28 billable services: (i) community support–adults, and (ii) community  
29 support-children/adolescents. The reviewed definitions shall focus on rehabilitative  
30 services and be developed to ensure that community support services are provided as  
31 efficiently and effectively as possible to minimize overexpenditures in community  
32 support services in the 2008-2009 fiscal year and thereafter.

33 **SECTION 10.15A.(b)** In order to ensure accountability for services  
34 provided and funds expended for community services, the Department of Health and  
35 Human Services, Division of Mental Health, Developmental Disabilities, and Substance  
36 Abuse Services, shall develop a tiered rate structure to replace the blended rate currently  
37 used for community support services. Under the new tiered structure, services that are  
38 necessary but do not require the skill, education, or knowledge of a qualified  
39 professional should not be paid at the same rate as services provided by qualified skilled  
40 professionals. The Department shall not implement the tiered rate structure until 15  
41 days after it has notified the House of Representatives Appropriations Subcommittee on  
42 Health and Human Services, the Senate Appropriations Committee on Health and  
43 Human Services, and the Joint Legislative Oversight Committee on Mental Health,  
44 Developmental Disabilities, and Substance Abuse Services. The Department shall report

1 on the development of the structure to the Joint Legislative Oversight Committee on  
2 Mental Health, Developmental Disabilities, and Substance Abuse Services not later than  
3 October 1, 2008.

4 **SECTION 10.15A.(c)** Article 3A of Chapter 122C of the General Statutes is  
5 amended by adding the following new section to read:

6 **"§ 122C-81. National accreditation benchmarks.**

7 (a) As used in this section, the term 'national accreditation' applies to  
8 accreditation by an entity approved by the Secretary that accredits mental health,  
9 developmental disabilities, and substance abuse services.

10 (b) The Secretary, through the Medicaid State Plan, Medicaid waiver, or rules  
11 adopted by the Secretary, shall designate the mental health, developmental disabilities,  
12 and substance abuse services which require national accreditation.

13 (c) Facilities enrolled with the Medicaid program prior to July 1, 2008, and  
14 providing services which require national accreditation per the approved Medicaid State  
15 Plan shall successfully complete national accreditation requirements within three years  
16 of enrollment with the Medicaid program. Facilities will meet the following benchmarks  
17 to ensure continuity of care for consumers in the event the provider does not make  
18 sufficient progress in achieving national accreditation in a timely manner:

19 (1) Nine months prior to the accreditation deadline – Formal selection of  
20 an accrediting agency as documented by a letter from the agency to the  
21 facility acknowledging the facility's selection of that accrediting  
22 agency. A facility failing to meet this requirement will be prohibited  
23 from admitting new clients to service. The LMEs will work with a  
24 facility failing to meet this deadline to transition clients currently  
25 receiving service to other facilities at the rate of twenty-five percent  
26 (25%) of the facility's caseload each month. The facility will have its  
27 enrollment in the Medicaid program terminated within four months of  
28 failure to meet this deadline.

29 (2) Six months prior to the accreditation deadline – An on-site  
30 accreditation review scheduled by the accrediting agency as  
31 documented by a letter from the agency to the facility. A facility  
32 failing to meet this requirement will be prohibited from admitting new  
33 clients to service. The LMEs will work with a facility failing to meet  
34 this deadline to transition clients currently receiving service to other  
35 facilities at the rate of thirty-three percent (33%) of the facility's  
36 caseload each month. The facility will have its enrollment in the  
37 Medicaid program terminated within three months of failure to meet  
38 this deadline.

39 (3) Three months prior to the accreditation deadline – Completion of an  
40 on-site accreditation review, receipt of initial feedback from  
41 accrediting agency, and submission of a Plan of Correction for any  
42 deficiencies noted by the accrediting agency. A facility failing to meet  
43 this requirement will be prohibited from admitting new clients to  
44 service. The LMEs will work with a facility failing to meet this

1 deadline to transition clients currently receiving service to other  
2 facilities at the rate of fifty percent (50%) of the facility's caseload  
3 each month. The facility will have its enrollment in the Medicaid  
4 program terminated within two months of failure to meet this deadline.

5 (4) Accreditation deadline – Approval as fully accredited by the national  
6 accrediting agency. A facility failing to meet this requirement will be  
7 prohibited from admitting new clients to service. The LMEs will work  
8 with a facility failing to meet this deadline to transition clients  
9 currently receiving service to other facilities within 60 days. The  
10 facility will have its enrollment in the Medicaid program terminated  
11 within 60 days of failure to meet this deadline.

12 (5) A facility that has its enrollment terminated in the Medicaid program  
13 as a result of failure to meet benchmarks for national accreditation may  
14 not apply for re-enrollment in the Medicaid program for at least one  
15 year following its enrollment termination.

16 (d) Facilities enrolled in the Medicaid program or contracting for State-funded  
17 services on or after July 1, 2008, and providing services which require national  
18 accreditation shall successfully complete all accreditation requirements and be awarded  
19 national accreditation within one year of enrollment in the Medicaid program or within  
20 two years following the facility's first contract to deliver a State-funded service  
21 requiring national accreditation. Facilities providing services which require national  
22 accreditation will be required to discontinue service delivery and will have their  
23 Medicaid enrollment and any service contracts terminated if they do not meet the  
24 following benchmarks for demonstrating sufficient progress in achieving national  
25 accreditation following the date of enrollment in the Medicaid program or initial  
26 contract for State-funded services:

27 (1) Three months – On-site accreditation review scheduled by accrediting  
28 agency as documented by a letter from the agency to the facility and  
29 completion of self-study and self-evaluation protocols distributed by  
30 the selected accrediting agency.

31 (2) Six months – On-site accreditation review scheduled by accrediting  
32 agency as documented by a letter from the agency to the facility.

33 (3) Nine months – Completion of on-site accreditation review, receipt of  
34 initial feedback from accrediting agency, plan to address any  
35 deficiencies identified developed.

36 (4) If a facility's Medicaid enrollment or service delivery contracts are  
37 terminated as a result of failure to meet accreditation benchmarks or  
38 failure to continue to be nationally accredited, the facility will work  
39 with the LME to transition consumers served by the facility to other  
40 service providers in an orderly fashion within 60 days of notification  
41 by the LME of such failure.

42 (5) A facility that has its Medicaid enrollment or service delivery contracts  
43 terminated as a result of failure to meet accreditation benchmarks or  
44 failure to continue to be nationally accredited may not reapply for

enrollment in the Medicaid program or enter into any new service delivery contracts for at least one year following enrollment or contract termination."

SECTION 10.15A.(d) Section 10.36(e)(1) of S.L. 2007-323 reads as rewritten:

"SECTION 10.36.(e) Provider payments-performance bonds and visits. –

(1) ~~Payment is limited to~~ Subject to the provisions of this subdivision, the Department may require Medicaid-enrolled providers ~~that~~ to purchase a performance bond in an amount not to exceed one hundred thousand dollars (\$100,000) naming as beneficiary the Department of Health and Human Services, Division of Medical Assistance, or provide to the Department a validly executed letter of credit or other financial instrument issued by a financial institution or agency honoring a demand for payment in an equivalent amount. The Department may require the purchase of a performance bond or the submission of an executed letter of credit or financial instrument as a condition of initial enrollment, reenrollment, or reinstatement if the provider fails to demonstrate financial viability, or if the Department determines there is significant potential for fraud and abuse or otherwise finds it is in the best interest of the Medicaid program to do so. The Department shall specify the circumstances under which a performance bond or executed letter of credit will be required and, except for providers of community support services, may waive or limit the requirements of this paragraph for individual Medicaid-enrolled providers or for one or more classes of Medicaid-enrolled providers based on the provider's or provider class's dollar amount of monthly billings to Medicaid, ~~or~~ the length of time ~~the~~ an individual provider has been licensed in this State to provide services, the length of time an individual provider has been enrolled to provide Medicaid services in this State, or to ensure adequate access to care. The Department shall not waive the requirements of this paragraph for providers of community support services. In waiving or limiting requirements of this paragraph, the Department shall take into consideration the potential fiscal impact of the waiver or limitation on the State Medicaid Program. The Department may adopt temporary rules in accordance with G.S. 150B-21.1 as necessary to implement this provision."

SECTION 10.15A.(e) Article 4 of Chapter 108A of the General Statutes is amended by adding the following new section to read:

**"§ 108A-79.1. Medicaid community support services provider appeals of Department level decision.**

(a) A provider that provides community support services under the Medicaid program who is aggrieved by a decision of the Department to reduce, deny, recoup, or recover reimbursement for community support services, or to deny, suspend, or revoke a provider agreement to provide community support services, shall be entitled to a

1 hearing by the Department. A hearing shall be commenced by filing a petition with the  
2 chief hearings clerk of the Department within 30 days of the mailing of the notice by the  
3 Department of the action giving rise to the contested case. The petition shall identify the  
4 petitioner, be signed by the party or representative of the party, and shall describe the  
5 agency action giving rise to the contested case. As used in this section, "file or filing"  
6 means to place the paper or item to be filed into the care and custody of the chief  
7 hearings clerk of the Department and acceptance thereof by the chief hearings clerk,  
8 except that the hearing officer may permit the papers to be filed with the hearing officer,  
9 in which event the hearing officer shall note thereon the filing date. The Department  
10 shall supply forms for use in these contested cases.

11 (b) If there is a timely request for an appeal, the Department shall promptly  
12 designate a hearing officer who shall hold an evidentiary hearing. The hearing officer  
13 shall conduct the hearing according to applicable federal law and regulations and shall  
14 ensure that:

15 (1) Notice of the hearing is given not less than 15 days before the hearing.  
16 The notice shall state the date, hour, and place of the hearing and shall  
17 be deemed to have been given on the date that a copy of the notice is  
18 mailed, via certified mail, to the address provided by the petitioner in  
19 the petition for hearing.

20 (2) The hearing shall be held in Wake County, except that the hearing  
21 officer may, after consideration of the numbers, locations, and  
22 convenience of witnesses and in order to promote the ends of justice,  
23 hold the hearing by telephone or other electronic means or hold the  
24 hearing in a county in which the petitioner resides.

25 (3) Discovery shall be no more extensive or formal than that required by  
26 federal law and regulations applicable to the hearings. Prior to and  
27 during the hearing, a provider representative shall have adequate  
28 opportunity to examine the provider's own case file. No later than five  
29 days before the date of the hearing, each party to a contested case shall  
30 provide to each other party a copy of any documentary evidence that  
31 the party intends to introduce at the hearing and shall identify each  
32 witness that the party intends to call.

33 (4) The hearing officer shall have the power to administer oaths and  
34 affirmations, subpoena the attendance of witnesses, rule on prehearing  
35 motions, and regulate the conduct of the hearing.

36 (5) At the hearing, the parties may present such sworn evidence, law, and  
37 regulations as are relevant to the issues in the case.

38 (6) The petitioner and the respondent agency each have a right to be  
39 represented by a person of his choice, including an attorney obtained at  
40 the party's own expense.

41 (7) The petitioner and the respondent agency shall each have the right to  
42 cross-examine witnesses as well as make a closing argument  
43 summarizing his view of the case and the law.

1           (8)    The appeal hearing shall be recorded; however, no transcript will be  
2           prepared unless a petition for judicial review is filed pursuant to  
3           subsection (f) of this section, in which case the transcript shall be made  
4           a part of the official record. In the absence of the filing of a petition for  
5           a judicial review, the recording of the appeal hearing may be erased or  
6           otherwise destroyed 180 days after the final decision is mailed as  
7           provided in G.S. 108A-79(i)(5).

8           (c)    The hearing officer shall decide the case based upon a preponderance of the  
9           evidence, giving deference to the demonstrated knowledge and expertise of the agency  
10          as provided in G.S. 150B-34(a). The hearing officer shall prepare a proposal for the  
11          decision, citing relevant law, regulations, and evidence, which shall be served upon the  
12          petitioner or the petitioner's representative by certified mail, with a copy furnished to  
13          the respondent agency.

14          (d)    The petitioner and the respondent agency shall have 15 days from the date of  
15          the mailing of the proposal for decision to present written arguments in opposition to or  
16          in support of the proposal for decision to the designated official of the Department who  
17          will make the final decision. If neither written arguments are presented, nor extension of  
18          time granted by the final agency decision-maker for good cause, within 15 days of the  
19          date of the mailing of the proposal for decision, the proposal for decision becomes final.  
20          If written arguments are presented, such arguments shall be considered and the final  
21          decision shall be rendered. The final decision shall be rendered not more than 90 days  
22          from the date of the filing of the petition. This time limit may be extended by agreement  
23          of the parties or by final agency decision-maker, for good cause shown, for an  
24          additional period of up to 30 days. The final decision shall be served upon the petitioner  
25          or the petitioner's representative by certified mail, with a copy furnished to the  
26          respondent agency. In the absence of a petition for judicial review filed pursuant to  
27          subsection (f) of this section, the final decision shall be binding upon the petitioner and  
28          the Department.

29          (e)    A petitioner who is dissatisfied with the final decision of the Department may  
30          file, within 30 days of the service of the decision, a petition for judicial review in the  
31          Superior Court of Wake County or of the county from which the case arose. The judicial  
32          review shall be conducted according to Article 4 of Chapter 150B of the General  
33          Statutes.

34          (f)    In the event of a conflict between federal law or regulations and State law or  
35          regulations, federal law or regulations shall control. This section applies to all petitions  
36          that are filed by a Medicaid community support services provider on or after that date  
37          and for all Medicaid community support services provider petitions that have been filed  
38          at the Office of Administrative Hearings previous to this date but for which a hearing on  
39          the merits has not been commenced prior to the effective date of this act. The  
40          requirement that the agency decision must be rendered not more than 90 days from the  
41          date of the filing of the petition for hearing shall not apply to community support  
42          services provider petitions that were filed at the Office of Administrative Hearings prior  
43          to the effective date of this act. The Office of Administrative Hearings shall transfer all  
44          cases affected by this section to the Department of Health and Human Services within

1 30 days of the effective date of this section. This act preempts the existing informal  
2 appeal process and reconsideration review process at the Department of Health and  
3 Human Services and the existing appeal process at the Office of Administrative  
4 Hearings with regard to all appeals filed by Medicaid community support services  
5 providers under the Medical Assistance program."

6 **SECTION 10.15A.(f)** G.S. 150B-1(e) is amended by adding the following  
7 new subdivision to read:

8 "(e) Exemptions From Contested Case Provisions. – The contested case  
9 provisions of this Chapter apply to all agencies and all proceedings not expressly  
10 exempted from the Chapter. The contested case provisions of this Chapter do not apply  
11 to the following:

12 ...

13 (16) Hearings arising under the Medical Assistance program established  
14 under Part 6 of Chapter 108A of the General Statutes and pursuant to  
15 Title XIX of the Social Security Act and conducted in accordance with  
16 G.S. 108A-79.1."

17 **SECTION 10.15A.(g)** The Department of Health and Human Services shall  
18 adopt guidelines for LME periodic review and rules for endorsement and reendorsement  
19 of providers to ensure that only qualified providers are endorsed and that LMEs hold  
20 those providers accountable for the Medicaid and State-funded services they provide.

21 **SECTION 10.15A.(h)** G.S. 122C-151.4 reads as rewritten:

22 **"§ 122C-151.4. Appeal to State MH/DD/SA Appeals Panel.**

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

24 (1) "Appeals Panel" means the State MH/DD/SA Appeals Panel  
25 established under this section.

26 (1a) "Client" means an individual who is admitted to or receiving public  
27 services from an area facility. "Client" includes the client's personal  
28 representative or designee.

29 (1b) "Contract" means a contract with an area authority or county program  
30 to provide services, other than personal services, to clients and other  
31 recipients of services.

32 (2) "Contractor" means a person who has a contract or who had a contract  
33 during the current fiscal ~~year~~ year, or whose application for  
34 endorsement has been denied by an area authority or county program.

35 (3) "Former contractor" means a person who had a contract during the  
36 previous fiscal year.

37 (b) Appeals Panel. – The State MH/DD/SA Appeals Panel is established. The  
38 Panel shall consist of three members appointed by the Secretary. The Secretary shall  
39 determine the qualifications of the Panel members. Panel members serve at the pleasure  
40 of the Secretary.

41 (c) Who Can Appeal. – The following persons may appeal to the State  
42 MH/DD/SA Appeals Panel after having exhausted the appeals process at the appropriate  
43 area authority or county program:

- 1 (1) A contractor or a former contractor who claims that an area authority  
2 or county program is not acting or has not acted within applicable  
3 State law or rules in denying the contractor's application for  
4 endorsement or in imposing a particular requirement on the contractor  
5 on fulfillment of the contract;
- 6 (2) A contractor or a former contractor who claims that a requirement of  
7 the contract substantially compromises the ability of the contractor to  
8 fulfill the contract;
- 9 (3) A contractor or former contractor who claims that an area authority or  
10 county program has acted arbitrarily and capriciously in reducing  
11 funding for the type of services provided or formerly provided by the  
12 contractor or former contractor;
- 13 (4) A client or a person who was a client in the previous fiscal year, who  
14 claims that an area authority or county program has acted arbitrarily  
15 and capriciously in reducing funding for the type of services provided  
16 or formerly provided to the client directly by the area authority or  
17 county program; and
- 18 (5) A person who claims that an area authority or county program did not  
19 comply with a State law or a rule adopted by the Secretary or the  
20 Commission in developing the plans and budgets of the area authority  
21 or county program and that the failure to comply has adversely  
22 affected the ability of the person to participate in the development of  
23 the plans and budgets.

24 (d) Hearing. – All members of the State MH/DD/SA Appeals Panel shall hear an  
25 appeal to the Panel. An appeal shall be filed with the Panel within the time required by  
26 the Secretary and shall be heard by the Panel within the time required by the Secretary.  
27 A hearing shall be conducted at the place determined in accordance with the rules  
28 adopted by the Secretary. A hearing before the Panel shall be informal; no sworn  
29 testimony shall be taken and the rules of evidence do not apply. The person who appeals  
30 to the Panel has the burden of proof. The Panel shall not stay a decision of an area  
31 authority during an appeal to the Panel.

32 (e) Decision. – The State MH/DD/SA Appeals Panel shall make a written  
33 decision on each appeal to the Panel within the time set by the Secretary. A decision  
34 may direct a contractor, an area authority, or a county program to take an action or to  
35 refrain from taking an action, but it shall not require a party to the appeal to pay any  
36 amount except payment due under the contract. In making a decision, the Panel shall  
37 determine the course of action that best protects or benefits the clients of the area  
38 authority or county program. If a party to an appeal fails to comply with a decision of  
39 the Panel and the Secretary determines that the failure deprives clients of the area  
40 authority or county program of a type of needed service, the Secretary may use funds  
41 previously allocated to the area authority or county program to provide the service.

42 (f) Chapter 150B Appeal. – A person who is dissatisfied with a decision of the  
43 Panel may commence a contested case under Article 3 of Chapter 150B of the General  
44 Statutes. Notwithstanding G.S. 150B-2(1a), an area authority or county program is

1 considered an agency for purposes of the limited appeal authorized by this section. If  
2 the need to first appeal to the State MH/DD/SA Appeals Panel is waived by the  
3 Secretary, a contractor may appeal directly to the Office of Administrative Hearings  
4 after having exhausted the appeals process at the appropriate area authority or county  
5 program. The Secretary shall make a final decision in the contested case."

6 **SECTION 10.15A.(i)** Sections 10.49(ee)(5) and (6) of S.L. 2007-323 read as  
7 rewritten:

8 "(5) All community support services are subject to prior approval after the  
9 initial assessment and development of a person-centered plan has been  
10 completed; approval.

11 (6) Providers are limited to four hours of community support for adults  
12 and eight hours of community support for children to develop the  
13 person-centered plan. Those hours shall be provided only by a  
14 qualified professional. Providers that determine that additional hours  
15 are needed must seek and obtain prior approval. If additional hours are  
16 authorized, the LME may participate in the development of the  
17 person-centered plan as part of its care coordination and quality  
18 management function as defined in G.S. 122C-115.4. Not less than  
19 fifty percent (50%) of community services must be delivered by  
20 qualified professionals."

21 **SECTION 10.15A.(j)** The Department of Health and Human Services,  
22 Division of Medical Assistance, shall adopt a policy reducing the maximum allowable  
23 hours for community support services to eight hours per week.

24 **SECTION 10.15A.(k)** The lead paragraph of Section 10.49(ee) of S.L.  
25 2007-323 reads as rewritten:

26 "**SECTION 10.49.(ee)** ~~For~~ This subsection does not apply to community support  
27 services offered under a Medicaid managed care, capitated, at-risk waiver. For all other  
28 community support services, for the purpose of avoiding overutilization of community  
29 support services and overexpenditure of funds for these services, the Department of  
30 Health and Human Services shall immediately conduct an in-depth evaluation of the use  
31 and cost of community support services to identify existing and potential areas of  
32 overutilization and overexpenditure. The Department shall also adopt or revise as  
33 necessary management policies and practices that will ensure that at a minimum:"

## 34 **NON-MEDICAID REIMBURSEMENT CHANGES**

35 **SECTION 10.16.** Section 10.5 of S.L. 2007-323 reads as rewritten:

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

39 The Department of Health and Human Services may reimburse hospitals at the full  
40 prospective per diem rates without regard to the Medical Assistance Program's annual  
41 limits on hospital days. When the Medical Assistance Program's per diem rates for  
42 inpatient services and its interim rates for outpatient services are used to reimburse  
43

1 providers in non-Medicaid medical service programs, retroactive adjustments to claims  
 2 already paid shall not be required.

3 Notwithstanding the provisions of paragraph one, the Department of Health and  
 4 Human Services may negotiate with providers of medical services under the various  
 5 Department of Health and Human Services programs, other than Medicaid, for rates as  
 6 close as possible to Medicaid rates for the following purposes: contracts or agreements  
 7 for medical services and purchases of medical equipment and other medical supplies.  
 8 These negotiated rates are allowable only to meet the medical needs of its non-Medicaid  
 9 eligible patients, residents, and clients who require such services which cannot be  
 10 provided when limited to the Medicaid rate.

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

13	DSB Medical Eye Care	125% FPL
14	DSB Independent Living <55	125% FPL
15	DSB Independent Living 55>	200% FPL
16	DSB Vocational Rehabilitation	125% FPL
17	DVR Independent Living	125% FPL
18	DVR Vocational Rehabilitation	125% FPL

19 ~~The eligibility level for adults in the Atypical Antipsychotic Medication Program in~~  
 20 ~~the Division of Mental Health, Developmental Disabilities, and Substance Abuse~~  
 21 ~~Services shall be one hundred fifty percent (150%) of the federal poverty guidelines, as~~  
 22 ~~revised annually by the United States Department of Health and Human Services and in~~  
 23 ~~effect on July 1 of each fiscal year. Additionally, those adults enrolled in the Atypical~~  
 24 ~~Antipsychotic Medication Program who become gainfully employed may continue to be~~  
 25 ~~eligible to receive State support, in decreasing amounts, for the purchase of atypical~~  
 26 ~~antipsychotic medication and related services up to three hundred percent (300%) of the~~  
 27 ~~poverty level.~~

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

30	<u>Income</u>	<u>State Participation</u>	<u>Client Participation</u>
31	(% of poverty)		
32	0-150%	100%	0%
33	151-200%	75%	25%
34	201-250%	50%	50%
35	251-300%	25%	75%
36	300% and over	0%	100%

37 The Department of Health and Human Services shall contract at, or as close as  
 38 possible to, Medicaid rates for medical services provided to residents of State facilities  
 39 of the Department."  
 40

41 **ADULT CARE HOME TRAINING/TECHNICAL ASSISTANCE**

42 **SECTION 10.16A.** Section 10.54(b) of S.L. 2007-323 reads as rewritten:

43 **"SECTION 10.54.(b)** Funds appropriated in this act to the Department of Health  
 44 and Human Services, Division of Health Service Regulation, for the 2007-2008 fiscal

1 year and the 2008-2009 fiscal year for implementation of rated certificates for adult care  
 2 homes are contingent upon enactment of Senate Bill 56, 2007 Regular Session, by the  
 3 2007 General Assembly. Funds appropriated for training and technical assistance to  
 4 implement the rated certificate program shall be used to fund the development and  
 5 implementation of a training and educational program by the North Carolina adult care  
 6 home provider associations that will be integrated with the assessment, care planning,  
 7 training, and quality improvement initiative being coordinated and financially supported  
 8 by participating adult care home providers and associations as they are developed.  
 9 Providers shall not be charged a fee for receiving the training."

10  
 11 **DHHS BLOCK GRANTS**

12 **SECTION 10.17.(a)** Appropriations from federal block grant funds are  
 13 made for the fiscal year ending June 30, 2009, according to the following schedule:

14  
 15 **TEMPORARY ASSISTANCE TO NEEDY FAMILIES**  
 16 **(TANF) BLOCK GRANT**

17  
 18 **Local Program Expenditures**

19  
 20 **Division of Social Services**

21		
22	01. Work First Family Assistance (Cash Assistance)	\$90,857,234
23		
24	02. Work First County Block Grants	94,653,315
25		
26	03. Work First Functional Assessment	2,721,787
27		
28	04. Child Protective Services – Child Welfare	
29	Workers for Local DSS	14,452,391
30		
31	05. Work First – Boys and Girls Clubs	2,000,000
32		
33	06. Work First – After-School Services for	
34	At-Risk Children	1,549,642
35		
36	07. Work First – After-School Programs for	
37	At-Risk Youth in Middle Schools	500,000
38		
39	08. Work First – Connect, Inc.	550,000
40		
41	09. Work First – Citizens Schools Program	700,000
42		
43	10. Adoption Services – Special Children's	
44	Adoption Fund	3,000,000

1		
2	11.	Family Violence Prevention 2,200,000
3		
4		Division of Child Development
5		
6	12.	Subsidized Child Care Program 61,087,077
7		
8		Division of Public Health
9		
10	13.	Teen Pregnancy Prevention Initiatives 450,000
11		
12		DHHS Administration
13		
14	14.	Division of Social Services 995,142
15		
16	15.	Office of the Secretary 66,101
17		
18	16.	Office of the Secretary/DIRM – TANF
19		Automation Projects 595,541
20		
21	17.	Office of the Secretary/DIRM – NC FAST
22		Implementation 1,300,000
23		
24		Transfers to Other Block Grants
25		
26		Division of Child Development
27		
28	18.	Transfer to the Child Care and
29		Development Fund 84,330,900
30		
31		Division of Social Services
32		
33	19.	Transfer to Social Services Block Grant for
34		Department of Juvenile Justice and Delinquency
35		Prevention – Support Our Students 2,749,642
36		
37	20.	Transfer to Social Services Block Grant for Child
38		Protective Services – Child Welfare Training in
39		Counties 2,738,827
40		
41	21.	Transfer to Social Services Block Grant for
42		Maternity Homes 838,000
43		
44	22.	Transfer to Social Services Block Grant for Teen

1	Pregnancy Prevention Initiatives	2,500,000
2		
3	23. Transfer to Social Services Block Grant for County	
4	Departments of Social Services for Children's Services	4,620,619
5		
6	24. Transfer to Social Services Block Grant for	
7	Foster Care Services	2,372,587
8		
9	25. Transfer to Social Services Block Grant for	
10	Medically Fragile Children	190,000
11		
12	TOTAL TEMPORARY ASSISTANCE TO NEEDY FAMILIES	
13	(TANF) BLOCK GRANT	\$378,018,805
14		
15	SOCIAL SERVICES BLOCK GRANT	
16		
17	Local Program Expenditures	
18		
19	Divisions of Social Services and Aging and Adult Services	
20		
21	01. County Departments of Social Services	\$ 28,868,189
22	(Transfer from TANF – \$4,620,619)	
23		
24	02. State In-Home Services Fund	2,101,113
25		
26	03. State Adult Day Care Fund	2,155,301
27		
28	04. Child Protective Services/CPS Investigative	
29	Services – Child Medical Evaluation Program	238,321
30		
31	05. Foster Care Services	2,372,587
32	(Transfer from TANF)	
33		
34	06. Child Protective Services – Child Welfare Training	
35	for Counties	2,738,827
36	(Transfer from TANF)	
37		
38	07. Maternity Homes	838,000
39	(Transfer from TANF)	
40		
41	08. Special Children Adoption Incentive Fund	500,000
42		
43	Division of Aging and Adult Services	
44		

1	09.	Home and Community Care Block Grant (HCCBG)	1,834,077
2			
3		Division of Mental Health, Developmental Disabilities, and Substance	
4		Abuse Services	
5			
6	10.	Mental Health Services Program	422,003
7			
8	11.	Developmental Disabilities Services Program	5,000,000
9			
10	12.	Mental Health Services – Adult and	
11		Child/Developmental Disabilities Program/	
12		Substance Abuse Services – Adult	3,234,601
13			
14		Division of Child Development	
15			
16	13.	Subsidized Child Care Program	3,150,000
17			
18		Division of Vocational Rehabilitation	
19			
20	14.	Vocational Rehabilitation Services – Easter Seal	
21		Society/UCP	188,263
22			
23		Division of Public Health	
24			
25	15.	Teen Pregnancy Prevention Initiatives	2,500,000
26		(Transfer from TANF)	
27			
28	16.	Services to Medically Fragile Children	290,000
29			
30		DHHS Program Expenditures	
31			
32		Division of Aging and Adult Services	
33			
34	17.	UNC-CARES Training Contract	247,920
35			
36		Division of Services for the Blind	
37			
38	18.	Independent Living Program	3,633,077
39			
40		Division of Facility Services	
41			
42	19.	Adult Care Licensure Program	411,897
43			
44	20.	Mental Health Licensure and Certification Program	205,668

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DHHS Administration

21.	Division of Aging and Adult Services	675,593
22.	Division of Social Services	869,058
23.	Office of the Secretary/Controller's Office	135,093
24.	Office of the Secretary/DIRM	82,009
25.	Division of Child Development	15,000
26.	Division of Mental Health, Developmental Disabilities, and Substance Abuse Services	28,860
27.	Division of Facility Services	216,418
28.	Office of the Secretary – NC Inter-Agency Council For Coordinating Homeless Programs	250,000
29.	Office of the Secretary – Housing Coalition	100,000
30.	Office of the Secretary	46,819

Transfers to Other State Agencies

Department of Administration

31.	NC Commission of Indian Affairs In-Home Services for the Elderly	203,198
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Department of Juvenile Justice and Delinquency Prevention

32.	Support Our Students (Transfer from TANF)	2,749,642
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Transfers to Other Block Grants

Division of Public Health

33.	Transfer to Preventive Health Services Block Grant for HIV/STD Prevention and Community Planning	145,819
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1	TOTAL SOCIAL SERVICES BLOCK GRANT	\$ 66,447,353
2		
3	LOW-INCOME ENERGY BLOCK GRANT	
4		
5	Local Program Expenditures	
6		
7	Division of Social Services	
8		
9	01.    Low-Income Energy Assistance Program (LIHEAP)	\$ 19,510,559
10		
11	02.    Crisis Intervention Program (CIP)	14,588,514
12		
13	Office of the Secretary – Office of Economic Opportunity	
14		
15	03.    Weatherization Program	6,268,946
16		
17	04.    Heating Air Repair & Replacement Program (HARRP)	2,923,950
18		
19	Local Administration	
20		
21	Division of Social Services	
22		
23	05.    County DSS Administration	2,259,757
24		
25	Office of the Secretary – Office of Economic Opportunity	
26		
27	06.    Local Residential Energy Efficiency Service	
28	Providers – Weatherization	268,146
29		
30	07.    Local Residential Energy Efficiency Service	
31	Providers – HARRP	125,067
32		
33	DHHS Administration	
34		
35	08.    Division of Social Services	219,410
36		
37	09.    Division of Mental Health, Developmental	
38	Disabilities, and Substance Abuse Services	7,389
39		
40	10.    Office of the Secretary/DIRM	245,395
41		
42	11.    Office of the Secretary/Controller's Office	11,211
43		
44	12.    Office of the Secretary/Office of Economic	

1	Opportunity – Weatherization	268,146
2		
3	13. Office of the Secretary/Office of Economic	
4	Opportunity – HARRP	125,067
5		
6	Transfers to Other State Agencies	
7		
8	14. Department of Administration –	
9	N.C. State Commission of Indian Affairs	60,947
10		
11	TOTAL LOW-INCOME ENERGY BLOCK GRANT	\$ 46,882,504
12		
13	CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT	
14		
15	Local Program Expenditures	
16		
17	Division of Child Development	
18		
19	01. Subsidized Child Care Services	\$148,484,960
20		
21	02. Child Care Services Support – Contract	504,695
22		
23	03. Subsidized Child Care Services	
24	(TANF to CCDF)	84,330,900
25		
26	DHHS Program Expenditures	
27		
28	Division of Child Development	
29		
30	04. Quality and Availability Initiatives	27,000,000
31		
32	Local Administration	
33		
34	Division of Child Development	
35		
36	05. Administrative Expenses (Nondirect Subsidy	
37	Services Support)	15,813,021
38		
39	DHHS Administration	
40		
41	06. DCD Administrative Expenses	6,540,707
42		
43	DHHS Central Management and Support	
44		

1	07.	DHHS Central Administration – DIRM	
2		Technical Services	749,081
3			
4		TOTAL CHILD CARE AND DEVELOPMENT FUND	
5		BLOCK GRANT	\$283,423,364
6			
7		MENTAL HEALTH SERVICES BLOCK GRANT	
8			
9		Local Program Expenditures	
10			
11	01.	Mental Health Services – Adult	\$ 6,854,932
12			
13	02.	Mental Health Services – Child	3,921,991
14			
15	03.	Comprehensive Treatment Service	
16		Program	1,500,000
17			
18	04.	Mental Health Services – UNC School of Medicine,	
19		Department of Psychiatry	300,000
20			
21		Local Administration	
22			
23	05.	Division of Mental Health	100,000
24			
25		TOTAL MENTAL HEALTH SERVICES BLOCK GRANT	\$ 12,676,923
26			
27		SUBSTANCE ABUSE PREVENTION	
28		AND TREATMENT BLOCK GRANT	
29			
30		Local Program Expenditures	
31			
32	01.	Substance Abuse Services – Adult	\$ 21,938,080
33			
34	02.	Substance Abuse Services – ADATC	
35		One-Time Expenses	70,000
36			
37	03.	Substance Abuse Treatment Alternative for	
38		Women	8,069,524
39			
40	04.	Substance Abuse – HIV and IV Drug	5,116,378
41			
42	05.	Substance Abuse Prevention – Child	7,186,857
43			
44	06.	Substance Abuse Services – Child	4,940,500

1		
2	Division of Public Health	
3		
4	07. Risk Reduction Projects	633,980
5		
6	08. Aid-to-Counties	209,576
7		
8	09. Maternal Health	37,779
9		
10	DHHS Administration	
11		
12	10. Division of Mental Health	500,000
13		
14	TOTAL SUBSTANCE ABUSE PREVENTION	
15	AND TREATMENT BLOCK GRANT	\$ 48,702,674
16		
17	MATERNAL AND CHILD HEALTH BLOCK GRANT	
18		
19	Local Program Expenditures	
20		
21	Division of Public Health	
22		
23	01. Children's Health Services	6,565,569
24		
25	02. Women's Health	6,654,019
26		
27	03. Oral Health	35,951
28		
29	DHHS Program Expenditures	
30		
31	Division of Public Health	
32		
33	04. Children's Health Services	1,654,428
34		
35	05. Women's Health	121,285
36		
37	06. State Center for Health Statistics	120,364
38		
39	07. Quality Improvement in Public Health	14,646
40		
41	08. Health Promotion	84,843
42		
43	09. Office of Minority Health	51,562
44		

1	10.	Immunization Program – Vaccine Distribution	2,010,667
2			
3		DHHS Administration	
4			
5	11.	Division of Public Health Administration	631,966
6			
7		TOTAL MATERNAL AND CHILD	
8		HEALTH BLOCK GRANT	\$ 17,945,300
9			
10		PREVENTIVE HEALTH SERVICES BLOCK GRANT	
11			
12		Local Program Expenditures	
13			
14	01.	NC Statewide Health Promotion	\$1,755,653
15			
16	02.	Services to Rape Victims	197,112
17			
18	03.	HIV/STD Prevention and Community Planning	
19		(Transfer from Social Services Block Grant)	145,819
20			
21		DHHS Program Expenditures	
22			
23	04.	NC Statewide Health Promotion	1,508,889
24			
25	05.	Oral Health	70,000
26			
27	06.	State Laboratory of Public Health	16,600
28			
29		TOTAL PREVENTIVE HEALTH SERVICES BLOCK GRANT	\$3,694,073
30			
31		COMMUNITY SERVICES BLOCK GRANT	
32			
33		Local Program Expenditures	
34			
35		Office of Economic Opportunity – Community Services Block Grant	
36			
37	01.	Community Action Agencies	\$ 16,062,653
38			
39	02.	Limited Purpose Agencies	892,370
40			
41		DHHS Administration	
42			
43	03.	Office of Economic Opportunity	892,369
44			

1 TOTAL COMMUNITY SERVICES BLOCK GRANT \$ 17,847,392

2  
3 **GENERAL PROVISIONS**

4 **SECTION 10.17.(b)** Information to Be Included in Block Grant Plans. –  
5 The Department of Health and Human Services shall submit a separate plan for each  
6 Block Grant received and administered by the Department, and each plan shall include  
7 the following:

- 8 (1) A delineation of the proposed allocations by program or activity,  
9 including State and federal match requirements.
- 10 (2) A delineation of the proposed State and local administrative  
11 expenditures.
- 12 (3) An identification of all new positions to be established through the  
13 Block Grant, including permanent, temporary, and time-limited  
14 positions.
- 15 (4) A comparison of the proposed allocations by program or activity with  
16 two prior years' program and activity budgets and two prior years'  
17 actual program or activity expenditures.
- 18 (5) A projection of current year expenditures by program or activity.
- 19 (6) A projection of federal Block Grant funds available, including unspent  
20 federal funds from the current and prior fiscal years.

21 **SECTION 10.17.(c)** Changes in Federal Fund Availability. – If the Congress  
22 of the United States increases the federal fund availability for any of the Block Grants  
23 administered by the Department of Health and Human Services from the amounts  
24 appropriated in this section, the Department shall allocate the increase proportionally  
25 across the program and activity appropriations identified for that Block Grant in this  
26 section. In allocating an increase in federal fund availability, the Department shall not  
27 propose funding for new programs or activities not appropriated in this section or  
28 increase State administrative expenditures.

29 If the Congress of the United States decreases the federal fund availability for  
30 any of the Block Grants administered by the Department of Health and Human Services  
31 from the amounts appropriated in this section, the Department shall reduce State  
32 administration by at least the percentage of the reduction in federal funds. After  
33 determining the State administration, the remaining reductions shall be allocated  
34 proportionately across the program and activity appropriations identified for that Block  
35 Grant in this section. In allocating a decrease in federal fund availability, the  
36 Department shall not eliminate the funding for a program or activity appropriated in this  
37 section unless it is related to the State administration.

