AN ACT TO MAKE CONTINUING APPROPRIATIONS AND EXTEND CERTAIN BUDGET PROVISIONS UNTIL JULY 15, 2008, AT 11:59 P.M.

The General Assembly of North Carolina enacts:

BUDGET CONTINUATION

SECTION 1. The Director of the Budget shall not allocate funds for any of the purposes set out in the budget reductions contained in House Bill 2436, fourth edition, and House Bill 2436, seventh edition, that are not in controversy.

Vacant positions subject to the proposed budget reductions in either House Bill 2436, fourth edition, or House Bill 2436, seventh edition, shall not be filled.

Except as otherwise provided by this act, the limitations and directions for the 2007-2008 fiscal year set out in S.L. 2007-323, as amended, shall remain in effect.

NO AUTOMATIC STEP INCREASE FOR STATE AND PUBLIC SCHOOL EMPLOYEES

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

Public school employees paid on the teacher salary schedule or the school-based administrator salary schedule shall not move up on salary schedules or receive automatic step increases until authorized by the General Assembly.

CONTINUATION REVIEWS/ALLOTMENTS

SECTION 3. The programs and services identified in Section 6.21 of S.L. 2007-323 are appropriated at fiscal year 2007-2008 levels and the Director of the Budget shall allot these funds for the 2008-2009 fiscal year, except that:

(1) The Director of the Budget shall not allocate funds for any of the purposes set out in the budget reductions contained in House Bill 2436, fourth edition, and House Bill 2436, seventh edition, that are not in controversy.

(2) Vacant positions subject to the proposed budget reductions in either House Bill 2436, fourth edition, or House Bill 2436, seventh edition, shall not be filled.

The appropriations and the authorizations to allocate and spend funds which are set out in this section shall remain in effect until The Current Operations and Capital Improvements Appropriations Act of 2008 becomes law, at which time that act shall become effective and shall govern appropriations and expenditures. When The Current Operations and Capital Improvements Appropriations Act of 2008 becomes law, the Director of the Budget shall adjust allotments to give effect to that act from July 1, 2008.

Except as otherwise provided by this act, the limitations and directions for the 2007-2008 fiscal year set out in S.L. 2007-323, as amended, shall remain in effect. Session laws that applied to appropriations to particular agencies or for particular
purposes apply to the funds appropriated and authorized for expenditure under this section.

FUNDS SHALL NOT REVERT
SECTION 3.1.(a) If the provisions of either House Bill 2436, fourth edition, or House Bill 2436, seventh edition, or both, direct that funds shall not revert, the funds shall not revert on June 30, 2008. Unless these funds are encumbered on or before June 30, 2008, these funds shall not be expended after June 30, 2008, except as provided by a law enacted after June 30, 2008.

SECTION 3.1.(b) This section becomes effective June 30, 2008.

STATE CONTROLLER SHALL NOT TRANSFER FUNDS ON JUNE 30
SECTION 4.(a) Notwithstanding G.S. 143C-4-3, for the 2007-2008 fiscal year only, funds shall not be reserved to the Repairs and Renovations Reserve Account, and the State Controller shall not transfer funds from the unreserved credit balance to the Repairs and Renovations Reserve Account on June 30, 2008.

SECTION 4.(b) Notwithstanding G.S. 143C-4-2, for the 2007-2008 fiscal year only, funds shall not be reserved to the Savings Reserve Account, and the State Controller shall not transfer funds from the unreserved credit balance to the Savings Reserve Account on June 30, 2008.

SECTION 4.(c) This section becomes effective June 30, 2008.

DHHS BLOCK GRANTS
SECTION 5.(a) Appropriations from federal block grant funds are made for the fiscal year ending June 30, 2009, according to the following schedule:

TEMPORARY ASSISTANCE TO NEEDY FAMILIES (TANF) BLOCK GRANT

Local Program Expenditures

Division of Social Services

01. Work First Family Assistance (Cash Assistance) $90,857,234

02. Work First County Block Grants 94,453,315

03. Work First Functional Assessment 2,721,787


05. Work First – Boys and Girls Clubs 2,000,000

06. Work First – After-School Services for At-Risk Children 2,049,642

07. Work First – After-School Programs for At-Risk Youth in Middle Schools 500,000

08. Work First – Connect, Inc. 550,000

09. Work First – Citizens Schools Program 600,000

10. Adoption Services – Special Children's
Adoption Fund 3,000,000

11. Family Violence Prevention 2,200,000

Division of Child Development

12. Subsidized Child Care Program 61,087,077

Division of Public Health

13. Teen Pregnancy Prevention Initiatives 450,000

DHHS Administration

14. Division of Social Services 995,142
15. Office of the Secretary 66,101
16. Office of the Secretary/DIRM – TANF Automation Projects 595,541
17. Office of the Secretary/DIRM – NC FAST Implementation 1,200,000

