

March 25, 2009

S 897. APPROPRIATIONS ACT OF 2009. Filed 3/25/09. *TO MAKE BASE BUDGET APPROPRIATIONS FOR CURRENT OPERATIONS OF STATE DEPARTMENTS, INSTITUTIONS, AND AGENCIES, AND FOR OTHER PURPOSES.*

Blank bill.

Intro. by Dannelly.

APPROP

May 18, 2010

S 897. APPROPRIATIONS ACT OF 2010 (NEW). Filed 3/25/09. The digest of the Senate committee substitute reported in by the Finance Committee, which includes amendments made to the bill by the Appropriations Committee, will be digested in tomorrow's *Daily Bulletin*.

May 19, 2010

S 897. APPROPRIATIONS ACT OF 2010 (NEW). Filed 3/25/09. *AN ACT TO MODIFY THE CURRENT OPERATIONS AND CAPITAL IMPROVEMENTS APPROPRIATIONS ACT OF 2009 AND FOR OTHER PURPOSES.* The Senate committee substitute to the 2nd edition is digested below. Please note this digest incorporates the changes to the 2nd edition and the amendments from the Senate Appropriations Committee.

PART I. INTRODUCTION AND TITLE OF ACT

TITLE OF ACT

The title of the act is "The Current Operations and Capital Improvements Appropriations Act of 2010."

PART II. CURRENT OPERATIONS AND EXPANSION GENERAL FUND

CURRENT OPERATIONS AND EXPANSION/GENERAL FUND

SECTION 2.1. Increases and (decreases) appropriations from the General Fund for operating expenditures as follows:

Current Operations – General Fund

2010-2011

EDUCATION

Community Colleges System Office	\$ 50,744,859
Department of Public Instruction	(219,159,933)
University of North Carolina – Board of Governors	
General Administration	(632,140)
University Institutional Programs	5,846,731
Related Educational Programs	8,195,517
UNC Financial Aid Private Colleges	(1,500,000)
North Carolina School of Science and Mathematics	
UNC Hospitals at Chapel Hill	(2,000,000)
Total University of North Carolina – Board of Governors	\$ 9,910,108

HEALTH AND HUMAN SERVICES

Department of Health and Human Services	
Central Management and Support	\$ (4,923,834)
Division of Blind Services/Deaf/HH	(632,912)
Division of Child Development	(46,090,555)
Division of Education Services	(5,612,680)
Division of Health Service Regulation	(2,061,346)
Division of Medical Assistance	(349,276,270)
Division of Mental Health	21,595,819
NC Health Choice	6,444,925
Division of Public Health	(6,091,724)

Division of Social Services	(15,645,084)
Division of Vocational Rehabilitation	(3,102,472)
Total Health and Human Services	\$ (405,396,133)

NATURAL AND ECONOMIC RESOURCES

Department of Agriculture and Consumer Services	\$ (1,938,749)
Department of Commerce	
Commerce	33,952,587
Commerce State-Aid	4,980,564
NC Biotechnology Center	(725,095)
Rural Economic Development Center	2,933,378
Department of Environment and Natural Resources	1,227,571
Department of Labor	(1,411,321)

JUSTICE AND PUBLIC SAFETY

Department of Correction	\$ (54,081,580)
Department of Crime Control and Public Safety	(1,316,174)
Judicial Department	(15,818,245)
Judicial Department – Indigent Defense	(4,194,867)
Department of Justice	(2,990,307)
Department of Juvenile Justice and Delinquency Prevention	(4,737,080)

GENERAL GOVERNMENT

Department of Administration	\$ (2,157,910)
Office of Administrative Hearings	(278,356)
Department of State Auditor	(777,194)
Office of State Controller	8,075,323
Department of Cultural Resources	
Cultural Resources	(3,905,057)
Roanoke Island Commission	(115,926)
State Board of Elections	373,851
General Assembly	(3,295,241)
Office of the Governor	
Office of the Governor	(353,359)
Office of State Budget and Management	(373,164)
OSBM – Reserve for Special Appropriations	(4,650)
Housing Finance Agency	(850,732)
Office of Lieutenant Governor	(54,235)
Department of Revenue	(1,523,641)
Department of Secretary of State	(666,886)