38 Prior to allocating the change in federal fund availability, the proposed  
39 allocation must be approved by the Office of State Budget and Management. If the  
40 Department adjusts the allocation of any Block Grant due to changes in federal fund  
41 availability, then a report shall be made to the Joint Legislative Commission on  
42 Governmental Operations, the House of Representatives Appropriations Subcommittee  
43 on Health and Human Services, the Senate Appropriations Committee on Health and  
44 Human Services, and the Fiscal Research Division.

1           **SECTION 10.17.(d)** All changes to the budgeted allocations to the Block  
2 Grants administered by the Department of Health and Human Services that are not  
3 specifically addressed in this section shall be approved by the Office of State Budget  
4 and Management, and a report shall be submitted to the Joint Legislative Commission  
5 on Governmental Operations for review prior to implementing the changes. All changes  
6 to the budgeted allocations to the Block Grant shall be reported immediately to the  
7 House of Representatives Appropriations Subcommittee on Health and Human  
8 Services, the Senate Appropriations Committee on Health and Human Services, and the  
9 Fiscal Research Division. This subsection does not apply to Block Grant changes  
10 caused by legislative salary increases and benefit adjustments.

11  
12 **TEMPORARY ASSISTANCE FOR NEEDY FAMILIES BLOCK GRANT**  
13 **(TANF)**

14           **SECTION 10.17.(e)** The sum of nine hundred ninety-five thousand one  
15 hundred forty-two dollars (\$995,142) appropriated in this section in the TANF Block  
16 Grant to the Department of Health and Human Services, Division of Social Services, for  
17 the 2008-2009 fiscal year shall be used to support administration of TANF-funded  
18 programs.

19           **SECTION 10.17.(f)** The sum of two million two hundred thousand dollars  
20 (\$2,200,000) appropriated under this section in the TANF Block Grant to the  
21 Department of Health and Human Services, Division of Social Services, for the  
22 2008-2009 fiscal year shall be used to provide domestic violence services to Work First  
23 recipients. These funds shall be used to provide domestic violence counseling, support,  
24 and other direct services to clients. These funds shall not be used to establish new  
25 domestic violence shelters or to facilitate lobbying efforts. The Division of Social  
26 Services may use up to seventy-five thousand dollars (\$75,000) in TANF funds to  
27 support one administrative position within the Division of Social Services to implement  
28 this subsection.

29           Each county department of social services and the local domestic violence  
30 shelter program serving the county shall jointly develop a plan for utilizing these funds.  
31 The plan shall include the services to be provided and the manner in which the services  
32 shall be delivered. The county plan shall be signed by the county social services director  
33 or the director's designee and the domestic violence program director or the director's  
34 designee and submitted to the Division of Social Services by December 1, 2008. The  
35 Division of Social Services, in consultation with the Council for Women, shall review  
36 the county plans and shall provide consultation and technical assistance to the  
37 departments of social services and local domestic violence shelter programs, if needed.

38           The Division of Social Services shall allocate these funds to county  
39 departments of social services according to the following formula: (i) each county shall  
40 receive a base allocation of five thousand dollars (\$5,000); and (ii) each county shall  
41 receive an allocation of the remaining funds based on the county's proportion of the  
42 statewide total of the Work First caseload as of July 1, 2008, and the county's proportion  
43 of the statewide total of the individuals receiving domestic violence services from  
44 programs funded by the Council for Women as of July 1, 2008. The Division of Social

1 Services may reallocate unspent funds to counties that submit a written request for  
2 additional funds.

3 **SECTION 10.17.(g)** The sum of one million five hundred forty-nine  
4 thousand six hundred forty-two dollars (\$1,549,642) appropriated in this section in the  
5 TANF Block Grant to the Department of Health and Human Services, Division of  
6 Social Services, for the 2008-2009 fiscal year shall be used to expand after-school  
7 programs and services for at-risk children. The Department shall develop and  
8 implement a grant program to award grants to community-based programs that  
9 demonstrate the ability to reach children at risk of teen pregnancy, school dropout, and  
10 gang participation. The Department shall award grants to community-based  
11 organizations that demonstrate the ability to develop and implement linkages with local  
12 departments of social services, area mental health programs, schools, and other human  
13 services programs in order to provide support services and assistance to the child and  
14 family. These funds may be used to fund one position within the Division of Social  
15 Services to coordinate at-risk after-school programs and shall not be used for other State  
16 administration.

17 **SECTION 10.17.(h)** The sum of fourteen million four hundred fifty-two  
18 thousand three hundred ninety-one dollars (\$14,452,391) appropriated in this section to  
19 the Department of Health and Human Services, Division of Social Services, in the  
20 TANF Block Grant for the 2008-2009 fiscal year for child welfare improvements, shall  
21 be allocated to the county departments of social services for hiring or contracting staff  
22 to investigate and provide services in Child Protective Services cases; to provide foster  
23 care and support services; to recruit, train, license, and support prospective foster and  
24 adoptive families; and to provide interstate and postadoption services for eligible  
25 families.

26 **SECTION 10.17.(i)** The sum of three million dollars (\$3,000,000)  
27 appropriated in this section in the TANF Block Grant to the Department of Health and  
28 Human Services, Special Children Adoption Fund, for the 2008-2009 fiscal year shall  
29 be used in accordance with Section 10.31 of S.L. 2007-323. The Division of Social  
30 Services, in consultation with the North Carolina Association of County Directors of  
31 Social Services and representatives of licensed private adoption agencies, shall develop  
32 guidelines for the awarding of funds to licensed public and private adoption agencies  
33 upon the adoption of children described in G.S. 108A-50 and in foster care. Payments  
34 received from the Special Children Adoption Fund by participating agencies shall be  
35 used exclusively to enhance the adoption services program. No local match shall be  
36 required as a condition for receipt of these funds.

37 **SECTION 10.17.(j)** The sum of one million three hundred thousand dollars  
38 (\$1,300,000) in this section appropriated to the Department of Health and Human  
39 Services in the TANF Block Grant for the 2008-2009 fiscal year shall be used to  
40 implement N.C. FAST (North Carolina Families Accessing Services through  
41 Technology). The N.C. FAST program involves the entire automation initiative through  
42 which families access services and local departments of social services deliver benefits,  
43 supervised by the Department of Health and Human Services, Divisions of Social  
44 Services, Aging and Adult Services, Medical Assistance, and Child Development. The

1 statewide automated initiative shall be implemented in compliance with federal  
2 regulations in order to ensure federal financial participation in the project. The  
3 Department of Health and Human Services shall report on its compliance with this  
4 subsection to the House of Representatives Appropriations Subcommittee on Health and  
5 Human Services, the Senate Appropriations Committee on Health and Human Services,  
6 and the Fiscal Research Division no later than January 1, 2009.

7 **SECTION 10.17.(k)** The sum of five hundred thousand dollars (\$500,000)  
8 appropriated in this section to the Department of Health and Human Services, Division  
9 of Social Services, in the TANF Block Grant for the 2008-2009 fiscal year shall be used  
10 to expand after-school programs for at-risk children attending middle school. The  
11 Department shall develop and implement a grant program to award funds to  
12 community-based programs demonstrating the capacity to reach children at risk of teen  
13 pregnancy, school dropout, and gang participation. These funds shall not be used for  
14 training or administration at the State level. All funds shall be distributed to  
15 community-based programs, focusing on those communities where similar programs do  
16 not exist in middle schools.

17 **SECTION 10.17.(l)** In implementing the TANF Block Grant, the  
18 Department of Health and Human Services shall review policies, programs, and  
19 initiatives to ensure that they support men in their role as fathers and strengthen fathers'  
20 involvement in their children's lives. The Department shall encourage county  
21 departments of social services to ensure their Work First programs emphasize  
22 responsible fatherhood and increased participation by noncustodial fathers.

23 **SECTION 10.17.(m)** The sum of five hundred fifty thousand dollars  
24 (\$550,000) appropriated in this section to the Department of Health and Human  
25 Services in the TANF Block Grant for the 2008-2009 fiscal year shall be transferred to  
26 Connect, Inc. Connect, Inc., shall report on the number of people served and the  
27 services received as a result of the receipt of funds. The report shall contain expenditure  
28 data, including the amount of funds used for administration and direct training. The  
29 report shall also include the number of people who have been employed as a direct  
30 result of services provided by Connect, Inc., including the length of employment in the  
31 new position. The Department of Health and Human Services shall evaluate the  
32 program and ensure that services provided are not duplicative of local employment  
33 security commissions in the nine counties served by Connect, Inc. The evaluation report  
34 shall be submitted to the House of Representatives Appropriations Subcommittee on  
35 Health and Human Services, the Senate Appropriations Committee on Health and  
36 Human Services, and the Fiscal Research Division no later than May 1, 2008.

37 **SECTION 10.17.(n)** The sum of two million dollars (\$2,000,000)  
38 appropriated in this section to the Department of Health and Human Services in the  
39 TANF Block Grant for Boys and Girls Clubs for the 2008-2009 fiscal year shall be used  
40 to make grants for approved programs. The Department of Health and Human Services,  
41 in accordance with federal regulations for the use of TANF Block Grant funds, shall  
42 administer a grant program to award funds to the Boys and Girls Clubs across the State  
43 in order to implement programs that improve the motivation, performance, and  
44 self-esteem of youths and to implement other initiatives that would be expected to

1 reduce gang participation, school dropout, and teen pregnancy rates. The Department  
2 shall encourage and facilitate collaboration between the Boys and Girls Clubs and  
3 Support Our Students, Communities in Schools, and similar programs to submit joint  
4 applications for the funds if appropriate.

5 **SECTION 10.17.(o)** The Department of Health and Human Services,  
6 Division of Social Services, shall continue implementing county demonstration grants  
7 that began in the 2006-2007 fiscal year. The county demonstration grants may be  
8 awarded for up to three years with all projects ending no later than the end of fiscal year  
9 2009-2010. The purpose of the county demonstration grants is to identify best practices  
10 that can be used by counties to improve the work participation rates. The Division of  
11 Social Services is authorized to establish two time-limited positions to manage the grant  
12 award process and monitor the demonstration projects through fiscal year 2009-2010.

13 Funding provided under the county demonstration grants shall not be used to  
14 supplant local funds, and counties shall be required to maintain the current level of  
15 effort and funding for the Work First program.

16 The Department of Health and Human Services, Division of Social Services,  
17 shall report on the status of county demonstration grants implemented pursuant to this  
18 subsection to the House of Representatives Appropriations Subcommittee on Health and  
19 Human Services, the Senate Appropriations Committee on Health and Human Services,  
20 and the Fiscal Research Division no later than February 1, 2009.

21 **SECTION 10.17.(p)** The sum of seven hundred thousand dollars (\$700,000)  
22 appropriated under this section in the TANF block grant to the Department of Health  
23 and Human Services, Division of Social Services, for the 2008-2009 fiscal year shall be  
24 used to implement a Citizens Schools Program, a three-year urban/rural dropout  
25 prevention pilot program in the Durham and Vance county public school systems. The  
26 Citizens Schools Program provides high-quality, extended learning time for middle  
27 school students in schools with high percentages of minority students, poor students, or  
28 both, and students with other risk factors for dropping out. Students in the Citizens  
29 Schools Program receive after-school instruction in groups of eight to 12 students per  
30 adult. The instruction includes: (i) 60 minutes of daily academic support with strong  
31 study skills and critical thinking components, (ii) four 11-week apprenticeships, using  
32 volunteers as leaders focusing on 21<sup>st</sup> century skills, and (iii) career exploration and  
33 choice time to further explore a variety of interests. Citizens Schools Team Leaders  
34 contact each student's family by telephone at least every two weeks to discuss the  
35 student's participation and progress.

36 North Carolina State University shall evaluate the program to ensure that the  
37 program is effectively helping students stay in school and successfully graduate in their  
38 four-year cohort. The evaluation shall include a long-term study of the graduation  
39 cohort rate increase as well as short-term measures, including attendance, grade point  
40 average, discipline, the program dropout rate, credits earned, and postsecondary  
41 education matriculation.

#### 42 **SOCIAL SERVICES BLOCK GRANT**

1           **SECTION 10.17.(q)** Social Services Block Grant funds appropriated to the  
2 North Carolina Inter-Agency Council for Coordinating Homeless Programs and the  
3 North Carolina Housing Coalition are exempt from the provisions of 10A NCAC 71R  
4 .0201(3).

5           **SECTION 10.17.(r)** The sum of two million seven hundred forty-nine  
6 thousand six hundred forty-two dollars (\$2,749,642) appropriated in this section in the  
7 Social Services Block Grant to the Department of Health and Human Services and  
8 transferred to the Department of Juvenile Justice and Delinquency Prevention for the  
9 2008-2009 fiscal year shall be used to support the existing Support Our Students  
10 program, including gang prevention, and to expand the program statewide, focusing on  
11 low-income communities in unserved areas. These funds shall not be used for  
12 administration of the program.

13           **SECTION 10.17.(s)** The sum of two million seven hundred thirty-eight  
14 thousand eight hundred twenty-seven dollars (\$2,738,827) appropriated in this section  
15 in the Social Services Block Grant to the Department of Health and Human Services,  
16 Division of Social Services, for the 2008-2009 fiscal year shall be used to support  
17 various child welfare training projects as follows:

- 18           (1) Provide a regional training center in southeastern North Carolina.
- 19           (2) Support the Master's Degree in Social Work/Baccalaureate Degree in  
20           Social Work Collaborative.
- 21           (3) Provide training for residential child-caring facilities.
- 22           (4) Provide for various other child welfare training initiatives.

23           **SECTION 10.17.(t)** The sum of eight hundred thirty-eight thousand dollars  
24 (\$838,000) appropriated in this section in the Social Services Block Grant to the  
25 Department of Health and Human Services for the 2008-2009 fiscal year shall be used  
26 to purchase services at maternity homes throughout the State.

27           **SECTION 10.17.(u)** The sum of two million three hundred seventy-two  
28 thousand five hundred eighty-seven dollars (\$2,372,587) appropriated in this section in  
29 the Social Services Block Grant for child-caring agencies for the 2008-2009 fiscal year  
30 shall be allocated to the State Private Child-Caring Agencies Fund.

31           **SECTION 10.17.(v)** The sum of two hundred ninety thousand dollars  
32 (\$290,000) appropriated in this section in the Social Services Block Grant for services  
33 to medically fragile children for the 2008-2009 fiscal year shall be used for the child  
34 care component of pediatric day treatment centers for medically fragile children.

35           **SECTION 10.17.(w)** The Department of Health and Human Services is  
36 authorized, subject to the approval of the Office of State Budget and Management, to  
37 transfer Social Services Block Grant funding allocated for departmental administration  
38 between divisions that have received administrative allocations from the Social Services  
39 Block Grant.

#### 40 **LOW-INCOME HOME ENERGY ASSISTANCE PROGRAM**

41           **SECTION 10.17.(x)** Additional emergency contingency funds received may  
42 be allocated for Energy Assistance Payments or Crisis Intervention Payments without  
43 prior consultation with the Joint Legislative Commission on Governmental Operations.  
44

1 Additional funds received shall be reported to the Joint Legislative Commission on  
2 Governmental Operations and the Fiscal Research Division upon notification of the  
3 award. The Department of Health and Human Services shall not allocate funds for any  
4 activities, including increasing administration, other than assistance payments, without  
5 prior consultation with the Joint Legislative Commission on Governmental Operations.  
6

#### 7 **CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT**

8 **SECTION 10.17.(y)** The sum of no more than four hundred thousand dollars  
9 (\$400,000) appropriated in this section to the Department of Health and Human  
10 Services in the Child Care and Development Fund Block Grant for the 2008-2009 fiscal  
11 year may be used for the operations of the Medical Child Care Pilot.

12 **SECTION 10.17.(z)** Payment for subsidized child care services provided  
13 with federal TANF funds shall comply with all regulations and policies issued by the  
14 Division of Child Development for the subsidized child care program.

15 **SECTION 10.17.(aa)** If funds appropriated through the Child Care and  
16 Development Fund Block Grant for any program cannot be obligated or spent in that  
17 program within the obligation or liquidation periods allowed by the federal grants, the  
18 Department may move funds to child care subsidies, unless otherwise prohibited by  
19 federal requirements of the grant, in order to use the federal funds fully.  
20

#### 21 **MENTAL HEALTH BLOCK GRANT**

22 **SECTION 10.17.(bb)** The sum of one million five hundred thousand dollars  
23 (\$1,500,000) appropriated in this section in the Mental Health Block Grant to the  
24 Department of Health and Human Services, Division of Mental Health, Developmental  
25 Disabilities, and Substance Abuse Services, for the 2008-2009 fiscal year and the sum  
26 of four hundred twenty-two thousand three dollars (\$422,003) appropriated in this  
27 section in the Social Services Block Grant to the Department of Health and Human  
28 Services, Division of Social Services, for the 2008-2009 fiscal year shall be used to  
29 continue a Comprehensive Treatment Services Program for Children in accordance with  
30 Section 10.10 of S.L. 2007-323.

31 **SECTION 10.17.(cc)** Of the three hundred thousand dollars (\$300,000)  
32 appropriated for the UNC School of Medicine, Department of Psychiatry, for the  
33 2008-2009 fiscal year, the sum of two hundred thousand dollars (\$200,000) shall be  
34 used to: (i) expand the Department of Psychiatry's Schizophrenia Treatment and  
35 Evaluation Program (STEP) into a community setting, (ii) provide training for the next  
36 generation of psychiatrists, social workers, psychologists, and nurses to address the  
37 current workforce crisis, (iii) provide statewide training and consultation in  
38 evidence-based practices, and (iv) provide ongoing support for the STEP and OASIS  
39 clinics.

40 Of the three hundred thousand dollars (\$300,000) appropriated for the UNC  
41 School of Medicine, Department of Psychiatry, for the 2008-2009 fiscal year, the sum  
42 of one hundred thousand dollars (\$100,000) shall be used to provide bridge funding for  
43 OASIS, a statewide program providing targeted, intense interventions to individuals in  
44 the early stages of schizophrenia when chronicity and disability may be most

1 preventable. Funds shall be used to support OASIS as foundation support ends, allowing  
2 OASIS to transition to funding through private insurance, Medicaid, State  
3 appropriations for Mental Health, Developmental Disabilities, and Substance Abuse  
4 Services, and other funding streams.

## 6 **MATERNAL AND CHILD HEALTH BLOCK GRANT**

7 **SECTION 10.17.(dd)** The sum of one million seven hundred thousand  
8 dollars (\$1,700,000) appropriated in this section in the Maternal and Child Health Block  
9 Grant to the Department of Health and Human Services, Division of Public Health, for  
10 the 2008-2009 fiscal year shall be used for influenza vaccinations for children.

11 **SECTION 10.17.(ee)** If federal funds are received under the Maternal and  
12 Child Health Block Grant for abstinence education, pursuant to section 912 of Public  
13 Law 104-193 (42 U.S.C. § 710), for the 2008-2009 fiscal year, then those funds shall be  
14 transferred to the State Board of Education to be administered by the Department of  
15 Public Instruction. The Department of Public Instruction shall use the funds to establish  
16 an Abstinence Until Marriage Education Program and shall delegate to one or more  
17 persons the responsibility of implementing the program and G.S. 115C-81(e1)(4). The  
18 Department of Public Instruction shall carefully and strictly follow federal guidelines in  
19 implementing and administering the abstinence education grant funds.

20 **SECTION 10.17.(ff)** The Department of Health and Human Services shall  
21 ensure that there will be follow-up testing in the Newborn Screening Program.

## 23 **PART XI. DEPARTMENT OF AGRICULTURE AND CONSUMER SERVICES**

### 25 **STUDY CERTAIN DEPARTMENT OF AGRICULTURE AND CONSUMER 26 SERVICES FEES**

27 **SECTION 11.1.(a)** The Department of Agriculture and Consumer Services,  
28 in consultation with the Office of State Budget and Management and the Fiscal  
29 Research Division, shall study the following:

- 30 (1) The feasibility and advisability of increasing the fees imposed by  
31 either the Board of Agriculture or the Department regarding services  
32 provided by the Rollins Laboratory System.
- 33 (2) The feasibility and advisability of establishing fees for soil testing  
34 services provided by the Agronomics Division of the Department.
- 35 (3) The feasibility and advisability of using alternative sources of funding  
36 for the "Agricultural Review", an agriculture newsletter published by  
37 the Department, including charging fees for advertisements or  
38 classified advertisements and soliciting private sponsors for the  
39 newsletter.

40 **SECTION 11.1.(b)** In the course of the study under subsection (a) of this  
41 section, the Department may consider other fees imposed by either the Board of  
42 Agriculture or the Department, the administrative costs associated with these fees, and  
43 current usage rates for various services provided by the Department.

1           **SECTION 11.1.(c)** No later than March 1, 2009, the Department of  
2 Agriculture and Consumer Services shall report the results of the study under this  
3 section, including any recommendations or legislative proposals, to the Chairs of the  
4 House of Representatives and Senate Appropriations Subcommittees on Natural and  
5 Economic Resources.

6  
7           **PART XII. DEPARTMENT OF ENVIRONMENT AND NATURAL**  
8                           **RESOURCES**

9  
10           **BERNARD ALLEN MEMORIAL EMERGENCY DRINKING WATER FUND**  
11                           **AMENDMENTS.**

12           **SECTION 12.1.** G.S. 87-98 reads as rewritten:

13           "**§ 87-98. Bernard Allen Memorial Emergency Drinking Water Fund.**

14           (a) The Bernard Allen Memorial Emergency Drinking Water Fund is established  
15 under the control and direction of the Department. The Fund shall be a nonreverting,  
16 interest-bearing fund consisting of monies appropriated by the General Assembly or  
17 made available to the Fund from any other source and investment interest credited to the  
18 Fund.

19           (b) The Fund may be used to pay for notification, to the extent practicable, of  
20 persons aged 18 and older who reside in any dwelling unit, and the senior official in  
21 charge of any business, at which drinking water is supplied from a private drinking  
22 water well or improved spring that is located within 1,500 feet of, and at risk from,  
23 known groundwater contamination. The senior official in charge of the business shall  
24 take reasonable measures to notify all employees of the business of the groundwater  
25 contamination, including posting a notice of the contamination in a form and at a  
26 location that is readily accessible to the employees of the business. The Fund may also  
27 be used by the Department to pay the costs of testing of private drinking water wells and  
28 improved springs for suspected contamination up to once every three years upon request  
29 by a person who uses the well and for the temporary or permanent provision of  
30 alternative drinking water supplies to persons whose drinking water well or improved  
31 spring is contaminated. Under this subsection, an alternative drinking water supply  
32 includes the repair or replacement of a contaminated well or the connection to a public  
33 water supply.

34           (c) The Department shall disburse monies from the Fund based on financial need  
35 and on the risk to public health posed by groundwater contamination and shall give  
36 priority to the provision of services under this section to instances when an alternative  
37 source of funds is not available. ~~The Fund shall not be used for remediation of~~  
38 ~~groundwater contamination. Nothing in this section expands, contracts, or modifies the~~  
39 ~~obligation of responsible parties under Article 9 or 10 of Chapter 130A of the General~~  
40 ~~Statutes, this Article, or Article 21A of this Chapter to assess contamination, identify~~  
41 ~~receptors, or remediate groundwater or soil contamination.~~ The Fund shall not be used  
42 to provide alternative water supply to households with incomes greater than three  
43 hundred percent (300%) of the current federal poverty level. The Fund ~~shall not~~may be  
44 used to provide alternative drinking water supplies ~~unless if the~~ Department determines

1 that the concentration of one or more contaminants in the private drinking water well or  
2 improved spring exceeds the ~~federal Maximum Contaminant Level~~maximum  
3 contaminant level, or the federal drinking water action level as defined in 40 Code of  
4 Federal Regulations § 141.1 through § 141.571 (1 July 2006)2007) and 40 Code of  
5 Federal Regulations § 143.3 (1 July 2006)-2007). For a contaminant for which a federal  
6 maximum contaminant level or drinking water action level has not been established, the  
7 State groundwater standard established by the Environmental Management Commission  
8 for the concentration of that contaminant shall be used to determine whether the Fund  
9 may be used to provide alternative drinking water supplies. The Fund may also be used  
10 to provide alternative drinking water supplies as provided in this section if the  
11 Department determines that the concentration of one or more contaminants in a private  
12 drinking water well is increasing over time and that there is a significant risk that the  
13 concentration of a contaminant will exceed the federal maximum contaminant level or  
14 drinking water action level, or the State groundwater standard. A determination of the  
15 concentration of a contaminant shall be based on a sample of water collected from the  
16 private drinking water well within the past 12 months. The Fund shall not be used to  
17 provide temporary water supplies in any calendar quarter until all needs for permanent  
18 replacement water supplies that have been identified in that calendar quarter have been  
19 met through hookups to public water supplies, repair, or replacement of contaminated  
20 wells.

21 (c1) In disbursing monies from the Fund, ~~preference shall be given to providing the~~  
22 Department shall give preference to provision of permanent replacement water supplies  
23 by connection to public water supplies and repair or replacement of contaminated wells  
24 over the provision of temporary water supplies. In providing alternative drinking water  
25 supplies, the Department shall give preference to connection to a public water supply  
26 system or to construction of a new private drinking water well over the use of a  
27 filtration system if the Department determines that the costs of periodic required  
28 maintenance of the filtration system would be cost-prohibitive for users of the  
29 alternative drinking water supply.

30 (c2) If the Department provides an alternative drinking water supply by extension  
31 of a waterline, the Department may disburse from the Fund no more than ten thousand  
32 dollars (\$10,000) per household or other service connection. No more than one-third of  
33 the total cost of the project may be paid from the Fund. The Department may combine  
34 monies from the Fund with monies from other sources in order to pay the total cost of  
35 the project.

36 (c3) The Fund shall be used to provide alternative drinking water supplies only if  
37 the Department determines that the person or persons who are responsible for the  
38 contamination of the private drinking water well is or are not financially viable or  
39 cannot be identified or located and if the Department determines that one of the  
40 following applies:

41 (1) The contamination of the private drinking water well is naturally  
42 occurring.

1           (2)    The owner of the property on which the private drinking water well is  
2                   located did not cause or contribute to the contamination or control the  
3                   source of the contamination.

4           (3)    The source of the contamination is the application or disposal of a  
5                   hazardous substance or pesticide that occurred without the consent of  
6                   the owner of the property on which the private drinking water well is  
7                   located.

8           (c4)   The Department may use up to one hundred thousand dollars (\$100,000) of  
9                   the monies in the Fund to pay the personnel and other direct costs associated with the  
10                  implementation of this section.

11          (c5)   The Fund shall not be used for remediation of groundwater contamination.

12          (c6)   Nothing in this section expands, contracts, or modifies the obligation of  
13                  responsible parties under Article 9 or 10 of Chapter 130A of the General Statutes, this  
14                  Article, or Article 21A of this Chapter to assess contamination, identify receptors, or  
15                  remediate groundwater or soil contamination.

16          (d)    The Department shall establish criteria by which the Department is to  
17                  evaluate applications and disburse monies from this Fund and may adopt any rules  
18                  necessary to implement this section.

19          (e)    The Department, in consultation with the Commission for Public Health and  
20                  local health departments, shall report no later than 1 October of each year to the  
21                  Environmental Review Commission, the House of Representatives and Senate  
22                  Appropriations Subcommittees on Natural and Economic Resources, and the Fiscal  
23                  Research Division of the General Assembly on the implementation of this section. The  
24                  report shall include the purpose and amount of all expenditures from the Fund during  
25                  the prior fiscal year, a discussion of the benefits and deficiencies realized as a result of  
26                  the section, and may also include recommendations for any legislative action."  
27

## 28   **INACTIVE HAZARDOUS WASTE SITES REPORT REQUIREMENT**

29                  **SECTION 12.1A.(a)** G.S. 130A-310.2 reads as rewritten:

30    **"§ 130A-310.2. Inactive Hazardous Waste Sites Priority List.**

31                  (a)    No later than six months after July 1, 1987, the Commission shall develop a  
32                          system for the prioritization of inactive hazardous substance or waste disposal sites  
33                          based on the extent to which such sites endanger the public health and the environment.  
34                          The Secretary shall apply the prioritization system to the inventory of sites to create and  
35                          maintain an Inactive Hazardous Waste Site Priority List, which shall rank all inactive  
36                          hazardous substance or waste disposal sites in decreasing order of danger. This list shall  
37                          identify the location of each site and the type and amount of hazardous substances or  
38                          waste known or believed to be located on the site. The first such list shall be published  
39                          within two years after July 1, 1987, with subsequent lists to be published at intervals of  
40                          not more than two years thereafter. The Secretary shall notify owners, operators, and  
41                          responsible parties of sites listed on the Inactive Hazardous Waste Sites Priority List of  
42                          their ranking on the list. The Inactive Hazardous Sites Priority List shall be used by the  
43                          Department in determining budget requests and in allocating any State appropriation

1 which may be made for remedial action, but shall not be used so as to impede any other  
2 action by the Department, or any remedial or other action for which funds are available.

3 (b) No later than January 1 of each year, the Department shall report to each  
4 member of the General Assembly who has an inactive hazardous substance or waste  
5 disposal site in the member's district. This report shall include the location of each  
6 inactive hazardous substance or waste disposal site in the member's district, the type and  
7 amount of hazardous substances or waste known or believed to be located on each of  
8 these sites, the last action taken at each of these sites, and the date of that last action."

9 **SECTION 12.1A.(b)** The initial report under G.S. 130A-310.2(b), as  
10 amended by this section, shall be due no later than January 1, 2009.

### 11 12 **INACTIVE HAZARDOUS WASTE SITES CLEANUP FUNDS**

13 **SECTION 12.5.** There is appropriated from the Dry Cleaning Solvent  
14 Cleanup Fund to the Department of Environment and Natural Resources the sum of four  
15 hundred thousand dollars (\$400,000) for the 2008-2009 fiscal year to be used,  
16 notwithstanding G.S. 143-215.104C, to assess and remove contamination from inactive  
17 hazardous waste sites throughout the State and to provide an alternative drinking water  
18 supply to any person whose water supply was contaminated by an inactive hazardous  
19 waste site.

### 20 21 **COMMERCIAL LEAKING PETROLEUM UNDERGROUND STORAGE** 22 **TANK CLEANUP FUND**

23 **SECTION 12.6.(a)** There is appropriated from the Commercial Leaking  
24 Petroleum Underground Storage Tank Cleanup Fund to the Department of Environment  
25 and Natural Resources the sum of seven hundred ninety-one thousand six hundred  
26 fourteen dollars (\$791,614) for the 2008-2009 fiscal year. Notwithstanding  
27 G.S. 143-215.94B, these funds shall be used to establish and support 11 positions within  
28 the underground storage tank program as follows:

- 29 (1) \$92,643 shall be used to establish and support one Environmental  
30 Program Supervisor II position.  
31 (2) \$615,953 shall be used to establish and support nine Environmental  
32 Specialist positions.  
33 (3) \$83,018 shall be used to establish and support one Environmental  
34 Engineer I position.

35 **SECTION 12.6.(b)** The positions under subsection (a) of this section shall  
36 be used to increase compliance inspection frequency for the underground storage tank  
37 program within the Department and to conduct operator training for those underground  
38 storage tank systems that are subject to regulation under Part 2A or Part 2B of Article  
39 21A of Chapter 143 of the General Statutes. It is the intent of the General Assembly that  
40 funds for these positions under this section are recurring funds and that these funds are  
41 in addition to funds previously appropriated to the Department of Environment and  
42 Natural Resources for the 2008-2009 fiscal year.

### 43 44 **FUNDS FOR PENDING CIVIL LITIGATION EXPENSES**

1           **SECTION 12.7.** From funds in the I & M Air Pollution Control Account,  
2 there is appropriated the sum of seven hundred fifty thousand dollars (\$750,000) for the  
3 2008-2009 fiscal year to the Office of State Budget and Management, Litigation  
4 Reserve. Notwithstanding G.S. 143-215.3A, these funds shall be used by the  
5 Department of Justice solely for expenses related to either ex rel. Cooper v. Tennessee  
6 Valley Authority, No. 1:06CV20 (W.D.N.C. filed Jan. 30, 2006) or South Carolina v.  
7 North Carolina, No. 220138 ORG (U.S. Sup. Ct. filed June 7, 2007). Any of these funds  
8 that remain unused on June 30, 2009, shall revert to the I & M Air Pollution Control  
9 Account.

10  
11 **STORMWATER PILOT PROGRAM**

12           **SECTION 12.8.(a)** G.S. 143-214.7 reads as rewritten:

13 **"§ 143-214.7. Stormwater runoff rules and programs.**

14 ...

15           (d3) The Department shall establish a stormwater pilot program that exempts  
16 development in coastal counties otherwise subject to a stormwater permitting program  
17 under this section from the requirement to obtain a permit if the development includes a  
18 stormwater control system that meets the following requirements:

19           (1) The control system is an infiltration system, wet detention pond,  
20 bioretention system, constructed stormwater wetland, sand filter, or  
21 alternative stormwater management system that meets the General  
22 Engineering Design Criteria established by the Department pursuant to  
23 its rule-making authority.

24           (2) The control system is designed to store, control, and treat the  
25 stormwater runoff from all surfaces generated by three and one-half  
26 inches of rainfall.

27 ...."

28           **SECTION 12.8.(b)** G.S. 143-215.6A reads as rewritten:

29 **"§ 143-215.6A. Enforcement procedures: civil penalties.**

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

32 ...

33           (12) Violates or fails to act in accordance with G.S. 143-214.7(d3).

34 ...."

35  
36 **ESTABLISH NC CONSERVATION EASEMENT ENDOWMENT FUND**

37           **SECTION 12.9.(a)** Article 18 of Chapter 113A of the General Statutes is  
38 amended by adding a new section to read:

39 **"§ 113A-253.2. North Carolina Conservation Easement Endowment Fund.**

40           (a) The North Carolina Conservation Easement Endowment Fund is established  
41 as a special fund in the Office of the State Treasurer. The principal of the Endowment  
42 Fund shall consist of a portion of grant funds transferred by the Trustees to the  
43 Endowment Fund from the Clean Water Management Trust Fund for stewardship  
44 activities related to projects for conservation easements funded from the Clean Water

1 Management Trust Fund. The principal of the Endowment Fund may also consist of any  
2 proceeds of any gifts, grants, or contributions to the State that are specifically  
3 designated for inclusion in the Endowment Fund and any investment income that is not  
4 used in accordance with subsection (b) of this section. The State Treasurer shall hold the  
5 Endowment Fund separate and apart from all other moneys, funds, and accounts. The  
6 State Treasurer shall invest the assets of the Endowment Fund in accordance with the  
7 provisions of G.S. 147-69.2 and G.S. 147-69.3. The State Treasurer shall disburse the  
8 endowment investment income only upon the written direction of the Chair of the Board  
9 of Trustees. No expenditure or disbursement shall be made from the principal of the  
10 Endowment Fund.

11 (b) The Trustees may authorize the disbursement of the endowment investment  
12 income only for activities related to stewardship of conservation easements owned by  
13 the State."

14 **SECTION 12.9.(b)** G.S. 147-69.2(a) is amended by adding a new  
15 subdivision to read:

16 "(17i) The North Carolina Conservation Easement Endowment Fund."  
17

#### 18 **YADKIN POWER AUTHORITY CREATION STUDY COMMISSION**

19 **SECTION 12.10.(a)** Commission Created. – The Yadkin Power Authority  
20 Creation Study Commission (Study Commission) is created.

21 **SECTION 12.10.(b)** Membership. – The Study Commission shall consist of  
22 16 members as follows:

- 23 (1) The Governor or the Governor's designee.
- 24 (2) A member of the Senate, appointed by the President Pro Tempore of  
25 the Senate.
- 26 (3) A member of the House of Representatives, appointed by the Speaker  
27 of the House of Representatives.
- 28 (4) The Chairman of the North Carolina Utilities Commission or the  
29 Chairman's designee.
- 30 (5) A representative of the Centralina Council of Governments, appointed  
31 by the Centralina Council of Governments.
- 32 (6) A representative of the County Board of Commissioners of each of the  
33 following nine counties: Anson, Cabarrus, Davidson, Iredell,  
34 Montgomery, Randolph, Rowan, Stanly, and Union; each appointed by  
35 its Board of Commissioners.
- 36 (7) A representative of the City of Albemarle, appointed by the City's  
37 governing body.
- 38 (8) A representative of the City of Salisbury, appointed by the City's  
39 governing body.

40 **SECTION 12.10.(c)** Duties. – The Study Commission shall study whether it  
41 is feasible and desirable to establish a body corporate and politic to be known as the  
42 Yadkin Power Authority. This Study Commission shall consider and develop proposals  
43 regarding all of the following issues:

- 1 (1) Whether the Yadkin Power Authority, if created, could participate in  
2 the recapture of the hydroelectric dam license and facilities of the  
3 existing Yadkin Hydroelectric Project, including all necessary dams,  
4 powerhouses, and related project works.
- 5 (2) The process by which the Yadkin Power Authority, if created, could  
6 acquire, purchase, hold, use, lease, mortgage, sell, transfer, and dispose  
7 of any real property, personal property, or any interest in any of real or  
8 personal property, including a Federal Energy Regulatory Commission  
9 (FERC) license for the Yadkin Hydroelectric Project.
- 10 (3) Whether the Yadkin Power Authority, if created, could produce,  
11 distribute, and sell hydroelectric power for the benefit of the people of  
12 North Carolina.

13 **SECTION 12.10.(d)** Additional Duties. – The Study Commission also shall  
14 consider issues concerning governance of the Yadkin Power Authority, if created,  
15 including all of the following:

- 16 (1) Membership and terms of any Board of Directors or other governing  
17 board of the Yadkin Power Authority.
- 18 (2) The means for payment of the acquisition and maintenance of the  
19 Yadkin Hydroelectric Project.
- 20 (3) The allocation of the power from the Yadkin Hydroelectric Project.
- 21 (4) The allocation of water from the Yadkin Hydroelectric Project.
- 22 (5) The use and disposition of any net earnings of the Yadkin Power  
23 Authority.

24 **SECTION 12.10.(e)** Vacancies. – A vacancy in the membership of the  
25 Study Commission or a vacancy of a Cochair of the Study Commission resulting from  
26 the resignation of a member or otherwise shall be filled in the same manner in which the  
27 original appointment was made.

28 **SECTION 12.10.(f)** Reports. – The Study Commission shall submit an  
29 interim report to the 2009 General Assembly. The Study Commission shall make a  
30 final report to the 2011 General Assembly. Each report shall include findings and any  
31 recommendations, including, if the Study Commission recommends the creation of the  
32 Yadkin Power Authority, any legislative proposals that would assist in the creation and  
33 operation of a Yadkin Power Authority. The Study Commission shall terminate upon  
34 the filing of its final report.