Transfers to Other Block Grants

Division of Child Development

18. Transfer to the Child Care and Development Fund 84,330,900

Division of Social Services

19. Transfer to Social Services Block Grant for Department of Juvenile Justice and Delinquency Prevention – Support Our Students 2,649,642
20. Transfer to Social Services Block Grant for Child Protective Services – Child Welfare Training in Counties 2,738,827
21. Transfer to Social Services Block Grant for Maternity Homes 838,000
22. Transfer to Social Services Block Grant for Teen Pregnancy Prevention Initiatives 2,500,000
23. Transfer to Social Services Block Grant for County Departments of Social Services for Children's Services 4,620,619
24. Transfer to Social Services Block Grant for Foster Care Services 2,372,587
25. Transfer to Social Services Block Grant for Medically Fragile Children 190,000
TOTAL TEMPORARY ASSISTANCE TO NEEDY FAMILIES (TANF) BLOCK GRANT  $378,018,805

SOCIAL SERVICES BLOCK GRANT

Local Program Expenditures

Divisions of Social Services and Aging and Adult Services

01. County Departments of Social Services  $28,868,189
   (Transfer from TANF – $4,620,619)

02. State In-Home Services Fund  2,101,113

03. State Adult Day Care Fund  2,155,301

04. Child Protective Services/CPS Investigative Services – Child Medical Evaluation Program  238,321

05. Foster Care Services  2,372,587
   (Transfer from TANF)

06. Child Protective Services – Child Welfare Training for Counties  2,738,827
   (Transfer from TANF)

07. Maternity Homes  838,000
   (Transfer from TANF)

08. Special Children Adoption Incentive Fund  500,000

Division of Aging and Adult Services

09. Home and Community Care Block Grant (HCCBG)  1,834,077

Division of Mental Health, Developmental Disabilities, and Substance Abuse Services

10. Mental Health Services Program  422,003

11. Developmental Disabilities Services Program  5,000,000

12. Mental Health Services – Adult and Child/Developmental Disabilities Program/Substance Abuse Services – Adult  3,234,601

Division of Child Development

13. Subsidized Child Care Program  3,150,000

Division of Vocational Rehabilitation

14. Vocational Rehabilitation Services – Easter Seal Society/UCP  188,263
### Division of Public Health

15. Teen Pregnancy Prevention Initiatives  
   (Transfer from TANF)  \[2,500,000\]

16. Services to Medically Fragile Children  \[290,000\]

### DHHS Program Expenditures

#### Division of Aging and Adult Services

17. UNC-CARES Training Contract  \[247,920\]

#### Division of Services for the Blind

18. Independent Living Program  \[3,633,077\]

#### Division of Health Service Regulation

19. Adult Care Licensure Program  \[411,897\]

20. Mental Health Licensure and Certification Program  \[205,668\]

### 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 Health Service Regulation  \[216,418\]

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  \[203,198\]
<table>
<thead>
<tr>
<th>Department of Juvenile Justice and Delinquency Prevention</th>
</tr>
</thead>
<tbody>
<tr>
<td>32. Support Our Students (Transfer from TANF) 2,649,642</td>
</tr>
</tbody>
</table>

Transfers to Other Block Grants

<table>
<thead>
<tr>
<th>Division of Public Health</th>
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</thead>
<tbody>
<tr>
<td>33. Transfer to Preventive Health Services Block Grant for HIV/STD Prevention and Community Planning 145,819</td>
</tr>
</tbody>
</table>

TOTAL SOCIAL SERVICES BLOCK GRANT $ 66,347,353

LOW-INCOME ENERGY BLOCK GRANT

Local Program Expenditures

<table>
<thead>
<tr>
<th>Division of Social Services</th>
</tr>
</thead>
<tbody>
<tr>
<td>01. Low-Income Energy Assistance Program (LIHEAP) $ 19,510,559</td>
</tr>
<tr>
<td>02. Crisis Intervention Program (CIP) 14,588,514</td>
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</tbody>
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<thead>
<tr>
<th>Office of the Secretary – Office of Economic Opportunity</th>
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</thead>
<tbody>
<tr>
<td>03. Weatherization Program 6,268,946</td>
</tr>
<tr>
<td>04. Heating Air Repair &amp; Replacement Program (HARRP) 2,923,950</td>
</tr>
</tbody>
</table>