RESERVES, ADJUSTMENTS AND DEBT SERVICE

Reserve for Teachers' and State Employees' Retirement Contribution	\$ 20,000,000
Reserve for Job Development Investment Grants (JDIG)	(6,600,000)
University Cancer Research Fund	600,000
Reserve for Capital	18,222,000
Debt Service	
General Debt Service	(15,845,385)

TOTAL CURRENT OPERATIONS – GENERAL FUND

\$ (597,650,979)

GENERAL FUND AVAILABILITY STATEMENT

SECTION 2.2.(a) Repeals the General Fund availability statement in the 2009 Appropriations Act and substitutes the following:

FY 2010-2011

Unappropriated Balance Remaining from Previous Year	3,702,182
Adjustment from Estimated to Actual 2009-2010 Beginning Unreserved Balance	270,080
Beginning Unreserved Fund Balance	3,972,262

Revenues Based on Existing Tax Structure	18,199,339,016
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Nontax Revenues

Investment Income	57,500,000
Judicial Fees	239,100,000
Disproportionate Share	100,000,000
Insurance	67,000,000
Other Nontax Revenues	182,700,000
Highway Trust Fund/Use Tax Reimbursement Transfer	72,800,000
Highway Fund Transfer	17,600,000
Subtotal Nontax Revenues	736,700,000

Total General Fund Availability	18,940,011,278
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Adjustments to Availability: Senate Bill 897

IRC Conformity	(1,200,000)
Cap Tax Rate on Family-Owned and Other Small Business Income	(39,700,000)
Lower Sales Tax Compliance Burden on Small Retailers	(7,000,000)
Relieve Annual Report Compliance Burden on Small Business	(400,000)
Extend Sunset on Expiring Tax Incentive Income Tax Credits and Sales Tax Refunds One Year	(3,500,000)
Modernize Sales Tax On Accommodations	(700,000)
Modernize Admissions Tax and Restore Amenities Exclusion	3,000,000
Improve Tax and Debt Collection Process	(1,500,000)
Reduce Franchise Tax Burden On Construction Companies	1,700,000
Department of Revenue Corporate Settlement Initiative	110,000,000
Loss of Estate Tax Revenues for FY 2010-2011	(85,000,000)
Transfer from Disproportionate Share Reserve	35,000,000
Adjust Highway Fund Transfer – Commerce Executive Aircraft Transfer	(500,000)
Increase Justice and Public Safety Fees	22,214,722
Transfer From Severance Reserve Expenditure Account	30,000,000
Commerce Business Recruitment Initiatives (Pending Legislation)	(10,000,000)
Transfer from Tobacco Trust Fund	2,500,000

Subtotal Adjustments to Availability: Senate Bill 897	54,914,722
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Revised General Fund Availability	18,994,926,000
Less: General Fund Appropriations	18,989,677,375

Unappropriated Balance Remaining	5,248,625
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SECTION 2.2.(b),(c) Prohibits the State Controller from transferring funds to the (1) Repairs and Renovations Reserve Account on June 30, 2010; and (2) Savings Reserve Account on June 30, 2010. Effective June 30, 2010.

SECTION 2.2.(d) Increases the amount listed in the 2009 Appropriations Act to be transferred in 2010-11 from the Tobacco Trust Fund to the State Controller to be deposited in Intrastate Transfers to support General Fund Appropriations, from \$5 million to \$7.5 million.