35 **SECTION 12.10.(g)** Expenses of Members. – Members of the Commission  
36 shall receive per diem, subsistence, and travel allowances in accordance with  
37 G.S. 120-3.1, 138-5, or 138-6, as appropriate.

38 **SECTION 12.10.(h)** Chair; Meetings. – The President Pro Tempore of the  
39 Senate and the Speaker of the House of Representatives shall each designate one  
40 member to serve as Cochair of the Study Commission. The Cochairs shall call the initial  
41 meeting of the Commission on or before October 15, 2008. The Study Commission  
42 shall subsequently meet upon such notice and in such manner as its members determine.  
43 A majority of the members of the Study Commission shall constitute a quorum. The

1 Study Commission may meet in the Legislative Building or the Legislative Office  
2 Building upon the approval of the Legislative Services Commission.

3 **SECTION 12.10.(i)** Staff. – Upon the prior approval of the Legislative  
4 Services Commission, the Legislative Services Officer may assign professional and  
5 clerical staff and other services and supplies, as needed for the Study Commission to  
6 carry out its duties in an effective manner.

7 **SECTION 12.10.(j)** Cooperation by Government Agencies. – The Study  
8 Commission may call upon any department, agency, institution, or officer of the State or  
9 any political subdivision thereof for data or other assistance.

10 **SECTION 12.10.(k)** Current Relicensing Procedure. – Nothing in this  
11 section shall preclude the Governor or any State agency or department from taking any  
12 action necessary to protect the interest of the State in the current relicensing procedure  
13 for the Yadkin Hydroelectric Project before the Federal Energy Regulatory Commission  
14 or any related proceeding.

15 **SECTION 12.10.(l)** Action Suspended Pending Study. – The Department of  
16 Environment and Natural Resources shall not take any final action on Alcoa Power  
17 Generating, Inc.'s Section 401 Water Quality Certification for FERC Relicensing  
18 Project No. P-2197-0000 before the General Assembly acting upon the Study  
19 Commission's recommendations or May 1, 2009, whichever occurs sooner.

## 20 21 **MARINE FISHERIES FUNDS FOR THE FISHERY RESOURCE GRANT** 22 **PROGRAM**

23 **SECTION 12.11.** Of the funds appropriated in this act to the Department of  
24 Environment and Natural Resources for the Division of Marine Fisheries for the Fishery  
25 Resource Grant Program established under G.S. 113-200, the sum of one hundred  
26 forty-six thousand three hundred twelve dollars (\$146,312) for the 2008-2009 fiscal  
27 year shall be used for river herring research in the Department. The remaining funds  
28 appropriated in this act to the Department for the Fishery Resource Grant Program for  
29 the 2008-2009 fiscal year shall be used for research related to the Sea Grant College  
30 Program only and shall not be used for any other purpose.

## 31 32 **STUDY ADDING AREA SURROUNDING RUTHERFORD TRACE TO STATE** 33 **PARKS SYSTEM**

34 **SECTION 12.12.** The Division of Parks and Recreation of the Department  
35 of Environment and Natural Resources shall study the feasibility and the desirability of  
36 acquiring land and establishing a State park for inclusion in the State Parks System on  
37 property surrounding Rutherford Trace in McDowell County. The study shall include  
38 estimates of the cost of purchasing the land and the costs of developing and operating  
39 the proposed State park. The Division shall report its findings and recommendations,  
40 including any legislative proposals, to the Environmental Review Commission and to  
41 the Chairs of the House of Representatives and Senate Appropriations Subcommittees  
42 on Natural and Economic Resources no later than February 1, 2009.

## 43 44 **CONSERVATION GRANT FUND INVESTMENTS**

1           **SECTION 12.13.** G.S. 147-69.2(a) is amended by adding a new subdivision  
2 to read:

3           "(17j) The Conservation Grant Fund."  
4

## 5 **PART XIII. DEPARTMENT OF COMMERCE**

### 6 **ONE NORTH CAROLINA FUND**

7           **SECTION 13.1.** Section 13.1 of S.L. 2007-323 reads as rewritten:

8           **"SECTION 13.1.(a)** Of the funds appropriated in this act to the One North Carolina  
9 Fund for the ~~2007-2008~~2008-2009 fiscal year, the Department of Commerce may use  
10 up to three hundred thousand dollars (\$300,000) to cover its expenses in administering  
11 the One North Carolina Fund and other economic development incentive grant  
12 programs during the ~~2007-2008~~2008-2009 fiscal year.

13           **SECTION 13.1.(b)** Of the funds appropriated in this act to the One North Carolina  
14 Fund for the 2007-2008 fiscal year, the sum of six hundred fifty thousand dollars  
15 (\$650,000) shall be transferred to the Department of Environment and Natural  
16 Resources, Division of Information Technology Services, for the development of a Tier  
17 II hazardous chemicals inventory database and Web-based access application.

18           **SECTION 13.1.(c)** If any One North Carolina funds that have been previously  
19 awarded and disbursed are recovered by the Department of Commerce during the  
20 2007-2008 fiscal year, the Department of Commerce may use up to one million dollars  
21 (\$1,000,000) of the recovered funds to supplement the Department's budget for  
22 statewide economic development marketing and business assistance, including  
23 continued development and maintenance of the Department's Web site, development of  
24 software and systems to improve service to North Carolina businesses, and the  
25 promotion of North Carolina nationally and internationally as a location for business  
26 growth and expansion through advertising, events-related marketing, and hosting  
27 international economic development conferences. Funds recovered by the Department  
28 of Commerce under this subsection in the 2007-2008 fiscal year that are unencumbered  
29 and unexpended as of June 30, 2008, may be used by the Department in the 2008-2009  
30 fiscal year for Client Relationship Management software and to upgrade the building  
31 and sites database and website for the Certified Sites Program.  
32  
33

### 34 **NC GREEN BUSINESS FUND**

35           **SECTION 13.2.** Of the funds appropriated in this act to the NC Green  
36 Business Fund for the 2008-2009 fiscal year, the Department of Commerce may use up  
37 to fifty thousand dollars (\$50,000), if necessary, to cover the Department's expenses in  
38 administering the NC Green Business Fund.  
39

### 40 **CIAA BASKETBALL TOURNAMENT TOURISM AND MARKETING**

41           **SECTION 13.2A.** Of the funds available to the Tourism, Film, and Sports  
42 Development Division of the Department of Commerce, the sum of five hundred  
43 thousand dollars (\$500,000) for fiscal year 2008-2009 shall be used to support

1 marketing and tourism promotion for the Central Intercollegiate Athletic Association  
2 Tournament to be held in Charlotte February 23-28, 2009.

#### 3 4 **WELCOME/VISITOR CENTER CONSTRUCTION**

5 **SECTION 13.3.** S.L. 2007-356 reads as rewritten:

6 "SECTION 1. The Department of Commerce and the Department of Transportation  
7 shall consult with the Joint Legislative Commission on Governmental Operations and  
8 the House and Senate Appropriations Subcommittees on Natural and Economic  
9 Resources before beginning the design or construction of any new welcome center or  
10 visitor center buildings.

11 "SECTION 2. The Department of Commerce and the Department of Transportation  
12 shall immediately cease the planning, design, or construction of any new welcome  
13 center buildings in Randolph County and shall not resume the planning, design, or  
14 construction of any new welcome center buildings in that county before consulting with  
15 the Joint Legislative Commission on Governmental Operations and the House and  
16 Senate Appropriations Subcommittees on Natural and Economic Resources.

17 "SECTION 3. Nothing in this act shall be interpreted to prohibit or restrict the  
18 Department of Transportation from constructing visitor center buildings in Randolph  
19 County and Wilkes County that were in the planning, design, or construction phase  
20 prior to the effective date of this act. ~~The Department of Commerce shall operate the  
21 Randolph County visitor center with funding sources consistent with the existing nine  
22 welcome centers, excluding use of funds from the Special Registration Plate Account  
23 and the Highway Fund.~~"

#### 24 25 **WANCHESE SEAFOOD INDUSTRIAL PARK/OREGON INLET FUNDS**

26 **SECTION 13.4.** Section 13.3A of S.L. 2007-323 reads as rewritten:

27 "SECTION 13.3A.(a) Funds appropriated to the Department of Commerce for the  
28 ~~2006-2007~~2007-2008 fiscal year for the Wanchese Seafood Industrial Park that are  
29 unexpended and unencumbered as of ~~June 30, 2007~~,June 30, 2008, shall not revert to  
30 the General Fund on ~~June 30, 2007~~,June 30, 2008, but shall remain available to the  
31 Department to be expended by the Wanchese Seafood Industrial Park for operations,  
32 maintenance, repair, and capital improvements in accordance with Article 23C of  
33 Chapter 113 of the General Statutes. These funds shall be in addition to funds available  
34 to the North Carolina Seafood Industrial Park Authority for operations, maintenance,  
35 repair, and capital improvements under Article 23C of Chapter 113 of the General  
36 Statutes.

37 "SECTION 13.3A.(b) Funds appropriated to the Department of Commerce for the  
38 ~~2006-2007~~2007-2008 fiscal year for the Oregon Inlet Project that are unexpended and  
39 unencumbered as of ~~June 30, 2007~~,June 30, 2008, shall not revert to the General Fund  
40 on ~~June 30, 2007~~,June 30, 2008, but shall remain available to the Department to be  
41 expended by the Wanchese Seafood Industrial Park for securing adequate channel  
42 maintenance of the Oregon Inlet and for operations, maintenance, repair, and capital  
43 improvements in accordance with Article 23C of Chapter 113 of the General Statutes.  
44 These funds shall be in addition to funds available to the North Carolina Seafood

1 Industrial Park Authority for operations, maintenance, repair, and capital improvements  
2 under Article 23C of Chapter 113 of the General Statutes.

3 "SECTION 13.3A.(c) This section becomes effective ~~June 30, 2007~~ June 30,  
4 2008."

5  
6 **NER BLOCK GRANTS**

7 **SECTION 13.5.(a)** Appropriations from federal block grant funds are made  
8 for fiscal year ending June 30, 2009, according to the following schedule:

9  
10 **COMMUNITY DEVELOPMENT BLOCK GRANT**

11			
12	01. State Administration	\$	1,000,000
13			
14	02. Urgent Needs and Contingency		1,000,000
15			
16	03. Scattered Site Housing		13,200,000
17			
18	04. Economic Development		8,710,000
19			
20	05. Small Business/Entrepreneurship		1,000,000
21			
22	06. Community Revitalization		13,000,000
23			
24	07. State Technical Assistance		450,000
25			
26	08. Housing Development		1,500,000
27			
28	09. Infrastructure		5,140,000
29			
30	<b>TOTAL COMMUNITY DEVELOPMENT</b>		
31	<b>BLOCK GRANT – 2009 Program Year</b>	\$	45,000,000
32			

33 **SECTION 13.5.(b)** Decreases in Federal Fund Availability. – If federal  
34 funds are reduced below the amounts specified above after the effective date of this act,  
35 then every program in each of these federal block grants shall be reduced by the same  
36 percentage as the reduction in federal funds.

37 **SECTION 13.5.(c)** Increases in Federal Fund Availability for Community  
38 Development Block Grant. – Any block grant funds appropriated by the Congress of the  
39 United States in addition to the funds specified in this section shall be expended as  
40 follows: each program category under the Community Development Block Grant shall  
41 be increased by the same percentage as the increase in federal funds.

42 **SECTION 13.5.(d)** Limitations on Community Development Block Grant  
43 Funds. – Of the funds appropriated in this section for the Community Development  
44 Block Grant, the following shall be allocated in each category for each program year: up

1 to one million dollars (\$1,000,000) may be used for State Administration; not less than  
2 one million dollars (\$1,000,000) may be used for Urgent Needs and Contingency; up to  
3 thirteen million two hundred thousand dollars (\$13,200,000) may be used for Scattered  
4 Site Housing; eight million seven hundred ten thousand dollars (\$8,710,000) may be  
5 used for Economic Development; up to one million dollars (\$1,000,000) may be used  
6 for Small Business/Entrepreneurship; not less than thirteen million dollars  
7 (\$13,000,000) shall be used for Community Revitalization; up to four hundred fifty  
8 thousand dollars (\$450,000) may be used for State Technical Assistance; up to one  
9 million five hundred thousand dollars (\$1,500,000) may be used for Housing  
10 Development; up to five million one hundred forty thousand dollars (\$5,140,000) may  
11 be used for Infrastructure. If federal block grant funds are reduced or increased by the  
12 Congress of the United States after the effective date of this act, then these reductions or  
13 increases shall be allocated in accordance with subsection (b) or (c) of this section, as  
14 applicable.

15 **SECTION 13.5.(e)** Increase Capacity for Nonprofit Organizations. –  
16 Assistance to nonprofit organizations to increase their capacity to carry out  
17 CDBG-eligible activities in partnership with units of local government is an eligible  
18 activity under any program category in accordance with federal regulations. Capacity  
19 building grants may be made from funds available within program categories, program  
20 income, or unobligated funds.

21 **SECTION 13.5.(f)** The Department of Commerce shall consult with the  
22 Joint Legislative Commission on Governmental Operations prior to reallocating  
23 Community Development Block Grant Funds. Notwithstanding the provisions of this  
24 subsection, whenever the Director of the Budget finds that:

- 25 (1) A reallocation is required because of an emergency that poses an  
26 imminent threat to public health or public safety, the Director of the  
27 Budget may authorize the reallocation without consulting the  
28 Commission. The Department of Commerce shall report to the  
29 Commission on the reallocation no later than 30 days after it was  
30 authorized and shall identify in the report the emergency, the type of  
31 action taken, and how it was related to the emergency.
- 32 (2) The State will lose federal block grant funds or receive less federal  
33 block grant funds in the next fiscal year unless a reallocation is made.  
34 The Department of Commerce shall provide a written report to the  
35 Commission on the proposed reallocation and shall identify the reason  
36 that failure to take action will result in the loss of federal funds. If the  
37 Commission does not hear the issue within 30 days of receipt of the  
38 report, the Department may take the action without consulting the  
39 Commission.

#### 40 **EMPLOYMENT SECURITY COMMISSION FUNDS**

41 **SECTION 13.6.** Section 13.4 of S.L. 2007-323 reads as rewritten:

42 **"SECTION 13.4.(a)** Funds from the Employment Security Commission Reserve  
43 Fund shall be available to the Employment Security Commission of North Carolina to  
44

1 use as collateral to secure federal funds and to pay the administrative costs associated  
2 with the collection of the Employment Security Commission Reserve Fund surcharge.  
3 The total administrative costs paid with funds from the Reserve in the  
4 ~~2007-2008~~2008-2009 fiscal year shall not exceed two million five hundred thousand  
5 dollars (\$2,500,000).

6 "**SECTION 13.4.(b)** There is appropriated from the Employment Security  
7 Commission Reserve Fund to the Employment Security Commission of North Carolina  
8 the sum of ~~seven million three hundred thousand dollars (\$7,300,000)~~twenty million  
9 dollars (\$20,000,000) for the ~~2007-2008~~2008-2009 fiscal year to be used for the  
10 following purposes:

- 11 (1) ~~Seven million dollars (\$7,000,000)~~Nineteen million seven hundred  
12 thousand dollars (\$19,700,000) for the operation and support of local  
13 ESC offices.
- 14 (2) Two hundred thousand dollars (\$200,000) for the State Occupational  
15 Information Coordinating Committee to develop and operate an  
16 interagency system to track former participants in State education and  
17 training programs.
- 18 (3) One hundred thousand dollars (\$100,000) to maintain compliance with  
19 Chapter 96 of the General Statutes, which directs the Commission to  
20 employ the Common Follow-Up Management Information System to  
21 evaluate the effectiveness of the State's job training, education, and  
22 placement programs.

23 "**SECTION 13.4.(c)** There is appropriated from the Employment Security  
24 Commission Reserve Fund to the Employment Security Commission of North Carolina  
25 an amount not to exceed ~~two million five hundred thousand dollars (\$2,500,000)~~one  
26 million dollars (\$1,000,000) for the ~~2007-2008~~2008-2009 fiscal year to fund State  
27 initiatives not currently funded through federal grants.

28 "**SECTION 13.4.(d)** There is appropriated from the Employment Security  
29 Commission Reserve Fund to the Employment Security Commission of North Carolina  
30 an amount not to exceed three hundred fifty thousand dollars (\$350,000) for the  
31 ~~2007-2008~~2008-2009 fiscal year to allow the Commission to continue to work with  
32 Connect, Inc., to provide dislocated workers with assistance in obtaining health care  
33 benefits, receiving vocational training, and securing employment.

34 "**SECTION 13.4.(e)** This section becomes effective ~~July 1, 2007.~~July 1, 2008."  
35

## 36 NC WINE AND GRAPE GROWERS COUNCIL/ADDITIONAL FUNDS FOR 37 RESEARCH AND DEVELOPMENT

38 **SECTION 13.6A.(a)** G.S. 105-113.81A reads as rewritten:

39 "**§ 105-113.81A. Distribution of part of wine taxes attributable to North Carolina**  
40 **wine.**

41 (a) Industry Promotion. – The Secretary shall on a quarterly basis credit to the  
42 Department of Commerce two hundred thousand dollars (\$200,000) from the net  
43 proceeds of the excise tax collected on unfortified wine. The Department of Commerce  
44 shall allocate the funds received under this ~~section~~subsection to the North Carolina

1 Wine and Grape Growers Council to be used to promote the North Carolina grape and  
2 wine industry and to contract for research and development services to improve  
3 viticultural and enological practices in North Carolina industry. Any funds credited to  
4 the Department of Commerce under this subsection that are not expended by June 30 of  
5 any fiscal year do not revert to the General Fund, but remain available to the  
6 Department for the uses set forth in this section-subsection.

7 (b) Research and Development. – The Secretary shall on a quarterly basis credit  
8 to the Department of Commerce twenty-five thousand dollars (\$25,000) from the net  
9 proceeds of the excise tax collected on unfortified wine. The Department of Commerce  
10 shall allocate the funds received under this subsection to the North Carolina Wine and  
11 Grape Growers Council to be used to contract for research and development services to  
12 improve viticultural and enological practices in North Carolina. Any funds credited to  
13 the Department of Commerce under this subsection that are not expended by June 30 of  
14 any fiscal year do not revert to the General Fund, but remain available to the  
15 Department for the uses set forth in this subsection."

16 **SECTION 13.6A.(b)** This section becomes effective October 1, 2008.

17  
18 **STATE BANKING COMMISSION/GRANTS TO NONPROFIT AGENCIES TO**  
19 **PROVIDE HOUSING COUNSELING AND RELATED SERVICES**

20 **SECTION 13.6B.(a)** The Commissioner of Banks shall use one million  
21 dollars (\$1,000,000) of the funds available to the State Banking Commission in the  
22 2008-2009 fiscal year to make grants to nonprofit counseling agencies in the State that  
23 are designated and approved by the North Carolina Housing Finance Agency. Grants  
24 made under this section shall be used to provide housing counseling and related services  
25 to help homeowners avoid home loss and foreclosure and to preserve home equity.  
26 Grants may also be used to provide training for counselors.

27 **SECTION 13.6B.(b)** The State Banking Commission shall report to the  
28 Joint Legislative Commission on Governmental Operations regarding the  
29 implementation of this program by February 15, 2009.

30  
31 **REGIONAL ECONOMIC DEVELOPMENT COMMISSION ALLOCATIONS**

32 **SECTION 13.7.(a)** Funds appropriated in this act to the Department of  
33 Commerce for regional economic development commissions shall be allocated to the  
34 following commissions in accordance with subsection (b) of this section: Western North  
35 Carolina Regional Economic Development Commission, Research Triangle Regional  
36 Partnership, Southeastern North Carolina Regional Economic Development  
37 Commission, Piedmont Triad Partnership, Northeastern North Carolina Regional  
38 Economic Development Commission, North Carolina's Eastern Region Economic  
39 Development Partnership, and Carolinas Partnership, Inc.

40 **SECTION 13.7.(b)** Funds appropriated pursuant to subsection (a) of this  
41 section shall be allocated to each regional economic development commission as  
42 follows:

- 43 (1) First, the Department shall establish each commission's allocation by  
44 determining the sum of allocations to each county that is a member of

1 that commission. Each county's allocation shall be determined by  
2 dividing the county's development factor by the sum of the  
3 development factors for eligible counties and multiplying the resulting  
4 percentage by the amount of the appropriation. As used in this  
5 subdivision, the term "development factor" means a county's  
6 development factor as calculated under G.S. 143B-437.08; and

7 (2) Next, the Department shall subtract from funds allocated to the North  
8 Carolina's Eastern Region Economic Development Partnership the  
9 sum of four hundred sixty-nine thousand seven hundred forty dollars  
10 (\$469,740) in the 2008-2009 fiscal year, which sum represents: (i) the  
11 total interest earnings in the prior fiscal year on the estimated balance  
12 of seven million five hundred thousand dollars (\$7,500,000)  
13 appropriated to the Global TransPark Development Zone in Section 6  
14 of Chapter 561 of the 1993 Session Laws; and (ii) the total interest  
15 earnings in the prior fiscal year on loans made from the seven million  
16 five hundred thousand dollars (\$7,500,000) appropriated to the Global  
17 TransPark Development Zone in Section 6 of Chapter 561 of the 1993  
18 Session Laws; and

19 (3) Next, the Department shall redistribute the sum of four hundred  
20 sixty-nine thousand seven hundred forty dollars (\$469,740) in the  
21 2008-2009 fiscal year to the seven regional economic development  
22 commissions named in subsection (a) of this section. Each  
23 commission's share of this redistribution shall be determined according  
24 to the development factor formula set out in subdivision (1) of this  
25 subsection. This redistribution shall be in addition to each  
26 commission's allocation determined under subdivision (1) of this  
27 subsection.

28 **SECTION 13.7.(c)** No more than one hundred twenty thousand dollars  
29 (\$120,000) in State funds shall be used for the annual salary of any one employee of a  
30 regional economic development commission.

31 **SECTION 13.7.(d)** The General Assembly finds that successful economic  
32 development requires the collaboration of the State, regions of the State, counties, and  
33 municipalities. Therefore, the regional economic development commissions are  
34 encouraged to seek supplemental funding from their county and municipal partners to  
35 continue and enhance their efforts to attract and retain business in the State.

36  
37 **RURAL CENTER/FUNDS FOR LOCAL GOVERNMENT WATER, SEWER,  
38 AND NATURAL GAS IMPROVEMENT GRANTS**

39 **SECTION 13.8.(a)** Appropriation. – Of the funds appropriated to the North  
40 Carolina Rural Economic Development Center, Inc. (Rural Center), the sum of fifty  
41 million dollars (\$50,000,000) for the 2008-2009 fiscal year shall be used to provide  
42 grants to local government units for wastewater-related projects, public water  
43 system-related projects, and natural gas line projects as provided by this section. Funds  
44 may also be used to provide drought-related emergency water and sewer grants.

1           **SECTION 13.8.(b)** Definitions. – The definitions in G.S. 159G-20 apply in  
2 this section, except that all census calculations are based on the most recent federal  
3 decennial census. In addition, the following definitions shall apply in this section unless  
4 otherwise provided:

5           (1) Ability to pay. – An assessment of the ability of a local government  
6 unit to pay for a water infrastructure project or natural gas line project  
7 as calculated annually by the Division of Community Assistance in the  
8 Department of Commerce.

9           (2) Economically distressed area. – Any of the following:

10           a. An economically distressed county as defined in  
11 G.S. 143B-437.01.

12           b. That part of a county in which the poverty rate is at least one  
13 hundred fifty percent (150%) of the State poverty rate. The  
14 poverty rate is the percentage of the population whose income  
15 is below the most recent federal poverty level set by the U.S.  
16 Bureau of the Census.

17           c. If it is not a county, its ability to pay is less than fifty percent  
18 (50%) of the ability to pay of the county in which it is located.

19           (3) Rural county. – A county with a population density of fewer than 250  
20 people per square mile based on the most recent federal decennial  
21 census.

22           **SECTION 13.8.(c)** Eligible Applicants; Eligible Projects. – A local  
23 government unit is eligible for a grant under this section if it meets the eligibility  
24 requirements under subsections (d) or (e) of this section for the specific type of grant.  
25 The funds appropriated under this section may be used to provide either a planning  
26 grant that meets the requirements under subsection (d) of this section or a supplemental  
27 grant that meets the requirements of subsection (e) of this section. The following  
28 projects are eligible for receiving a grant under this section:

29           (1) Wastewater collection system.

30           (2) Wastewater treatment works.

31           (3) Public water system.

32           (4) Wastewater and drinking water infrastructure planning.

33           (5) Multi-jurisdictional wastewater, drinking water, water quality, and  
34 stormwater planning.

35           (6) Natural gas line project.

36           **SECTION 13.8.(d)** Planning Grants. – A planning grant under this section is  
37 available for the costs associated with preliminary planning for wastewater collection  
38 system projects, wastewater treatment works projects, public water system projects, and  
39 natural gas line projects. Preliminary planning includes developing a capital  
40 improvement plan, developing a comprehensive land-use plan that provides for water  
41 quality protection, conducting a feasibility study, developing a regional or  
42 multi-jurisdictional infrastructure or water quality improvement plan, assembling a  
43 financing plan to carry out a project, completing a grant application, and preparing a

1 preliminary engineering report for a proposed project. A planning grant is subject to the  
2 following restrictions:

- 3 (1) Eligibility. – A local government unit is eligible for a planning grant if  
4 it meets the following criteria:  
5 a. It is a rural county or is located in one of these counties.  
6 b. It is an economically distressed county or is located in an  
7 economically distressed county or an economically distressed  
8 area.  
9 c. For purposes of this subsection, a regional council of  
10 governments organized under G.S. 160A-460 or a regional  
11 planning and development commission organized under  
12 G.S. 153A-391 is considered a local government unit. A  
13 regional council of governments or regional planning and  
14 development commission is eligible for a grant if it serves a  
15 rural county and is applying for a regional or  
16 multi-jurisdictional planning project involving two or more  
17 units of local government.  
18 (2) Maximum. – A planning grant shall not exceed forty thousand dollars  
19 (\$40,000) for each unit of local government.  
20 (3) Matching funds. – A local government unit shall match a planning  
21 grant on a dollar-for-dollar basis unless the unit meets one or more of  
22 the following descriptions, in which instance the Rural Center may  
23 require a match of fifty percent (50%) or less:  
24 a. It is an economically distressed county or located in an  
25 economically distressed county.  
26 b. Its poverty rate is at least one hundred fifty percent (150%) of  
27 the State poverty rate.  
28 c. If it is not a county, its ability to pay is less than fifty percent  
29 (50%) of the ability to pay of the county in which it is located.

30 **SECTION 13.8.(e)** Supplemental Grants. – A supplemental grant is  
31 available to match other funds to be applied to the construction costs of an eligible  
32 project. Other funds include federal funds, State funds, and local funds. A supplemental  
33 grant is subject to the following restrictions:

- 34 (1) Eligibility. – A local government unit is eligible for a supplemental  
35 grant if it meets the following criteria:  
36 a. It is a rural county or is located in one of these counties.  
37 b. It adopts a resolution to set the household user fee for water and  
38 sewer service or natural gas service in the area served by the  
39 project at an amount that equals or exceeds the high-unit-cost  
40 threshold.  
41 (2) Maximum. – A supplemental grant shall not exceed five hundred  
42 thousand dollars (\$500,000) unless the applicant meets one or more of  
43 these descriptions:

- 1 a. It is an economically distressed county or is located in an
- 2 economically distressed county.
- 3 b. Its poverty rate is at least one hundred fifty percent (150%) of
- 4 the State poverty rate.
- 5 c. If it is not a county, its ability to pay is less than fifty percent
- 6 (50%) of the ability to pay of the county in which it is located.

7 The maximum supplemental grant for an applicant meeting at least one  
8 of these descriptions is the lesser of one million dollars (\$1,000,000) or  
9 twenty-five percent (25%) of the total project cost.

- 10 (3) Matching funds. – A local government unit shall match a supplemental  
11 grant on a dollar-for-dollar basis unless the unit meets one or more of  
12 the following descriptions, in which instance the Rural Center may  
13 require a match of fifty percent (50%) or less:

- 14 a. It is an economically distressed county or is located in an
- 15 economically distressed county.
- 16 b. Its poverty rate is at least one hundred fifty percent (150%) of
- 17 the State poverty rate.
- 18 c. If it is not a county, its ability to pay is less than fifty percent
- 19 (50%) of the ability to pay of the county in which it is located.

20 A local government unit that meets one or more of these descriptions  
21 may not provide less than a dollar-for-dollar match if the supplemental  
22 grant amount requested exceeds five hundred thousand dollars  
23 (\$500,000).

24 **SECTION 13.8.(f)** Criteria for Grants. – All projects must document a  
25 current critical water or wastewater need affecting human health or the environment or  
26 must document a current critical natural gas line project. The criteria in G.S. 159G-23,  
27 the criteria set out in this section, and any other criteria established by the Board of  
28 Directors of the Rural Center shall apply to a grant provided under this section. An  
29 application for a project that serves an economically distressed area shall have priority  
30 over a project that does not. The Board of Directors of the Rural Center may determine  
31 that a crisis need exists that merits special consideration and may establish a  
32 subcategory of this program to address one or more crisis applications.

33 **SECTION 13.8.(g)** Grant Applications. – Any application for a grant under  
34 this section shall be submitted by the local government unit to the Rural Center. An  
35 application shall be submitted on a form prescribed by the Rural Center and shall  
36 contain the information required by the Rural Center. An applicant shall submit to the  
37 Rural Center any additional information requested by the Rural Center to enable the  
38 Rural Center to make a determination on the application. An application that does not  
39 contain information required on the application or requested by the Rural Center is  
40 incomplete and is not eligible for consideration. An applicant may submit an application  
41 in as many categories as it is eligible for consideration under this section.

42 **SECTION 13.8.(h)** Environmental Assessment. – An application submitted  
43 under this section for a supplemental grant shall state whether the project to be funded  
44 by the grant requires an environmental assessment. If the application indicates that an

1 environmental assessment is not required, it must identify the exclusion in the North  
2 Carolina Environmental Policy Act, Article 1 of Chapter 113A of the General Statutes,  
3 that applies to the project. The Rural Center shall give the Department of Environment  
4 and Natural Resources a copy of an application that indicates an environmental  
5 assessment is not required. If the Department of Environment and Natural Resources  
6 determines that the project requires an environmental assessment, the Department shall  
7 notify the Rural Center and the applicant, and the applicant shall submit the assessment  
8 to the Department before the Center continues its review of the application. An  
9 application that does not identify an exclusion in the North Carolina Environmental  
10 Policy Act shall include the environmental assessment of the project's probable impacts  
11 on the environment that was submitted to the Department of Environment and Natural  
12 Resources. If the Department notifies the Rural Center that an environmental impact  
13 statement is required, the Rural Center shall not award the applicant a grant until a final  
14 environmental assessment impact statement has been completed and approved as  
15 provided in the Environmental Policy Act.

16 **SECTION 13.8.(i)** Review of Applications and Award of Grant. – The Rural  
17 Center shall review grant applications and award grants as provided by this subsection:

- 18 (1) Point assignment. – The Rural Center shall review all grant  
19 applications submitted under this section for an application period, to  
20 be determined by the Rural Center, and shall rank each application in  
21 accordance with the points assigned to the evaluation criteria.  
22 Applications addressing a crisis need may be ranked according to a  
23 special set of criteria or be reviewed for a specifically determined  
24 application period. The Rural Center shall make a written  
25 determination of an application's rank and attach the determination to  
26 the application. The Rural Center's determination of rank is  
27 conclusive.
- 28 (2) Reconsideration. – When an application's rank is too low to receive an  
29 award of a grant for the application period, the Rural Center may  
30 reconsider an amended application, provided the application addresses  
31 questions from the previous grant round.
- 32 (3) Notification of decision. – When the Rural Center determines that an  
33 application's rank makes it eligible for an award of a grant, the Rural  
34 Center shall send the applicant a letter of intent to award the grant. The  
35 notice shall set out any conditions the applicant must meet to receive  
36 an award of a grant. When the applicant satisfies the conditions set out  
37 in the letter of intent, the Rural Center shall send the applicant an offer  
38 to award a grant. The applicant shall give the Rural Center written  
39 notice of whether it accepts or rejects the offer. A grant is considered  
40 awarded the date the offer to award the grant is sent by the Rural  
41 Center.

42 **SECTION 13.8.(j)** Disbursement of Grant. – A planning grant awarded  
43 under this section shall be disbursed in two payments. Other grants awarded under this  
44 section shall be disbursed in two or more payments based on the progress of the project

1 for which the grant was awarded. To obtain a payment, a grant recipient shall submit a  
2 request for payment to the Rural Center and shall document the expenditures for which  
3 the payment is requested. The Rural Center shall review the payment request for  
4 compliance with all grant conditions.

5 **SECTION 13.8.(k)** Withdrawal of Grant. – An award for a supplemental  
6 grant for a project is withdrawn if the applicant fails to enter into a construction contract  
7 for the project within one year after the date of the award for supplemental grants under  
8 subsection (e) of this section, unless the Board of Directors of the Rural Center finds  
9 that the applicant has good cause for the failure. If the Rural Center finds good cause for  
10 an applicant's failure, the Rural Center shall set a date by which the applicant must take  
11 action or forfeit the grant. Planning grants may be withdrawn if there is insufficient  
12 progress in meeting the scope of work within one year of the award date.

13 **SECTION 13.8.(l)** Inspection of Project. – The Rural Center may inspect a  
14 project as provided by this subsection:

15 (1) Authority. – The Rural Center may inspect a project for which it  
16 awards a grant under this section to determine the progress made on  
17 the project and whether the construction of the project is consistent  
18 with the project described in the grant application. The inspection may  
19 be performed by personnel of the Rural Center or by a professional  
20 engineer licensed under Chapter 89C of the General Statutes.

21 (2) Disqualification. – An individual may not perform an inspection of a  
22 project under this section if the individual meets any of the following  
23 criteria:

24 a. Is an officer or employee of the local government unit that  
25 received the grant award for the project.

26 b. Is an owner, officer, employee, or agent of a contractor or  
27 subcontractor engaged in the construction of the project for  
28 which the grant was made.

29 **SECTION 13.8.(m)** Administration Costs. – The Rural Center may use a  
30 portion of the funds appropriated in this section for administration, not to exceed two  
31 percent (2%), for the life of the grant program created by this section.

32 **SECTION 13.8.(n)** Reporting Requirement. – The Rural Center shall report  
33 to the Joint Legislative Commission on Governmental Operations on a quarterly basis  
34 concerning the progress of the grant program created under this section. The first report  
35 is due no later than December 1, 2008.

36 **SECTION 13.8.(o)** Separate Accounts. – Each grant that is provided under  
37 this section shall be administered through a separate account.

38 **SECTION 13.8.(p)** Loans Prohibited. – The Rural Center shall not use the  
39 funds appropriated in this section to make loans.

40  
41 **RURAL ECONOMIC DEVELOPMENT CENTER/INFRASTRUCTURE**  
42 **PROGRAM**

43 **SECTION 13.10.(a)** Section 13.13(a) of S.L. 2007-323 reads as rewritten:

1 "SECTION 13.13.(a) Of the funds appropriated in this act to the Rural Economic  
2 Development Center, Inc., the sum of nineteen million five hundred thousand dollars  
3 (\$19,500,000) for the 2007-2008 fiscal year and the sum of nineteen million five  
4 hundred thousand dollars (\$19,500,000) for the 2008-2009 fiscal year shall be allocated  
5 as follows:

- 6 (1) To continue the North Carolina Infrastructure Program. The purpose of  
7 the Program is to provide grants to local governments to construct  
8 critical water and wastewater facilities and to provide other  
9 infrastructure needs, including technology needs, to sites where these  
10 facilities will generate private job-creating investment. At least  
11 ~~fifteen~~ million dollars ~~(\$15,000,000)~~(\$10,000,000) of the funds  
12 appropriated in this act for each year of the biennium must be used to  
13 provide grants under this Program.
- 14 (2) To provide matching grants to local governments in distressed areas  
15 and equity investments in public-private ventures that will  
16 productively reuse vacant buildings and properties, with priority given  
17 to towns or communities with populations of less than 5,000.
- 18 (3) To provide economic development research and demonstration grants.
- 19 (4) To provide financial assistance to financially responsible small  
20 businesses that are unable to obtain adequate financing and bonding  
21 assistance in connection with contracts. To qualify for assistance under  
22 this subdivision, an applicant must meet criteria that are substantially  
23 similar to those set forth in G.S. 143B-472.103. In selecting applicants  
24 for assistance the Rural Center must consider the need to serve all  
25 geographic and political areas and subdivisions of the State. Up to \$5  
26 million of the funds appropriated in this section for the 2008-2009  
27 fiscal year may be used for this purpose."

## 28 29 PART XIV. JUDICIAL DEPARTMENT

### 30 31 PILOT PROGRAM FOR ALTERNATIVE SCHEDULING

32 SECTION 14.1. Of the funds appropriated to the Office of Indigent Defense  
33 Services in this act, the Office of Indigent Defense Services may spend up to the sum of  
34 twenty-five thousand dollars (\$25,000) to support one or more pilot programs of  
35 alternative scheduling in district or superior court that would reduce defense attorney  
36 wait time and State expense. The establishment of any pilot program under this section  
37 would require the prior agreement of the district attorney, chief district court judge, and  
38 senior resident superior court judge for the district.

### 39 40 OFFICE OF INDIGENT DEFENSE SERVICES EXPANSION OF EXISTING 41 PUBLIC DEFENDER OFFICES

42 SECTION 14.3.(a) Section 14.4(a) of S.L. 2007-323 reads as rewritten:

43 "SECTION 14.4.(a) The Judicial Department, Office of Indigent Defense Services,  
44 may use up to the sum of two million one hundred ninety-two thousand three hundred

1 fifty dollars (\$2,192,350) in appropriated funds during the 2007-2008 fiscal year ~~and up~~  
 2 ~~to the sum of two million eighty two thousand five hundred ten dollars (\$2,082,510) in~~  
 3 ~~appropriated funds during the 2008-2009 fiscal year for the expansion of existing or~~  
 4 ~~new public defender offices currently providing legal services to the indigent population~~  
 5 ~~under the oversight of the Office of Indigent Defense Services by creating up to 20 new~~  
 6 ~~attorney positions and 10 new support staff positions.~~ positions during the 2007-2008  
 7 fiscal year. In addition, the Office of Indigent Defense Services may use up to the sum  
 8 of two million three hundred thousand eight hundred fifty dollars (\$2,300,850) in  
 9 appropriated funds during the 2008-2009 fiscal year to create up to 20 new attorney and  
 10 10 new support staff positions in existing offices during the 2008-2009 fiscal year.  
 11 These funds may be used for salaries, benefits, equipment, and related expenses. Prior  
 12 to using funds for this purpose, the Office of Indigent Defense Services shall report to  
 13 the Chairs of the House of Representatives and the Senate Appropriations  
 14 Subcommittees on Justice and Public Safety on the proposed expansion."