Local Administration

<table>
<thead>
<tr>
<th>Division of Social Services</th>
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</thead>
<tbody>
<tr>
<td>05. County DSS Administration 2,259,757</td>
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<tr>
<th>Office of the Secretary – Office of Economic Opportunity</th>
</tr>
</thead>
<tbody>
<tr>
<td>06. Local Residential Energy Efficiency Service Providers – Weatherization 268,146</td>
</tr>
<tr>
<td>07. Local Residential Energy Efficiency Service Providers – HARRP 125,067</td>
</tr>
</tbody>
</table>

DHHS Administration

| 08. Division of Social Services 219,410 |
| 09. Division of Mental Health, Developmental Disabilities, and Substance Abuse Services 7,389 |
| 10. Office of the Secretary/DIRM 245,395 |
| 11. Office of the Secretary/Controller's Office 11,211 |
12. Office of the Secretary/Office of Economic Opportunity – Weatherization 268,146

13. Office of the Secretary/Office of Economic Opportunity – HARRP 125,067

Transfers to Other State Agencies

14. Department of Administration – N.C. State Commission of Indian Affairs 60,947

TOTAL LOW-INCOME ENERGY BLOCK GRANT $ 46,882,504

CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT

Local Program Expenditures

Division of Child Development

01. Subsidized Child Care Services $148,484,960

02. Child Care Services Support – Contract 504,695

03. Subsidized Child Care Services (TANF to CCDF) 84,330,900

DHHS Program Expenditures

Division of Child Development

04. Quality and Availability Initiatives 27,298,901

Local Administration

Division of Social Services

05. Administrative Expenses (Nondirect Subsidy Services Support) 15,813,021

DHHS Administration

06. DCD Administrative Expenses 6,540,707

DHHS Central Management and Support

07. DHHS Central Administration – DIRM Technical Services 749,081

TOTAL CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT $283,722,265

MENTAL HEALTH SERVICES BLOCK GRANT

Local Program Expenditures
01. Mental Health Services – Adult $ 6,854,932
02. Mental Health Services – Child 3,921,991
03. Comprehensive Treatment Service Program 1,500,000
04. Mental Health Services – UNC School of Medicine, Department of Psychiatry 300,000

Local Administration
05. Division of Mental Health 100,000

TOTAL MENTAL HEALTH SERVICES BLOCK GRANT $ 12,676,923

SUBSTANCE ABUSE PREVENTION AND TREATMENT BLOCK GRANT

Local Program Expenditures
01. Substance Abuse Services – Adult $ 21,938,080
02. Substance Abuse Services – ADATC One-Time Expenses 70,000
03. Substance Abuse Treatment Alternative for Women 8,069,524
04. Substance Abuse – HIV and IV Drug 5,116,378
05. Substance Abuse Prevention – Child 7,186,857
06. Substance Abuse Services – Child 4,940,500

Division of Public Health
07. Risk Reduction Projects 633,980
08. Aid-to-Counties 209,576
09. Maternal Health 37,779

DHHS Administration
10. Division of Mental Health 500,000

TOTAL SUBSTANCE ABUSE PREVENTION AND TREATMENT BLOCK GRANT $ 48,702,674

MATERNAL AND CHILD HEALTH BLOCK GRANT

Local Program Expenditures
Division of Public Health
<table>
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<tr>
<th></th>
<th>DHHS Program Expenditures</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>01.</td>
<td>Children's Health Services</td>
<td>7,415,569</td>
</tr>
<tr>
<td>02.</td>
<td>Women's Health</td>
<td>7,504,019</td>
</tr>
<tr>
<td>03.</td>
<td>Oral Health</td>
<td>35,951</td>
</tr>
</tbody>
</table>

**DHHS Program Expenditures**

**Division of Public Health**

|04. | Children's Health Services | 1,554,428 |
|05. | Women's Health              | 121,285  |
|06. | State Center for Health Statistics | 120,364 |
|07. | Quality Improvement in Public Health | 14,646  |
|08. | Health Promotion             | 84,843   |
|09. | Office of Minority Health    | 51,562   |
|10. | Immunization Program – Vaccine Distribution | 310,667 |
|11. | Task Force on Preventing Childhood Obesity | 100,000 |