PART III. CURRENT OPERATIONS/HIGHWAY FUND

CURRENT OPERATIONS/HIGHWAY FUND

SECTION 3.1. Increase (and decreases) appropriations from the Highway Fund for operating expenditures as follows:

	2010-2011
Department of Transportation	
Administration	\$ 1,663,695
Division of Highways	
Administration	0
Construction	3,840,718
Maintenance	(7,709,150)
Planning and Research	0
OSHA Program	0
Ferry Operations	11,349,869
State Aid	
Municipalities	(785,319)
Public Transportation	0
Airports 500,000	
Railroads	6,325,000
Governor's Highway Safety Program	0
Division of Motor Vehicles	617,223
Transfers to Other State Agencies, Reserves	37,087,964
TOTAL \$	52,890,000

HIGHWAY FUND AVAILABILITY

SECTION 3.2. Repeals the Highway fund availability statement in the 2009 Appropriations Act and substitutes the following availability used in developing the budget.

	2010-2011
Highway Fund Availability Statement	
Unappropriated Balance From Previous Year	0
Beginning Fund Balance	0
Estimated Revenue	1,792,540,000
Total Highway Fund Availability	\$1,792,540,000

PART IV. HIGHWAY TRUST FUND APPROPRIATIONS

CURRENT OPERATIONS/HIGHWAY TRUST FUND

SECTION 4.1. Increases and (decreases) appropriations from the Highway Trust Fund for various purposes as follows:

	2010-2011
Current Operations – Highway Trust Fund	
Intrastate System	4,995,162
Urban Loops	2,019,836
Aid to Municipalities	524,109
Secondary Roads	(170,627)
Program Administration	371,520
North Carolina Turnpike Authority	0
Transfer to General Fund	0
Debt Service	0
TOTAL 7,740,000	

HIGHWAY TRUST FUND AVAILABILITY STATEMENT

SECTION 4.2. Repeals the Highway Trust Fund Availability Statement in the 2009 Appropriations Act and substitutes the following Highway Trust Fund availability used in adjusting the 2010-11 fiscal year budget:

Total Highway Trust Fund Availability	\$ 928,730,000
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PART V. OTHER APPROPRIATIONS

EDUCATION LOTTERY

SECTION 5.1.(a) Transfers \$441,347,500 for 2010-11, pursuant to GS 18C-164 (concerning transfer of State Lottery Fund net revenues), from the State Lottery Fund.

SECTION 5.1.(b) Makes the following appropriations from the Education Lottery Fund for 2010-11:

(1)	Class Size Reduction	\$ 136,038,041
(2)	Prekindergarten Program	84,635,709
(3)	Public School Building Capital Fund	176,539,000
(4)	Scholarships for Needy Students	44,134,750
	Total	\$ 441,347,500

SECTION 5.1.(c) Requires that \$31,881,046 of the excess lottery receipts realized in 2009-10 be transferred to the Public School Building Capital Fund and allocated on the basis of average daily membership (ADM) to those local school administrative units that did not qualify for funding in the 2009-10 fiscal year pursuant to GS 115C-546.2(d)(2). Requires that the balance of the excess lottery revenues realized in the 2009-10 fiscal year be used for scholarships for needy students. Effective June 30, 2010.

SECTION 5.1.(d) Repeals Section 5.2.(d) of SL 2009-451, as enacted by Section 3N of SL 2009-575 (directing the allocation of excess net lottery revenues). Effective June 30, 2010.

SECTION 5.1.(e) Allocates funds, appropriated to the Public School Building Capital Fund in 2010-11, to counties on the basis of average daily membership. Authorizes counties to allow local school administrative units to use all or part of the funds for classroom teachers. Prohibits the inclusion of the funds in the *average per pupil allocation for average daily membership* or the *per pupil local current expense appropriation* calculations under GS 115C-238.29H (state and local funds for charter schools).

SECTION 5.1.(f) Requires that \$26,661,046 of the funds appropriated for Scholarships for Needy Students be administered under the Board of Governors of The University of North Carolina policy.