15 **SECTION 14.3.(b)** Section 14.4(c) of S.L. 2007-323 reads as rewritten:

16 "SECTION 14.4.(c) In addition to the new public defender offices established  
 17 pursuant to subsection (b) of this section, the Office of Indigent Defense Services shall  
 18 use funds from the Indigent Persons Attorney Fee Fund as follows:

- 19 (1) Up to the sum of one million three hundred thirty-five thousand five  
 20 hundred forty-three dollars (\$1,335,543) for the 2007-2008 fiscal year  
 21 and up to the sum of ~~one million two hundred sixty four thousand six~~  
 22 ~~hundred seventy nine dollars (\$1,264,679)~~ one million two hundred  
 23 ninety-five thousand sixty dollars (\$1,295,060) for the 2008-2009  
 24 fiscal year to establish Public Defender District 5 as provided for in  
 25 subsection (d) of this section.
- 26 (2) Up to the sum of seven hundred eighty-eight thousand two hundred  
 27 sixty-four dollars (\$788,264) for the 2007-2008 fiscal year and up to  
 28 the sum of ~~seven hundred forty two thousand four hundred~~  
 29 ~~seventy seven dollars (\$742,477)~~ seven hundred sixty-two thousand  
 30 eight hundred thirty-seven dollars (\$762,837) for the 2008-2009 fiscal  
 31 year to establish Public Defender District 29B as provided for in  
 32 subsection (d) of this section."  
 33

34 **REPEAL PUBLIC DEFENDER EXPANSION AUTHORITY**

35 **SECTION 14.4.** Section 14.4(b) of S.L. 2007-323 is repealed.

37 **ADDITIONAL ASSISTANT DISTRICT ATTORNEYS**

38 **SECTION 14.6.** G.S. 7A-60(a1) reads as rewritten:

39 "(a1) The counties of the State are organized into prosecutorial districts, and each  
 40 district has the counties and the number of full-time assistant district attorneys set forth  
 41 in the following table:

Prosecutorial District	Counties	No. of Full-Time Asst. District Attorneys
---------------------------	----------	---

1	1	Camden, Chowan, Currituck,	11
2		Dare, Gates, Pasquotank,	
3		Perquimans	
4	2	Beaufort, Hyde, Martin,	7 8
5		Tyrrell, Washington	
6	3A	Pitt	11
7	3B	Carteret, Craven, Pamlico	12
8	4	Duplin, Jones, Onslow,	18
9		Sampson	
10	5	New Hanover, Pender	17 18
11	6A	Halifax	5
12	6B	Bertie, Hertford,	6
13		Northampton	
14	7	Edgecombe, Nash, Wilson	18 19
15	8	Greene, Lenoir, Wayne	14
16	9	Franklin, Granville,	12
17		Vance, Warren	
18	9A	Person, Caswell	5 6
19	10	Wake	39 42
20	11	Harnett, Johnston, Lee	17 19
21	12	Cumberland	22 23
22	13	Bladen, Brunswick, Columbus	13
23	14	Durham	16 18
24	15A	Alamance	10 11
25	15B	Orange, Chatham	10
26	16A	Scotland, Hoke	6 7
27	16B	Robeson	13
28	17A	Rockingham	6 7
29	17B	Stokes, Surry	7 8
30	18	Guilford	31 32
31	19A	Cabarrus	9
32	19B	Montgomery, Randolph	9 10
33	19C	Rowan	7 8
34	19D	Moore	5
35	20A	Anson, Richmond,	11 12
36		Stanly	
37	20B	Union	9 10
38	21	Forsyth	24 25
39	22	Alexander, Davidson, Davie,	20
40		Iredell	
41	23	Alleghany, Ashe, Wilkes,	8
42		Yadkin	
43	24	Avery, Madison, Mitchell,	7
44		Watauga, Yancey	

1	25	Burke, Caldwell, Catawba	<del>18</del> <u>19</u>
2	26	Mecklenburg	<del>53</del> <u>58</u>
3	27A	Gaston	<del>14</del> <u>15</u>
4	27B	Cleveland,	<del>10</del> <u>11</u>
5		Lincoln	
6	28	Buncombe	<del>13</del> <u>14</u>
7	29A	McDowell, Rutherford	<del>7</del>
8	29B	Henderson, Polk, Transylvania	<del>8</del>
9	30	Cherokee, Clay, Graham,	<del>11</del>
10		Haywood, Jackson, Macon,	
11		Swain."	
12			

**FEASIBILITY STUDY ON PROVIDING THE OFFICE OF INDIGENT DEFENSE SERVICES WITH INDIGENT CASE INFORMATION WHEN CASES ARE INITIATED**

**SECTION 14.7.** The Office of Indigent Defense Services and the Administrative Office of the Courts shall consult on developing a statewide system to enable the Office of Indigent Defense Services to obtain information about indigent cases when counsel is first appointed and shall develop a proposal for statewide implementation of such a system. A report on this proposal shall be included in the Office of Indigent Defense Services' annual report due March 1, 2009.

**JCPC EFFECTIVENESS STUDY**

**SECTION 14.8.(a)** The Judicial Department, through the North Carolina Sentencing and Policy Advisory Commission, shall conduct a feasibility study for measuring the effectiveness of programs that receive Juvenile Crime Prevention Council (JCPC) grant funds. All State agencies and community-based programs that receive JCPC funding shall provide data as requested by the Commission.

The Sentencing and Policy Advisory Commission shall provide an interim report on the results of the feasibility study 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 House of Representatives and Senate Appropriations Subcommittees on Justice and Public Safety by December 1, 2008. The final plan for measuring the effectiveness of JCPC programs shall be provided to the Chairs of the Senate and House of Representatives Appropriations Committees and the Chairs of the Senate and House of Representatives Appropriations Subcommittees on Justice and Public Safety by May 1, 2009.

**SECTION 14.8.(b)** G.S. 143B-519 is repealed.

**LEGAL ASSISTANCE TO HOMEOWNERS**

**SECTION 14.9.** G.S. 7A-474.3(b) reads as rewritten:

"(b) Eligible Cases. – Legal assistance shall be provided to eligible clients under this Article only in the following types of cases:

- (1) Family violence or spouse abuse;

- 1 (2) Assistance for the disabled in obtaining federal Social Security
- 2 benefits;
- 3 (2a) Assistance for eligible clients in obtaining benefits or assistance under
- 4 any federal law or program providing benefits or assistance for human
- 5 trafficking victims;
- 6 (3) Representation of eligible farmers faced with the potential of farm
- 7 foreclosure;
- 8 (4) Representation of eligible clients over the age of 60 regarding the
- 9 following matters:
- 10 a. Wills and estates;
- 11 b. Safe and sanitary housing;
- 12 c. Pensions and retirement rights;
- 13 d. Social Security and Medicare rights;
- 14 e. Access to health care;
- 15 f. Food and nutrition; and
- 16 g. Transportation.
- 17 (5) Representation of eligible clients designed to enable them to obtain the
- 18 necessary skills and means to obtain meaningful employment at a
- 19 decent wage and reduce the public welfare rolls; and
- 20 (6) Representation of eligible clients under the age of 21 or eligible
- 21 families with legal problems affecting persons under the age of 21
- 22 regarding the following matters:
- 23 a. Financial support and custody of children;
- 24 b. Child care;
- 25 c. Child abuse or neglect;
- 26 d. Safe and sanitary housing;
- 27 e. Food and nutrition; and
- 28 f. Access to health care.
- 29 (7) Legal assistance to consumers in cases involving predatory mortgage
- 30 lending, mortgage broker and loan services abuses, foreclosure
- 31 defense, and other legal issues that relate to helping consumers avoid
- 32 foreclosure and home loss."
- 33

**ADDITIONAL DISTRICT COURT JUDGES**

**SECTION 14.13.(a)** G.S. 7A-133(a) reads as rewritten:

"(a) Each district court district shall have the numbers of judges as set forth in the following table:

District	Judges	County
1	5	Camden Chowan Currituck

1			Dare
2			Gates
3			Pasquotank
4			Perquimans
5	2	4	Martin
6			Beaufort
7			Tyrrell
8			Hyde
9			Washington
10	3A	5	Pitt
11	3B	6	Craven
12			Pamlico
13			Carteret
14	4	8	Sampson
15			Duplin
16			Jones
17			Onslow
18	5	9	New Hanover
19			Pender
20	6A	3	Halifax
21	6B	3	Northampton
22			Bertie
23			Hertford
24	7	7	Nash
25			Edgecombe
26			Wilson
27	8	6	Wayne
28			Greene
29			Lenoir
30	9	4	Granville
31			(part of Vance
32			see subsection (b))
33			Franklin
34	9A	2	Person
35			Caswell
36	9B	2	Warren
37			(part of Vance see
38			subsection(b))
39	10	<del>18</del> <u>19</u>	Wake
40	11	<del>10</del> <u>11</u>	Harnett
41			Johnston
42			Lee
43	12	10	Cumberland
44	13	6	Bladen

1			Brunswick
2			Columbus
3	14	7	Durham
4	15A	4	Alamance
5	15B	5	Orange
6			Chatham
7	16A	3	Scotland
8			Hoke
9	16B	5	Robeson
10	17A	3	Rockingham
11	17B	4	Stokes
12			Surry
13	18	14	Guilford
14	19A	4	Cabarrus
15	19B	7	Montgomery
16			Moore
17			Randolph
18	19C	5	Rowan
19	20A	4	Stanly
20			Anson
21			Richmond
22	20B	1	(part of Union
23			see subsection(b))
24	20C	2	(part of Union
25			see subsection(b))
26	20D	1	Union
27	21	10	Forsyth
28	22A	5	Alexander
29			Iredell
30	22B	6	Davidson
31			Davie
32	23	4	Alleghany
33			Ashe
34			Wilkes
35			Yadkin
36	24	4	Avery
37			Madison
38			Mitchell
39			Watauga
40			Yancey
41	25	9	Burke
42			Caldwell
43			Catawba
44	26	<del>20</del> <u>21</u>	Mecklenburg

1	27A	7	Gaston
2	27B	5	Cleveland
3			Lincoln
4	28	7	Buncombe
5	29A	3	McDowell
6			Rutherford
7	29B	4	Henderson
8			Polk
9			Transylvania
10	30	6	Cherokee
11			Clay
12			Graham
13			Haywood
14			Jackson
15			Macon
16			Swain."

17           **SECTION 14.13.(b)** The Governor shall appoint the additional district court  
18 judges for Districts 10, 11, and 26 authorized by subsection (a) of this section, and those  
19 judges' successors shall be elected in the 2010 election for four-year terms commencing  
20 January 1, 2011.

21           **SECTION 14.13.(c)** As to District 11, subsection (a) of this section becomes  
22 effective January 15, 2009, or 15 days after preclearance under section 5 of the Voting  
23 Rights Act of 1965, whichever is later. The remainder of this section becomes effective  
24 January 15, 2009.

25  
26           **CONFERENCE OF DISTRICT ATTORNEYS AND CONFERENCE OF**  
27           **CLERKS OF SUPERIOR COURT SHALL NOT LOBBY OR CONDUCT**  
28           **STUDIES OF ADMINISTRATIVE MATTERS/STUDY DUPLICATION OF**  
29           **TRAINING**

30           **SECTION 14.14.(a)** G.S. 7A-413 is amended by adding two new  
31 subsections to read:

32           "(c) The Conference shall not use State funds or employees paid with State funds  
33 to promote or oppose in any manner the passage by the General Assembly of any  
34 legislation. Lobbying on behalf of the district attorneys may be conducted by the  
35 Administrative Office of the Courts in the course of its lobbying for legislative action.

36           "(d) The Conference shall not use State funds or employees paid with State funds  
37 to conduct studies of salaries, workload formulas, or the administrative functions of the  
38 General Court of Justice."

39           **SECTION 14.14.(b)** G.S. 7A-807 is amended by adding two new  
40 subsections to read:

41           "(c) The Conference shall not use State funds or employees paid with State funds  
42 to promote or oppose in any manner the passage by the General Assembly of any  
43 legislation. Lobbying on behalf of the clerks of superior court may be conducted by the  
44 Administrative Office of the Courts in the course of its lobbying for legislative action.

1 (d) The Conference shall not use State funds or employees paid with State funds  
2 to conduct studies of salaries, workload formulas, or the administrative functions of the  
3 General Court of Justice."

4 **SECTION 14.14.(c)** The Administrative Office of the Courts, in  
5 consultation with the Department of Justice, the UNC School of Government, and the  
6 North Carolina Community College System shall study methods for reducing the  
7 duplication and overlap in the training provided to judges, prosecutors, clerks of  
8 superior court, magistrates, law enforcement officers, and others receiving training from  
9 the Justice Academy, the School of Government, the Conference of District Attorneys,  
10 the Conference of Clerks of Superior Court, or the community colleges. The  
11 Administrative Office of the Courts shall report its findings to the Chairs of the Senate  
12 and House of Representatives Subcommittees on Justice and Public Safety and the  
13 Fiscal Research Division by March 1, 2009.

14  
15 **PROBATION OFFICER ACCESS TO AUTOMATED COURT INFORMATION**  
16 **SYSTEM**

17 **SECTION 14.15.** The Administrative Office of the Courts shall use up to  
18 the sum of one hundred thousand dollars (\$100,000) from the Court Information  
19 Technology Fund established in G.S. 7A-343.2 to develop an interface between the case  
20 management functions of the Offender Population Unified System (OPUS) of the  
21 Department of Correction and the Automated Court Information System, in order to  
22 provide probation parole officers with access to the most recent information on arrests  
23 and pending charges against probationers.

24  
25 **COUNTY COURTHOUSE TELEPHONE COSTS**

26 **SECTION 14.16.(a)** If Senate Bill 2107 of the 2007 General Assembly or  
27 similar legislation increasing judicial facilities fees does not become law, the  
28 Administrative Office of the Courts may use up to three million three hundred sixty  
29 thousand dollars (\$3,360,000) of funds available for the 2008-2009 fiscal year to pay for  
30 county courthouse telephone service and equipment costs.

31 **SECTION 14.16.(b)** Section 14.16 of S.L. 2007-323 is repealed.

32  
33 **PART XV. DEPARTMENT OF JUSTICE**

34  
35 **USE OF GRANT FUNDS OR OTHER RECEIPT FUNDS FOR REPLACEMENT**  
36 **LABORATORY EQUIPMENT AND FORENSIC FIREARMS ANALYST**  
37 **START-UP COSTS**

38 **SECTION 15.2.** The Department of Justice is authorized to use up to three  
39 hundred fifteen thousand dollars (\$315,000) of grant funding or other receipt funds  
40 available to purchase replacement laboratory equipment and for start-up costs associated  
41 with the forensic firearms analyst positions approved in this act. Notwithstanding  
42 Section 15.3 of S.L. 2007-323, the Department is not required to seek prior approval to  
43 use these funds for the purposes described in this section.

1 **PART XVI. DEPARTMENT OF JUVENILE JUSTICE AND DELINQUENCY**  
 2 **PREVENTION**

3  
 4 **JCPC GRANT REPORTING AND CERTIFICATION**

5 **SECTION 16.1.(a)** Section 18.2(a) of S.L. 2007-323 reads as rewritten:

6 "**SECTION 18.2.(a)** On or before ~~April 1~~ October 1 of each year, the Department  
 7 of Juvenile Justice and Delinquency Prevention shall submit to the Joint Legislative  
 8 Commission on Governmental Operations and the Appropriations Committees of the  
 9 Senate and House of Representatives a list of the recipients of the grants awarded, or  
 10 preapproved for award, from funds appropriated to the Department for local Juvenile  
 11 Crime Prevention Council grants. ~~The list shall include for each recipient grants,~~  
 12 including:

- 13 (1) ~~the~~ The amount of the grant awarded, awarded.  
 14 (2) ~~the~~ The membership of the local committee or council administering  
 15 the award funds on the local level, and level.  
 16 (3) The type of program funded.  
 17 (4) ~~a~~ A short description of the local services, programs, or projects that  
 18 will receive ~~funds.~~ funds.  
 19 (5) ~~The list shall also identify~~ Identification of any programs that received  
 20 grant funds at one time but for which funding has been eliminated by  
 21 the ~~Department of Juvenile Justice and Delinquency Prevention.~~  
 22 Department.  
 23 (6) The number of at-risk, diverted, and adjudicated juveniles served by  
 24 county.  
 25 (7) The Department's actions to ensure that county JCPC's prioritize  
 26 funding for dispositions of intermediate and community-level  
 27 sanctions for court-adjudicated juveniles under minimum standards  
 28 adopted by the Department.  
 29 (8) The total cost for each funded program, including the cost per juvenile  
 30 and the essential elements of the program.

31 A written copy of the list and other information regarding the projects shall also be  
 32 sent to the Fiscal Research Division of the General Assembly."

33 **SECTION 16.1.(b)** Section 18.2(d) of S.L. 2007-323 is repealed.  
 34

35 **SUPPORT OUR STUDENTS (SOS) GRANT ELIGIBILITY**

36 **SECTION 16.2.** G.S. 143B-152.4(a) reads as rewritten:

37 "(a) ~~A~~ Any of the following may apply for a grant:

- 38 (1) ~~A community- or neighborhood-based 501(c)(3) entity or a consortium~~  
 39 ~~consisting of one or more local 501(c)(3) entities and one or more~~  
 40 ~~local school administrative units may apply for a grant.~~ entity.  
 41 (2) A community-based, public or private nonprofit, tax exempt  
 42 organization.  
 43 (3) A school system.  
 44 (4) A local government agency."

**JUVENILE CRIME PREVENTION COUNCILS (JCPC) FORMULA REVISION**

**SECTION 16.3.** The Department of Juvenile Justice and Delinquency Prevention, the NC Juvenile Services Association, and the Community Alternatives for Youth, in consultation with the Fiscal Research Division, shall develop and propose a revision to the county allocation formula for Juvenile Crime Prevention Councils. The Department shall report the recommendations 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 December 1, 2008.

**STATE FUNDS MAY BE USED AS FEDERAL MATCHING FUNDS**

**SECTION 16.4.** Section 18.5 of S.L. 2007-323 reads as rewritten:

**"SECTION 18.5.** Funds appropriated in this act from the General Fund to the Department of Juvenile Justice and Delinquency Prevention for the ~~2007-2008 fiscal year~~2008-2009 fiscal year may be used as matching funds for the Juvenile Accountability Incentive Block Grants. If North Carolina receives Juvenile Accountability Incentive Block Grants, or a notice of funds to be awarded, the Office of State Budget and Management and the Governor's Crime Commission shall consult with the Department of Juvenile Justice and Delinquency Prevention regarding the criteria for awarding federal funds. The Office of State Budget and Management, the Governor's Crime Commission, and the Department of Juvenile Justice and Delinquency Prevention shall report to the Appropriations Committees of the House of Representatives and Senate and the Joint Legislative Commission on Governmental Operations prior to allocation of the federal funds. The report shall identify the amount of funds to be received for the ~~2007-2008 fiscal year~~2008-2009 fiscal year, the amount of funds anticipated for the ~~2008-2009 fiscal year~~2009-2010 fiscal year, and the allocation of funds by program and purpose."

**PART XVII. DEPARTMENT OF CORRECTION****TEMPORARY HOUSING FUNDS**

**SECTION 17.1.(a)** The Department of Correction may use funds available during the 2008-2009 fiscal year to secure appropriate temporary housing for offenders on post-release supervision, probation, or parole who do not have a viable residence plan and are at risk of being homeless. The Department may use available funds to secure housing for post-release supervisees, probationers, and parolees in a transitional housing shelter, halfway house, or other community-based residential facility that provides housing for offenders. The Department shall not expend funds to secure housing for post-release supervisees, probationers, and parolees in a nursing home, adult care facility, group home containing the physically or developmentally disabled, or residential facility where minors are housed.

1           **SECTION 17.1.(b)** The Department may not use available funds as  
2 authorized by this section to provide housing for any offender for a continuous period  
3 exceeding 30 days.

4           **SECTION 17.1.(c)** The Department of Correction shall evaluate the most  
5 effective means to provide temporary housing for offenders on post-release supervision,  
6 probation, or parole who do not have a viable residence plan and are at risk of being  
7 homeless. The evaluation shall include a review of practices in other states, an  
8 evaluation of the feasibility of contracting with community-based facilities to provide  
9 housing and an assessment of the feasibility of establishing a central facility or facilities  
10 to house offenders on post-release supervision, probation, or parole. The Department  
11 shall report its findings to the Joint Legislative Corrections, Crime Control, and Juvenile  
12 Justice Oversight Committee by January 1, 2009.

#### 13 14 **FEDERAL GRANT MATCHING FUNDS**

15           **SECTION 17.2.** Section 17.12 of S.L. 2007-323 reads as rewritten:

16           **"SECTION 17.12.** Notwithstanding the provisions of G.S.143C-6-9, the  
17 Department of Correction may use up to the sum of one million two hundred thousand  
18 dollars (\$1,200,000) during the 2007-2008 fiscal year and up to the sum of one million  
19 five hundred thousand dollars (\$1,500,000) during the 2008-2009 fiscal year from funds  
20 available to the Department to provide the State match needed in order to receive  
21 federal grant funds. Prior to using funds for this purpose, the Department shall report to  
22 the Chairs of the House of Representatives and Senate Appropriations Subcommittees  
23 on Justice and Public Safety and the Joint Legislative Commission on Governmental  
24 Operations on the grants to be matched using these funds."  
25

#### 26 **RESERVE FUND FOR PROBATION AND PAROLE STAFFING AND** 27 **RESOURCES**

28           **SECTION 17.3.** Of the funds appropriated in this act to the Department of  
29 Correction, a reserve fund of two million five hundred thousand dollars (\$2,500,000) is  
30 established in the Office of State Budget and Management to address critical staffing  
31 and resource needs in Probation and Parole Field Services, Department of Correction.  
32 The designation of these funds is pending the outcome of a National Institute of  
33 Corrections review. The sum of five hundred thousand dollars (\$500,000) in  
34 nonrecurring funds in the reserve shall not revert at the end of the fiscal year but shall  
35 remain available to the Department for the purposes identified in the NIC review.

36           Prior to using any funds from the reserve authorized by this section, the  
37 Department of Correction shall consult with the Joint Legislative Commission on  
38 Governmental Operations, the Joint Legislative Corrections, Crime Control, and  
39 Juvenile Justice Oversight Committee, and the Chairs of the House of Representatives  
40 and Senate Appropriations Subcommittees on Justice and Public Safety on the proposed  
41 use of the funds and the reasons for the proposal. The consultation shall include a report  
42 on the Department's proposed policies and procedures for maximizing the efficiency of  
43 the probation violation staffing process.  
44

**REPORT ON PROBATION AND PAROLE CASELOADS**

**SECTION 17.4.** Section 17.16 of S.L. 2007-323 reads as rewritten:

**"SECTION 17.16.(a)** The Department of Correction shall report by March 1 of each year 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 caseload averages for probation and parole officers. The report shall include:

- (1) Data on current caseload averages for Probation Parole Officer I, Probation Parole Officer II, ~~and Probation Parole Officer III positions;~~ III, and Chief Probation Parole Officer positions;
- (2) An analysis of the optimal caseloads for these officer classifications;
- (3) An assessment of the role of surveillance officers;
- (4) The number and role of paraprofessionals in supervising low-risk caseloads;
- (5) An update on the Department's implementation of the recommendations contained in the National Institute of Correction study conducted on the Division of Community Corrections in 2004;
- (6) ~~The selection of a risk assessment and the resulting distribution of offenders among risk levels;~~ The process of assigning offenders to an appropriate supervision level based on a risk assessment and an examination of other existing resources for assessment and case planning, including the Sentencing Services Program in the Office of Indigent Defense Services, and the range of screening and assessment services provided by the Division of Mental Health, Developmental Disability, and Substance Abuse Services in the Department of Health and Human Services; and
- (7) Any position reallocations in the previous 12 months, and the reasons for and fiscal impact of those reallocations.

**"SECTION 17.16.(b)** The Department of Correction shall conduct a study of probation/parole officer workload at least biannually. The study shall include analysis of the type of offenders supervised, the distribution of the probation/parole officers' time by type of activity, the caseload carried by the officers, and comparisons to practices in other states. The study shall be used to determine whether the caseload goals established by the Structured Sentencing Act are still appropriate, based on the nature of the offenders supervised and the time required to supervise those offenders.

**"SECTION 17.16.(c)** The Department of Correction shall report the results of the study and recommendations for any adjustments to caseload goals to the House of Representatives and Senate Appropriations Subcommittees on Justice and Public Safety by January 1, 2009.

**"SECTION 17.16.(d)** The Office of State Personnel, in conjunction with the Department of Correction, shall conduct a compensation study of probation parole officers, including the identification and assessment of relevant labor market comparisons for which:

- (1) The job duties are similar;

- 1           (2)    The education and experience requirements are similar; and
- 2           (3)    The labor markets are representative of markets that typically seek to
- 3                    draw qualified applicants from similar backgrounds.

4       The Office of State Personnel shall report the results of the study and  
 5 recommendations for any adjustments to the House of Representatives and Senate  
 6 Appropriations Subcommittees on Justice and Public Safety by March 1, 2009."

7

8   **LIABILITY INSURANCE/DEPARTMENT OF CORRECTION**

9       **SECTION 17.6.** Section 10.2(c) of S.L. 2007-323 reads as rewritten:

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

19

20   **PART XVIII. DEPARTMENT OF CRIME CONTROL AND PUBLIC SAFETY**

21

22   **GOVERNOR'S CRIME COMMISSION STUDY/EXPAND JUVENILE**  
 23 **JURISDICTION**

24       **SECTION 18.1.(a)** The Governor's Crime Commission and its adjunct  
 25 committees shall study the legal, systematic, and organizational impact of expanding the  
 26 jurisdiction of the Department of Juvenile Justice and Delinquency Prevention to  
 27 include persons 16 and 17 years of age who commit crimes or infractions under State  
 28 law or under an ordinance of local government. In particular, the Commission shall  
 29 perform the following functions regarding the proposed expansion of the jurisdiction of  
 30 the Department of Juvenile Justice and Delinquency Prevention to include 16- and  
 31 17-year-olds who commit crimes or infractions under State or local law:

- 32           (1)    Identify the costs to the State court system and State and local law
- 33                    enforcement.
- 34           (2)    Review the relevant State laws that should be conformed or amended,
- 35                    including, but not limited to, the motor vehicle and criminal laws, the
- 36                    laws regarding expunction of criminal records, and other juvenile laws.
- 37           (3)    Review the experience of any other states which have within recent
- 38                    years expanded the juvenile justice jurisdiction to 16- and
- 39                    17-year-olds.
- 40           (4)    Identify the practical issues for the Department of Juvenile Justice and
- 41                    Delinquency Prevention to implement best practices for programs and
- 42                    facilities that would meet the unique needs of the older youth under the
- 43                    proposal without adversely affecting the existing departmental
- 44                    programming.

- 1 (5) Review the relevant State laws on sharing of juvenile information with  
2 other State departments and agencies.
- 3 (6) Create a specific plan of the actions that are necessary to implement  
4 the expansion of the jurisdiction of the Department of Juvenile Justice  
5 and Delinquency Prevention.
- 6 (7) Determine the total cost of expanding the jurisdiction of the  
7 Department of Juvenile Justice and Delinquency Prevention.
- 8 (8) Conduct a cost benefit analysis of expanding the jurisdiction of the  
9 Department of Juvenile Justice and Delinquency Prevention with  
10 specific information on possible future fiscal savings anywhere within  
11 State government as a result of expenditures necessary to implement  
12 the expansion.
- 13 (9) Determine whether federal or other funds are available to aid in the  
14 transition and expansion, or both, of the age of juvenile jurisdiction to  
15 16- and 17-year-olds.

16 **SECTION 18.1.(b)** The Commission may contract with an independent  
17 group or groups for the oversight and management of this study project, a service needs  
18 study, and a courts study, and to periodically report those findings to the Commission.

19 **SECTION 18.1.(c)** The Department of Juvenile Justice and Delinquency  
20 Prevention and all other departments, agencies, institutions, or officers of the State or  
21 any political subdivision of the State, shall cooperate with the Commission in this study,  
22 shall provide the Commission with any requested facilities, data, or other assistance,  
23 and help the Commission identify any collateral effect which might result from  
24 implementation of the proposal on the program and operations of the relevant State  
25 department, agency, or the political subdivision.

26 **SECTION 18.1.(d)** The Commission shall submit a report of its findings and  
27 legislative, administrative, and funding recommendations by April 1, 2009, to the  
28 General Assembly and the Governor.

29 In addition to its final report, the Commission shall report in writing on the  
30 progress of this study on a quarterly basis beginning on October 1, 2008, and by the first  
31 day of every quarter thereafter until the Commission submits its final report to the  
32 General Assembly, to the chairs and cochairs, as applicable, of the standing committees  
33 or subcommittees of the General Assembly listed in subsections (e) and (f) of this  
34 section. A copy of each progress report made to the standing committee and  
35 subcommittee chairs shall also be filed in the Legislative Library.

36 **SECTION 18.1.(e)** The Commission shall report to all of the following  
37 standing committees or subcommittees in the House of Representatives pursuant to this  
38 section:

- 39 (1) Appropriations: Justice and Public Safety.
- 40 (2) Children, Youth, and Families.
- 41 (3) Education: Preschool, Elementary, and Secondary Education.
- 42 (4) Juvenile Justice.
- 43 (5) All of the Judiciary Committees.

1           **SECTION 18.1.(f)** The Commission shall report to all of the following  
2 standing committees or subcommittees in the Senate pursuant to this section:

- 3           (1) Appropriations: Justice and Public Safety.
- 4           (2) Education and Higher Education.
- 5           (3) All of the Judiciary Committees.

6           **SECTION 18.1.(g)** Of the funds appropriated by this act to the Department  
7 of Crime Control and Public Safety, the Governor's Crime Commission for the  
8 2008-2009 fiscal year, the Commission may use up to two hundred thousand dollars  
9 (\$200,000) to conduct the study authorized by this section. The Commission may also  
10 apply for, receive, or accept grants and contributions from any source of money or any  
11 other thing of value to be held and used for the purposes of the study authorized by this  
12 section.

### 13 14 **ENHANCE RAPE VICTIMS ASSISTANCE PROGRAM**

15           **SECTION 18.2.(a)** G.S. 143B-480.2 reads as rewritten:

#### 16 **"§ 143B-480.2. Victim assistance.**

17           (a) Eligibility for Assistance. – Sexual assault victims or victims of attempted  
18 sexual assault are eligible for assistance under this Program if the sexual assault or the  
19 attempted sexual assault is reported to a law enforcement officer within ~~five days~~72  
20 hours of the occurrence of the assault or the attempted sexual assault and if a forensic  
21 medical examination is performed within ~~five days~~72 hours of the sexual assault or the  
22 attempted sexual assault. The Secretary may waive either ~~five day~~72-hour requirement  
23 for good cause. The term "sexual assault" as used in this section refers to the following  
24 crimes: first-degree rape as defined in G.S. 14-27.2, second-degree rape as defined in  
25 G.S. 14-27.3, first-degree sexual offense as defined in G.S. 14-27.4, second-degree  
26 sexual offense as defined in G.S. 14-27.5, or statutory rape as defined in G.S. 14-27.7A.

27           (b) Eligible Expenses. – Assistance is limited to the following expenses incurred  
28 by the victim:

- 29           (1) Immediate and short-term medical expenses.
- 30           (2) Ambulance services from the place of the attack to a place where  
31 medical treatment is provided.
- 32           (3) Mental health services provided by a professional licensed or certified  
33 by the State to provide such services.
- 34           (4) A forensic medical examination. As used in this section, the term  
35 "forensic medical examination" means an examination provided to a  
36 sexual assault victim eligible for assistance under subsection (a) of this  
37 section by medical ~~medical~~-personnel who gather evidence of a sexual  
38 assault in a manner suitable for use in a court of law. The examination  
39 should include an examination of physical trauma, a patient interview,  
40 and a collection and evaluation of evidence.
- 41           (5) Counseling treatment following the attack.

42           (c) Amount of Assistance. – The Program shall pay for the ~~full out-of-pocket~~  
43 cost of the victim's forensic medical ~~examination~~examination up to eight hundred

dollars (\$800.00). Specifically, the Program shall pay amounts for services in accordance with the following schedule:

<u>Service:</u>	<u>Maximum Amount Paid by Program:</u>
Physician or SANE Nurse	\$350.00
Hospital/Facility Fee	\$250.00
Ambulance Fee	\$200.00
 <b><u>Total:</u></b>	 <b><u>\$800.00</u></b>

The Program shall pay for all other eligible expenses set out in subsection (b) of this section in an amount not to exceed the difference between the full out-of-pocket cost of the forensic medical examination and one thousand dollars (\$1,000). ~~If the full out of pocket cost for the forensic medical examination costs more than one thousand dollars (\$1,000), then the Program shall pay only for the full out of pocket cost of the forensic medical examination.~~ Assistance not to exceed fifty dollars (\$50.00) shall be provided to victims to replace clothing that was held for evidence tests.

(d) ~~Payment Directly to Provider. – With the exception of assistance authorized under subsection (f) of this section, assistance for expenses authorized under this section is to be paid directly to any hospital, ambulance service, attending physicians, or mental health professionals providing counseling, upon the filing of proper forms. Payment for the full out of pocket cost of the forensic medical examination shall be paid to the provider no later than 90 days after receiving the required written notification of the victim's expense.~~ If the entity seeking payment for expenses authorized under this section is a hospital, ambulance service, or mental health professional providing counseling, the Program shall make payment directly to that entity upon the filing of proper forms. If the entity seeking payment for expenses authorized under this section is an attending physician or licensed registered nurse, the Program shall make payment to a hospital, which shall then pay the entity seeking payment. Attending physicians and licensed registered nurses shall not bill or otherwise seek payment directly from the Program, but shall instead seek payment from the hospital that accepted payment on the entity's behalf. No payment for the cost of the forensic medical examination shall be made under this subsection unless the recipient agrees in writing that receipt of that payment shall constitute payment in full for the amount owed for the cost of the examination and expenses related to the examination.

(e) ~~Judicial Review. – Upon an adverse determination by the Secretary on a claim for medical expenses, a victim is entitled to judicial review of that decision. The person seeking review shall file a petition in the Superior Court of Wake County.~~

(f) ~~Examinations by Licensed Registered Nurse. — If the forensic medical examination is conducted by a licensed registered nurse who has successfully completed a program approved under G.S. 90-171.38(b), payment for the full out of pocket cost of the forensic medical examination may be made directly to the licensed registered nurse in lieu of any payment which may otherwise have been made under subsection (d) of this section. Payment for the full out of pocket costs of a forensic medical examination~~

1 under this subsection shall be paid no later than 90 days after receiving the required  
2 written notification of the victim's expense. The Secretary shall adopt rules to facilitate  
3 the payments authorized under this subsection and to encourage, whenever practical, the  
4 use of licensed registered nurses trained under G.S. 90-171.38(b) to conduct medical  
5 examinations and procedures."

6 **SECTION 18.2.(b)** G.S. 143B-480.3 reads as rewritten:

7 "**§ 143B-480.3. Reduction of benefits; restitution; actions.**

8 (a) Assistance shall be reduced or denied to the extent the medical expenses are  
9 recouped through a public or private insurance plan or other victim benefit  
10 source, source, except that the Program shall pay any co-payment that the victim is  
11 required to pay in connection with the forensic medical examination up to the maximum  
12 amount that the Program will pay for a forensic medical exam under  
13 G.S. 143B-480.2(c).

14 (b) The Program shall be an eligible recipient for restitution or reparation under  
15 G.S. 15A-1021, 15A-1343, 148-33.1, 148-33.2, 148-57.1, and any other applicable  
16 statutes.

17 (c) When any victim who:

18 (1) Has received assistance under this Part;

19 (2) Brings an action for damages arising out of the rape, attempted rape,  
20 sexual offense, or attempted sexual offense for which she received that  
21 assistance; and

22 (3) Recovers damages including the expenses for which she was awarded  
23 assistance,

24 the court shall make as part of its judgment an order for reimbursement to the Program  
25 of the amount of any assistance awarded less reasonable expenses allocated by the court  
26 to that recovery.

27 (d) Funds appropriated to the Department of Crime Control and Public Safety for  
28 this program may be used to purchase and distribute rape evidence collection kits  
29 approved by the State Bureau of Investigation."

30 **SECTION 18.2.(c)** Of the funds appropriated by this act to the Department  
31 of Crime Control and Public Safety for the 2008-2009 fiscal year, the sum of one  
32 million seventy-eight thousand seventy-eight dollars (\$1,078,078) may be used to  
33 enhance the ability of the Assistance Program for Victims of Rape and Sex Offenses to  
34 provide assistance to victims of rape and sexual offenses.  
35

## 36 **REPORT ON THE USE OF ILLEGAL IMMIGRATION PROJECT FUNDS**

37 **SECTION 18.3.** No later than March 1, 2009, the North Carolina Sheriffs'  
38 Association shall submit a report to the Chairs of the House and Senate Appropriations  
39 Committees and the Chairs of the House and Senate Appropriations Subcommittees on  
40 Justice and Public Safety on the operations and effectiveness of the Illegal Immigration  
41 Project. The report shall include all of the following:

42 (1) An overview of the program.

43 (2) The program budget.

- 1 (3) A summary of work done with funds received, which shall include the  
2 following information:  
3 a. The total number of law enforcement agencies that received  
4 funding from the program for officer training.  
5 b. The total number of officers trained.  
6 c. The total number of training sessions administered.  
7 d. Copies of educational/informational materials distributed.  
8 (4) Recommendations on ways that federal, State, and local resources can  
9 be used to further improve the effectiveness of the Illegal Immigration  
10 Project and other immigration enforcement initiatives.

11  
12 **PART XIX. DEPARTMENT OF ADMINISTRATION**

13  
14 **SEXUAL ASSAULT AND RAPE CRISIS CENTER FUND**

15 **SECTION 19.1.** Article 11 of Chapter 143B of the General Statutes is  
16 amended by adding a new Part to read:

17 "Part 3B. Sexual Assault and Rape Crisis Center Fund.