**DHHS Administration**

|12. | Division of Public Health Administration | 631,966 |

**TOTAL MATERNAL AND CHILD HEALTH BLOCK GRANT** $17,945,300

**PREVENTIVE HEALTH SERVICES BLOCK GRANT**

**Local Program Expenditures**

|01. | NC Statewide Health Promotion | $1,755,653 |
|02. | Services to Rape Victims      | 197,112   |
|03. | HIV/STD Prevention and Community Planning (Transfer from Social Services Block Grant) | 145,819 |

**DHHS Program Expenditures**

|04. | NC Statewide Health Promotion | 1,508,889 |
|05. | Oral Health                   | 70,000    |
|06. | State Laboratory of Public Health | 16,600  |

**TOTAL PREVENTIVE HEALTH SERVICES BLOCK GRANT** $3,694,073
COMMUNITY SERVICES BLOCK GRANT

Local Program Expenditures

Office of Economic Opportunity – Community Services Block Grant

01. Community Action Agencies $ 16,062,653

02. Limited Purpose Agencies 892,370

DHHS Administration

03. Office of Economic Opportunity 892,369

TOTAL COMMUNITY SERVICES BLOCK GRANT $ 17,847,392

GENERAL PROVISIONS

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

1. A delineation of the proposed allocations by program or activity, including State and federal match requirements.

2. A delineation of the proposed State and local administrative expenditures.

3. An identification of all new positions to be established through the Block Grant, including permanent, temporary, and time-limited positions.

4. A comparison of the proposed allocations by program or activity with two prior years' program and activity budgets and two prior years' actual program or activity expenditures.

5. A projection of current year expenditures by program or activity.

6. A projection of federal Block Grant funds available, including unspent federal funds from the current and prior fiscal years.

SECTION 5.(c) Changes in Federal Fund Availability. – If the Congress of the United States increases the federal fund availability for any of the Block Grants administered by the Department of Health and Human Services from the amounts appropriated in this section, the Department shall allocate the increase proportionally across the program and activity appropriations identified for that Block Grant in this section. In allocating an increase in federal fund availability, the Department shall not propose funding for new programs or activities not appropriated in this section or increase State administrative expenditures.

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

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

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

TEMPORARY ASSISTANCE FOR NEEDY FAMILIES BLOCK GRANT (TANF)

SECTION 5.(e) The sum of nine hundred ninety-five thousand one hundred forty-two dollars ($995,142) appropriated in this section in the TANF Block Grant to the Department of Health and Human Services, Division of Social Services, for the 2008-2009 fiscal year shall be used to support administration of TANF-funded programs.

SECTION 5.(f) The sum of two million two hundred thousand dollars ($2,200,000) appropriated under this section in the TANF Block Grant to the Department of Health and Human Services, Division of Social Services, for the 2008-2009 fiscal year shall be used to provide domestic violence services to Work First recipients. These funds shall be used to provide domestic violence counseling, support, and other direct services to clients. These funds shall not be used to establish new domestic violence shelters or to facilitate lobbying efforts. The Division of Social Services may use up to seventy-five thousand dollars ($75,000) in TANF funds to support one administrative position within the Division of Social Services to implement this subsection.

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

The Division of Social Services shall allocate these funds to county departments of social services according to the following formula: (i) each county shall receive a base allocation of five thousand dollars ($5,000); and (ii) each county shall receive an allocation of the remaining funds based on the county's proportion of the statewide total of the Work First caseload as of July 1, 2008, and the county's proportion of the statewide total of the individuals receiving domestic violence services from programs funded by the Council for Women as of July 1, 2008. The Division of Social Services may reallocate unspent funds to counties that submit a written request for additional funds.

SECTION 5.(g) The sum of two million forty-nine thousand six hundred forty-two dollars ($2,049,642) appropriated in this section in the TANF Block Grant to the Department of Health and Human Services, Division of Social Services, for the 2008-2009 fiscal year shall be used to expand after-school programs and services for at-risk children. The Department shall develop and implement a grant program to award grants to community-based programs that demonstrate the ability to reach children at
risk of teen pregnancy, school dropout, and gang participation. The Department shall award grants to community-based organizations that demonstrate the ability to develop and implement linkages with local departments of social services, area mental health programs, schools, and other human services programs in order to provide support services and assistance to the child and family. These funds may be used to fund one position within the Division of Social Services to coordinate at-risk after-school programs and shall not be used for other State administration.