INFORMATION TECHNOLOGY AVAILABILITY AND APPROPRIATION

SECTION 5.2. Amends the Information Technology appropriations in the 2009 Appropriations Act, and substitutes the following appropriations from the Information Technology Fund for 2010-11:

Office of Information Technology Services	FY 2010-2011
Information Technology Operations	
Center for Geographic Information and Analysis	\$740,000
Enterprise Security and Risk Management Office	1,101,296
Enterprise Project Management Office	1,795,000
Architecture and Engineering	648,000
Total Information Technology Operations	\$4,284,296
Information Technology Projects	
Enterprise Licensing	\$300,000
State Portal	500,000
Enterprise Identity Management	1,250,000
IT Consolidation	2,079,467
Electronic Forms/Digital Signatures	653,704
Total Information Technology Projects	\$4,783,171
Budget and Performance Management System	0
Budget/Committee Reporting System	0

Total

\$9,067,467

APPROPRIATION OF CASH BALANCES

SECTION 5.3. Amends Section 5.4 (appropriating cash balances) of the 2009 Appropriations Act, updating applicable years.

OTHER RECEIPTS FROM PENDING GRANT AWARDS

SECTION 5.4. Makes technical change to Section 5.6 (concerning receipts from pending grant awards) of the 2009 Appropriations Act.

PART VI. GENERAL PROVISIONS

EXPENDITURE OF FUNDS IN RESERVES LIMITED

SECTION 6.1. Limits funds appropriated into reserves by this act to the purposes for which the reserves were established.

BUDGET CODE CONSOLIDATIONS

SECTION 6.2. Permits the Office of State Budget and Management to adjust the enacted budget to consolidate budget and fund codes, or eliminate inactive codes, and to amend the authorized budget accordingly.

BUDGET REALIGNMENT

SECTION 6.3. Permits the Office of State Budget and Management, with the Office of the State Controller and the Fiscal Research Division (FRD), to adjust the enacted budget for the sole purpose of correctly aligning authorized positions and associated operating costs with the appropriate purposes or programs, provided any proposed adjustments are first reported to the Joint Legislative Commission on Governmental Operations and FRD.

BUDGET ADJUSTMENTS AUTHORIZED

SECTION 6.4. Limits the maximum amount expended at the budget code level from funds appropriated in Section 2.1 of SL 2009-451 (General Fund appropriations), as amended, to not more than 3% of the amount appropriated for that budget code in Section 2.1 of SL 2009-451, as amended. Applies to 2010-11 only.

ESTABLISHING OR INCREASING FEES PURSUANT TO THIS ACT

SECTION 6.5. Allows an agency to establish or increase a fee as authorized or anticipated in this act without first consulting the Joint Legislative Commission on Governmental Operations. Permits an agency to adopt an emergency rule under GS 150B-21.1A to establish or increase a fee authorized by the act if such an adoption is required.

LEGISLATIVE BUDGET PRIORITIES

SECTION 6.6. Provides a list of the General Assembly's 27 funding priorities during this time of financial crisis.

AMEND ARRA FUNDS

SECTION 6.7. Amends Section 6.6C.(b) of the 2009 Appropriations Act to direct the Office of State Budget and Management and affected agencies to report to the Joint Legislative Commission on Governmental Operations on ARRA grants received that are not expressly delineated in the act (previously required the parties to consult prior to allocating undelineated funds).

INFORMATION TECHNOLOGY OPERATIONS

SECTION 6.8. Amends Section 6.7 of SL 2009-451 (Information Technology Operations) to add a provision ensuring that enterprise project costs are allocated to participating agencies in an equitable manner. Also adds new provisions to (1) require that service level agreements developed with supported state agencies include metrics for ITS and the agencies, and if the

metrics are not met, OSBM and FRD will receive a report and scheduled corrective action plan within 10 days; (2) direct the Office of Technology Procurement to assist State agencies to identify the least expensive source for purchasing IT goods and services; and (3) require the State Chief Information Officer to ensure that agency bills from ITS are understandable and transparent.

COORDINATION OF INFORMATION TECHNOLOGY REQUIREMENTS AND GEOGRAPHICAL INFORMATION SYSTEM EFFORTS

SECTION 6.9.(a) Directs The State Chief Information Officer (SCIO), through the Enterprise Program Management Office (EPMO) to adopt measures to avoid duplicating information technology capabilities and resources across State agencies, and to designate one agency as the lead when multiple agencies require the same capability. Delineates additional related duties of the SCIO, and directs the SCIO to report an integration plan to the Joint Legislative Oversight Committee on Information Technology and to FRD by January 1, 2011.