18 **"§ 143B-480.20. Sexual Assault and Rape Crisis Center Fund.**

19 (a) The Sexual Assault and Rape Crisis Center Fund is established within the  
20 State Treasury. The fund shall be administered by the Department of Administration,  
21 North Carolina Council for Women, and shall be used to make grants to centers for  
22 victims of sexual assault or rape crisis and to the North Carolina Coalition Against  
23 Sexual Assault, Inc. This fund shall be administered in accordance with the provisions  
24 of the State Budget Act under Chapter 143C of the General Statutes. The Department of  
25 Administration shall make quarterly grants to each eligible sexual assault or rape crisis  
26 center and to the North Carolina Coalition Against Sexual Assault, Inc. To be eligible to  
27 receive funds under this section, a sexual assault or rape crisis center shall meet the  
28 following requirements:

- 29 (1) Have been in operation on the preceding July 1 and continue to be in  
30 operation.  
31 (2) Offer all of the following services: a hotline, transportation services,  
32 community education programs, daytime services, and call forwarding  
33 during the night; and fulfill other criteria established by the  
34 Department of Administration.  
35 (3) Be a nonprofit corporation or a local governmental entity.  
36 (4) Have a mission statement that clearly specifies rape crisis services are  
37 provided.  
38 (5) Act in support of victims of rape or sexual assault by providing  
39 assistance to ensure victims' interests are represented in law  
40 enforcement and legal proceedings and support and referral services  
41 are provided in medical and community settings.

42 (b) Funds appropriated from the General Fund to the Department of  
43 Administration, North Carolina Council for Women, for the Sexual Assault and Rape  
44 Crisis Center Fund shall be distributed in two shares. The North Carolina Coalition

1 Against Sexual Assault, Inc., and sexual assault or rape crisis centers whose services are  
2 confined to rape crisis or sexual assault services shall receive an equal share of  
3 thirty-five percent (35%) of the funds. Organizations whose services contain sexual  
4 assault or rape crisis services and domestic violence services or other support services  
5 shall receive an equal share of the remaining sixty-five percent (65%) of the funds."  
6

## 7 **STATE AGENCIES TO PURCHASE WATER IN BIODEGRADABLE** 8 **BOTTLES**

9 **SECTION 19.3.(a)** The General Assembly finds that the sale and use of  
10 bottled water in plastic bottles derived from petroleum products negatively impacts the  
11 State's solid waste stream and reliance upon imported fossil fuels.

12 **SECTION 19.3.(b)** G.S. 143-64 reads as rewritten:

13 "**§ 143-64. Beverages contracts.**

14 (a) In order to encourage the use of biodegradable plastic bottles derived from  
15 renewable resources as a substitute for traditional plastic bottles manufactured from  
16 petroleum products, and notwithstanding any other provision of law, single serving  
17 bottled water purchased by State departments, agencies, boards, and commissions shall  
18 be packaged in bottles made of biodegradable materials.

19 (b) Notwithstanding any other provision of law, local school administrative units,  
20 community colleges, and constituent institutions of The University of North Carolina  
21 shall competitively bid contracts that involve the sale of juice or bottled water.  
22 Contracts for the sale of juice and contracts for the sale of bottled water shall each be  
23 bid separately from each other and separately from any other contract, including  
24 contracts for other beverages or vending machine services. The local school  
25 administrative units, community colleges, and constituent institutions may set quality  
26 standards for these beverages, and these standards may be used to accept or reject a  
27 bid."

28 **SECTION 19.3.(c)** This section becomes effective October 1, 2008, and  
29 applies to purchases of bottled water on or after that date.

## 31 **PART XIXA. CULTURAL RESOURCES**

### 32 **BENTONVILLE BATTLEFIELD FUND**

34 **SECTION 19A.1.** Article 1 of Chapter 121 of the General Statutes is  
35 amended by adding a new section to read:

36 "**§ 121-7.5. Bentonville Battlefield Fund.**

37 (a) Fund. – The Bentonville Battlefield Fund is created as a special fund in the  
38 Department of Cultural Resources, Division of State Historic Sites. The interest earned  
39 by the Fund shall be credited to the Fund by the State Treasurer pursuant to  
40 G.S. 147-69.2 and G.S. 147-69.3. The Fund shall be used for operation, interpretation,  
41 maintenance, preservation, development, and expansion at Bentonville Battlefield State  
42 Historic Site.

43 (b) Disposition of Fees. – Notwithstanding Chapter 146 of the General Statutes,  
44 all receipts derived from donations or the lease, rental, or other disposition of structures

1 or products of the land owned by or under the supervision or control of the Division of  
2 Historic Sites in Johnston County shall be credited to the Fund.

3 (c) The monies credited to this Fund pursuant to this section are annually  
4 appropriated to the Department of Cultural Resources."

## 6 **ESTABLISH AFRICAN-AMERICAN HERITAGE COMMISSION**

7 **SECTION 19A.2.** Article 2 of Chapter 143B of the General Statutes is  
8 amended by adding a new Part to read:

9 "Part 30. African-American Heritage Commission.

### 10 **"§ 143B-135. Commission established.**

11 (a) Creation and Duties. – There is created the African-American Heritage  
12 Commission in the Department of Cultural Resources to advise and assist the Secretary  
13 of Cultural Resources in the preservation, interpretation, and promotion of  
14 African-American history, arts, and culture. The Commission shall have the following  
15 powers and duties:

- 16 (1) To advise the Secretary of Cultural Resources on methods and means  
17 of preserving African-American history, arts, and culture.
- 18 (2) To promote public awareness of historic buildings, sites, structures,  
19 artwork, and culture associated with North Carolina's  
20 African-American heritage through special programs, exhibits, and  
21 publications.
- 22 (3) To support African-American heritage education in elementary and  
23 secondary schools in coordination with North Carolina Public Schools.
- 24 (4) To build a statewide network of individuals and groups interested in  
25 the preservation of African-American history, arts, and culture.
- 26 (5) To develop a program to catalog, preserve, assess, and interpret all  
27 aspects of African-American history, arts, and culture.
- 28 (6) To advise the Secretary of Cultural Resources upon any matter the  
29 Secretary may refer to it.

30 (b) Composition and Terms. – The Commission shall consist of 10 members who  
31 shall serve staggered terms. The initial board shall be selected on or before October 1,  
32 2008, as follows:

- 33 (1) Four appointed by the Governor, two of whom shall serve terms of  
34 three years, one of whom shall serve a term of two years, and one of  
35 whom shall serve a term of one year. At least one appointee shall be a  
36 member of the North Carolina Historical Commission.
- 37 (2) Three appointed by the General Assembly upon the recommendation  
38 of the President Pro Tempore of the Senate, one of whom shall serve a  
39 term of three years, one of whom shall serve a term of two years, and  
40 one of whom shall serve a term of one year.
- 41 (3) Three appointed by the General Assembly upon the recommendation  
42 of the Speaker of the House of Representatives, one of whom shall  
43 serve a term of three years, one of whom shall serve a term of two  
44 years, and one of whom shall serve a term of one year.

1        Upon the expiration of the terms of the initial Commission members, each member  
2 shall be appointed for a three-year term and shall serve until a successor is appointed.

3        (c) Vacancies. – A vacancy shall be filled in the same manner as the original  
4 appointment, except that all unexpired terms appointed by the General Assembly shall  
5 be filled in accordance with G.S. 120-122. Appointees to fill vacancies shall serve the  
6 remainder of the unexpired term and until their successors have been duly appointed  
7 and qualified.

8        (d) Removal. – The Commission may remove any of its members for neglect of  
9 duty, incompetence, or unprofessional conduct. A member subject to disciplinary  
10 proceedings shall be disqualified from participating in the official business of the  
11 Commission until the charges have been resolved.

12        (e) Officers. – The officers of the Commission shall be a chair, a vice-chair, and  
13 other officers deemed necessary by the Commission to carry out the purposes of this  
14 Article. All officers shall be elected annually by the Committee for two-year terms and  
15 shall serve until their successors are elected and qualified.

16        (f) Meetings; Quorum. – The Commission shall meet at least semiannually to  
17 conduct business. The Board shall establish the procedures for calling, holding, and  
18 conducting regular and special meetings. A majority of Commission members shall  
19 constitute a quorum.

20        (g) Compensation. – The Commission members shall receive no salary as a result  
21 of serving on the Commission but shall receive per diem, subsistence, and travel  
22 expenses in accordance with the provisions of G.S. 120-3.1, 138-5, and 138-6, as  
23 applicable."

## 24 25 **PART XX. OFFICE OF THE STATE CONTROLLER**

### 26 27 **BEACON STAFF TO SUPPORT STATEWIDE ENTERPRISE TRAINING** 28 **PROGRAM**

29        **SECTION 20.1.** The Office of the State Controller shall use existing  
30 BEACON receipts to establish eight full-time time-limited positions to support the  
31 statewide enterprise training program as follows:

- 32            (1) \$80,375 nonrecurring in fiscal year 2008-2009 for one SAP/NCAS  
33            Training Technology Specialist.
- 34            (2) \$141,500 nonrecurring in fiscal year 2008-2009 for two SAP/NCAS  
35            Staff Development Specialists.
- 36            (3) \$353,750 nonrecurring in fiscal year 2008-2009 for five SAP/NCAS  
37            Trainers.

## 38 39 **PART XXI. HOUSING FINANCE AGENCY**

### 40 41 **HOUSING FINANCE AGENCY SHALL CONTINUE AND EXPAND THE** 42 **HOME PROTECTION PROGRAM**

43        **SECTION 21.1.(a)** G.S. 122A-3 reads as rewritten:

44        "**§ 122A-3. Definitions.**

1       ~~The following words and terms, unless the context clearly indicates a different~~  
2 ~~meaning, shall have the following respective meanings: The following definitions apply~~  
3 ~~in this section:~~

- 4           (1) ~~"Bonds" or "notes" mean the bonds or the bond anticipation notes or~~  
5 ~~construction loan notes authorized to be issued by the Agency under~~  
6 ~~this Chapter;~~  
7           (2) ~~"Agency" means the North Carolina Housing Finance Agency created~~  
8 ~~by this Chapter;~~  
9           (3) ~~Repealed by Session Laws 1973, c. 1296, s. 5;~~  
10          (4) ~~Repealed by Session Laws 1973, c. 1296, s. 6;~~  
11          (5) ~~"Governmental agency" means any department, division, public~~  
12 ~~agency, political subdivision or other public instrumentality of the~~  
13 ~~State, the federal government, any other State or public agency, or any~~  
14 ~~two or more thereof;~~  
15          (6) ~~Repealed by Session Laws 1973, c. 1296, s. 8;~~  
16          (7) ~~Repealed by Session Laws 1973, c. 1296, s. 9;~~  
17          (8) ~~"Mortgage" or "mortgage loan" means a mortgage loan for residential~~  
18 ~~housing, including, without limitation, a mortgage loan to finance,~~  
19 ~~either temporarily or permanently, the construction, rehabilitation,~~  
20 ~~improvement, or acquisition and rehabilitation or improvement of~~  
21 ~~residential housing and a mortgage loan insured or guaranteed by the~~  
22 ~~United States or an instrumentality thereof or for which there is a~~  
23 ~~commitment by the United States or an instrumentality thereof to~~  
24 ~~insure such a mortgage;~~  
25          (9) ~~Repealed by Session Laws 1973, c. 1296, s. 11;~~  
26          (10) ~~"Obligations" means any bonds or bond anticipation notes authorized~~  
27 ~~to be issued by the Agency under the provisions of this Chapter;~~  
28          (11) ~~"Persons and families of lower income" means persons and families~~  
29 ~~deemed by the Agency to require such assistance as is made available~~  
30 ~~by this Chapter on account of insufficient personal or family income,~~  
31 ~~taking into consideration, without limitation, (i) the amount of the total~~  
32 ~~income of such persons and families available for housing needs, (ii)~~  
33 ~~the size of the family, (iii) the cost and condition of housing facilities~~  
34 ~~available, (iv) the eligibility of such persons and families for federal~~  
35 ~~housing assistance of any type predicated upon a lower income basis~~  
36 ~~and (v) the ability of such persons and families to compete~~  
37 ~~successfully in the normal housing market and to pay the amounts at~~  
38 ~~which private enterprise is providing decent, safe and sanitary housing~~  
39 ~~and deemed by the Agency therefore to be eligible to occupy~~  
40 ~~residential housing financed wholly or in part, with mortgages, or with~~  
41 ~~other public or private assistance;~~  
42          (12) ~~"Residential housing" means a specific work or improvement~~  
43 ~~undertaken primarily to provide dwelling accommodations for persons~~  
44 ~~and families of lower income, including the rehabilitation of buildings~~

1 and improvements, and such other nonhousing facilities as may be  
2 incidental or appurtenant thereto;

3 (13) "State" means the State of North Carolina;

4 (14) "Federally insured securities" means an evidence of indebtedness  
5 secured by a first mortgage lien on residential housing for persons of  
6 lower income and insured or guaranteed as to repayment of principal  
7 and interest by the United States or any agency or instrumentality  
8 thereof; and

9 (15) "Mortgage lenders" means any bank or trust company, savings bank,  
10 national banking association, savings and loan association, or building  
11 and loan association, life insurance company, mortgage banking  
12 company, the federal government and any other financial institution  
13 authorized to transact business in the State;

14 (16) "Energy conservation loan" means a loan obtained from a mortgage  
15 lender for the purpose of satisfying an existing obligation of a  
16 borrower who is the resident owner of a single family dwelling or of  
17 "residential housing." The existing obligation of the owner in an  
18 "energy conservation loan" must have been incurred to pay for the  
19 purchase of materials or the installation of materials, or both, which  
20 results in a significant decrease in the amount of consumption of  
21 nonrenewable sources of energy in order to provide or maintain a  
22 comfortable level of room temperatures in his residence during the  
23 winter. "Energy conservation loan" does not include a loan obtained to  
24 refinance an existing loan agreement unless payment or collection of  
25 the original loan was guaranteed by the agency.

26 (17) "Rehabilitation" means the renovation or improvement of residential  
27 housing by the owner of said residential housing.

28 (1) Agency. – The North Carolina Housing Finance Agency created by  
29 this Chapter.

30 (2) Bonds or notes. – The bonds or the bond anticipation notes or  
31 construction loan notes authorized to be issued by the Agency under  
32 this Chapter.

33 (3) Counseling agency. – A nonprofit counseling agency located in North  
34 Carolina that is approved by the North Carolina Housing Finance  
35 Agency.

36 (4) Energy conservation loan. – A loan obtained from a mortgage lender  
37 for the purpose of satisfying an existing obligation of a borrower who  
38 is the resident owner of a single-family dwelling or of "residential  
39 housing." The existing obligation of the owner in an "energy  
40 conservation loan" must have been incurred to pay for the purchase of  
41 materials or the installation of materials, or both, which results in a  
42 significant decrease in the amount of consumption of nonrenewable  
43 sources of energy in order to provide or maintain a comfortable level  
44 of room temperatures in his residence during the winter. "Energy

1           conservation loan" does not include a loan obtained to refinance an  
2           existing loan agreement unless payment or collection of the original  
3           loan was guaranteed by the Agency.

4           (5)   Federally insured securities. – An evidence of indebtedness secured by  
5           a first mortgage lien on residential housing for persons of lower  
6           income and insured or guaranteed as to repayment of principal and  
7           interest by the United States or any agency or instrumentality thereof.

8           (6)   Governmental agency. – Any department, division, public agency,  
9           political subdivision, or other public instrumentality of the State, the  
10          federal government, any other State or public agency, or any two or  
11          more thereof.

12          (7)   Mortgage or mortgage loan. – A mortgage loan for residential housing,  
13          including, without limitation, a mortgage loan to finance, either  
14          temporarily or permanently, the construction, rehabilitation,  
15          improvement, or acquisition and rehabilitation or improvement of  
16          residential housing and a mortgage loan insured or guaranteed by the  
17          United States or an instrumentality thereof or for which there is a  
18          commitment by the United States or an instrumentality thereof to  
19          insure such a mortgage. A mortgage obligation may be evidenced by a  
20          security document and secured by a lien upon real property, including  
21          a deed of trust and land sale agreement. Mortgage also means an  
22          obligation evidenced by a security lien on real property upon which an  
23          owner-occupied mobile home is located.

24          (8)   Mortgage lenders. – Any bank or trust company, savings bank,  
25          national banking association, savings and loan association, or building  
26          and loan association, life insurance company, mortgage banking  
27          company, the federal government, and any other financial institution  
28          authorized to transact business in the State.

29          (9)   Mortgagee. – The owner of a beneficial interest in a mortgage loan, the  
30          servicer for the owner of a beneficial interest in a mortgage loan, or the  
31          trustee for a securitized trust that holds title to a beneficial interest in a  
32          mortgage loan.

33          (10) Obligations. – Any bonds or bond anticipation notes authorized to be  
34          issued by the Agency under the provisions of this Chapter.

35          (11) Persons and families of lower income. – Persons and families deemed  
36          by the Agency to require such assistance as is made available by this  
37          Chapter on account of insufficient personal or family income, taking  
38          into consideration, without limitation, (i) the amount of the total  
39          income of such persons and families available for housing needs, (ii)  
40          the size of the family, (iii) the cost and condition of housing facilities  
41          available, (iv) the eligibility of such persons and families for federal  
42          housing assistance of any type predicated upon a lower-income basis,  
43          and (v) the ability of such persons and families to compete  
44          successfully in the normal housing market and to pay the amounts at

1           which private enterprise is providing decent, safe, and sanitary housing  
2           and deemed by the Agency therefore to be eligible to occupy  
3           residential housing financed wholly or in part, with mortgages, or with  
4           other public or private assistance.

5           (12) Residential housing. – A specific work or improvement undertaken  
6           primarily to provide dwelling accommodations for persons and  
7           families of lower income, including the rehabilitation of buildings and  
8           improvements, and such other nonhousing facilities as may be  
9           incidental or appurtenant thereto.

10          (13) State. – The State of North Carolina.

11          (14) Rehabilitation. – The renovation or improvement of residential  
12          housing by the owner of said residential housing."

13          **SECTION 21.1.(b)** G.S. 122A-5.4(b) reads as rewritten:

14          "(b) The terms "persons and families of lower income" and "persons of lower  
15 income" wherever they appear in this Chapter, except where they appear in G.S. 122A-2  
16 and ~~122A-3(11)~~, G.S. 122A-3, shall be deemed to include "persons and families of  
17 moderate income" as defined in clause (c) of this section."

18          **SECTION 21.1.(c)** Chapter 122A of the General Statutes is amended by  
19 adding a new section to read:

20          "**§ 122A-5.14. Home Protection Program and Fund.**

21          (a) The North Carolina Housing Finance Agency shall establish and administer  
22          the Home Protection Program ("Program") to assist North Carolina workers who have  
23          lost jobs as a result of changing economic conditions in North Carolina when the  
24          workers are in need of assistance to avoid losing their homes to foreclosure. The  
25          Agency shall do all of the following:

26               (1) Develop and administer the Home Protection Program Fund ("Fund")  
27               to ensure that workers in North Carolina have assistance to avoid  
28               losing their homes to foreclosure.

29               (2) Make loans secured by liens on residential real property located in  
30               North Carolina to property owners who are eligible for those loans.

31               (3) Develop and administer procedures by which property owners at risk  
32               of being foreclosed upon may qualify for assistance.

33               (4) Designate, approve, and fund nonprofit counseling agencies in North  
34               Carolina to be available to assist the Agency in implementing the  
35               provisions of this section, provide services such as direct mortgagee  
36               negotiations on behalf of unemployed workers, and process loan  
37               applications for the Agency.

38               (5) Develop and fund enhanced methods by which workers may be  
39               notified of foreclosure mitigation services, may easily contact local  
40               nonprofit counseling agencies, and may apply for loans from the  
41               Agency.

42          (b) Home Protection Period. – Notwithstanding Chapters 23, 24, and 45 of the  
43          General Statutes or any other provision of law, upon the proper filing of an application  
44          for loan assistance by a mortgagor under this section, a mortgagee shall not do the

1 following for a period of 120 days following the date of the mortgagor's properly filed  
2 application:

- 3 (1) Accelerate the maturity of any mortgage obligation covered under this  
4 section.
- 5 (2) Commence or continue any legal action, including mortgage  
6 foreclosure pursuant to Chapter 45 of the General Statutes, to recover  
7 the mortgage obligation.
- 8 (3) Take possession of any security of the mortgagor for the mortgage  
9 obligation.
- 10 (4) Procure or receive a deed in lieu of foreclosure.
- 11 (5) Enter judgment by confession pursuant to a note accompanying a  
12 mortgage.
- 13 (6) Proceed to enforce the mortgage obligation pursuant to applicable  
14 rules of civil procedure.

15 The provisions of this section shall not apply if the mortgagee receives notice from  
16 the Agency that the mortgagor's application has been denied.

17 If a mortgagee acts as proscribed in subdivisions (1) through (6) of this subsection, a  
18 mortgagor shall be entitled to injunctive relief without the necessity of providing a  
19 bond. This relief shall be in addition to any defenses available under G.S. 45-21.16(d)  
20 and any other remedies at law or equity.

21 Upon the Agency's receipt of a properly filed mortgagor's application for loan  
22 assistance, the Agency shall mail notice of the application to the mortgagor's mortgagee  
23 within 10 business days of the Agency's receipt of the application. The Agency shall  
24 also mail notice of the acceptance or denial of the mortgagor's application to the  
25 mortgagee within five days of the Agency's determination. Notice shall be deemed  
26 sufficient if sent to the last known address of the mortgagee.

27 (c) Rule making. – Solely with respect to the adoption of procedures for the  
28 program by which property owners at risk of being foreclosed upon may qualify for  
29 assistance, the Agency is exempt from the requirements of Article 2A of Chapter 150B  
30 of the General Statutes. Prior to adoption or amendment of procedures, the Agency  
31 shall:

- 32 (1) Publish the proposed procedures in the North Carolina Register at least  
33 30 days prior to the adoption of the final procedures.
- 34 (2) Accept oral and written comments on the proposed procedures.
- 35 (3) Hold at least one public hearing on the proposed procedures.

36 (d) Annual Report. – By April 1 of each year, the Agency shall report to the  
37 House Appropriations Subcommittee on General Government and Senate  
38 Appropriations Subcommittee on General Government and Information Technology on  
39 the effectiveness of the Program in accomplishing its purposes and provide any other  
40 information the Agency determines is pertinent or that the General Assembly requests."

41 **SECTION 21.1.(d)** Of the funds appropriated to the Housing Finance  
42 Agency and allocated to the Home Protection Program Fund in this act, at least  
43 two-thirds shall be used for loans to North Carolina workers who have lost jobs as a  
44 result of changing economic conditions. If less than two-thirds of the funds allocated to

1 the program go to loans, the Housing Finance Agency shall account for and explain the  
2 failure to meet this requirement during the Housing Finance Agency's annual report to  
3 the House Appropriations Subcommittee on General Government and Senate  
4 Appropriations Subcommittee on General Government and Information Technology.

5  
6 **PART XXII. OFFICE OF STATE BUDGET AND MANAGEMENT**

7  
8 **STAFFING ANALYSIS OF THE ETHICS COMMISSION AND THE**  
9 **LOBBYIST REGISTRATION SECTION OF THE DEPARTMENT OF**  
10 **SECRETARY OF STATE**

11 **SECTION 22.1.** The Office of State Budget and Management shall conduct  
12 a staffing analysis of the Ethics Commission and the Lobbyist Registration Section of  
13 the Department of Secretary of State to determine if the staffing is appropriate for the  
14 workload volume that has been generated by the enactment of Session Law 2006-201.  
15 The Office of State Budget and Management shall submit a final report outlining its  
16 findings and staffing recommendations to the House Appropriations Subcommittee on  
17 General Government, Senate Appropriations Subcommittee on General Government  
18 and Information Technology, and the Fiscal Research Division by March 1, 2009.

19  
20 **MODIFY STATE FIRE PROTECTION GRANT FUND**

21 **SECTION 22.2.** Effective July 1, 2008, G.S. 58-85A-1(c) reads as rewritten:  
22 "(c) It is the intent of the General Assembly to appropriate annually to the State  
23 Fire Protection Grant Fund up to ~~three million eight hundred eighty thousand dollars~~  
24 ~~(\$3,880,000)~~four million one hundred eighty thousand dollars (\$4,180,000) from the  
25 General Fund, one hundred fifty-eight thousand dollars (\$158,000) from the Highway  
26 Fund, and one million three hundred forty-five thousand dollars (\$1,345,000) from  
27 University of North Carolina receipts. Funds received from the General Fund shall be  
28 allocated only for providing local fire protection for State-owned property supported by  
29 the General Fund; funds received from the Highway Fund shall be allocated only for  
30 providing local fire protection for State-owned property supported by the Highway  
31 Fund; and funds received from University of North Carolina receipts shall be allocated  
32 only for providing local fire protection for State-owned property supported by  
33 University of North Carolina receipts."

34  
35 **MILITARY MORALE, RECREATION, AND WELFARE FUNDS**

36 **SECTION 22.3.** Funds appropriated in this act to the Office of State Budget  
37 and Management to the Reserve for the Military Morale, Recreation, and Welfare Fund  
38 and distributed to each military installation on a per capita basis shall be deposited in  
39 the Military Morale, Recreation, and Welfare Fund for each installation and used only  
40 for community services and other expenditures to improve quality of life programs for  
41 military members and their families in North Carolina.

42  
43 **STAFFING ANALYSIS OF THE YOUTH ADVOCACY & INVOLVEMENT**  
44 **OFFICE**

1           **SECTION 22.4.** The Office of State Budget and Management shall conduct  
2 a staffing analysis of the Youth Advocacy and Involvement Office of the Department of  
3 Administration to determine if the staffing is appropriate for the workload volume. The  
4 Office of State Budget and Management shall submit a final report outlining its findings  
5 and staffing recommendations to the House Appropriations Subcommittee on General  
6 Government, the Senate Appropriations Subcommittee on General Government and  
7 Information Technology, and the Fiscal Research Division by March 1, 2009.

8  
9           **STAFFING SURVEY OF STATE AGENCIES AND UNIVERSITIES THAT USE**  
10           **THE BEACON SYSTEM**

11           **SECTION 22.5.** The Office of State Budget and Management shall conduct  
12 a staffing survey of all State agencies and universities that use the BEACON system and  
13 determine the number of FTE staff assigned to BEACON training. The Office of State  
14 Budget and Management shall submit a final report outlining its findings and staffing  
15 recommendations to the House Appropriations Subcommittee on General Government,  
16 the Senate Appropriations Subcommittee on General Government and Information  
17 Technology, and the Fiscal Research Division by March 1, 2009.

18  
19           **STUDY DOA ASSISTANCE TO COUNTY VETERANS SERVICE PROGRAMS**

20           **SECTION 22.6.(a)** The Office of State Budget and Management, in  
21 consultation with the Department of Administration, shall study the level of State  
22 assistance provided to county veterans service programs by the Aid to Counties program  
23 within the Department of Administration pursuant to G.S. 165-6(9). The Office will  
24 collect data from county programs, including a five-year analysis of county spending,  
25 the number and type of veteran claims filed, and the number of FTE staff assigned to  
26 the county programs, to assess the level of services provided. The study should examine  
27 the effect of changing the amount of assistance that a county is eligible to receive  
28 pursuant to G.S. 165-6(9). The study should include an analysis of the number of claims  
29 filed with each veterans service program; total county spending for the programs; and  
30 the county veteran population. The study should also include a section on recommended  
31 statutory changes, budgetary increases, distribution reallocations, and administrative  
32 changes to the Division of Veterans Affairs.

33           **SECTION 22.6.(b)** The Office of State Budget and Management shall  
34 submit a final report of its findings and recommendations to the House Appropriations  
35 Subcommittee on General Government, the Senate Appropriations Subcommittee on  
36 General Government and Information Technology, and the Fiscal Research Division no  
37 later than March 1, 2009.

38  
39           **NORTH CAROLINA STATE VETERANS PARK**

40           **SECTION 22.7.(a)** The General Assembly finds that:

- 41           (1) It is fitting and appropriate that the State of North Carolina establish a  
42 world-class, twenty-first century memorial park honoring the sacrifices  
43 of members of the Armed Services and recognizing the special place  
44 that the military occupies in the lives of the citizens of this State.

1 (2) Veterans from across this State and from all branches of the Armed  
2 Services deserve a place for meaningful reflection, a place to take  
3 pride in their service and to bond with their fellow veterans and  
4 grateful countrymen.

5 (3) The optimal means of providing veterans with these opportunities is to  
6 create a twenty-first century park that includes a formal garden, a  
7 visitors center, and a Freedom Trail and that is beautiful, reflective,  
8 and contemplative.

9 **SECTION 22.7.(b)** Of the funds appropriated in this act to the Office of State  
10 Budget and Management, the sum of fifteen million dollars (\$15,000,000) for the  
11 2008-2009 fiscal year shall be allocated as a grant-in-aid to the City of Fayetteville for the  
12 construction of the North Carolina State Veterans Park. The Park shall provide a  
13 place for meaningful reflection and inspiration in a community setting that is beautiful  
14 and unique to honor the lives, service, and pride of veterans from across North Carolina.  
15

## 16 **PART XXIII. DEPARTMENT OF REVENUE**

### 17 **USE OF COLLECTION ASSISTANCE FEE**

18 **SECTION 23.1.** Section 6.9(b) of S.L. 2007-323 reads as rewritten:

19 **"SECTION 6.9.(b)** The General Assembly finds that a computer system that  
20 records tax payments and determines when the payments are overdue directly and  
21 primarily relates to the collection of overdue tax debts and that the proceeds of the  
22 collection assistance fee imposed by G.S. 105-243.1 may be applied to the cost of the  
23 computer system is subject to the collection assistance fee set forth in G.S. 105-243.1.  
24 system. The Department of Revenue is authorized to use funds in the 20% Collection  
25 Assistance Fee Account, Budget Code 24704-2474, during the 2007-2008 and  
26 2008-2009 fiscal year-years to replace the Department's current computer system, and  
27 these funds are appropriated to the Department for that purpose. The For fiscal year  
28 2007-2008, the Department shall not use more than fifteen million dollars (\$15,000,000)  
29 from the Account to replace the Department's current computer system. Funds  
30 appropriated to the Department in this subsection remain in the Account until  
31 withdrawn for expenditures for a replacement computer system and shall remain in the  
32 Account if not expended during the 2007-2008 fiscal year for the purposes set forth in  
33 this subsection. For fiscal year 2008-2009, the Department shall not use more than  
34 fifteen million dollars (\$15,000,000) from the Account to replace the Department's  
35 current computer system.  
36

37 Funds appropriated under this subsection may be transferred to Budget Code  
38 24708-2478 to be applied to expenditures for a replacement computer system. Funds  
39 appropriated under this subsection that are not transferred to Budget Code 24708-2478  
40 remain in the Account until they are transferred to that Budget Code or withdrawn for  
41 expenditures for a replacement computer system. Funds appropriated under this  
42 subsection that are not expended at the end of the 2007-2009 biennium remain available  
43 for expenditure for the purpose designated in this subsection."  
44

**PART XXIV. STATE BOARD OF ELECTIONS****2008 EARLY VOTING FUNDS**

**SECTION 24.1.** Section 25.1(a) of S.L. 2007-323 reads as rewritten:

**"SECTION 25.1.(a)** The State Board of Elections shall use funds in the Maintenance of Effort Reserve as follows:

- (1) \$1,500,000 nonrecurring in fiscal year 2007-2008 and \$500,000 nonrecurring in fiscal year 2008-2009 to rebuild the State Elections Information Management System (SEIMS).
- (2) \$100,000 recurring in fiscal year 2007-2008 for the required training for all county boards of elections staff on voting equipment operating procedures.
- (3) \$427,500 recurring in fiscal year 2007-2008 to centralize ballot coding in North Carolina to provide oversight, ensure accuracy of election preparation, and reduce errors with ballot styles.
- (4) \$150,000 recurring in fiscal year 2007-2008 to hire 20 additional election technicians across the State to deal with technical problems that arise on a 2008 Election Day in which a federal election is on the ballot.
- (5) \$1,000,000 nonrecurring in fiscal year 2008-2009 provided for additional operating support for one-stop absentee voting (early voting) sites for the 2008 general election."

**PART XXV. DEPARTMENT OF TRANSPORTATION****INCREASE ADMINISTRATIVE APPROPRIATION FOR THE HIGHWAY TRUST FUND**

**SECTION 25.1.** G.S. 136-176(b) reads as rewritten:

"(b) Funds in the Trust Fund are annually appropriated to the Department of Transportation to be allocated and used as provided in this subsection. A sum, not to exceed ~~four percent (4%)~~ four and eight-tenths percent (4.8%) of the amount of revenue deposited in the Trust Fund under subdivisions (a)(1), (2), and (3) of this section ~~for the 2003-2004 fiscal year, three and eight tenths percent (3.8%) through fiscal year 2006-2007, and four and two-tenths percent (4.2%) thereafter,~~ may be used each fiscal year by the Department for expenses to administer the Trust Fund. Operation and project development costs of the North Carolina Turnpike Authority are eligible administrative expenses under this subsection. Any funds allocated to the Authority pursuant to this subsection shall be repaid by the Authority from its toll revenue as soon as possible, subject to any restrictions included in the agreements entered into by the Authority in connection with the issuance of the Authority's revenue bonds. Beginning one year after the Authority begins collecting tolls on a completed Turnpike Project, interest shall accrue on any unpaid balance owed to the Highway Trust Fund at a rate equal to the State Treasurer's average annual yield on its investment of Highway Trust Fund funds pursuant to G.S. 147-6.1. Interest earned on the unpaid balance shall be

1 deposited in the Highway Trust Fund upon repayment. The sum up to the amount  
2 anticipated to be necessary to meet the State matching funds requirements to receive  
3 federal-aid highway trust funds for the next fiscal year may be set aside for that purpose.  
4 The rest of the funds in the Trust Fund shall be allocated and used as follows:

- 5 (1) Sixty-one and ninety-five hundredths percent (61.95%) to plan, design,  
6 and construct projects on segments or corridors of the Intrastate  
7 System as described in G.S. 136-178 and to pay debt service on  
8 highway bonds and notes that are issued under the State Highway  
9 Bond Act of 1996 and whose proceeds are applied to these projects.
- 10 (2) Twenty-five and five hundredths percent (25.05%) to plan, design, and  
11 construct the urban loops described in G.S. 136-180 and to pay debt  
12 service on highway bonds and notes that are issued under the State  
13 Highway Bond Act of 1996 and whose proceeds are applied to these  
14 urban loops.
- 15 (3) Six and one-half percent (6.5%) to supplement the appropriation to  
16 cities for city streets under G.S. 136-181.
- 17 (4) Six and one-half percent (6.5%) for secondary road construction as  
18 provided in G.S. 136-182 and to pay debt service on highway bonds  
19 and notes that are issued under the State Highway Bond Act of 1996  
20 and whose proceeds are applied to secondary road construction.

21 The Department must administer funds allocated under subdivisions (1), (2), and (4)  
22 of this subsection in a manner that ensures that sufficient funds are available to make  
23 the debt service payments on bonds issued under the State Highway Bond Act of 1996  
24 as they become due."  
25

## 26 DEPARTMENT OF TRANSPORTATION TO PRODUCE BIENNIAL STATE 27 TRANSPORTATION MAPS AND COASTAL BOATING GUIDES

28 **SECTION 25.2.(a)** The Department of Transportation shall cease annual  
29 production of the North Carolina State Transportation Map and Coastal Boating Guide  
30 and shall produce a biennial North Carolina State Transportation Map and may provide  
31 funding for a biennial Coastal Boating Guide, in conjunction with the Wildlife  
32 Resources Commission, beginning in the 2008-2009 fiscal year.

33 **SECTION 25.2.(b)** The Department shall provide a written report to the  
34 Joint Legislative Transportation Oversight Committee on the biennial map production  
35 plan and identify any cost savings for nonproduction years. The report shall also include  
36 historical budget and production information for the past five years. The report is due by  
37 November 14, 2008.  
38

## 39 ONE-STOP SHOPS FOR DRIVERS LICENSE AND REGISTRATION PLATES

40 **SECTION 25.3.(a)** The Department of Transportation, Division of Motor  
41 Vehicles, is prohibited from opening drivers license issuance and vehicle registration  
42 issuance and renewal One-Stop Shops until the General Assembly has considered and  
43 appropriated funds for the purpose of One-Stop Shops.

1           **SECTION 25.3.(b)** The Department of Transportation shall develop a plan  
2 that thoroughly outlines the operational plans of combined function centers designated  
3 as One-Stop Shops. The plan may contain recommendations regarding making  
4 necessary changes to G.S. 20-63(h) to expand Division services. The plan should detail  
5 a cost-effectiveness comparison between the current means for delivery of service and  
6 the proposed combined function center services. The plan should also include a  
7 thorough justification for each proposed One-Stop Shop location, including any  
8 assumptions made in the justification process. The plan should clearly highlight the  
9 benefits to the State, including customer service enhancements for Division customers  
10 obtained by implementation of One-Stop Shops. The Division shall also conduct an  
11 analysis of the anticipated number of transactions at the One-Stop Shops and consider  
12 the impact on commission contracts for independent license plate agents, as well as any  
13 other interested party affected by the change.

14           **SECTION 25.3.(c)** The Division shall report to the Joint Legislative  
15 Transportation Oversight Committee, the Joint Appropriations Subcommittee for  
16 Transportation, and the Fiscal Research Division no later than October 31, 2008.

17  
18 **REALIGN THE CONTINUATION AND CERTIFIED BUDGETS OF EACH**  
19 **DIVISION WITHIN THE DEPARTMENT**

20           **SECTION 25.4.(a)** The Department of Transportation and the Office of  
21 State Budget and Management shall review each of the Department's division's  
22 expenditure patterns and realign the continuation and certified budget. The certified  
23 budget shall become the current expenditure plan for each division based on actual  
24 expenditure patterns from repeated annually approved budget adjustments for the  
25 Department.

26           **SECTION 25.4.(b)** The Department of Transportation shall prepare reports  
27 on the cash spending plan based on the certified budget's line item detail. The first  
28 report shall show cash expenditure plans for the 2008-2009 fiscal year and the second  
29 report shall include the next biennium's budget.

30           **SECTION 25.4.(c)** The Department of Transportation and the Office of  
31 State Budget and Management shall report on the realignment of the budget and cash  
32 spending plan based on the certified budget to the Joint Legislative Transportation  
33 Oversight Committee, Appropriations Subcommittee for Transportation, and the Fiscal  
34 Research Division no later than August 1, 2008, on the 2008-2009 fiscal year cash  
35 expenditure plan and March 15 for the next biennium's budget.

36  
37 **TRANSFER HIGHWAY TRUST FUND MONIES IN THE AMOUNT OF**  
38 **TWENTY-FIVE MILLION DOLLARS BEGINNING IN FISCAL YEAR**  
39 **2008-2009, SIXTY-FOUR MILLION DOLLARS BEGINNING IN FISCAL**  
40 **YEAR 2009-2010, AND NINETY-NINE MILLION DOLLARS BEGINNING**  
41 **IN FISCAL YEAR 2010-2011 TO THE NC TURNPIKE AUTHORITY FOR**  
42 **DEBT SERVICE ON BONDS**

43           **SECTION 25.5.(a)** G.S. 105-187.9(b) reads as rewritten:

1       "(b) Transfer. – In each fiscal year the State Treasurer shall transfer the amounts  
2 provided below from the taxes deposited in the Trust Fund to the General Fund. The  
3 transfer of funds authorized by this section may be made by transferring one-fourth of  
4 the amount at the end of each quarter in the fiscal year or by transferring the full amount  
5 annually on July 1 of each fiscal year, subject to the availability of revenue.