SECTION 5.(h) The sum of fourteen million four hundred fifty-two thousand three hundred ninety-one dollars ($14,452,391) appropriated in this section to the Department of Health and Human Services, Division of Social Services, in the TANF Block Grant for the 2008-2009 fiscal year for child welfare improvements, shall be allocated to the county departments of social services for hiring or contracting staff to investigate and provide services in Child Protective Services cases; to provide foster care and support services; to recruit, train, license, and support prospective foster and adoptive families; and to provide interstate and postadoption services for eligible families.

SECTION 5.(i) The sum of three million dollars ($3,000,000) appropriated in this section in the TANF Block Grant to the Department of Health and Human Services, Special Children Adoption Fund, for the 2008-2009 fiscal year shall be used in accordance with Section 10.31 of S.L. 2007-323. The Division of Social Services, in consultation with the North Carolina Association of County Directors of Social Services and representatives of licensed private adoption agencies, shall develop guidelines for the awarding of funds to licensed public and private adoption agencies upon the adoption of children described in G.S. 108A-50 and in foster care. Payments received from the Special Children Adoption Fund by participating agencies shall be used exclusively to enhance the adoption services program. No local match shall be required as a condition for receipt of these funds.

SECTION 5.(j) The sum of one million two hundred thousand dollars ($1,200,000) in this section appropriated to the Department of Health and Human Services in the TANF Block Grant for the 2008-2009 fiscal year shall be used to implement N.C. FAST (North Carolina Families Accessing Services through Technology). The N.C. FAST program involves the entire automation initiative through which families access services and local departments of social services deliver benefits, supervised by the Department of Health and Human Services, Divisions of Social Services, Aging and Adult Services, Medical Assistance, and Child Development. The statewide automated initiative shall be implemented in compliance with federal regulations in order to ensure federal financial participation in the project. The Department of Health and Human Services shall report on its compliance with this subsection to the House of Representatives Appropriations Subcommittee on Health and Human Services, the Senate Appropriations Committee on Health and Human Services, and the Fiscal Research Division no later than January 1, 2009.

SECTION 5.(k) The sum of five hundred thousand dollars ($500,000) appropriated in this section to the Department of Health and Human Services, Division of Social Services, in the TANF Block Grant for the 2008-2009 fiscal year shall be used to expand after-school programs for at-risk children attending middle school. The Department shall develop and implement a grant program to award funds to community-based programs demonstrating the capacity to reach children at risk of teen pregnancy, school dropout, and gang participation. These funds shall not be used for training or administration at the State level. All funds shall be distributed to community-based programs, focusing on those communities where similar programs do not exist in middle schools.

SECTION 5.(l) In implementing the TANF Block Grant, the Department of Health and Human Services shall review policies, programs, and initiatives to ensure that they support men in their role as fathers and strengthen fathers' involvement in their children's lives. The Department shall encourage county departments of social services
to ensure their Work First programs emphasize responsible fatherhood and increased participation by noncustodial fathers.

SECTION 5.(m) The sum of five hundred fifty thousand dollars ($550,000) appropriated in this section to the Department of Health and Human Services in the TANF Block Grant for the 2008-2009 fiscal year shall be transferred to Connect, Inc. Connect, Inc., shall report on the number of people served and the services received as a result of the receipt of funds. The report shall contain expenditure data, including the amount of funds used for administration and direct training. The report shall also include the number of people who have been employed as a direct result of services provided by Connect, Inc., including the length of employment in the new position. The Department of Health and Human Services shall evaluate the program and ensure that services provided are not duplicative of local employment security commissions in the nine counties served by Connect, Inc. The evaluation report shall be submitted to the House of Representatives Appropriations Subcommittee on Health and Human Services, the Senate Appropriations Committee on Health and Human Services, and the Fiscal Research Division no later than May 1, 2008.

SECTION 5.(n) The sum of two million dollars ($2,000,000) appropriated in this section to the Department of Health and Human Services in the TANF Block Grant for Boys and Girls Clubs for the 2008-2009 fiscal year shall be used to make grants for approved programs. The Department of Health and Human Services, in accordance with federal regulations for the use of TANF Block Grant funds, shall administer a grant program to award funds to the Boys and Girls Clubs across the State in order to implement programs that improve the motivation, performance, and self-esteem of youths and to implement other initiatives that would be expected to reduce gang participation, school dropout, and teen pregnancy rates. The Department shall encourage and facilitate collaboration between the Boys and Girls Clubs and Support Our Students, Communities in Schools, and similar programs to submit joint applications for the funds if appropriate.