SECTION 6.9.(b) Requires all state agencies to coordinate any Geographic Information System (GIS) initiatives through the Center for Geographic Information and Analysis (CGIA) to avoid duplication, and provides that the CGIA approve all new GIS-related projects and expansion budget requests. Directs the CGIA to report its progress to the Committee and to FRD by January 1, 2011.

CRIMINAL JUSTICE LAW ENFORCEMENT AUTOMATED DATA SERVICES (CJLEADS)

SECTION 6.10. Authorizes the Office of the State Controller (OSC) and the State Chief Information Officer (SCIO) to continue implementation of the Criminal Justice Data Integration Pilot Program, now known as the Criminal Justice Law Enforcement Automated Data Services (CJLEADS), and to begin transferring CJLEADS to the Department of Justice. Restricts CJLEADS to Wake County. Makes the date of transfer effective October 1, 2010, and calls for a completed transfer to the Department of Justice by July 1, 2011. Lists the ten members of the CJLEADS Leadership Council, and provides that funds appropriated for CJLEADS should be used only for that program and not for other BEACON data integration requirements.

ITS NETWORK INTEGRATION

SECTION 6.11. Makes a clarifying change and changes the coordination plan report completion date to December 1, 2010 (was, February 28, 2010) in Section 6.13.(c) of the 2009 Appropriations Act, as amended by Section 3A(b) of SL 2009-575.

INFORMATION TECHNOLOGY CONTRACTED PERSONNEL

SECTION 6.12. Amends Section 6.18 of the 2009 Appropriations Act to require the express written approval of the Statewide Information Technology Procurement Office (SITPO) before establishing or renewing a contract for information technology personnel (was, for any term more than 12 months unless otherwise specifically required by a contract in effect on June 30, 2009). Makes conforming change. Adds three components required in the state agency report on contracted information technology personnel: (1) whether the position can be converted into a State employee position, as determined by the SITPO; (2) when the agency anticipates converting the position; and (3) explain differences between the agency's report and the Information Technology Expenditures Report published by the Office of the State Controller. Adds new subsection clarifying that Section 6.18 (IT contracted personnel) does not apply to The University of North Carolina and its constituent institutions.

CONTINUING PILOT PROGRAM TO ALLOW PUBLIC-PRIVATE PARTNERSHIPS TO MEET DEPARTMENT OF REVENUE TECHNOLOGY NEEDS

SECTION 6.13. Amends various subsections of Section 6.20 of the 2009 Appropriations Act to extend the pilot program, as title indicates, through June 30, 2015. Makes conforming changes.

FUNDING FOR DATA INTEGRATION ENTERPRISE LICENSING AGREEMENTS

SECTION 6.14.(a) Authorizes the Office of Information Technology Services to recover, through cost allocation to participating agencies, any costs of data integration enterprise licensing

agreements in excess of \$2 million for the 2010-11 fiscal year. Directs the State Chief Information Officer to develop a plan for equitable distribution of all costs for executive agency data integration enterprise licensing agreements to the participating agencies, and to present the plan, by October 1, 2010, to the Joint Legislative Oversight Committee on Information Technology and the FRD. Requires that all costs for executive agency data integration enterprise licensing agreements be allocated to the participating agencies, beginning with the 2011-12 fiscal year.

NETWORK SECURITY ASSESSMENTS

SECTION 6.15.(a) Enacts new GS 147-33.111(a1) (concerning security for IT services) to require the State Chief Information Officer (SCIO) to conduct assessments of network vulnerability and network penetration, and allows the SCIO to contract with other parties to perform the assessments. Mandates that the reports be kept confidential. Makes conforming changes. Emphasizes that these amendments do not preclude the Office of the State Auditor from conducting security assessments, and repeals GS 147-64.6(c)(18) (conforming change).