6           (1) The sum of one hundred ~~seventy million~~ dollars  
7 ~~(\$170,000,000).~~ forty-five million dollars (\$145,000,000).

8           (2) In addition to the amount transferred under subdivision (1) of this  
9 subsection, the sum of one million seven hundred thousand dollars  
10 (\$1,700,000) shall be transferred in the 2001-2002 fiscal year. The  
11 amount distributed under this subdivision shall increase in the  
12 2002-2003 fiscal year to the sum of two million four hundred thousand  
13 dollars (\$2,400,000). In each fiscal year thereafter, the sum transferred  
14 under this subdivision shall be the amount distributed in the previous  
15 fiscal year plus or minus a percentage of this sum equal to the  
16 percentage by which tax collections under this Article increased or  
17 decreased for the most recent 12-month period for which data are  
18 available."

19       **SECTION 25.5.(b)** G.S. 136-176 is amended by adding a new subsection to  
20 read:

21       "(b2) There is annually appropriated to the North Carolina Turnpike Authority from  
22 the Highway Trust Fund the sum of twenty-five million dollars (\$25,000,000) to be  
23 used to service debt on bonds issued for the construction of the Triangle Expressway.  
24 The amounts appropriated to the Authority pursuant to this subsection shall be used by  
25 the Authority to pay debt service or related financing costs and expenses on revenue  
26 bonds or notes issued by the Authority to finance the costs of one or more Turnpike  
27 Projects or to refund such bonds or notes. The appropriations established by this  
28 subsection constitute an agreement by the State to pay the funds appropriated hereby to  
29 the Authority within the meaning of G.S. 159-81(4). Notwithstanding the foregoing, it is  
30 the intention of the General Assembly that the enactment of this provision and the  
31 issuance of bonds or notes by the Authority in reliance thereon shall not in any manner  
32 constitute a pledge of the faith and credit and taxing power of the State, and nothing  
33 contained herein shall prohibit the General Assembly from amending the appropriations  
34 set forth in this act at any time to decrease or eliminate the amount annually  
35 appropriated to the Authority."

36       **SECTION 25.5.(c)** G.S. 105-187.9(b) as amended by subsection (a) of this  
37 section reads as rewritten:

38       "(b) Transfer. – In each fiscal year the State Treasurer shall transfer the amounts  
39 provided below from the taxes deposited in the Trust Fund to the General Fund. The  
40 transfer of funds authorized by this section may be made by transferring one-fourth of  
41 the amount at the end of each quarter in the fiscal year or by transferring the full amount  
42 annually on July 1 of each fiscal year, subject to the availability of revenue.

43           (1) The sum of one hundred ~~forty five million~~ dollars ~~(\$145,000,000).~~ six  
44 million dollars (\$106,000,000).

1 (2) In addition to the amount transferred under subdivision (1) of this  
2 subsection, the sum of one million seven hundred thousand dollars  
3 (\$1,700,000) shall be transferred in the 2001-2002 fiscal year. The  
4 amount distributed under this subdivision shall increase in the  
5 2002-2003 fiscal year to the sum of two million four hundred thousand  
6 dollars (\$2,400,000). In each fiscal year thereafter, the sum transferred  
7 under this subdivision shall be the amount distributed in the previous  
8 fiscal year plus or minus a percentage of this sum equal to the  
9 percentage by which tax collections under this Article increased or  
10 decreased for the most recent 12-month period for which data are  
11 available."

12 **SECTION 25.5.(d)** G.S. 136-176(b2), as enacted by subsection (b) of this  
13 section, reads as rewritten:

14 "(b2) There is annually appropriated to the North Carolina Turnpike Authority from  
15 the Highway Trust Fund the sum of ~~twenty-five~~sixty-four million dollars  
16 ~~(\$25,000,000).~~(\$64,000,000). Of the amount allocated by this subsection, twenty-five  
17 million dollars (\$25,000,000) shall be used to pay debt service or related financing costs  
18 and expenses on revenue bonds or notes issued for the construction of the Triangle  
19 Expressway, twenty-four million dollars (\$24,000,000) shall be used to pay debt service  
20 or related financing expenses on revenue bonds or notes issued for the construction of  
21 the Monroe Connector/Bypass, and fifteen million dollars (\$15,000,000) shall be used  
22 to pay debt service or related financing expenses on revenue bonds or notes issued for  
23 the construction of the Mid-Currituck Bridge or to refund such bonds and notes. The  
24 amounts appropriated to the Authority pursuant to this subsection shall be used by the  
25 Authority to pay debt service or related financing costs and expenses on revenue bonds  
26 or notes issued by the Authority to finance the costs of one or more Turnpike Projects or  
27 to refund such bonds or notes. The appropriations established by this subsection  
28 constitute an agreement by the State to pay the funds appropriated hereby to the  
29 Authority within the meaning of G.S. 159-81(4). Notwithstanding the foregoing, it is the  
30 intention of the General Assembly that the enactment of this provision and the issuance  
31 of bonds or notes by the Authority in reliance thereon shall not in any manner constitute  
32 a pledge of the faith and credit and taxing power of the State, and nothing contained  
33 herein shall prohibit the General Assembly from amending the appropriations set forth  
34 in this act at any time to decrease or eliminate the amount annually appropriated to the  
35 Authority."

36 **SECTION 25.5.(e)** G.S. 105-187.9(b) as amended by subsections (a) and (c)  
37 of this section reads as rewritten:

38 "(b) Transfer. – In each fiscal year the State Treasurer shall transfer the amounts  
39 provided below from the taxes deposited in the Trust Fund to the General Fund. The  
40 transfer of funds authorized by this section may be made by transferring one-fourth of  
41 the amount at the end of each quarter in the fiscal year or by transferring the full amount  
42 annually on July 1 of each fiscal year, subject to the availability of revenue.

43 (1) The sum of ~~one hundred six million~~seventy-one million dollars  
44 ~~(\$106,000,000).~~(\$71,000,000).

1           (2) In addition to the amount transferred under subdivision (1) of this  
2 subsection, the sum of one million seven hundred thousand dollars  
3 (\$1,700,000) shall be transferred in the 2001-2002 fiscal year. The  
4 amount distributed under this subdivision shall increase in the  
5 2002-2003 fiscal year to the sum of two million four hundred thousand  
6 dollars (\$2,400,000). In each fiscal year thereafter, the sum transferred  
7 under this subdivision shall be the amount distributed in the previous  
8 fiscal year plus or minus a percentage of this sum equal to the  
9 percentage by which tax collections under this Article increased or  
10 decreased for the most recent 12-month period for which data are  
11 available."

12           **SECTION 25.5.(f)** G.S. 136-176(b2), as enacted by subsection (b) of this  
13 section and as amended by subsection (d) of this section, reads as rewritten:

14           "(b2) There is annually appropriated to the North Carolina Turnpike Authority from  
15 the Highway Trust Fund the sum of ~~sixty-four million dollars (\$64,000,000)~~ninety-nine  
16 million dollars (\$99,000,000). Of the amount allocated by this subsection, twenty-five  
17 million dollars (\$25,000,000) shall be used to pay debt service or related financing costs  
18 and expenses on revenue bonds or notes issued for the construction of the Triangle  
19 Expressway, twenty-four million dollars (\$24,000,000) shall be used to pay debt service  
20 or related financing expenses on revenue bonds or notes issued for the construction of  
21 the Monroe ~~Connector/Bypass, and Connector/Bypass,~~ fifteen million dollars  
22 (\$15,000,000) shall be used to pay debt service or related financing expenses on  
23 revenue bonds or notes issued for the construction of the Mid-Currituck ~~Bridge~~Bridge,  
24 and thirty-five million dollars (\$35,000,000) shall be used to pay debt service or related  
25 financing expenses on revenue bonds or notes issued for the construction of the Garden  
26 Parkway or to refund such bonds and notes. The amounts appropriated to the Authority  
27 pursuant to this subsection shall be used by the Authority to pay debt service or related  
28 financing costs and expenses on revenue bonds or notes issued by the Authority to  
29 finance the costs of one or more Turnpike Projects or to refund such bonds or notes. The  
30 appropriations established by this subsection constitute an agreement by the State to pay  
31 the funds appropriated hereby to the Authority within the meaning of G.S. 159-81(4).  
32 Notwithstanding the foregoing, it is the intention of the General Assembly that the  
33 enactment of this provision and the issuance of bonds or notes by the Authority in  
34 reliance thereon shall not in any manner constitute a pledge of the faith and credit and  
35 taxing power of the State, and nothing contained herein shall prohibit the General  
36 Assembly from amending the appropriations set forth in this act at any time to decrease  
37 or eliminate the amount annually appropriated to the Authority."

38           **SECTION 25.5.(g)** Subsections (a), (b), and (g) of this section become  
39 effective July 1, 2008. Subsections (c) and (d) of this section become effective July 1,  
40 2009. Subsections (e) and (f) of this section become effective July 1, 2010.

#### 41 42 **FUNDS FOR UNSAFE AND OBSOLETE FIELD FACILITIES**

43           **SECTION 25.6.** Section 27.6 of S.L. 2007-323 is repealed.  
44

1 **CASH FLOW HIGHWAY FUNDS AND HIGHWAY TRUST FUND**  
2 **APPROPRIATIONS**

3 **SECTION 25.7.(a)** Section 27.2 of S.L. 2007-323 is repealed.

4 **SECTION 25.7.(b)** The General Assembly authorizes and certifies  
5 anticipated revenues of the Highway Fund as follows:

6 For Fiscal Year 2009-2010 \$2,070.8 million

7 For Fiscal Year 2010-2011 \$2,066.0 million

8 For Fiscal Year 2011-2012 \$2,064.5 million

9 For Fiscal Year 2012-2013 \$2,075.6 million

10 **SECTION 25.7.(c)** The General Assembly authorizes and certifies  
11 anticipated revenues of the Highway Trust Fund as follows:

12 For Fiscal Year 2009-2010 \$1,178.4 million

13 For Fiscal Year 2010-2011 \$1,199.8 million

14 For Fiscal Year 2011-2012 \$1,226.9 million

15 For Fiscal Year 2012-2013 \$1,263.4 million

16  
17 **DEPARTMENT OF TRANSPORTATION TO APPLY FOR INTERSTATE**  
18 **CORRIDOR GRANT FUNDS**

19 **SECTION 25.8.** The Department of Transportation and the North Carolina  
20 Turnpike Authority shall apply for all federal grant monies available for Interstate  
21 corridors. The grant funds shall be used for the preservation of the highway  
22 infrastructure and to provide for improvements and enhancements to the Interstate.

23 The Department shall report on the status of all grant applications made and  
24 any funding awarded for Interstate corridors to the Joint Legislative Transportation  
25 Oversight Committee no later than December 1, 2008.

26  
27 **CLOSURE OF EXITS ON INTERSTATE HIGHWAYS**

28 **SECTION 25.10.(a)** From the date this act becomes effective through July  
29 1, 2009, the Department of Transportation shall not expend any funds to effect a  
30 permanent closure of an existing exit on an Interstate highway unless such exit was  
31 created and exists solely as a temporary exit in a construction zone that would be closed  
32 upon completion of the construction project.

33 **SECTION 25.10.(b)** If any exits on an Interstate highway are scheduled for  
34 permanent closure before July 1, 2009, other than an exit that was created and exists  
35 solely as a temporary exit in a construction zone that would be closed upon completion  
36 of the construction project, the Department of Transportation shall apply for a waiver  
37 from the United States Department of Transportation or any other federal agency, as  
38 required, to keep the exit or exits open to vehicular traffic exiting from the Interstate  
39 highway.

40  
41 **BLENDING OF PETROLEUM PRODUCT AND ETHANOL**

42 **SECTION 25.11.(a)** Article 3 of Chapter 119 of the General Statutes is  
43 amended by adding a new section to read:

1 **"§ 119-26.4. Availability of petroleum product that is suitable for blending with**  
2 **ethanol; blender of record upon filing of certain form.**

3 (a) A terminal located within the State shall offer for sale a petroleum product  
4 that is not pre-blended with ethanol and that is suitable for subsequent blending of the  
5 product with ethanol.

6 (b) A person shall not take any action to deny a distributor or retailer who is  
7 doing business in this State and who has registered with the Internal Revenue Service on  
8 Form 637(M) from being the blender of record. A blender becomes the blender of  
9 record when the Internal Revenue Service accepts the Form 637(M) from the blender.

10 (c) The following definitions apply in this section:

11 (1) Blender. – Defined in G.S. 105-449.60.

12 (2) Petroleum product. – Defined in G.S. 143-215.94A.

13 (d) A violation of this section is an unfair method of competition under Chapter  
14 75 of the General Statutes."

15 **SECTION 25.11.(b)** Notwithstanding any provision of Part 2A, Article 21A,  
16 of Chapter 143 of the General Statutes, the Department of Environment and Natural  
17 Resources may use up to fifty thousand dollars (\$50,000) of funds credited to the  
18 Commercial Leaking Underground Storage Tank Trust Fund, in fiscal year 2008-2009,  
19 to study the effect of petroleum products blended with ethanol on underground storage  
20 tank components.

21 **SECTION 25.11.(c)** Subsection (a) of this section becomes effective  
22 October 1, 2008.

23  
24 **DEPARTMENT OF TRANSPORTATION TO PLANT SEEDLINGS IN**  
25 **RIGHTS-OF-WAY**

26 **SECTION 25.12.(a)** Of the funds appropriated to the Department of  
27 Transportation up to one million dollars (\$1,000,000) per year, for five years, beginning  
28 with the 2008-2009 fiscal year, shall be used to develop and implement a plan to plant  
29 trees and shrubs native to North Carolina along the State's roads and highways in the  
30 rights-of-way. The Department shall consult with and use the expertise of the United  
31 States Forest Service and the Division of Forest Resources of the North Carolina  
32 Department of Environment and Natural Resources in the development and  
33 implementation of the plan. The plan shall include the planting of trees, shrubs, and  
34 other vegetation that (i) are native to the various regions and areas of the State in which  
35 they are being planted, (ii) will provide clean air and otherwise benefit the State's  
36 environment, (iii) are appropriately placed for the safety of those traveling on the roads  
37 and highways, and (iv) reduce the costs of mowing and maintaining the rights-of-way  
38 along the State's roads and highways.

39 **SECTION 25.12.(b)** The Department shall procure the seedlings from the  
40 North Carolina Division of Forest Resources or any State institution that cultivates  
41 seedling trees. If the seedlings are cultivated from within the State, the Department shall  
42 revegetate the cleared area with the same tree, shrub, or other vegetation harvested  
43 within the first planting season after the area is cleared. If no State agency cultivates  
44 seedling trees, then the Department shall procure seedlings grown in North Carolina.

1 The Department shall, to the fullest extent possible, use inmates of the Department of  
2 Correction to plant and maintain the trees. The Department shall submit the plan to the  
3 Joint Legislative Commission on Governmental Operations and the Joint Legislative  
4 Transportation Oversight Committee by October 1, 2008, and begin implementation of  
5 the plan by January 1, 2009.

#### 6 7 **DRIVERS LICENSE FORMAT CHANGE**

8 **SECTION 25.13.** Up to fifty thousand dollars (\$50,000) of any private  
9 funding received by the Division of Motor Vehicles to help fund the drivers license  
10 format change from horizontal to vertical, for drivers less than 21 years of age, shall be  
11 appropriated to the Department of Transportation, System Preservation Account, to  
12 replace funds previously expended by the Division for this initiative.

#### 13 14 **SHORT LINE RAIL IMPROVEMENTS FOR THE PIEDMONT & NORTHERN** 15 **CORRIDOR**

16 **SECTION 25.14.(a)** Of the funds appropriated to the Department of  
17 Transportation, Divisions of Rail and Public Transportation, up to five million dollars  
18 (\$5,000,000) shall be spent to improve the railroad track for the Piedmont & Northern  
19 corridor to current operating standards after the Rail Division has entered into a formal  
20 lease with a qualified operator. The lease shall contain terms that provide for a cost  
21 share of at least ten percent (10%), by the operator, for any improvements to the  
22 corridor for the operation of the rail line.

23 **SECTION 25.14.(b)** The Department of Transportation shall report the  
24 terms of any proposed lease for the Piedmont & Northern rail corridor to the Joint  
25 Legislative Transportation Oversight Committee no later than 30 days after a final lease  
26 has been proposed for the rail corridor.

#### 27 28 **FUNDS TRANSFER TO SUPPORT GLOBAL TRANSPARK FREIGHT** 29 **TRANSPORTATION SYSTEM**

30 **SECTION 25.15.** G.S. 136-176(a1)(2) reads as rewritten:

31 "(2) For preliminary engineering costs not included in the current year  
32 Transportation Improvement Program. – Fifteen million dollars  
33 (\$15,000,000) in each of the fiscal years 2001-2002, 2002-2003, and  
34 2003-2004. If any funds allocated by this subdivision, in the cash  
35 balance of the Highway Trust Fund, remain unspent on June 30, 2008,  
36 the Department may transfer up to twenty-nine million dollars  
37 (\$29,000,000) of available funds to the Global TransPark to support  
38 freight transportation system improvements."

#### 39 40 **KEEP AMERICA BEAUTIFUL ORGANIZATION STAFF FUNDS**

41 **SECTION 25.16.** Of the funds appropriated to the Department of  
42 Transportation, the sum of forty thousand dollars (\$40,000), in recurring funds, for the  
43 2008-2009 fiscal year is allocated to The North Carolina Clean Foundation, a nonprofit

1 organization, to support a program coordinator for the North Carolina Keep America  
2 Beautiful organization.

3  
4 **REPAIRS AND RENOVATIONS FUNDS**

5 **SECTION 25.17.(a)** Of the funds appropriated to the Highway Trust Fund,  
6 Highway Construction Program, for fiscal year 2008-2009, up to five million two  
7 hundred fifty thousand dollars (\$5,250,000) may be used by the Department of  
8 Transportation for repairs and renovations of Department facilities throughout the State.

9 **SECTION 25.17.(b)** The Department of Transportation shall report to Joint  
10 Legislative Transportation Oversight Committee on the repair and renovations program,  
11 the planned use of funds for repairs and renovations, and the prioritization of needs for  
12 fiscal years 2009-2010 and 2010-2011 no later than October 30, 2008.

13  
14 **STORMWATER RUNOFF FROM BRIDGES**

15 **SECTION 25.18.** Chapter 136 of the General Statutes is amended by adding  
16 a new section to read:

17 **"§ 136-76.2. Stormwater runoff collection; water quality management.**

18 In order to protect and maintain water quality, any bridge the Department plans to  
19 construct or upgrade after July 1, 2008, shall be designed to collect and treat any  
20 stormwater runoff from the bridge by creating a filtration system in or on the bridge or  
21 the Department may develop a piping system that allows the water to be directed to a  
22 ground unit to be filtered and treated before being released."

23  
24 **PART XXVI SALARIES AND BENEFITS**

25  
26 **GOVERNOR AND COUNCIL OF STATE/SALARY INCREASES**

27 **SECTION 26.1.(a)** Effective July 1, 2008, G.S. 147-11(a) reads as  
28 rewritten:

29 "(a) The salary of the Governor shall be ~~one hundred thirty five thousand eight~~  
30 ~~hundred fifty four dollars (\$135,854)~~ one hundred thirty-nine thousand five hundred  
31 ninety dollars (\$139,590) annually, payable monthly."

32 **SECTION 26.1.(b)** Section 28.1(b) of S.L. 2007-323 reads as rewritten:

33 **"SECTION 28.1.(b)** Effective ~~July 1, 2007, July 1, 2008,~~ the annual salaries for the  
34 members of the Council of State, payable monthly, for the ~~2007-2008 and 2008-2009~~  
35 ~~fiscal years-year~~ are:

<u>Council of State</u>	<u>Annual Salary</u>
Lieutenant Governor	<del>\$119,901</del> <u>\$123,198</u>
Attorney General	<del>119,901</del> <u>123,198</u>
Secretary of State	<del>119,901</del> <u>123,198</u>
State Treasurer	<del>119,901</del> <u>123,198</u>
State Auditor	<del>119,901</del> <u>123,198</u>
Superintendent of Public Instruction	<del>119,901</del> <u>123,198</u>
Agriculture Commissioner	<del>119,901</del> <u>123,198</u>

1	Insurance Commissioner	119,901	123,198
2	Labor Commissioner	119,901	123,198"

3  
4 **NONELECTED DEPARTMENT HEAD/SALARY INCREASES**

5 **SECTION 26.2.** Effective July 1, 2008, Section 28.2 of S.L. 2007-323 reads  
6 as rewritten:

7 "**SECTION 28.2.** In accordance with G.S. 143B-9, the maximum annual salaries,  
8 payable monthly, for the nonelected heads of the principal State departments for the  
9 ~~2007-2008 and 2008-2009~~ fiscal years-year are:

11	<u>Nonelected Department Heads</u>	<u>Annual Salary</u>	
12	Secretary of Administration	\$117,142	\$120,363
13	Secretary of Correction	117,142	120,363
14	Secretary of Crime Control and Public Safety	117,142	120,363
15	Secretary of Cultural Resources	117,142	120,363
16	Secretary of Commerce	117,142	120,363
17	Secretary of Environment and Natural Resources	117,142	120,363
18	Secretary of Health and Human Services	117,142	120,363
19	Secretary of Juvenile Justice and		
20	Delinquency Prevention	117,142	120,363
21	Secretary of Revenue	117,142	120,363
22	Secretary of Transportation	117,142	120,363"

23  
24 **CERTAIN EXECUTIVE BRANCH OFFICIALS/SALARY INCREASES**

25 **SECTION 26.3.** Effective July 1, 2008, Section 28.3 of S.L. 2007-323 reads  
26 as rewritten:

27 "**SECTION 28.3.** The annual salaries, payable monthly, for the ~~2007-2008 and~~  
28 ~~2008-2009~~ fiscal years-year for the following executive branch officials are:

30	<u>Executive Branch Officials</u>	<u>Annual Salary</u>	
31	Chairman, Alcoholic Beverage Control Commission	<del>106,621</del>	\$109,553
32	State Controller	149,216	153,319
33	Commissioner of Motor Vehicles	<del>106,621</del>	109,553
34	Commissioner of Banks	119,901	123,198
35	Chairman, Employment Security Commission		133,161
36	State Personnel Director	117,142	120,363
37	Chairman, Parole Commission	97,358	100,035
38	Members of the Parole Commission	44,942	46,178
39	Chairman, Utilities Commission	<del>133,531</del>	137,203
40	Members of the Utilities Commission	119,901	123,198
41	Executive Director, Agency for		
42	Public Telecommunications	89,884	92,356
43	Director, Museum of Art	<del>109,252</del>	112,256
44	Executive Director, North Carolina		

1	Agricultural Finance Authority	403,781	106,635
2	State Chief Information Officer	149,126	<u>153,227</u> "

**JUDICIAL BRANCH OFFICIALS/SALARY INCREASES**

**SECTION 26.4.** Effective July 1, 2008, Section 28.4 of S.L. 2007-323 reads as written:

**"SECTION 28.4.(a)** The annual salaries, payable monthly, for specified judicial branch officials for the ~~2007-2008 and 2008-2009~~ fiscal ~~years-year~~ are:

	<u>Judicial Branch Officials</u>	<u>Annual Salary</u>	
10	Chief Justice, Supreme Court	<del>\$137,160</del>	<u>\$140,932</u>
11	Associate Justice, Supreme Court	133,576	<u>137,249</u>
12	Chief Judge, Court of Appeals	130,236	<u>133,817</u>
13	Judge, Court of Appeals	128,011	<u>131,531</u>
14	Judge, Senior Regular Resident Superior Court	124,532	<u>127,957</u>
15	Judge, Superior Court	121,053	<u>124,382</u>
16	Chief Judge, District Court	109,923	<u>112,946</u>
17	Judge, District Court	106,445	<u>109,372</u>
18	District Attorney	116,112	<u>119,305</u>
19	Administrative Officer of the Courts	123,346	<u>126,738</u>
20	Assistant Administrative Officer of the Courts	112,665	<u>115,763</u>
21	Public Defender	116,112	<u>119,305</u>

**"SECTION 28.4.(b)** The district attorney or public defender of a judicial district, with the approval of the Administrative Officer of the Courts or the Commission on Indigent Defense Services, respectively, shall set the salaries of assistant district attorneys or assistant public defenders, respectively, in that district such that the average salaries of assistant district attorneys or assistant public defenders in that district do not exceed sixty-nine thousand forty-seven dollars (\$69,047), and the minimum salary of any assistant district attorney or assistant public defender is at least thirty-six thousand eighty-two dollars (\$36,082), effective July 1, 2007.

**"SECTION 28.4.(b1)** The district attorney or public defender of a judicial district, with the approval of the Administrative Officer of the Courts or the Commission on Indigent Defense Services, respectively, shall set the salaries of assistant district attorneys or assistant public defenders, respectively, in that district such that the average salaries of assistant district attorneys or assistant public defenders in that district do not exceed seventy thousand nine hundred forty-six dollars (\$70,946), and the minimum salary of any assistant district attorney or assistant public defender is at least thirty-seven thousand one hundred eighty-two dollars (\$37,182), effective July 1, 2008.

**"SECTION 28.4.(c)** Effective July 1, 2007, the annual salaries of permanent, full-time employees of the Judicial Department whose salaries are not itemized in this act shall be increased by four percent (4.0%). Effective July 1, 2008, the annual salaries of permanent, full-time employees of the Judicial Department whose salaries are not

1 itemized in this act shall be increased by the greater of one thousand one hundred  
 2 dollars (\$1,100) or two and seventy-five hundredths percent (2.75%).

3 "SECTION 28.4.(d) Effective July 1, 2007, the annual salaries of permanent,  
 4 part-time employees of the Judicial Department whose salaries are not itemized in this  
 5 act shall be increased by four percent (4.0%). Effective July 1, 2008, the annual salaries  
 6 of permanent, part-time employees of the Judicial Department whose salaries are not  
 7 itemized in this act shall be increased by pro rata amounts of one thousand one hundred  
 8 dollars (\$1,100) or two and seventy-five hundredths percent (2.75%) whichever is  
 9 greater."

10  
 11 **CLERK OF SUPERIOR COURT/SALARY INCREASES**

12 **SECTION 26.5.** Effective July 1, 2008, G.S. 7A-101(a) reads as rewritten:

13 "(a) The clerk of superior court is a full-time employee of the State and shall  
 14 receive an annual salary, payable in equal monthly installments, based on the population  
 15 of the county as determined in subsection (a1) of this section, according to the following  
 16 schedule:

Population	Annual Salary
Less than 100,000	<del>\$ 80,196</del> <u>\$82,401</u>
100,000 to 149,999	<del>89,993</del> <u>92,468</u>
150,000 to 249,999	<del>99,792</del> <u>102,536</u>
250,000 and above	<del>109,593.</del> <u>112,607.</u>

22 When a county changes from one population group to another, the salary of the clerk  
 23 shall be changed, on July 1 of the fiscal year for which the change is reported, to the  
 24 salary appropriate for the new population group, except that the salary of an incumbent  
 25 clerk shall not be decreased by any change in population group during his continuance  
 26 in office."  
 27

28 **ASSISTANT AND DEPUTY CLERKS OF COURT/SALARY INCREASES**

29 **SECTION 26.6.** Effective July 1, 2008, G.S. 7A-102(c1) reads as rewritten:

30 "(c1) A full-time assistant clerk or a full-time deputy clerk, and up to one full-time  
 31 deputy clerk serving as head bookkeeper per county, shall be paid an annual salary  
 32 subject to the following minimum and maximum rates:

Assistant Clerks and Head Bookkeeper	Annual Salary
Minimum	<del>\$31,122</del> <u>\$32,222</u>
Maximum	<del>53,304</del> <u>54,767</u>
Deputy Clerks	Annual Salary
Minimum	<del>\$26,788</del> <u>\$27,888</u>
Maximum	<del>41,456.</del> <u>42,596."</u>

41  
 42 **MAGISTRATES' SALARY INCREASES**

43 **SECTION 26.7.(a)** Effective July 1, 2008, G.S. 7A-171.1(a) reads as  
 44 rewritten:

1       (a) The Administrative Officer of the Courts, after consultation with the chief  
 2 district judge and pursuant to the following provisions, shall set an annual salary for  
 3 each magistrate.

- 4           (1) A full-time magistrate shall be paid the annual salary indicated in the  
 5 table set out in this subdivision. A full-time magistrate is a magistrate  
 6 who is assigned to work an average of not less than 40 hours a week  
 7 during the term of office. The Administrative Officer of the Courts  
 8 shall designate whether a magistrate is full-time. Initial appointment  
 9 shall be at the entry rate. A magistrate's salary shall increase to the  
 10 next step every two years on the anniversary of the date the magistrate  
 11 was originally appointed for increases to Steps 1 through 3, and every  
 12 four years on the anniversary of the date the magistrate was originally  
 13 appointed for increases to Steps 4 through 6.

14                           Table of Salaries of Full-Time Magistrates

Step Level	Annual Salary
Entry Rate	<del>\$31,533</del> <u>\$32,633</u>
Step 1	<del>34,425</del> <u>35,525</u>
Step 2	<del>37,571</del> <u>38,671</u>
Step 3	<del>41,006</del> <u>42,134</u>
Step 4	<del>44,768</del> <u>45,999</u>
Step 5	<del>49,007</del> <u>50,355</u>
Step 6	<del>53,760</del> <u>55,238</u>

- 23           (2) A part-time magistrate is a magistrate who is assigned to work an  
 24 average of less than 40 hours of work a week during the term, except  
 25 that no magistrate shall be assigned an average of less than 10 hours of  
 26 work a week during the term. A part-time magistrate is included, in  
 27 accordance with G.S. 7A-170, under the provisions of G.S. 135-1(10)  
 28 and G.S. 135-40.2(a). The Administrative Officer of the Courts  
 29 designates whether a magistrate is a part-time magistrate. A part-time  
 30 magistrate shall receive an annual salary based on the following  
 31 formula: The average number of hours a week that a part-time  
 32 magistrate is assigned work during the term shall be multiplied by the  
 33 annual salary payable to a full-time magistrate who has the same  
 34 number of years of service prior to the beginning of that term as does  
 35 the part-time magistrate and the product of that multiplication shall be  
 36 divided by the number 40. The quotient shall be the annual salary  
 37 payable to that part-time magistrate.

- 38           (3) Notwithstanding any other provision of this subsection, a magistrate  
 39 who is licensed to practice law in North Carolina or any other state  
 40 shall receive the annual salary provided in the Table in subdivision (1)  
 41 of this subsection for Step 4."

42       **SECTION 26.7.(b)** Effective July 1, 2008, G.S. 7A-171.1(a1)(1) reads as

43 rewritten:

1       "(a1) Notwithstanding subsection (a) of this section, the following salary provisions  
2 apply to individuals who were serving as magistrates on June 30, 1994:

3           (1) The salaries of magistrates who on June 30, 1994, were paid at a salary  
4 level of less than five years of service under the table in effect that date  
5 shall be as follows:

6           Less than 1 year of service	\$25,428	<u>\$26,528</u>
7           1 or more but less than 3 years of service	<del>26,595</del>	<u>27,695</u>
8           3 or more but less than 5 years of service	<del>28,944.</del>	<u>30,044.</u>

9           Upon completion of five years of service, those magistrates shall  
10 receive the salary set as the Entry Rate in the table in subsection (a)."

## 11 12 **GENERAL ASSEMBLY PRINCIPAL CLERKS/SALARY INCREASES**

13       **SECTION 26.8.** Effective July 1, 2008, G.S. 120-37(c) reads as rewritten:

14       "(c) The principal clerks shall be full-time officers. Each principal clerk shall be  
15 entitled to other benefits available to permanent legislative employees and shall be paid  
16 an annual salary of ~~one hundred one thousand two hundred ninety eight dollars~~  
17 ~~(\$101,298)~~ one hundred four thousand eighty-four dollars (\$104,084) payable monthly.  
18 Each principal clerk shall also receive such additional compensation as approved by the  
19 Speaker of the House of Representatives or the President Pro Tempore of the Senate,  
20 respectively, for additional employment duties beyond those provided by the rules of  
21 their House. The Legislative Services Commission shall review the salary of the  
22 principal clerks prior to submission of the proposed operating budget of the General  
23 Assembly to the Governor and shall make appropriate recommendations for changes in  
24 those salaries. Any changes enacted by the General Assembly shall be by amendment to  
25 this paragraph."

## 26 27 **SERGEANT-AT-ARMS AND READING CLERKS/SALARY INCREASES**

28       **SECTION 26.9.** Effective July 1, 2008, G.S. 120-37(b) reads as rewritten:

29       "(b) The sergeant-at-arms and the reading clerk in each house shall be paid a  
30 salary of ~~three hundred fifty nine dollars (\$359.00)~~ three hundred eighty dollars  
31 (\$380.00) per week plus subsistence at the same daily rate provided for members of the  
32 General Assembly, plus mileage at the rate provided for members of the General  
33 Assembly for one round trip only from their homes to Raleigh and return. The  
34 sergeants-at-arms shall serve during sessions of the General Assembly and at such time  
35 prior to the convening of, and subsequent to adjournment or recess of, sessions as may  
36 be authorized by the Legislative Services Commission. The reading clerks shall serve  
37 during sessions only."

## 38 39 **LEGISLATIVE EMPLOYEES/SALARY INCREASES**

40       **SECTION 26.10.** Effective July 1, 2008, the Legislative Services Officer  
41 shall increase the salaries of nonelected employees of the General Assembly in effect  
42 for fiscal year 2007-2008 by the greater of one thousand one hundred dollars (\$1,100)  
43 or two and seventy-five hundredths percent (2.75%). Nothing in this act limits any of  
44 the provisions of G.S. 120-32.

**COMMUNITY COLLEGES PERSONNEL/SALARY INCREASES**

**SECTION 26.11.** Section 28.11 of S.L. 2007-323 reads as rewritten:

"**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.(a1) Effective July 1, 2008, the Director of the Budget shall transfer from the Reserve for Compensation Increases, created in this act for fiscal year 2008-2009, funds to the North Carolina Community Colleges System Office necessary to provide an annual salary increase of:

- (1) Three percent (3.0%) including funds for the employer's retirement and social security contributions, commencing July 1, 2008, for all community college faculty and professional staff supported by State funds.
- (2) The greater of one thousand one hundred dollars (\$1,100) or two and seventy-five hundredths percent (2.75%) including funds for the employer's retirement and social security contributions, commencing July 1, 2008, for all other 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."

**COMMUNITY COLLEGE FACULTY SALARIES**

**SECTION 26.11A.** Section 8.5 of S.L. 2007-323 is amended by adding a new subsection to read:

"SECTION 8.5.(h) For the 2008-2009 school year, the minimum salaries for nine-month, full-time curriculum community college faculty shall be as follows:

<u>Education Level</u>	<u>Minimum Salary</u>
<u>Vocational Diploma/Certificate or Less</u>	<u>\$34,314</u>
<u>Associate Degree or Equivalent</u>	<u>\$34,819</u>
<u>Bachelor's Degree</u>	<u>\$37,009</u>
<u>Master's Degree or Education Specialist</u>	<u>\$38,952</u>
<u>Doctoral Degree</u>	<u>\$41,753.</u>

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

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

**UNIVERSITY OF NORTH CAROLINA SYSTEM/EPA SALARY INCREASES**

**SECTION 26.12.** Section 28.12 of S.L. 2007-323 reads as rewritten:

**"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.(a1)** Effective July 1, 2008, 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 year 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 three percent (3%) for faculty and non-faculty. The percentage annual salary increase of three percent (3%) 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.(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 nonfaculty.

**"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,

1 supported by State funds and whose salaries are exempt from the State Personnel Act  
2 (EPA). These funds shall be allocated to individuals according to the rules adopted by  
3 the Board of Trustees of the North Carolina School of Science and Mathematics and  
4 may not be used for any purpose other than for salary increases and necessary employer  
5 contributions provided by this section.

6 "SECTION 28.12.(c1) The Director of the Budget shall transfer to the Board of  
7 Governors of The University of North Carolina sufficient funds from the Reserve for  
8 Compensation Increases, created in this act for fiscal year 2008-2009, to provide an  
9 average annual salary increase of three percent (3%), but at least an annual increase of  
10 four hundred seventy dollars (\$470.00), including funds for the employer's retirement  
11 and social security contributions, commencing July 1, 2008, for all teaching employees  
12 of the North Carolina School of Science and Mathematics, supported by State funds and  
13 whose salaries are exempt from the State Personnel Act (EPA). These funds shall be  
14 allocated to individuals according to the rules adopted by the Board of Trustees of the  
15 North Carolina School of Science and Mathematics and may not be used for any  
16 purpose other than for salary increases and necessary employer contributions provided  
17 by this section."

#### 18 19 **LOTTERY COMMISSION COMPENSATION INCREASES**

20 **SECTION 26.12A.** Article 8 of Chapter 18C of the General Statutes is  
21 amended by adding a new section to read:

#### 22 "§ 18C-120.173. Limits on compensation increases.

23 (a) Notwithstanding G.S. 18C-114(a)(11) and G.S. 18C-120(b)(3), the Lottery  
24 Commission, during any fiscal year, may not expend funds for merit and  
25 performance-based salary increases in excess of the funds that would have been  
26 expended had the Lottery Commission employees received the same across-the-board  
27 salary increases granted by the General Assembly to State employees subject to the  
28 State Personnel Act. These merit and performance-based salary increases may be  
29 awarded on an aggregated average basis according to rules adopted by the Lottery  
30 Commission.

31 (b) In addition to the amount that may be expended for merit and  
32 performance-based increases authorized by subsection (a) of this section, the Lottery  
33 Commission may expend for those increases an amount equal to what would have been  
34 paid for longevity pay if Lottery Commission employees were subject to the State  
35 Personnel Act."

#### 36 37 **MENTAL HEALTH NURSES/SIGN-ON BONUS**

38 **SECTION 26.12B.(a)** Notwithstanding the provisions of G.S. 126-4(10), the  
39 sum of up to five hundred thousand dollars (\$500,000) for the 2008-2009 fiscal year  
40 may be used by the Department of Health and Human Services to pay sign-on bonuses  
41 to newly employed registered nurses hired during the fiscal year to work in State  
42 operated facilities in the Division of Mental Health, Developmental Disabilities, and  
43 Substance Abuse Services.

44 **SECTION 26.12B.(b)** These sign-on bonuses may not exceed:

- 1           (1)     \$8,000 per full-time registered nurse or  
2           (2)     \$4,000 per part-time registered nurse hired to work at least 20 hours  
3                     but less than 30 hours per week.