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

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

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

SECTION 5.(p) The sum of six hundred thousand dollars ($600,000) appropriated under this section in the TANF block grant to the Department of Health and Human Services, Division of Social Services, for the 2008-2009 fiscal year shall be used to implement a Citizens Schools Program, a three-year urban/rural dropout prevention pilot program in the Durham and Vance county public school systems. The Citizens Schools Program provides high-quality, extended learning time for middle school students in schools with high percentages of minority students, poor students, or both, and students with other risk factors for dropping out and reduces the rate of teen pregnancy. Students in the Citizens Schools Program receive after-school instruction in groups of eight to 12 students per adult. The instruction includes: (i) 60 minutes of daily academic support with strong study skills and critical thinking components, (ii)
four 11-week apprenticeships, using volunteers as leaders focusing on 21st century skills, and (iii) career exploration and choice time to further explore a variety of interests. Citizens Schools Team Leaders contact each student's family by telephone at least every two weeks to discuss the student's participation and progress.

North Carolina State University shall evaluate the program to ensure that the program is effectively helping students stay in school and successfully graduate in their four-year cohort. The evaluation shall include a long-term study of the graduation cohort rate increase as well as short-term measures, including attendance, grade point average, discipline, the program dropout rate, credits earned, and postsecondary education matriculation. Not later than January 1, 2009, North Carolina State University shall report to the House of Representatives Appropriations Subcommittee on Health and Human Services, the Senate Appropriations Committee on Health and Human Services, and the Fiscal Research Division on the results of its evaluation.

SOCIAL SERVICES BLOCK GRANT

SECTION 5.(q) Social Services Block Grant funds appropriated to the North Carolina Inter-Agency Council for Coordinating Homeless Programs and the North Carolina Housing Coalition are exempt from the provisions of 10A NCAC 71R .0201(3).

SECTION 5.(r) The sum of two million six hundred forty-nine thousand six hundred forty-two dollars ($2,649,642) appropriated in this section in the Social Services Block Grant to the Department of Health and Human Services and transferred to the Department of Juvenile Justice and Delinquency Prevention for the 2008-2009 fiscal year shall be used to support the existing Support Our Students program, including gang prevention, and to expand the program statewide, focusing on low-income communities in unserved areas. These funds shall not be used for administration of the program.

SECTION 5.(s) The sum of two million seven hundred thirty-eight thousand eight hundred twenty-seven dollars ($2,738,827) appropriated in this section in the Social Services Block Grant to the Department of Health and Human Services, Division of Social Services, for the 2008-2009 fiscal year shall be used to support various child welfare training projects as follows:

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

SECTION 5.(t) The sum of eight hundred thirty-eight thousand dollars ($838,000) appropriated in this section in the Social Services Block Grant to the Department of Health and Human Services for the 2008-2009 fiscal year shall be used to purchase services at maternity homes throughout the State.

SECTION 5.(u) The sum of two million three hundred seventy-two thousand five hundred eighty-seven dollars ($2,372,587) appropriated in this section in the Social Services Block Grant for child-caring agencies for the 2008-2009 fiscal year shall be allocated to the State Private Child-Caring Agencies Fund.

SECTION 5.(v) The sum of two hundred ninety thousand dollars ($290,000) appropriated in this section in the Social Services Block Grant for services to medically fragile children for the 2008-2009 fiscal year shall be used for the child care component of pediatric day treatment centers for medically fragile children.

SECTION 5.(w) The Department of Health and Human Services is authorized, subject to the approval of the Office of State Budget and Management, to transfer Social Services Block Grant funding allocated for departmental administration between divisions that have received administrative allocations from the Social Services Block Grant.
LOW-INCOME HOME ENERGY ASSISTANCE PROGRAM

SECTION 5.(x) Additional emergency contingency funds received may be allocated for Energy Assistance Payments or Crisis Intervention Payments without prior consultation with the Joint Legislative Commission on Governmental Operations. Additional funds received shall be reported to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division upon notification of the award. The Department of Health and Human Services shall not allocate funds for any activities, including increasing administration, other than assistance payments, without prior consultation with the Joint Legislative Commission on Governmental Operations.

CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT

SECTION 5.(y) Payment for subsidized child care services provided with federal TANF funds shall comply with all regulations and policies issued by the Division of Child Development for the subsidized child care program.

SECTION 5.(z) If funds appropriated through the Child Care and Development Fund Block Grant for any program cannot be obligated or spent in that program within the obligation or liquidation periods allowed by the federal grants, the Department may move funds to child care subsidies, unless otherwise prohibited by federal requirements of the grant, in order to use the federal funds fully.