INMATE MEDICAL COST CONTAINMENT

SECTION 6.16.(a) Allows providers and facilities that deliver medically necessary services to Department of Correction (DOC) inmates to charge DOC, and permits DOC to provide reimbursement at up to 70% of the amount charged.

SECTION 6.16.(b) Requires DOC to make all efforts to contain inmate medical costs and to ensure health care usage is distributed equitably among facilities.

SECTION 6.16.(c) Directs DOC to consult with the Division of Medical Assistance (DMA) to develop protocols for prisoners, who would be Medicaid-eligible if not incarcerated, to access Medicaid while in custody or confined, and to seek reimbursement from Medicaid in those instances when an inmate's eligibility was temporarily reinstated due to a hospitalization.

SECTION 6.16.(d) Directs DOC, with OSBM, to study the impact of inmate medical costs incurred under (a), (b), and (c) of this section, and to report to specified parties by March 1, 2011.

SECTION 6.16.(e) Provides that if the report from subsection (d) does not demonstrate savings to inmate medical costs required in the 2010-2011 budget, the OSBM may require that any hospital providing services to Medicaid and Medicare patients to also provide services to any inmate at the rates applicable under subsection (a) of this section.

SECTION 6.16.(f) Directs DOC to explore all cost containment methods including third-party contracts, federal government partnerships, and purchasing a fixed number of hospital beds.

SECTION 6.16.(g) Requires DOC to report on specified finds by October 1, 2010, to the Joint Legislative Corrections, Crime Control, and Juvenile Justice Oversight Committee.

SECTION 6.16.(h) Requires DOC to report to the Joint Legislative Commission on Governmental Operations by October 1, 2010, and quarterly thereafter on delineated criteria relating to community medical providers.

SECTION 6.16.(i) Repeals Section 19.20(a) of SL 2009-451, as amended by Section 15A of S.L. 2009-575 (provided operating procedures for the DOC and the State Health Plan for Teachers and State Employees).

PART VII. PUBLIC SCHOOLS

FUNDS FOR CHILDREN WITH DISABILITIES

SECTION 7.1. Requires that the State Board of Education (SBE) allocate funds for children with disabilities on the basis of \$3,598.55 per child. Directs that each local school administrative unit (LEA) is to receive funds for children with disabilities based on whichever is the lesser number: (1) all students who are identified as children with disabilities or (2) 12.5% of the 2010-11 allocated average daily membership (ADM) in the LEA. Provides that the dollar amounts allocated under this section for children with disabilities are to adjust in accordance with legislative salary increments, retirement rate adjustments, and health benefit adjustments for personnel who serve children with disabilities.

FUNDS FOR ACADEMICALLY GIFTED CHILDREN

SECTION 7.2. Requires that the SBE allocate funds for academically or intellectually gifted children (AG) on the basis of \$1,192.90 per child. Provides that an LEA receive funds for a maximum of 4% of its 2010-11 allocated ADM regardless of the number of children identified as AG in an LEA. Provides that the dollar amounts allocated under this section for academically or intellectually gifted children are to adjust in accordance with legislative salary increments, retirement rate adjustments, and health benefit adjustments for personnel who serve academically or intellectually gifted children.

STATE FISCAL STABILIZATION FUND APPROPRIATION

SECTION 7.3. Directs the Office of State Budget and Management (OSBM) to adjust the State Fiscal Stabilization Fund appropriation amounts in order to ensure compliance with Title XIV of the American Recovery and Reinvestment Act of 2009 (ARRA). Requires that this adjustment include any associated budget reductions that were (1) between the State Public School Fund and the University of North Carolina budget and (2) made to align with the requirements of the State Fiscal Stabilization Fund application as amended for 2010-11.

NORTH CAROLINA VIRTUAL PUBLIC SCHOOLS ALLOTMENT FORMULA

SECTION 7.4. Directs the SBE to implement an allotment formula for the North Carolina Virtual Public Schools (NCVPS) beginning with the 2010-11 school year. Provides that the allotment formula should, in accordance with Section 7.16 of SL 2006-66, create a sustainable source of funding that (1) increases based on increases in student enrollment and (2) recognizes the impact that projected enrollment in e-learning courses has on the funding required for other allotments based on ADM. Directs the SBE to use only funds provided through the NCVPS Allotment Formula to fund NCVPS.