4 One-half of the sign-on bonus shall be paid in the employee's first paycheck with the  
5 second installment to be paid after the completion of 36 months of consecutive State  
6 service as a registered nurse in the Division of Mental Health, Developmental  
7 Disabilities, and Substance Abuse Services. Employees whose performance ratings, at  
8 any time, are not rated at or above level three on the five-level rating scale, or who have  
9 documented disciplinary actions for misconduct or performance, shall be ineligible for  
10 the second installment of the sign-on bonus.

11           **SECTION 26.12B.(c)** Employees who terminate, either voluntarily or  
12 involuntarily, before the completion of 36 months of consecutive service shall repay a  
13 prorated amount of the sign-on bonus as determined by the Secretary of the Department  
14 of Health and Human Services.

15  
16 **LICENSED FERRY PERSONNEL/CLASSIFICATION STUDY/REPORT**

17           **SECTION 26.12C.** The Office of State Personnel (OSP) shall conduct a  
18 classification study of licensed ferry personnel within the Ferry Division of the  
19 Department of Transportation to ensure that the Division retains and recruits the most  
20 qualified personnel, in the interests of public safety and efficiency, to accomplish the  
21 State's important ferry transportation function. By the convening of the 2009 General  
22 Assembly, the OSP shall report to the Senate and House Appropriations Committees on  
23 the findings of the study, any related actions of the State Personnel Commission, and  
24 any related salary increases or adjustments based upon the study.

25  
26 **SALARY ADJUSTMENT FUND CHANGES**

27           **SECTION 26.12D.** Section 28.18 of S.L. 2007-323 reads as rewritten:

28           **"SECTION 28.18.(a)** Any remaining appropriations in the General Fund Reserve  
29 for Compensation Increases authorized for employee salary increases not required for  
30 that purpose may be used to supplement the General Fund Salary Adjustment Fund to  
31 support salary adjustments for positions supported by the General Fund. Any remaining  
32 appropriations in the Highway Fund Reserves and Transfers authorized for employee  
33 salary increases not required for that purpose may be used to supplement the Highway  
34 Fund Salary Adjustment Fund to support salary adjustments for positions supported by  
35 the Highway Fund.

36           **"SECTION 28.18.(b)** Funds appropriated or otherwise transferred to the General  
37 Fund Salary Adjustment Fund or to the Highway Fund Salary Adjustment Fund by this  
38 act or any other provision of law shall be used to fund agency requests for the following  
39 purposes:

- 40           (1)     Salary range revisions, special minimum rates, grade to band transfers  
41                     and geographic site differential adjustments to provide competitive  
42                     salary rates for affected job classifications/groups in response to  
43                     changes in labor market rates as documented through data collection

1 and analysis according to accepted human resource professional  
2 practices and standards.

- 3 (2) Reallocation of positions to higher level job classifications to  
4 compensate employees for more difficult duties at competitive salary  
5 rates as documented through data collection and analysis according to  
6 accepted human resource professional practices and standards.

7 The terms 'salary range revision' and 'reallocation' as used in this section shall conform  
8 to the definitions of those terms as previously contained in the State Personnel Manual  
9 and adopted by the State Personnel Commission effective immediately prior to  
10 November 1, 2005. Funds shall only be used for salary adjustments that are in  
11 compliance with State Personnel Commission policies. ~~Funding~~ Except as provided by  
12 subsections (g) and (h) of this section, funding shall first be provided to the earliest  
13 actions approved ~~on or before July 1, 2007,~~ by the State Personnel Commission or the  
14 Office of State Personnel and shall not be used for other purposes including, but not  
15 limited to, in-range adjustments, career progression adjustments, or other adjustments as  
16 these terms may be defined by State personnel policy.

17 "**SECTION 28.18.(c)** The Director of the Budget shall consult with the Joint  
18 Legislative Commission on Governmental Operations prior to transferring any salary  
19 adjustment funds for any State agency.

20 "**SECTION 28.18.(d)** The Director of the Budget may:

- 21 (1) Transfer to General Fund budget codes from the General Fund Salary  
22 Adjustment Fund amounts required to support salary adjustments  
23 authorized by this section with the oldest of the pending adjustments to  
24 be funded first.  
25 (2) Transfer to Highway Fund budget codes from the Highway Fund  
26 Salary Adjustment Fund amounts required to support salary  
27 adjustments authorized by this section.

28 "**SECTION 28.18.(e)** The Judicial Department is eligible for the funding authorized  
29 in subsection (a) of this section.

30 "**SECTION 28.18.(f)** Employees subject to the State Personnel Act in The  
31 University of North Carolina System are eligible for funding authorized in subsection  
32 (a) of this section and for the purposes outlined in subsection (b) of this section.

33 "**SECTION 28.18.(g)** Of the funds available in the General Fund Salary  
34 Adjustment Fund, the State Construction Office of the Department of Administration  
35 shall receive from the Salary Adjustment Fund up to the sum of four hundred  
36 eighty-four thousand dollars (\$484,000) for the 2008-2009 fiscal year to adjust salaries  
37 for engineering and architect positions due to the career banding of these positions.  
38 These grade to band transfers shall receive the highest funding priority.

39 "**SECTION 28.18.(h)** Of the funds available in the Highway Fund Salary  
40 Adjustment Fund, the Ferry Division of the Department of Transportation shall receive  
41 the highest funding priority in fiscal year 2008-2009 to increase salaries of licensed  
42 ferry personnel in the event that reallocations or range revisions are approved by the  
43 State Personnel Commission resulting from the classification study of licensed ferry  
44 personnel."

1  
2 **MOST STATE EMPLOYEES/SALARY INCREASES**

3 **SECTION 26.13.** Effective July 1, 2008, Section 28.14 of S.L. 2007-323  
4 reads as rewritten:

5 **"SECTION 28.14.(a)** The salaries in effect June 30, 2007, of all permanent  
6 full-time State employees whose salaries are set in accordance with the State Personnel  
7 Act, and who are paid from the General Fund or the Highway Fund, shall be increased,  
8 effective July 1, 2007, by four percent (4%). Effective July 1, 2008, the salaries in effect  
9 June 30, 2008, of all permanent, full-time State employees whose salaries are set in  
10 accordance with the State Personnel Act, and who are paid from the General Fund or  
11 Highway Fund shall be increased by the greater of one thousand one hundred dollars  
12 (\$1,100) or two and seventy-five hundredths percent (2.75%).

13 **"SECTION 28.14.(b)** Except as otherwise provided in this act, the fiscal year  
14 2007-2008 salaries for permanent full-time State officials and persons in exempt  
15 positions that are recommended by the Governor and set by the General Assembly shall  
16 be increased by four percent (4%), effective July 1, 2007. Effective July 1, 2008, the  
17 compensation of permanent, full-time State officials and persons in exempt positions  
18 that are recommended by the Governor and set by the General Assembly shall be  
19 increased by the greater of one thousand one hundred dollars (\$1,100) or two and  
20 seventy-five hundredths percent (2.75%).

21 **"SECTION 28.14.(c)** The salaries in effect for fiscal year 2007-2008 for all  
22 permanent part-time State employees shall be increased, effective July 1, 2007, by the  
23 four percent (4%) salary increase provided for permanent full-time employees covered  
24 under this part. Effective July 1, 2008, the salaries of permanent, part-time State  
25 employees shall be increased by the greater of pro rata amounts of one thousand one  
26 hundred dollars (\$1,100) or two and seventy-five hundredths percent (2.75%).

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, effective July 1, 2007, increases in~~  
30 accordance with subsection (a), (b), or (c) of this section including funds for the  
31 employer's retirement and social security contributions, for the permanent full-time and  
32 part-time employees of the agency, provided the employing agency elects to make  
33 available the necessary funds.

34 **"SECTION 28.14.(e)** ~~Within~~ For the 2007-2008 fiscal year, within regular State  
35 Budget Act procedures as limited by this act, all State agencies and departments may  
36 increase on an equitable basis the rate of pay of temporary and permanent hourly State  
37 employees, subject to availability of funds in the particular agency or department, by  
38 pro rata amounts of the four percent (4%) salary increase provided for permanent  
39 full-time employees covered by the provisions of subsection (a) of this section,  
40 commencing July 1, 2007. For the 2008-2009 fiscal year, within regular State Budget  
41 Act procedures as limited by this act, all State agencies and departments may increase  
42 on an equitable basis the rate of pay of temporary and permanent hourly State  
43 employees, subject to availability of funds in the particular agency or department, by the  
44 greater of pro rata amounts of one thousand one hundred dollar (\$1,100) or two and

1 seventy-five hundredths percent (2.75%) salary increase provided for permanent  
2 full-time employees covered by the provisions of subsection (a) of this section,  
3 commencing July 1, 2008."  
4

## 5 **ALL STATE-SUPPORTED PERSONNEL/SALARY INCREASES**

6 **SECTION 26.14.** Effective July 1, 2008, Section 28.15 of S.L. 2007-323  
7 reads as rewritten:

8 "SECTION 28.15.(a) Salaries and related benefits for positions that are funded  
9 partially from the General Fund or Highway Fund and partially from sources other than  
10 the General Fund or Highway Fund shall be increased from the General Fund or  
11 Highway Fund appropriation only to the extent of the proportionate part of the salaries  
12 paid from the General Fund or Highway Fund.

13 "SECTION 28.15.(b) The granting of the salary increases under this act does not  
14 affect the status of eligibility for salary increments for which employees may be eligible  
15 unless otherwise required by this act.

16 "SECTION 28.15.(c) The fiscal year 2007-2008 salary increases provided in this  
17 act are to be effective July 1, 2007, do not apply to persons separated from State service  
18 due to resignation, dismissal, reduction in force, death, or retirement, or whose last  
19 workday is prior to July 1, 2007. The fiscal year 2008-2009 salary increases provided in  
20 this act are to be effective July 1, 2008, do not apply to persons separated from State  
21 service due to resignation, dismissal, reduction in force, death, or retirement, or whose  
22 last workday is prior to July 1, 2008.

23 Payroll checks issued to employees ~~after July 1, 2007,~~ which represent payment of  
24 services provided prior to ~~July 1, 2007,~~ these increases shall not be eligible for salary  
25 increases provided for in this act. This subsection shall apply to all employees, subject  
26 to or exempt from the State Personnel Act, paid from State funds, including public  
27 schools, community colleges, and The University of North Carolina.

28 "SECTION 28.15.(d) The Director of the Budget shall transfer from the Reserve  
29 for Compensation Increases in this act for fiscal year 2007-2008 and fiscal year  
30 2008-2009 all funds necessary for the salary increases provided by this act, including  
31 funds for the employer's retirement and social security contributions.

32 "SECTION 28.15.(e) Nothing in this act authorizes the transfer of funds between  
33 the General Fund and the Highway Fund for salary increases.

34 "SECTION 28.15.(f) ~~Permanent~~ For the 2007-2008 fiscal year, permanent,  
35 full-time employees who work a nine-, ten-, or eleven-month work year schedule shall  
36 receive the four percent (4.0%) annual increase provided by this act. For the 2008-2009  
37 fiscal year, permanent, full-time employees who work a nine-, ten-, or eleven-month  
38 work year schedule shall receive the greater of the one thousand one hundred dollar  
39 (\$1,100) or two and seventy-five hundredths percent (2.75%) annual increase provided  
40 by this act."  
41

## 42 **TEACHER SALARY SCHEDULES**

43 **SECTION 26.16.(a)** Effective for the 2008-2009 school year, the Director of  
44 the Budget shall transfer from the Reserve for Compensation Increases funds necessary

1 to implement the teacher salary schedules set out in subsection (b) of this section and  
 2 for longevity in accordance with subsection (d) of this section, including funds for the  
 3 employer's retirement and social security contributions for all teachers whose salaries  
 4 are supported from the State's General Fund.

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

7 **SECTION 26.16.(b)** The following monthly salary schedules shall apply for  
 8 the 2008-2009 fiscal year to certified personnel of the public schools who are classified  
 9 as teachers. The schedule contains 32 steps with each step corresponding to one year of  
 10 teaching experience.

11  
 12 2008-2009 Monthly Salary Schedule

13 "A" Teachers

14 Years of Experience	"A" Teachers	NBPTS Certification
15 0	\$3,022	N/A
16 1	\$3,064	N/A
17 2	\$3,108	N/A
18 3	\$3,264	\$3,656
19 4	\$3,404	\$3,812
20 5	\$3,538	\$3,963
21 6	\$3,667	\$4,107
22 7	\$3,771	\$4,224
23 8	\$3,819	\$4,277
24 9	\$3,868	\$4,332
25 10	\$3,918	\$4,388
26 11	\$3,967	\$4,443
27 12	\$4,018	\$4,500
28 13	\$4,069	\$4,557
29 14	\$4,122	\$4,617
30 15	\$4,176	\$4,677
31 16	\$4,231	\$4,739
32 17	\$4,286	\$4,800
33 18	\$4,345	\$4,866
34 19	\$4,403	\$4,931
35 20	\$4,461	\$4,996
36 21	\$4,523	\$5,066
37 22	\$4,584	\$5,134
38 23	\$4,650	\$5,208
39 24	\$4,714	\$5,280
40 25	\$4,779	\$5,352
41 26	\$4,845	\$5,426
42 27	\$4,913	\$5,503
43 28	\$4,984	\$5,582
44 29	\$5,055	\$5,662

1	30	\$5,153	\$5,771
2	31+	\$5,255	\$5,886
3			
4	2008-2009 Monthly Salary Schedule		
5	"M" Teachers		
6	Years of Experience	"M" Teachers	NBPTS Certification
7	0	\$3,324	N/A
8	1	\$3,370	N/A
9	2	\$3,419	N/A
10	3	\$3,590	\$4,021
11	4	\$3,744	\$4,193
12	5	\$3,892	\$4,359
13	6	\$4,034	\$4,518
14	7	\$4,148	\$4,646
15	8	\$4,201	\$4,705
16	9	\$4,255	\$4,766
17	10	\$4,310	\$4,827
18	11	\$4,364	\$4,888
19	12	\$4,420	\$4,950
20	13	\$4,476	\$5,013
21	14	\$4,534	\$5,078
22	15	\$4,594	\$5,145
23	16	\$4,654	\$5,212
24	17	\$4,715	\$5,281
25	18	\$4,780	\$5,354
26	19	\$4,843	\$5,424
27	20	\$4,907	\$5,496
28	21	\$4,975	\$5,572
29	22	\$5,042	\$5,647
30	23	\$5,115	\$5,729
31	24	\$5,185	\$5,807
32	25	\$5,257	\$5,888
33	26	\$5,330	\$5,970
34	27	\$5,404	\$6,052
35	28	\$5,482	\$6,140
36	29	\$5,561	\$6,228
37	30	\$5,668	\$6,348
38	31+	\$5,781	\$6,475

39

40

41

42

43

44

**SECTION 26.16.(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

1 for 25 or more years of State service. The longevity payment shall be paid in a lump  
2 sum once a year.

3 **SECTION 26.16.(d)** Certified public schoolteachers with certification based  
4 on academic preparation at the six-year degree level shall receive a salary supplement of  
5 one hundred twenty-six dollars (\$126.00) per month in addition to the compensation  
6 provided for certified personnel of the public schools who are classified as "M"  
7 teachers. Certified public schoolteachers with certification based on academic  
8 preparation at the doctoral degree level shall receive a salary supplement of two  
9 hundred fifty-three dollars (\$253.00) per month in addition to the compensation  
10 provided for certified personnel of the public schools who are classified as "M"  
11 teachers.

12 **SECTION 26.16.(e)** The first step of the salary schedule for school  
13 psychologists shall be equivalent to Step 5, corresponding to five years of experience,  
14 on the salary schedule established in this section for certified personnel of the public  
15 schools who are classified as "M" teachers. Certified psychologists shall be placed on  
16 the salary schedule at an appropriate step based on their years of experience. Certified  
17 psychologists shall receive longevity payments based on years of State service in the  
18 same manner as teachers.

19 Certified psychologists with certification based on academic preparation at  
20 the six-year degree level shall receive a salary supplement of one hundred twenty-six  
21 dollars (\$126.00) per month in addition to the compensation provided for certified  
22 psychologists. Certified psychologists with certification based on academic preparation  
23 at the doctoral degree level shall receive a salary supplement of two hundred fifty-three  
24 dollars (\$253.00) per month in addition to the compensation provided for certified  
25 psychologists.

26 **SECTION 26.16.(f)** Speech pathologists who are certified as speech  
27 pathologists at the master's degree level and audiologists who are certified as  
28 audiologists at the master's degree level and who are employed in the public schools as  
29 speech and language specialists and audiologists shall be paid on the school  
30 psychologist salary schedule.

31 Speech pathologists and audiologists with certification based on academic  
32 preparation at the six-year degree level shall receive a salary supplement of one hundred  
33 twenty-six dollars (\$126.00) per month in addition to the compensation provided for  
34 speech pathologists and audiologists. Speech pathologists and audiologists with  
35 certification based on academic preparation at the doctoral degree level shall receive a  
36 salary supplement of two hundred fifty-three dollars (\$253.00) per month in addition to  
37 the compensation provided for speech pathologists and audiologists.

38 **SECTION 26.16.(g)** Certified school nurses who are employed in the public  
39 schools as nurses shall be paid on the "M" salary schedule.

40 **SECTION 26.16.(h)** As used in this section, the term "teacher" shall also  
41 include instructional support personnel.  
42

#### 43 **SCHOOL BASED ADMINISTRATOR SALARY SCHEDULE**

1           **SECTION 26.17.(a)** Effective for the 2008-2009 school year, the Director of  
 2 the Budget shall transfer from the Reserve for Compensation Increases funds necessary  
 3 to implement the salary schedules for school-based administrators as provided in this  
 4 section. These funds shall be used for State-paid employees only.

5           **SECTION 26.17.(b)** The base salary schedule for school-based  
 6 administrators shall apply only to principals and assistant principals. The base salary  
 7 schedule for the 2008-2009 fiscal year, commencing July 1, 2008, is as follows:  
 8

9                           2008-2009 Principal and Assistant Principal Salary Schedules

10	Classification					
11	Years of Exp	Assistant	Prin I	Prin II	Prin III	Prin IV
12		Principal	(0-10)	(11-21)	(22-32)	(33-43)
13	0-4	\$3,781	-	-	-	-
14	5	\$3,931	-	-	-	-
15	6	\$4,074	-	-	-	-
16	7	\$4,189	-	-	-	-
17	8	\$4,243	\$4,243	-	-	-
18	9	\$4,298	\$4,298	-	-	-
19	10	\$4,353	\$4,353	\$4,408	-	-
20	11	\$4,408	\$4,408	\$4,464	-	-
21	12	\$4,464	\$4,464	\$4,521	\$4,579	-
22	13	\$4,521	\$4,521	\$4,579	\$4,640	\$4,701
23	14	\$4,579	\$4,579	\$4,640	\$4,701	\$4,762
24	15	\$4,640	\$4,640	\$4,701	\$4,762	\$4,828
25	16	\$4,701	\$4,701	\$4,762	\$4,828	\$4,891
26	17	\$4,762	\$4,762	\$4,828	\$4,891	\$4,956
27	18	\$4,828	\$4,828	\$4,891	\$4,956	\$5,025
28	19	\$4,891	\$4,891	\$4,956	\$5,025	\$5,092
29	20	\$4,956	\$4,956	\$5,025	\$5,092	\$5,166
30	21	\$5,025	\$5,025	\$5,092	\$5,166	\$5,237
31	22	\$5,092	\$5,092	\$5,166	\$5,237	\$5,310
32	23	\$5,166	\$5,166	\$5,237	\$5,310	\$5,383
33	24	\$5,237	\$5,237	\$5,310	\$5,383	\$5,458
34	25	\$5,310	\$5,310	\$5,383	\$5,458	\$5,537
35	26	\$5,383	\$5,383	\$5,458	\$5,537	\$5,617
36	27	\$5,458	\$5,458	\$5,537	\$5,617	\$5,725
37	28	\$5,537	\$5,537	\$5,617	\$5,725	\$5,839
38	29	\$5,617	\$5,617	\$5,725	\$5,839	\$5,956
39	30	\$5,725	\$5,725	\$5,839	\$5,956	\$6,075
40	31	\$5,839	\$5,839	\$5,956	\$6,075	\$6,197
41	32	-	\$5,956	\$6,075	\$6,197	\$6,321
42	33	-	-	\$6,197	\$6,321	\$6,447
43	34	-	-	\$6,321	\$6,447	\$6,576
44	35	-	-	-	\$6,576	\$6,708

1	36	-	-	-	\$6,708	\$6,842
2	37	-	-	-	-	\$6,979
3						
4	2008-2009 Principal and Assistant Principal Salary Schedules					
5	Classification					
6	Years of Exp	Prin V	Prin VI	Prin VII	Prin VIII	
7		(44-54)	(55-65)	(66-100)	(101+)	
8	0-14	\$4,828	-	-	-	
9	15	\$4,891	-	-	-	
10	16	\$4,956	\$5,025	-	-	
11	17	\$5,025	\$5,092	\$5,237	-	
12	18	\$5,092	\$5,166	\$5,310	\$5,383	
13	19	\$5,166	\$5,237	\$5,383	\$5,458	
14	20	\$5,237	\$5,310	\$5,458	\$5,537	
15	21	\$5,310	\$5,383	\$5,537	\$5,617	
16	22	\$5,383	\$5,458	\$5,617	\$5,725	
17	23	\$5,458	\$5,537	\$5,725	\$5,839	
18	24	\$5,537	\$5,617	\$5,839	\$5,956	
19	25	\$5,617	\$5,725	\$5,956	\$6,075	
20	26	\$5,725	\$5,839	\$6,075	\$6,197	
21	27	\$5,839	\$5,956	\$6,197	\$6,321	
22	28	\$5,956	\$6,075	\$6,321	\$6,447	
23	29	\$6,075	\$6,197	\$6,447	\$6,576	
24	30	\$6,197	\$6,321	\$6,576	\$6,708	
25	31	\$6,321	\$6,447	\$6,708	\$6,842	
26	32	\$6,447	\$6,576	\$6,842	\$6,979	
27	33	\$6,576	\$6,708	\$6,979	\$7,119	
28	34	\$6,708	\$6,842	\$7,119	\$7,261	
29	35	\$6,842	\$6,979	\$7,261	\$7,406	
30	36	\$6,979	\$7,119	\$7,406	\$7,554	
31	37	\$7,119	\$7,261	\$7,554	\$7,705	
32	38	\$7,261	\$7,406	\$7,705	\$7,859	
33	39	-	\$7,554	\$7,859	\$8,016	
34	40	-	\$7,705	\$8,016	\$8,176	
35	41	-	-	\$8,176	\$8,340	

36  
 37 **SECTION 26.17.(c)** The appropriate classification for placement of  
 38 principals and assistant principals on the salary schedule, except for principals in  
 39 alternative schools and in cooperative innovative high schools, shall be determined in  
 40 accordance with the following schedule:

41		Number of Teachers
42	Classification	Supervised
43		
44	Assistant Principal	

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

9  
10           The number of teachers supervised includes teachers and assistant principals  
11 paid from State funds only; it does not include teachers or assistant principals paid from  
12 non-State funds or the principal or teacher assistants.

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

17           **SECTION 26.17.(d)** A principal shall be placed on the step on the salary  
18 schedule that reflects total number of years of experience as a certificated employee of  
19 the public schools and an additional step for every three years of experience as a  
20 principal. A principal or assistant principal shall also continue to receive any additional  
21 State-funded percentage increases earned for the 1997-1998, 1998-1999, and 1999-2000  
22 school years for improvement in student performance or maintaining a safe and orderly  
23 school.

24           **SECTION 26.17.(e)** Principals and assistant principals with certification  
25 based on academic preparation at the six-year degree level shall be paid a salary  
26 supplement of one hundred twenty-six dollars (\$126.00) per month and at the doctoral  
27 degree level shall be paid a salary supplement of two hundred fifty-three dollars  
28 (\$253.00) per month.

29           **SECTION 26.17.(f)** Longevity pay for principals and assistant principals  
30 shall be as provided for State employees under the State Personnel Act.

31           **SECTION 26.17.(g)** If a principal is reassigned to a higher job classification  
32 because the principal is transferred to a school within a local school administrative unit  
33 with a larger number of State-allotted teachers, the principal shall be placed on the  
34 salary schedule as if the principal had served the principal's entire career as a principal  
35 at the higher job classification.

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

41           This subsection applies to all transfers on or after the effective date of this  
42 section, except transfers in school systems that have been created, or will be created, by  
43 merging two or more school systems. Transfers in these merged systems are exempt

1 from the provisions of this subsection for one calendar year following the date of the  
2 merger.

3 **SECTION 26.17.(h)** Participants in an approved full-time master's in school  
4 administration program shall receive up to a 10-month stipend at the beginning salary of  
5 an assistant principal during the internship period of the master's program. For the  
6 2006-2007 fiscal year and subsequent fiscal years, the stipend shall not exceed the  
7 difference between the beginning salary of an assistant principal plus the cost of tuition,  
8 fees, and books and any fellowship funds received by the intern as a full-time student,  
9 including awards of the Principal Fellows Program. The Principal Fellows Program or  
10 the school of education where the intern participates in a full-time master's in school  
11 administration program shall supply the Department of Public Instruction with  
12 certification of eligible full-time interns.

13 **SECTION 26.17.(i)** During the 2008-2009 fiscal year, the placement on the  
14 salary schedule of an administrator with a one-year provisional assistant principal's  
15 certificate shall be at the entry-level salary for an assistant principal or the appropriate  
16 step on the teacher salary schedule, whichever is higher.

17  
18 **CENTRAL OFFICE SALARIES**

19 **SECTION 26.18.(a)** The monthly salary ranges that follow apply to  
20 assistant superintendents, associate superintendents, directors/coordinators, supervisors,  
21 and finance officers for the 2008-2009 fiscal year, beginning July 1, 2008.

22	School Administrator I	\$3,309	\$6,207
23	School Administrator II	\$3,508	\$6,583
24	School Administrator III	\$3,724	\$6,984
25	School Administrator IV	\$3,874	\$7,262
26	School Administrator V	\$4,030	\$7,556
27	School Administrator VI	\$4,275	\$8,013
28	School Administrator VII	\$4,447	\$8,336

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

35 **SECTION 26.18.(b)** The monthly salary ranges that follow apply to public  
36 school superintendents for the 2008-2009 fiscal year, beginning July 1, 2008.

37	Superintendent I	\$4,720	\$8,843
38	Superintendent II	\$5,011	\$9,377
39	Superintendent III	\$5,316	\$9,948
40	Superintendent IV	\$5,642	\$10,552
41	Superintendent V	\$5,988	\$11,196

42 The local board of education shall determine the appropriate category and  
43 placement for the superintendent based on the average daily membership of the local

1 school administrative unit and within funds appropriated by the General Assembly for  
2 central office administrators and superintendents.

3 **SECTION 26.18.(c)** Longevity pay for superintendents, assistant  
4 superintendents, associate superintendents, directors/coordinators, supervisors, and  
5 finance officers shall be as provided for State employees under the State Personnel Act.

6 **SECTION 26.18.(d)** Superintendents, assistant superintendents, associate  
7 superintendents, directors/coordinators, supervisors, and finance officers with  
8 certification based on academic preparation at the six-year degree level shall receive a  
9 salary supplement of one hundred twenty-six dollars (\$126.00) per month in addition to  
10 the compensation provided pursuant to this section. Superintendents, assistant  
11 superintendents, associate superintendents, directors/coordinators, supervisors, and  
12 finance officers with certification based on academic preparation at the doctoral degree  
13 level shall receive a salary supplement of two hundred fifty-three dollars (\$253.00) per  
14 month in addition to the compensation provided for under this section.

15 **SECTION 26.18.(e)** The State Board of Education shall not permit local  
16 school administrative units to transfer State funds from other funding categories for  
17 salaries for public school central office administrators.

18 **SECTION 26.18.(f)** The annual salary increase for all permanent full-time  
19 personnel paid from the Central Office Allotment shall be the greater of one thousand  
20 one hundred dollars (\$1,100) or two and seventy-five hundredths percent (2.75%),  
21 commencing July 1, 2008. The State Board of Education shall allocate these funds to  
22 local school administrative units. The local boards of education shall establish  
23 guidelines for providing salary increases to these personnel.

## 24 25 **NONCERTIFIED PERSONNEL SALARIES**

26 **SECTION 26.19.(a)** The annual salary increase for permanent, full-time  
27 noncertified public school employees whose salaries are supported from the State's  
28 General Fund shall be the greater of one thousand one hundred dollars (\$1,100) or two  
29 and seventy-five hundredths percent (2.75%) commencing July 1, 2008.

30 **SECTION 26.19.(b)** Local boards of education shall increase the rates of  
31 pay for such employees who were employed for all or part of fiscal year 2007-2008 and  
32 who continue their employment for fiscal year 2008-2009 by providing an annual salary  
33 increase for employees of the greater of one thousand one hundred dollars (\$1,100) or  
34 two and seventy-five hundredths percent (2.75%).

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

37 **SECTION 26.19.(c)** The State Board of Education may adopt salary ranges  
38 for noncertified personnel to support increases of the greater of one thousand one  
39 hundred dollars (\$1,100) or two and seventy-five hundredths percent (2.75%) for the  
40 2008-2009 fiscal year.

## 41 42 **BONUS FOR CERTIFIED PERSONNEL AT THE TOP OF THEIR SALARY** 43 **SCHEDULES**

1           **SECTION 26.20.** Effective July 1, 2008, any permanent personnel  
2 employed on July 1, 2008, and paid at the top of the principal and assistant principal  
3 salary schedule shall receive a onetime bonus equivalent to two percent (2%).

4           Effective July 1, 2008, any permanent certified personnel employed on July  
5 1, 2008, and paid on the teacher salary schedule with 31+ years of experience shall  
6 receive a onetime bonus equivalent to one and eight-tenths percent (1.8%). Personnel  
7 defined under G.S. 115C-325(a)(5a) are not eligible to receive the bonus.

8  
9 **NO PENALTY FOR TEACHERS TAKING ONE DAY OF PERSONAL LEAVE**

10           **SECTION 26.21.(a)** G.S. 115C-302.1(d) reads as rewritten:

11           "(d) Personal Leave. – Teachers earn personal leave at the rate of .20 days for  
12 each full month of employment not to exceed two days per year. Personal leave may be  
13 accumulated without any applicable maximum until June 30 of each year. A teacher  
14 may carry forward to July 1 a maximum of five days of personal leave; the remainder of  
15 the teacher's personal leave shall be converted to sick leave on June 30. At the time of  
16 retirement, a teacher may also convert accumulated personal leave to sick leave for  
17 creditable service towards retirement.

18           Personal leave may be used only upon the authorization of the teacher's immediate  
19 supervisor. A teacher shall not take personal leave on the first day the teacher is  
20 required to report for the school year, on a required teacher workday, on days scheduled  
21 for State testing, or on the day before or the day after a holiday or scheduled vacation  
22 day, unless the request is approved by the principal. On all other days, if the request is  
23 made at least five days in advance, the request shall be automatically granted subject to  
24 the availability of a substitute teacher, and the teacher cannot be required to provide a  
25 reason for the request. Teachers may transfer personal leave days between local school  
26 administrative units. The local school administrative unit shall credit a teacher who has  
27 separated from service and is reemployed within 60 months from the date of separation  
28 with all personal leave accumulated at the time of separation. Local school  
29 administrative units shall not advance personal leave. Teachers using up to one day of  
30 personal leave per year shall receive full salary less the required substitute  
31 deduction salary. Teachers using more than one day per year shall receive full salary  
32 less the required substitute deduction. As used in this subsection, 'teachers' means  
33 classroom teachers and media specialists who require a substitute."

34           **SECTION 26.21.(b)** This section expires June 30, 2009.

35  
36 **SALARY-RELATED CONTRIBUTIONS/EMPLOYER**

37           **SECTION 26.22.** Section 28.19(c) of S.L. 2007-323 reads as rewritten:

38           "**SECTION 28.19.(c)** Effective July 1, 2008, the State's employer contribution rates  
39 budgeted for retirement and related benefits as percentage of covered salaries for the  
40 2008-2009 fiscal year are: (i) ~~seven and eighty three hundredths percent (7.83%)~~ eight  
41 and fourteen hundredths percent (8.14%) – Teachers and State Employees; (ii) ~~twelve~~  
42 ~~and eighty three hundredths percent (12.83%)~~ thirteen and fourteen hundredths percent  
43 (13.14%) – State Law Enforcement Officers; (iii) eleven and forty-six hundredths  
44 percent (11.46%) – University Employees' Optional Retirement System; (iv) eleven and

1 forty-six hundredths percent (11.46%) – Community College Optional Retirement  
2 Program; (v) seventeen and thirty-one hundredths percent (17.31%) – Consolidated  
3 Judicial Retirement System; and (vi) four and ten hundredths percent (4.10%) –  
4 Legislative Retirement System. Each of the foregoing contribution rates includes four  
5 and ten hundredths percent (4.10%) for hospital and medical benefits. The rate for  
6 Teachers and State Employees, State Law Enforcement Officers, Community College  
7 Optional Retirement Program, and for the University Employees' Optional Retirement  
8 Program includes fifty-two hundredths percent (0.52%) for the Disability Income Plan.  
9 The rates for Teachers and State Employees and State Law Enforcement Officers  
10 include sixteen-hundredths percent (0.16%) for the Death Benefits Plan. The rate for  
11 State Law Enforcement Officers includes five percent (5%) for Supplemental  
12 Retirement Income."  
13

14 **PROVIDE COST-OF-LIVING INCREASES FOR RETIREES OF THE**  
15 **TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM, THE**  
16 **JUDICIAL RETIREMENT SYSTEM, AND THE LEGISLATIVE**  
17 **RETIREMENT SYSTEM**

18 **SECTION 26.23.(a)** G.S. 135-5 is amended by adding a new subsection to  
19 read:

20 "(rrr) From and after July 1, 2008, the retirement allowance to or on account of  
21 beneficiaries whose retirement commenced on or before July 1, 2007, shall be increased  
22 by two and two-tenths percent (2.2%) of the allowance payable on June 1, 2008, in  
23 accordance with G.S. 135-5(o). Furthermore, from and after July 1, 2008, the retirement  
24 allowance to or on account of beneficiaries whose retirement commenced after July 1,  
25 2007, but before June 30, 2008, shall be increased by a prorated amount of two and  
26 two-tenths percent (2.2%) of the allowance payable as determined by the Board of  
27 Trustees based upon the number of months that a retirement allowance was paid  
28 between July 1, 2007, and June 30, 2008."

29 **SECTION 26.23.(b)** G.S. 135-65 is amended by adding a new subsection to  
30 read:

31 "(cc) From and after July 1, 2008, the retirement allowance to or on account of  
32 beneficiaries whose retirement commenced on or before July 1, 2007, shall be increased  
33 by two and two-tenths percent (2.2%) of the allowance payable on June 1, 2008.  
34 Furthermore, from and after July 1, 2008, the retirement allowance to or on account of  
35 beneficiaries whose retirement commenced after July 1, 2007, but before June 30, 2008,  
36 shall be increased by a prorated amount of two and two-tenths percent (2.2%) of the  
37 allowance payable as determined by the Board of Trustees based upon the number of  
38 months that a retirement allowance was paid between July 1, 2007, and June 30, 2008."

39 **SECTION 26.23.(c)** G.S. 120-4.22A is amended by adding a new subsection  
40 to read:

41 "(w) In accordance with subsection (a) of this section, from and after July 1, 2008,  
42 the retirement allowance to or on account of beneficiaries whose retirement commenced  
43 on or before January 1, 2008, shall be increased by two and two-tenths percent (2.2%)  
44 of the allowance payable on June 1, 2008. Furthermore, from and after July 1, 2008, the

1 retirement allowance to or on account of beneficiaries whose retirement commenced  
2 after January 1, 2008, but before June 30, 2008, shall be increased by a prorated amount  
3 of two and two-tenths percent (2.2%) of the allowance payable as determined by the  
4 Board of Trustees based upon the number of months that a retirement allowance was  
5 paid between January 1, 2008, and June 30, 2008."  
6

7 **INCREASE THE MONTHLY PENSION FOR MEMBERS OF THE FIREMEN'S**  
8 **AND RESCUE SQUAD WORKERS' PENSION FUND**

9 **SECTION 26.25.** G.S. 58-86-55 reads as rewritten:

10 **"§ 58-86-55. Monthly pensions upon retirement.**

11 Any member who has served 20 years as an "eligible fireman" or "eligible rescue  
12 squad worker" in the State of North Carolina, as provided in G.S. 58-86-25 and  
13 G.S. 58-86-30, and who has attained the age of 55 years is entitled to be paid a monthly  
14 pension from this fund. The monthly pension shall be in the amount of ~~one hundred~~  
15 ~~sixty seven dollars (\$167.00)~~ one hundred seventy dollars (\$170.00) per month. Any  
16 retired fireman receiving a pension shall, effective ~~July 1, 2007,~~ July 1, 2008, receive a  
17 pension of ~~one hundred sixty seven dollars (\$167.00)~~ one hundred seventy dollars  
18 (\$170.00) per month.

19 Members shall pay ten dollars (\$10.00) per month as required by G.S. 58-86-35 and  
20 G.S. 58-86-40 for a period of no longer than 20 years. No "eligible rescue squad  
21 member" shall receive a pension prior to July 1, 1983. No member shall be entitled to a  
22 pension hereunder until the member's official duties as a fireman or rescue squad  
23 worker for which the member is paid compensation shall have been terminated and the  
24 member shall have retired as such according to standards or rules fixed by the board of  
25 trustees.

26 A member who is totally and permanently disabled while in the discharge of the  
27 member's official duties as a result of bodily injuries sustained or as a result of extreme  
28 exercise or extreme activity experienced in the course and scope of those official duties  
29 and who leaves the fire or rescue squad service because of this disability shall be  
30 entitled to be paid from the fund a monthly benefit in an amount of ~~one hundred~~  
31 ~~sixty seven dollars (\$167.00)~~ one hundred seventy dollars (\$170.00) per month  
32 beginning the first month after the member's fifty-fifth birthday. All applications for  
33 disability are subject to the approval of the board who may appoint physicians to  
34 examine and evaluate the disabled member prior to approval of the application, and  
35 annually thereafter. Any disabled member shall not be required to make the monthly  
36 payment of ten dollars (\$10.00) as required by G.S. 58-86-35 and G.S. 58-86-40.

37 A member who is totally and permanently disabled for any cause, other than line of  
38 duty, who leaves the fire or rescue squad service because of this disability and who has  
39 at least 10 years of service with the pension fund, may be permitted to continue making  
40 a monthly contribution of ten dollars (\$10.00) to the fund until the member has made  
41 contributions for a total of 240 months. The member shall upon attaining the age of 55  
42 years be entitled to receive a pension as provided by this section. All applications for  
43 disability are subject to the approval of the board who may appoint physicians to

1 examine and evaluate the disabled member prior to approval of the application and  
 2 annually thereafter.