MENTAL HEALTH BLOCK GRANT

SECTION 5.(aa) The sum of one million five hundred thousand dollars ($1,500,000) appropriated in this section in the Mental Health Block Grant to the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, for the 2008-2009 fiscal year and the sum of four hundred twenty-two thousand three dollars ($422,003) appropriated in this section in the Social Services Block Grant to the Department of Health and Human Services, Division of Social Services, for the 2008-2009 fiscal year shall be used to continue a Comprehensive Treatment Services Program for Children in accordance with Section 10.10 of S.L. 2007-323.

SECTION 5.(bb) Of the three hundred thousand dollars ($300,000) appropriated for the UNC School of Medicine, Department of Psychiatry, for the 2008-2009 fiscal year, the sum of two hundred thousand dollars ($200,000) shall be used to: (i) expand the Department of Psychiatry’s Schizophrenia Treatment and Evaluation Program (STEP) into a community setting, (ii) provide training for the next generation of psychiatrists, social workers, psychologists, and nurses to address the current workforce crisis, (iii) provide statewide training and consultation in evidence-based practices, and (iv) provide ongoing support for the STEP and OASIS clinics.

Of the three hundred thousand dollars ($300,000) appropriated for the UNC School of Medicine, Department of Psychiatry, for the 2008-2009 fiscal year, the sum of one hundred thousand dollars ($100,000) shall be used to provide bridge funding for OASIS, a statewide program providing targeted, intense interventions to individuals in the early stages of schizophrenia when chronicity and disability may be most preventable. Funds shall be used to support OASIS as foundation support ends, allowing OASIS to transition to funding through private insurance, Medicaid, State appropriations for Mental Health, Developmental Disabilities, and Substance Abuse Services, and other funding streams.

MATERNAL AND CHILD HEALTH BLOCK GRANT

SECTION 5.(cc) The sum of one hundred thousand dollars ($100,000) appropriated in this section in the Maternal and Child Health Block Grant to the Department of Health and Humans Services, Division of Public Health, for the 2008-2009 fiscal year shall be used to establish a Task Force on Preventing Childhood Obesity (Task Force) to be cochaired by the State Health Director and the Chairman of
the State Board of Education. The Task Force is to review current State activities in the Department of Health and Human Services, the Department of Public Instruction, and the Health and Wellness Trust Fund and develop a comprehensive statewide strategic plan with recommendations for preventing childhood obesity. The goals of the strategic plan shall encompass the following framework of initiatives:

1. Providing healthier foods to students;
2. Improving the availability of healthy foods at home and in the community;
3. Increasing the frequency, intensity, and duration of physical activity in schools;
4. Encouraging communities to establish a master plan for pedestrian and bicycle pathways;
5. Improving access to safe places where children can play; and
6. Developing activities or programs that limit children's screen time, including limits on video games and television.

Membership on the task force shall include, but is not limited to, representatives from the following organizations:

3. UNC Active Living by Design.
4. Blue Cross Blue Shield of North Carolina.
5. NC Hospital Association.
6. NC Parent Teacher Association.

The Chairman of the State Board of Education and the State Health Director shall report to the House of Representatives Chairs of the Appropriations Subcommittees on Health and Human Services and Education, the Senate Chairs of the Appropriations Committees on Health and Human Services and Education/Public Instruction, the Joint Legislative Oversight Committee on Education, the Joint Legislative Oversight Committee on Health, and the Fiscal Research Division on the Task Force on Preventing Childhood Obesity's strategic plan and recommendations by January 15, 2009, or upon the convening of the 2009 Session of the General Assembly, whichever occurs first.

SECTION 5.(dd) If federal funds are received under the Maternal and Child Health Block Grant for abstinence education, pursuant to section 912 of Public Law 104-193 (42 U.S.C. § 710), for the 2008-2009 fiscal year, then those funds shall be transferred to the State Board of Education to be administered by the Department of Public Instruction. The Department of Public Instruction shall use the funds to establish an Abstinence Until Marriage Education Program and shall delegate to one or more persons the responsibility of implementing the program and G.S. 115C-81(e1)(4). The Department of Public Instruction shall carefully and strictly follow federal guidelines in implementing and administering the abstinence education grant funds.

SECTION 5.(ee) The Department of Health and Human Services shall ensure that there will be follow-up testing in the Newborn Screening Program.