Directs the Department of Public Instruction (DPI) to take the following steps to implement the NCVPS Allotment Formula:

- (1) Project the unduplicated NCVPS enrollment for each local school administrative unit and for each grade level.
- (2) Divide the projected unduplicated NCVPS enrollment for each unit by six in order to calculate its ADM-equivalent student enrollment in NCVPS.
- (3) Reduce the unit's ADM allotments by 75% of its ADM-equivalent student enrollment in NCVPS.
- (4) Transfer a dollar amount equal to 75% of the unit's ADM-equivalent student enrollment to NCVPS.

Provides that the NCVPS program is available at no cost to all high school students enrolled in North Carolina's public schools, Department of Defense schools, and schools that are operated by the Bureau of Indian Affairs. Limits NCVPS to providing only high school courses.

Charges the Director of NCVPS with ensuring that course quality standards are established and met and that all e-learning opportunities offered by state-funded entities to public school students are consolidated under the NCVPS program, eliminating course duplication.

MORE AT FOUR PROGRAM

SECTION 7.5. Directs DPI to continue the implementation, in all counties, of the More at Four prekindergarten program for four-year-olds who are at risk for school failure. Directs the More at Four program to serve children who reach the age of four on or before August 31 of that school year and who meet eligibility criteria that indicate a child's risk for school failure. Provides that the More at Four classrooms are to be operated in public schools, Head Start programs, and licensed child care facilities that choose to participate under procedures defined by the Office of Early Learning within the Department of Public Instruction. Requires that all of the participating classrooms are (1) subject to the supervision of the Office of Early Learning and (2) operated in accordance with standards adopted by the SBE.

Enumerates the areas to be addressed by the Office of Early Learning in its program standards and requirements.

Requires the SBE to submit, by March 15 of each year, an annual report that includes data about enrollment numbers, any prior educational experiences of enrollees, the expected costs and the source for local contributions, and the results of an annual evaluation of the

program to the Joint Legislative Commission on Governmental Operations, the Joint Legislative Education Oversight Committee, the Senate Appropriations Committee on Education, the House of Representatives Appropriations Subcommittee on Education, the Office of State Budget and Management, and the Fiscal Research Division.

Directs the Office of Early Learning to establish the More at Four income eligibility requirements at not more than 75% of the state median income; however, permits up to 20% of the children enrolled to have family incomes in 75% of median income if they have other designated risk factors. Also provides that any age-eligible child is eligible for the program who is the child of (1) an active duty member of the armed forces of the United States, including the North Carolina National Guard, state military forces, or a reserve component of the armed forces who is ordered to active duty by the proper authority within the last 18 months or expected to be ordered within the next 18 months or (2) a member of the armed forces of the United States, including the North Carolina National Guard, state military forces, or a reserve component of the armed forces, who was injured or killed while serving on active duty.

Prohibits More at Four program funding to be used to supplant any funding for classrooms serving four-year-olds as of the 2005-06 fiscal year. Permits the support of existing four-year-old classrooms with More at Four program funding when current funding is eliminated, reduced, or redirected as required to meet other specified federal or state mandates.

Directs the Office of Early Learning to develop a new More at Four funding model to be implemented in the 2010-11 fiscal year. Specifies that the per-child funding rates are (1) to be based on participating provider cost structures and (2) to require a contribution of local resources to support the full cost of providing high quality prekindergarten. Further directs the Office of Early Learning to implement an administrative cap on More at Four program funding and to establish parameters for allowable administrative costs.

Directs the Office of Early Learning to produce an annual report that includes a longitudinal review of the More at Four program and includes academic, behavioral, and other child-specific outcomes. Specifies that the Office of Early Learning is to contract to produce the annual report with an independent research organization that is not affiliated with or currently funded by DHHS, DPI, or the office of the Governor. Specifies that the longitudinal review is to include a quasi-experimental research design that tracks the progress of comparable groups of students through the end of ninth grade who complete More at Four and who do not attend a More at Four program. Requires that the review be presented to the Joint Legislative Oversight Committee on Education by January 31 of every year.