3 A member who, because his residence is annexed by a city under Part 2 or Part 3 of  
 4 Article 4A of Chapter 160A of the General Statutes, or whose department is closed  
 5 because of an annexation by a city under Part 2 or Part 3 of Article 4A of Chapter 160A  
 6 of the General Statutes, or whose volunteer department is taken over by a city or county,  
 7 and because of such annexation or takeover is unable to perform as a fireman or rescue  
 8 squad worker of any status, and if the member has at least 10 years of service with the  
 9 pension fund, may be permitted to continue making a monthly contribution of ten  
 10 dollars (\$10.00) to the fund until the member has made contributions for a total of 240  
 11 months. The member upon attaining the age of 55 years and completion of such  
 12 contributions shall be entitled to receive a pension as provided by this section. Any  
 13 application to make monthly contributions under this section shall be subject to a  
 14 finding of eligibility by the Board of Trustees upon application of the member.

15 The pensions provided shall be in addition to all other pensions or benefits under any  
 16 other statutes of the State of North Carolina or the United States, notwithstanding any  
 17 exclusionary provisions of other pensions or retirement systems provided by law."  
 18

19 **PART XXVII. CAPITAL APPROPRIATIONS.**

20  
 21 **CAPITAL APPROPRIATIONS/GENERAL FUND**

22 **SECTION 27.1.** There is appropriated from the General Fund for the  
 23 2008-2009 fiscal year the following amounts for capital improvements:  
 24

<b>Capital Improvements – General Fund</b>	<b>2008-2009</b>
Department of Administration	
North Carolina Freedom Monument Planning	\$400,000
Department of Agriculture and Consumer Services	
Motor Fuels/Metrology Laboratory Planning	300,000
Department of Commerce	
Wanchese Seafood Industrial Park – Capital Improvements	605,700
Department of Crime Control and Public Safety	
Butner Training Site Sewer Extension and Latrine Replacement	245,430
Master Facilities Planning Statewide – Phase II	300,300
Department of Environment and Natural Resources	
Research Oyster Hatchery	4,303,944
Water Resources Development Projects	20,000,000
Zoo Polar Bear Exhibit Addition and Renovation	2,700,000

1	Department of Justice	
2	Addition to SBI Buildings 17 and 18	1,792,006
3		
4	University of North Carolina System	
5	Appalachian State University – College of Nursing and	
6	Health Sciences Building Planning	4,200,000
7		
8	Elizabeth City State University – School of Aviation Complex	
9	Planning and Site Development	1,500,000
10		
11	Fayetteville State University – Teaching Education	
12	and General Classroom Building Planning	4,272,110
13		
14	North Carolina State University	
15	4-H Camps Improvements	4,500,000
16	Engineering Complex Planning	21,373,400
17		
18	University of North Carolina at Asheville – Replace Carmichael	
19	Hall & University Lecture Hall Planning	1,100,000
20		
21	University of North Carolina at Chapel Hill	
22	Biomedical Research Imaging Center Planning	32,000,000
23	Morehead Planetarium Renovation/Expansion Planning	3,480,000
24	Carolina North Phase I and Replacement Law School Planning	16,900,000
25		
26	University of North Carolina at Charlotte – Science Building Planning	2,400,000
27		
28	University of North Carolina at Pembroke – Information	
29	Commons Building Planning	2,000,000
30		
31	University of North Carolina at Wilmington – Allied Health and	
32	Human Sciences Building Planning	4,320,000
33		
34	Western Carolina University– Education and Allied Professions	
35	Building Planning	4,018,700
36		
37	Winston-Salem State University	
38	Sciences and General Office Building Planning	3,000,000
39		
40	<b>TOTAL CAPITAL IMPROVEMENTS – GENERAL FUND</b>	<b>\$135,711,590</b>
41		
42	<b>WATER RESOURCES DEVELOPMENT PROJECT FUNDS</b>	

1           **SECTION 27.2.(a)** The Department of Environment and Natural Resources  
 2 shall allocate the funds appropriated in this act for water resources development projects  
 3 to the following projects whose costs are as indicated:

4	5 <b>Name of Project</b>	6 <b>2008-2009</b>
7	(1) Wilmington Harbor Deepening	\$ 1,000,000
8	(2) Wilmington Harbor Maintenance	500,000
9	(3) Morehead City Harbor Maintenance	0
10	(4) B. Everett Jordan Water Supply Storage	200,000
11	(5) Dredging Contingency Fund	3,619,000
12	(6) Deep Creek Structure 5-D (Yadkin County)	5,444,000
13	(7) North Carolina Beach and Inlet Management Plan	250,000
14	(8) Neuse River Basin Study	33,000
15	(9) Manteo (Shallowbag Bay) Channel Maintenance	100,000
16	(10) Currituck Sound Water Management Study	50,000
17	(11) Planning Assistance to Communities	100,000
18	(12) Bogue Banks Beach Protection	120,000
19	(13) West Onslow Beach (Topsail Beach, Pender County)	0
20	(14) Belhaven Harbor Feasibility Study	15,000
21	(15) Princeville Flood Control	0
22	(16) Surf City – N. Topsail Beach Protection (Pender County)	0
23	(17) North Carolina International Terminal	500,000
24	(18) AIWW Dredging	3,119,000
25	(19) State-Local Projects	2,000,000
26	(20) Swan Quarter Dike Project (Hyde County)	250,000
27	(21) Aquatic Plant Control, Statewide and Lake Gaston	200,000
28	(22) Aquatic Weed Program Storage Facility	100,000
29	(23) Dillsboro Dam Removal	400,000
30	(24) Topsail Beach Emergency Nourishment	2,000,000
31		
32	<b>TOTALS</b>	<b>\$20,000,000</b>

34           **SECTION 27.2.(b)** Where the actual costs are different from the estimated  
 35 costs under subsection (a) of this section, the Department may adjust the allocations  
 36 among projects as needed. If any projects funded under subsection (a) of this section are  
 37 delayed and the budgeted State funds cannot be used during the 2008-2009 fiscal year,  
 38 or if the projects funded under subsection (a) of this section are accomplished at a lower  
 39 cost, the Department may use the resulting fund availability to fund any of the  
 40 following:

- 41           (1) U.S. Army Corps of Engineers project feasibility studies.
- 42           (2) U.S. Army Corps of Engineers projects whose schedules have  
 43 advanced and require State-matching funds in fiscal year 2008-2009.
- 44           (3) State-local water resources development projects.

1 Funds not expended or encumbered for these purposes shall revert to the General Fund  
2 at the end of the 2009-2010 fiscal year.

3 **SECTION 27.2.(c)** The Department shall make semiannual reports on the  
4 use of these funds to the Joint Legislative Commission on Governmental Operations,  
5 the Fiscal Research Division, and the Office of State Budget and Management. Each  
6 report shall include all of the following:

- 7 (1) All projects listed in this section.
- 8 (2) The estimated cost of each project.
- 9 (3) The date that work on each project began or is expected to begin.
- 10 (4) The date that work on each project was completed or is expected to be  
11 completed.
- 12 (5) The actual cost of each project.

13 The semiannual reports shall also show those projects advanced in schedule,  
14 those projects delayed in schedule, and an estimate of the amount of funds expected to  
15 revert to the General Fund.

#### 16 **REPAIRS AND RENOVATIONS RESERVE ALLOCATION**

17 **SECTION 27.3.(a)** Of the funds in the Reserve for Repairs and Renovations  
18 for the 2008-2009 fiscal year, fifty percent (50%) shall be allocated to the Board of  
19 Governors of The University of North Carolina for repairs and renovations pursuant to  
20 G.S. 143C-4-3, in accordance with guidelines developed in The University of North  
21 Carolina Funding Allocation Model for Reserve for Repairs and Renovations, as  
22 approved by the Board of Governors of The University of North Carolina, and fifty  
23 percent (50%) shall be allocated to the Office of State Budget and Management for  
24 repairs and renovations pursuant to G.S. 143C-4-3.

25 Notwithstanding G.S. 143C-4-3, the Board of Governors may allocate funds  
26 for the repair and renovation of facilities not supported from the General Fund if the  
27 Board determines that sufficient funds are not available from other sources and that  
28 conditions warrant General Fund assistance. Any such finding shall be included in the  
29 Board's submission to the Joint Legislative Commission on Governmental Operations  
30 on the proposed allocation of funds.

31 The Board of Governors and the Office of State Budget and Management  
32 shall consult with the Joint Legislative Commission on Governmental Operations prior  
33 to the allocation or reallocation of these funds.

34 **SECTION 27.3.(b)** Of the funds allocated to the Board of Governors of The  
35 University of North Carolina in subsection (a) of this section, a portion shall be used by  
36 the Board of Governors for the installation of fire sprinklers in University residence  
37 halls. This portion shall be in addition to funds otherwise appropriated in this act for the  
38 same purpose. Such funds shall be allocated among the University's constituent  
39 institutions by the President of The University of North Carolina, who shall consider the  
40 following factors when allocating those funds:

- 41 (1) The safety and well-being of the residents of campus housing  
42 programs.
- 43

- 1           (2)    The current level of housing rents charged to students and how that
- 2                compares to an institution's public peers and other UNC institutions.
- 3           (3)    The level of previous authorizations to constituent institutions for the
- 4                construction or renovation of residence halls funded from the General
- 5                Fund, or from bonds or certificates of participation supported by the
- 6                General Fund, since 1996.
- 7           (4)    The financial status of each constituent institution's housing system,
- 8                including debt capacity, debt coverage ratios, credit rankings, required
- 9                reserves, the planned use of cash balances for other housing system
- 10              improvements, and the constituent institution's ability to pay for the
- 11              installation of fire sprinklers in all residence halls.
- 12           (5)    The total cost of each proposed project, including the cost of installing
- 13                fire sprinklers and the cost of other construction, such as asbestos
- 14                removal and additional water supply needs.

15           The Board of Governors shall submit progress reports to the Joint Legislative  
 16 Commission on Governmental Operations. Reports shall include the status of  
 17 completed, current, and planned projects. Reports shall also include information on the  
 18 financial status of each constituent institution's housing system, the constituent  
 19 institution's ability to pay for fire protection in residence halls, and the timing of  
 20 installation of fire sprinklers. Reports shall be submitted on January 1 and July 1 until  
 21 all residence halls have fire sprinklers.

22           **SECTION 27.3.(c)** Of the funds allocated to the Office of State Budget and  
 23 Management in subsection (a) of this section:

- 24           (1)    \$6,615,500 shall be used for Mattamuskeet Lodge renovations.
- 25           (2)    \$2,600,000 shall be used for the Museum of History Chronology
- 26                Exhibit.
- 27           (3)    \$1,225,000 shall be used for plans and specifications to renovate the
- 28                Department of Agriculture and Consumer Service's main office
- 29                building in Raleigh.
- 30           (4)    \$1,300,000 shall be used to renovate the North Carolina Museum of
- 31                Forestry.

32  
 33 **NON-GENERAL FUND CAPITAL IMPROVEMENT AUTHORIZATIONS**

34           **SECTION 27.4.(a)** The General Assembly authorizes the following capital  
 35 projects to be funded with receipts or from other non-General Fund sources:

36	<b>Amount of Non-General Fund</b>
37 <b>Name of Project</b>	<b>Funding Authorized for 2008-2009</b>
38 Department of Agriculture and Consumer Services	
39     Piedmont Research Station – Grain Storage Facility Renovation	400,000
40     Raleigh Farmers Market – Capital Improvements	900,000
41     Research Stations – Irrigation System Renovation	200,000
42     Research Stations – Irrigation System Renovation – Horticulture Crops	

1	and Peanut Belt Research Stations	200,000
2	Senator Bob Martin Eastern Agricultural	
3	Center – Capital Improvements	500,000
4	State Fair – Campground	6,341,601
5	State Fair – Infrastructure Improvements	500,000
6	State Fair – Pond Improvements	500,000
7	Tidewater Research Station – Phase II of Headhouse/Greenhouse	
8	Facility Renovation	750,000
9	Triad Farmers Market – Capital Improvements	3,000,000
10	WNC Agricultural Center – New Vision Plan	900,000
11		
12	Department of Correction	
13	Broughton Correctional Center – Laundry Steam Plant	1,400,000
14	Umstead Correctional Center – Laundry Steam Plant	1,322,965
15	Wayne Correctional Center – Chase Laundry Steam Plant	1,368,926
16		
17	Department of Crime Control and Public Safety	
18	NC National Guard – Armory Improvements	8,402,273
19	NC National Guard – Asheville Field Maintenance Shop	3,743,000
20	NC National Guard – Camp Butner Training	
21	Site – Cantonment Complex	15,617,000
22	NC National Guard – Fixed Wing Hanger Complex – Morrisville	6,466,000
23		
24	Department of Cultural Resources	
25	Museum of Art – Enhanced Landscaping	7,500,000
26	USS North Carolina Battleship Memorial – Phase 3 Renovations	1,977,000
27		
28	Department of Environment and Natural Resources	
29	Bladen Lakes State Forest – Shop Building	943,800
30	Forest Resources – Region 2 Training Building	460,500
31		
32	Department of Transportation	
33	Statewide Transportation Operations Center	7,650,000
34		
35	Wildlife Resources Commission	
36	Armstrong Hatchery – Lower Raceway Renovation	1,725,000
37	Boating Access Area Improvements	2,800,000
38	Centennial Campus Center for Wildlife Education –	
39	Exhibit Completion	200,000
40	Centennial Campus Center for Wildlife Education –	
41	Heat and Humidity Controls	6,000
42	Chowan Bridge Fishing Pier and Boating Access	2,000,000
43	Hampstead – Waterfront Access Marine Industry Fund	10,000,000
44	Land Acquisitions – State Game Lands	62,660,000

1	Manns Harbor – Waterfront Access Marine Industry Fund	5,750,000
2	Marion Depot – Drainage Repairs	200,000
3	McKinney Lake Hatchery – Kettle Replacement	1,955,000
4	New Coldwater Fish Hatchery	7,900,000
5	New Construction Depot	500,000
6	Outer Banks Center for Wildlife Education – Repairs and	
7	Improvements	223,000
8	Outer Banks Center for Wildlife Education – Teaching Facility	700,000
9	Pisgah Center for Wildlife Education – Gift Shop Extension	200,000
10	Pisgah Center for Wildlife Education – Outdoor Exhibit	450,000
11	Pisgah Center for Wildlife Education – Repairs and	
12	Improvements	148,000
13	Pisgah Center for Wildlife Education – Storage Building	150,000
14	Pisgah Center for Wildlife Education – Teaching Facility	564,905
15	Pisgah Center for Wildlife Education – Teaching Facility	
16	Upfit and Pavilion	280,000
17	Rhodes Pond Dam Repairs	500,000
18	Sneads Ferry – Waterfront Access Marine Industry Fund	6,500,000
19	Sunset Harbor – Waterfront Access Marine Industry Fund	950,000
20	Swan Lake – Waterfront Access Marine Industry Fund	1,700,000
21	Table Rock Hatchery – New Building	575,000
22	Table Rock Hatchery – Office Building and Workshop	345,000
23	Watha Fish Hatchery – Residence Replacement	707,250

**TOTAL AMOUNT OF NON-GENERAL FUND CAPITAL  
PROJECTS AUTHORIZED**

**\$180,732,220**

**SECTION 27.4.(b)** From funds deposited with the State Treasurer in a capital improvement account to the credit of the Department of Agriculture and Consumer Services pursuant to G.S. 146-30, the sum of thirty thousand dollars (\$30,000) for the 2008-2009 fiscal year shall be transferred to the Department of Agriculture and Consumer Services to be used, notwithstanding G.S. 146-30, by the Department for its plant conservation program under Article 19B of Chapter 106 of the General Statutes for costs incidental to the acquisition of land, such as land appraisals, land surveys, title searches, environmental studies, and for the management of the plant conservation program preserves owned by the Department.

**SECTION 27.4.(c)** Of the funds previously authorized to be used for the construction of a frozen dough manufacturing facility at Maury Correctional Institution, the Department of Correction may use one million five hundred thousand dollars (\$1,500,000) to upfit a general industry operation at Tabor Correctional Institution.

**STUDY RELOCATION OF HIGHWAY PATROL TRAINING FACILITIES**

**SECTION 27.5.** The Department of Crime Control and Public Safety, in consultation with the Department of Administration, shall study suitable locations all

1 across this State outside of Raleigh for a relocation of the Highway Patrol's Garner  
 2 Road complex and shall report its findings and recommendations to the Chairs of the  
 3 House and Senate Appropriations Committees and to the Chairs of the House  
 4 Appropriations Subcommittee on Capital no later than February 1, 2009.

5  
 6 **CHRONOLOGY EXHIBIT ON FIRST FLOOR OF NC MUSEUM OF HISTORY**

7 **SECTION 27.7.** The Department of Cultural Resources may use all of the  
 8 funds appropriated in this act and in Section 29.1 of S.L. 2007-323 for the North  
 9 Carolina Museum of History Chronology Exhibit to make capital improvements  
 10 necessary to ensure that the entire exhibit is located on the first floor of the Museum.

11  
 12 **DESIGN AND CONSTRUCTION OF NORTH CAROLINA FREEDOM**  
 13 **MONUMENT**

14 **SECTION 27.7A.** The Department of Administration shall contract with  
 15 North Carolina Freedom Monument Project, Inc., a nonprofit corporation, for the design  
 16 and construction of the North Carolina Freedom Project. Notwithstanding  
 17 G.S. 143-64.31 through 143-64.34 and G.S. 143-135.26, North Carolina Freedom  
 18 Monument Project, Inc., shall select the designer and consultant for the project.

19  
 20 **BIOMEDICAL RESEARCH IMAGING CENTER**

21 **SECTION 27.7B.** Chapter 116 of the General Statutes is amended by adding  
 22 a new section to read:

23 **"§ 116-29.5. Biomedical Research Imaging Center.**

24 The General Assembly finds that the construction of the Biomedical Research  
 25 Imaging Center at the University of North Carolina at Chapel Hill is a vital component  
 26 of the State's efforts to improve the health and wellness of its citizens. Therefore, there  
 27 is appropriated from the General Fund to the Board of Governors of The University of  
 28 North Carolina the following sums for the corresponding fiscal year to be used for the  
 29 planning and construction of the Biomedical Research Imaging Center:

<u>Fiscal Year</u>	<u>Amount:</u>
<u>2009-2010</u>	<u>\$175,000,000</u>
<u>2010-2011</u>	<u>\$45,000,000"</u>

30  
 31  
 32  
 33  
 34  
 35 **TRANSFER OF PRAIRIE RIDGE LAND TO DEPARTMENT OF**  
 36 **ENVIRONMENT AND NATURAL RESOURCES**

37 **SECTION 27.7C.** The land currently allocated to the Department of  
 38 Administration and used for the Prairie Ridge Ecostation for Wildlife and Learning is  
 39 hereby reallocated to the Department of Environment and Natural Resources.

40  
 41 **SPECIAL INDEBTEDNESS PROJECTS**

42 **SECTION 27.8.(a)** The State, with the prior approval of the State Treasurer  
 43 and the Council of State, as provided in Article 9 of Chapter 142 of the General  
 44 Statutes, is authorized to issue or incur special indebtedness in order to provide funds to

1 the State to be used, together with other available funds, to pay the capital facility costs  
2 of the projects described in this subsection. In accordance with G.S. 142-83, this  
3 subsection authorizes the issuance or incurrence of special indebtedness:

- 4 (1) In the maximum aggregate principal amount of sixty-nine million  
5 dollars (\$69,000,000) to finance the capital facility costs of completing  
6 a School of Dentistry building at East Carolina University and no more  
7 than 10 satellite dental clinics across the State. No more than a  
8 maximum aggregate amount of twenty-two million dollars  
9 (\$22,000,000) of special indebtedness may be issued or incurred under  
10 this subdivision prior to July 1, 2009. No more than a maximum  
11 aggregate amount of sixty million dollars (\$60,000,000) of special  
12 indebtedness may be issued or incurred under this subdivision prior to  
13 July 1, 2010.
- 14 (2) In the maximum aggregate principal amount of thirty-six million eight  
15 hundred thousand dollars (\$36,800,000) to finance the capital facility  
16 costs of completing a family medicine building at East Carolina  
17 University. No more than a maximum aggregate amount of sixteen  
18 million eight hundred thousand dollars (\$16,800,000) of special  
19 indebtedness may be issued or incurred under this subdivision prior to  
20 July 1, 2009.
- 21 (3) In the maximum aggregate principal amount of eighteen million  
22 dollars (\$18,000,000) to finance the capital facility costs of completing  
23 a School of Education building at Elizabeth City State University. No  
24 more than a maximum aggregate amount of five million dollars  
25 (\$5,000,000) of special indebtedness may be issued or incurred under  
26 this subdivision prior to July 1, 2009. No more than a maximum  
27 aggregate amount of fifteen million dollars (\$15,000,000) of special  
28 indebtedness may be issued or incurred under this subdivision prior to  
29 July 1, 2010.
- 30 (4) In the maximum aggregate principal amount of twenty million four  
31 hundred ninety thousand dollars (\$20,490,000) to finance the capital  
32 facility costs of completing a general classroom building at North  
33 Carolina Agricultural and Technical State University. No more than a  
34 maximum aggregate amount of ten million dollars (\$10,000,000) of  
35 special indebtedness may be issued or incurred under this subdivision  
36 prior to July 1, 2009.
- 37 (5) In the maximum aggregate principal amount of two million four  
38 hundred thirty-eight thousand dollars (\$2,438,000) to finance the  
39 capital improvement costs of acquiring land and constructing capital  
40 facilities for a horse park in Rockingham County for North Carolina  
41 Agricultural and Technical State University.
- 42 (6) In the maximum aggregate principal amount of eleven million one  
43 hundred thousand dollars (\$11,100,000) to finance the capital facility  
44 costs of completing the Central Storage Facility at the North Carolina

1 School of the Arts. No more than a maximum aggregate amount of two  
2 million dollars (\$2,000,000) of special indebtedness may be issued or  
3 incurred under this subdivision prior to July 1, 2009. No more than a  
4 maximum aggregate amount of nine million dollars (\$9,000,000) of  
5 special indebtedness may be issued or incurred under this subdivision  
6 prior to July 1, 2010.

7 (7) In the maximum aggregate principal amount of twelve million nine  
8 hundred thousand dollars (\$12,900,000) to finance the capital facility  
9 costs of completing the Film School Production Facility at the North  
10 Carolina School of the Arts. No more than a maximum aggregate  
11 amount of two million dollars (\$2,000,000) of special indebtedness  
12 may be issued or incurred under this subdivision prior to July 1, 2010.  
13 No more than a maximum aggregate amount of seven million nine  
14 hundred thousand dollars (\$7,900,000) of special indebtedness may be  
15 issued or incurred under this subdivision prior to July 1, 2011.

16 (8) In the maximum aggregate principal amount of one hundred nine  
17 million one hundred thousand dollars (\$109,100,000) to finance the  
18 capital facility costs of completing the Centennial Campus library at  
19 North Carolina State University. No more than a maximum aggregate  
20 amount of thirty million dollars (\$30,000,000) of special indebtedness  
21 may be issued or incurred under this subdivision prior to July 1, 2009.  
22 No more than a maximum aggregate amount of seventy million one  
23 hundred thousand dollars (\$70,100,000) of special indebtedness may  
24 be issued or incurred under this subdivision prior to July 1, 2010. No  
25 more than a maximum aggregate amount of one hundred million one  
26 hundred thousand dollars (\$100,100,000) of special indebtedness may  
27 be issued or incurred under this subdivision prior to July 1, 2011.

28 (9) In the maximum aggregate principal amount of sixty-nine million  
29 dollars (\$69,000,000) to finance the capital facility costs of completing  
30 a School of Dentistry expansion at the University of North Carolina at  
31 Chapel Hill. No special indebtedness may be issued or incurred under  
32 this subdivision prior to July 1, 2009. No more than a maximum  
33 aggregate amount of twenty-five million dollars (\$25,000,000) of  
34 special indebtedness may be issued or incurred under this subdivision  
35 prior to July 1, 2010. No more than a maximum aggregate amount of  
36 sixty-one million dollars (\$61,000,000) of special indebtedness may be  
37 issued or incurred under this subdivision prior to July 1, 2011.

38 (10) In the maximum aggregate principal amount of fifty-seven million two  
39 hundred eighteen thousand dollars (\$57,218,000) to finance the capital  
40 facility costs of completing the Energy Production Infrastructure  
41 Center at the University of North Carolina at Charlotte. No more than  
42 a maximum of ten million dollars (\$10,000,000) of special  
43 indebtedness may be issued or incurred under this subdivision prior to  
44 July 1, 2009. No more than a maximum aggregate amount of

- 1 thirty-two million two hundred eighteen thousand dollars  
2 (\$32,218,000) of special indebtedness may be issued or incurred under  
3 this subdivision prior to July 1, 2010.
- 4 (11) In the maximum aggregate principal amount of forty-two million six  
5 hundred seventy thousand dollars (\$42,670,000) to finance the capital  
6 facility costs of completing an academic classroom and office building  
7 at the University of North Carolina at Greensboro. No more than a  
8 maximum aggregate amount of twenty-one million dollars  
9 (\$21,000,000) of special indebtedness may be issued or incurred under  
10 this subdivision prior to July 1, 2009.
- 11 (12) In the maximum aggregate principal amount of ten million dollars  
12 (\$10,000,000) to finance the capital facility costs of installing fire  
13 sprinklers in The University of North Carolina System residence halls.
- 14 (13) In the maximum aggregate principal amount of thirty-five million  
15 dollars (\$35,000,000) to finance the capital improvement costs of  
16 acquiring State land throughout The University of North Carolina  
17 System.
- 18 (14) In the maximum aggregate principal amount of forty-five million one  
19 hundred seventy thousand dollars (\$45,170,000) to finance the capital  
20 facility costs of completing a health care and mental health facility at  
21 the North Carolina Correctional Institute for Women. No more than a  
22 maximum aggregate amount of seventeen million dollars  
23 (\$17,000,000) of special indebtedness may be issued or incurred under  
24 this subdivision prior to July 1, 2009. No more than a maximum  
25 aggregate amount of forty-one million dollars (\$41,000,000) of special  
26 indebtedness may be issued or incurred under this subdivision prior to  
27 July 1, 2010.
- 28 (15) In the maximum aggregate principal amount of thirteen million ten  
29 thousand dollars (\$13,010,000) to finance the capital facility costs of  
30 completing a minimum security addition at Scotland Correctional  
31 Institution. No more than a maximum aggregate amount of six million  
32 dollars (\$6,000,000) of special indebtedness may be issued or incurred  
33 under this subdivision prior to July 1, 2009. No more than a maximum  
34 aggregate amount of ten million dollars (\$10,000,000) of special  
35 indebtedness may be issued or incurred under this subdivision prior to  
36 July 1, 2010.
- 37 (16) In the maximum aggregate principal amount of eighteen million nine  
38 hundred fifty thousand dollars (\$18,950,000) to finance the capital  
39 facility costs of completing a medium security addition at Bertie  
40 Correctional Institution. No more than a maximum aggregate amount  
41 of seven million dollars (\$7,000,000) of special indebtedness may be  
42 issued or incurred under this subdivision prior to July 1, 2009. No  
43 more than a maximum aggregate amount of fourteen million dollars

- 1 (\$14,000,000) of special indebtedness may be issued or incurred under  
 2 this subdivision prior to July 1, 2010.
- 3 (17) In the maximum aggregate principal amount of thirteen million ten  
 4 thousand dollars (\$13,010,000) to finance the capital facility costs of  
 5 completing a minimum security addition at Tabor Correctional  
 6 Institution. No more than a maximum aggregate amount of six million  
 7 dollars (\$6,000,000) of special indebtedness may be issued or incurred  
 8 under this subdivision prior to July 1, 2009. No more than a maximum  
 9 aggregate amount of ten million dollars (\$10,000,000) of special  
 10 indebtedness may be issued or incurred under this subdivision prior to  
 11 July 1, 2010.
- 12 (18) In the maximum aggregate principal amount of eighteen million nine  
 13 hundred fifty thousand dollars (\$18,950,000) to finance the capital  
 14 facility costs of completing a medium security addition at Lanesboro  
 15 Correctional Institution. No more than a maximum aggregate amount  
 16 of seven million dollars (\$7,000,000) of special indebtedness may be  
 17 issued or incurred under this subdivision prior to July 1, 2009. No  
 18 more than fourteen million dollars (\$14,000,000) of special  
 19 indebtedness may be issued or incurred under this subdivision prior to  
 20 July 1, 2010.
- 21 (19) In the maximum aggregate principal amount of eleven million eight  
 22 hundred thousand dollars (\$11,800,000) to finance the capital facility  
 23 costs of Department of Agriculture and Consumer Services capital  
 24 improvements. Sales proceeds shall be allocated between the projects  
 25 in the following manner:
- | <b>Project</b>  | <b>Allocation of Sales Proceeds</b> |
|---|-------------------------------------|
| Bathroom and truckshed expansion at                         |                                     |
| The Western North Carolina Farmers'<br>Market               | \$650,000                           |
| Davis Arena renovation and expansion at                     |                                     |
| The Western North Carolina Agricultural<br>Center           | \$7,450,000                         |
| Southeastern North Carolina Agricultural<br>Center Pavilion | \$3,700,000                         |
- 38
- 39 (20) In the maximum aggregate principal amount of thirty-four million  
 40 dollars (\$34,000,000) to finance the capital improvement costs of  
 41 purchasing State judicial facilities located at 901 Corporate Drive,  
 42 Raleigh, NC, and more particularly described as Phase Two, Tract A  
 43 of Raleigh Corporate Center consisting of 17.28 acres and as shown on  
 44 the map recorded in Map book 1987, page 720, and Map book 1990,

page 576, of the Wake County Register of Deeds. This subdivision becomes effective only if the judicial department facilities fees created in Senate Bill 2107, 2007 Regular Session, or substantially similar legislation, become law.

- (21) In the maximum aggregate principal amount of seven million dollars (\$7,000,000) to finance the capital facility costs of completing Port of Morehead City Berth Improvements and Phase I of Port of Wilmington Berth 8 Improvements.

**SECTION 27.8.(b)** Section 1.1 of S.L. 2004-179, as amended by Section 30.3A of S.L. 2005-276 and Section 2.1 of S.L. 2006-146, reads as rewritten:

**"SECTION 1.1.** In accordance with G.S. 142-83, this section authorizes the issuance or incurrence of special indebtedness in the following maximum aggregate principal amounts to finance the costs of the following projects. The table below provides the maximum principal amounts. The first column is the aggregate maximum principal amount. The second column is the maximum portion of this amount that can be issued or incurred before July 1, 2005. The State, with the prior approval of the State Treasurer and the Council of State, as provided in Article 9 of Chapter 142 of the General Statutes, is authorized to issue or incur special indebtedness in order to provide funds to the State to be used, together with other available funds, to pay the cost of these projects.

Aggregate Maximum	Maximum before 7/1/05	Project
\$180,000,000	\$110,000,000	Acquiring, constructing, and equipping a new cancer rehabilitation and treatment center, a nearby physicians' office building, and a walkway between the two, all to be located at the University of North Carolina Hospitals at Chapel Hill.
60,000,000	30,000,000	Acquiring, constructing, and equipping the North Carolina Cardiovascular Diseases Institute at East Carolina University.
35,000,000	25,000,000	Acquiring, constructing, and equipping a Bioinformatics Center at the University of North Carolina at Charlotte.
28,000,000	25,000,000	Acquiring, constructing, and equipping a stand-alone facility to house the new Pharmacy School program to be located at Elizabeth City State University, and interim temporary facilities to house the program during construction of the facility.
35,000,000	25,000,000	Acquiring, constructing, and equipping a Center for Health Promotion and Partnerships

1			at the University of North Carolina at Asheville.	
2				
3	10,000,000	10,000,000	Land acquisition, site preparation, engineering, architectural, and other consulting services, and construction for the Southeastern North Carolina Nursing Education and Research Center at Fayetteville State University.	
4				
5				
6				
7				
8				
9	10,000,000	10,000,000	Site preparation, engineering, architectural, and other consulting services and the construction of a research building on the joint Millennial Campus of North Carolina Agricultural and Technical State University and the University of North Carolina at Greensboro.	
10				
11				
12				
13				
14				
15				
16	10,000,000	10,000,000	Land acquisition, site preparation, engineering, architectural, and other consulting services, and construction of a Nursing and Allied Health Building at the University of North Carolina at Pembroke.	
17				
18				
19				
20				
21	10,000,000	10,000,000	To Western Carolina University for land acquisition, site preparation, engineering, architectural, and other consulting services, and construction of a building for Western Carolina University and the Mountain Area Health Education Consortium for the North Carolina Center for Health and Aging to be operated as a consortium among Western Carolina University, the University of North Carolina at Asheville, and the Mountain Area Health Education Consortium.	
22				
23				
24				
25				
26				
27				
28				
29				
30				
31				
32	<del>10,000,000</del>	<u>11,500,000</u>	10,000,000	Land acquisition, site preparation, engineering, architectural, and other consulting services, and construction of a Center for Design Innovation in the Piedmont Triad Research Park to be operated jointly by Winston-Salem State University and the North Carolina School of the Arts.
33				
34				
35				
36				
37				
38				

**TOTAL:**

~~\$388,000,000~~\$389,500,000 \$265,000,000"

**SECTION 27.8.(c)** Section 23.12(a) of S.L. 2006-66 reads as rewritten:

**"SECTION 23.12.(a)** In accordance with G.S. 142-83, this subsection authorizes the issuance or incurrence of special indebtedness in the maximum aggregate principal amount of ~~forty million dollars (\$40,000,000)~~ forty-five million one hundred thirty

1 thousand dollars (\$45,130,000) to finance the costs of constructing new buildings and  
2 pavilions and renovating existing buildings at the North Carolina Museum of Art. The  
3 State, with the prior approval of the State Treasurer and the Council of State, as  
4 provided in Article 9 of Chapter 142 of the General Statutes, is authorized to issue or  
5 incur special indebtedness in order to provide funds to the State to be used, together  
6 with other available funds, to pay the costs of constructing and renovating the project  
7 described in this subsection."

8 **SECTION 27.8.(d)** Section 29.13(a)(11) of S.L. 2007-323 reads as  
9 rewritten:

10 "(11) In the maximum aggregate principal amount of ~~eighteen million seven~~  
11 ~~hundred eight thousand dollars (\$18,708,000)~~twenty-eight million five  
12 hundred seven dollars (\$28,507,000) to finance the capital facility  
13 costs of completing a new student activities center at Winston-Salem  
14 State University. No more than a maximum aggregate amount of two  
15 million dollars (\$2,000,000) of special indebtedness may be issued or  
16 incurred under this subdivision prior to July 1, 2008. No more than a  
17 maximum aggregate amount of ~~five million dollars~~  
18 ~~(\$5,000,000)~~fourteen million seven hundred ninety-nine thousand  
19 dollars (\$14,799,000) of special indebtedness may be issued or  
20 incurred under this subdivision prior to July 1, 2009."

21 **SECTION 27.8.(e)** This section is effective when it becomes law.  
22

## 23 **PART XXX. MISCELLANEOUS PROVISIONS**

### 24 **STATE BUDGET ACT APPLIES**

25 **SECTION 30.1.** The provisions of the State Budget Act, Chapter 143C of  
26 the General Statutes, are reenacted and shall remain in full force and effect and are  
27 incorporated in this act by reference.  
28

### 29 **COMMITTEE REPORT**

30 **SECTION 30.2.(a)** The Senate Appropriations Committee Report On The  
31 Continuation, Expansion and Capital Budgets for House Bill 2436, Committee  
32 Substitute, 5<sup>th</sup> Edition, dated June 17, 2008, which was distributed in the Senate and the  
33 House of Representatives and used to explain this act, shall indicate action by the  
34 General Assembly on this act and shall therefore be used to construe this act, as  
35 provided in the State Budget Act, Chapter 143C of the General Statutes, as appropriate,  
36 for these purposes shall be considered a part of this act and as such shall be printed as a  
37 part of the Session Laws.  
38

39 **SECTION 30.2.(b)** The budget enacted by the General Assembly is for the  
40 maintenance of the various departments, institutions, and other spending agencies of the  
41 State for the 2008-2009 budget as provided in G.S. 143C-3-5. This budget includes the  
42 appropriations of State funds as defined in G.S. 143C-1-1(d)(25).

43 The Director of the Budget submitted recommended adjustments to the  
44 2008-2009 budget to the General Assembly in May 2008 in the documents "The North

1 Carolina State Budget Recommended Adjustments 2008-2009" and "Governor's  
2 Recommended Budget Governmental and Proprietary Funds and Selected Component  
3 Units 2008-2009" for the 2008-2009 fiscal year for the various departments, institutions,  
4 and other spending agencies of the State. The adjustments to these documents made by  
5 the General Assembly are set out in the Committee Report.

6 **SECTION 30.2.(c)** The budget enacted by the General Assembly shall also  
7 be interpreted in accordance with G.S. 143C-5-5, the special provisions in this act, and  
8 other appropriate legislation.

9 In the event that there is a conflict between the line-item budget certified by  
10 the Director of the Budget and the budget enacted by the General Assembly, the budget  
11 enacted by the General Assembly shall prevail.

### 12 13 **MOST TEXT APPLIES ONLY TO 2008-2009**

14 **SECTION 30.3.** Except for statutory changes or other provisions that clearly  
15 indicate an intention to have effects beyond the 2008-2009 fiscal year, the textual  
16 provisions of this act apply only to funds appropriated for, and activities occurring  
17 during, the 2008-2009 fiscal year.

### 18 19 **APPROPRIATIONS LIMITATIONS AND DIRECTIONS APPLY**

20 **SECTION 30.4A.(a)** Except where expressly repealed or amended by this  
21 act, the provisions of S.L. 2007-145 and S.L. 2007-323 remain in effect.

22 **SECTION 30.4A.(b)** Notwithstanding any modifications by this act in the  
23 amounts appropriated, except where expressly repealed or amended, the limitations and  
24 directions for the 2008-2009 fiscal year in S.L. 2007-145 and S.L. 2007-323 that  
25 applied to appropriations to particular agencies or for particular purposes apply to the  
26 newly enacted appropriations and budget reductions of this act for those same particular  
27 purposes.

### 28 29 **SEVERABILITY CLAUSE**

30 **SECTION 30.5.** If any section or provision of this act is declared  
31 unconstitutional or invalid by the courts, it does not affect the validity of this act as a  
32 whole or any part other than the part so declared to be unconstitutional or invalid.

### 33 34 **EFFECTIVE DATE**

35 **SECTION 30.6.** Except as otherwise provided, this act becomes effective  
36 July 1, 2008.