NER BLOCK GRANTS

SECTION 6.(a) Appropriations from federal block grant funds are made for the fiscal year ending June 30, 2009, according to the following schedule:

COMMUNITY DEVELOPMENT BLOCK GRANT

<table>
<thead>
<tr>
<th>Item</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>01. State Administration</td>
<td>$1,000,000</td>
</tr>
<tr>
<td>02. Urgent Needs and Contingency</td>
<td>1,000,000</td>
</tr>
</tbody>
</table>
03. Scattered Site Housing 13,200,000  
04. Economic Development 8,710,000  
05. Small Business/Entrepreneurship 1,000,000  
06. Community Revitalization 13,000,000  
07. State Technical Assistance 450,000  
08. Housing Development 1,500,000  
09. Infrastructure 5,140,000  

TOTAL COMMUNITY DEVELOPMENT BLOCK GRANT – 2009 Program Year $ 45,000,000  

SECTION 6.(b) Decreases in Federal Fund Availability. – If federal funds are reduced below the amounts specified above after the effective date of this act, then every program in each of these federal block grants shall be reduced by the same percentage as the reduction in federal funds.

SECTION 6.(c) Increases in Federal Fund Availability for Community Development Block Grant. – Any block grant funds appropriated by the Congress of the United States in addition to the funds specified in this section shall be expended as follows: each program category under the Community Development Block Grant shall be increased by the same percentage as the increase in federal funds.

SECTION 6.(d) Limitations on Community Development Block Grant Funds. – Of the funds appropriated in this section for the Community Development Block Grant, the following shall be allocated in each category for each program year: up to one million dollars ($1,000,000) may be used for State Administration; not less than one million dollars ($1,000,000) may be used for Urgent Needs and Contingency; up to thirteen million two hundred thousand dollars ($13,200,000) may be used for Scattered Site Housing; eight million seven hundred ten thousand dollars ($8,710,000) may be used for Economic Development; up to one million dollars ($1,000,000) may be used for Small Business/Entrepreneurship; not less than thirteen million dollars ($13,000,000) shall be used for Community Revitalization; up to four hundred fifty thousand dollars ($450,000) may be used for State Technical Assistance; up to one million five hundred thousand dollars ($1,500,000) may be used for Housing Development; up to five million one hundred forty thousand dollars ($5,140,000) may be used for Infrastructure. If federal block grant funds are reduced or increased by the Congress of the United States after the effective date of this act, then these reductions or increases shall be allocated in accordance with subsection (b) or (c) of this section, as applicable.

SECTION 6.(e) Increase Capacity for Nonprofit Organizations. – Assistance to nonprofit organizations to increase their capacity to carry out CDBG-eligible activities in partnership with units of local government is an eligible activity under any program category in accordance with federal regulations. Capacity building grants may be made from funds available within program categories, program income, or unobligated funds.

SECTION 6.(f) The Department of Commerce shall consult with the Joint Legislative Commission on Governmental Operations prior to reallocating Community Development Block Grant Funds. Notwithstanding the provisions of this subsection, whenever the Director of the Budget finds that:
(1) A reallocation is required because of an emergency that poses an imminent threat to public health or public safety, the Director of the Budget may authorize the reallocation without consulting the Commission. The Department of Commerce shall report to the Commission on the reallocation no later than 30 days after it was authorized and shall identify in the report the emergency, the type of action taken, and how it was related to the emergency.

(2) The State will lose federal block grant funds or receive fewer federal block grant funds in the next fiscal year unless a reallocation is made. The Department of Commerce shall provide a written report to the Commission on the proposed reallocation and shall identify the reason that failure to take action will result in the loss of federal funds. If the Commission does not hear the issue within 30 days of receipt of the report, the Department may take the action without consulting the Commission.

HOUSING FINANCE AGENCY HOME PROTECTION PILOT PROGRAM

SECTION 7. Section 22.1.(f) of S.L 2007-323 reads as rewritten:
"SECTION 22.1.(f) This section applies only to the 2007-2008 fiscal year and to the 2008-2009 fiscal year."

EFFECTIVE DATE

SECTION 8. This act becomes effective June 30, 2008, and expires July 15, 2008, at 11:59 P.M.
In the General Assembly read three times and ratified this the 30th day of June, 2008.

s/ Marc Basnight
President Pro Tempore of the Senate

s/ Joe Hackney
Speaker of the House of Representatives

s/ Michael F. Easley
Governor

Approved 9:00 p.m. this 30th day of June, 2008