LEADERSHIP ACADEMY

SECTION 7.6. Provides that up to \$200,000 of the funds appropriated to DPI for 2010-11 may be used to support a Leadership Academy that provides professional development to superintendents enabling them to train principals to address critical areas such as student achievement and teacher recruitment and retention.

DEPARTMENT OF PUBLIC INSTRUCTION

SECTION 7.7. Provides that DPI is not required to eliminate receipt-supported positions for the 2010-11 fiscal year. Directs DPI to review expenditures of federal funds for personnel and contracts at the state level. Directs the DPI to reallocate the funds to local school administrative units whenever possible, unless the expenditure is a condition of receiving the funds. Requires DPI to report on the reallocation of these funds to LEAs, to the Office of the Governor, the chairs of the House of Representatives Committee on Appropriations and the House of Representatives Appropriations Subcommittee on Education, the chairs of the Senate Committee on Appropriations/Base Budget and the Senate Appropriations Committee on Education/Higher Education, and the Office of State Budget and Management by January 15, 2011.

CAREER AND COLLEGE – READY, SET, GO!

SECTION 7.8. Directs the SBE to work with all member institutions of the Education Cabinet and the Joint Governing Boards to focus funding and program priorities to ensure that all North Carolina students graduate prepared to successfully pursue a career or further education. Directs each Education Cabinet Institution to prioritize the Governor's Ready, Set, Go! initiative

and to ensure that all students PK-20: (1) are prepared to be successful in school; (2) can successfully progress through PK-20 education; (3) receive clear standards and high expectations; (4) benefit from the best teachers and principals that can help them to reach those standards; and (5) fully understand and complete the prerequisites for the career, certification, or degree of choice that promotes workforce success. Includes strategies for meeting the PK-20 Ready, Set Go! initiative goals.

Requires the Education Cabinet to report by January 15, 2011, to the Office of the Governor, the Joint Governing Boards, and the Joint Education Oversight Committee on its progress toward reaching the Governor's goal that every North Carolina student will graduate ready to be successful in a career, a 2- or 4-year college, or technical training.

SCHOOL CONNECTIVITY INITIATIVE

SECTION 7.9. Repeals Section 7.12.(a) of SL 2009-451 (authorizing an annual transfer of \$350,000 to the Office of the Governor for NC Virtual to coordinate e-learning activities across all state educational agencies and to make the Education E-Learning Portal fully operational by December 1, 2009, as rewritten by Section 3E of SL 2009-575, (amended SL 2009-451 to make a one-time transfer of \$350,000 for NC Virtual).

SCHOOL CALENDAR PILOT PROGRAM

SECTION 7.10. Amends Section 7.40 of SL 2009-451 (establishing a school calendar pilot program in Wilkes County Schools) to add the 2010-11 school calendar year to the pilot program which authorizes Wilkes County Schools to have a school calendar that includes a minimum of 180 days *or* 1,000 hours of instruction covering at least nine calendar months notwithstanding the requirement in GS 115C-84.2(a)(1) that the school calendar include a minimum of 180 days *and* 1,000 hours of instruction covering at least nine calendar months.

Changes the date for the SBE to report on the pilot program to the Joint Legislative Education Oversight Committee from March 15, 2010, to March 15, 2011.

NATIONAL BOARD FOR PROFESSIONAL TEACHING STANDARDS (NBPTS) FUNDS

SECTION 7.11. Under current law, the state pays the National Board for Professional Teaching Standards (NBPTS) application fee for eligible teachers. Effective July 1, 2010, the state will no longer pay the application fee but will instead loan the fee to eligible teachers. Amends GS 115C-296.2 as amended by Section 7.30(b) of SL 2009-451 to provide that the State Education Assistance Authority may forgive the loan for the application fee if the teacher dies or becomes permanently disabled.

Directs the SBE to transfer funds in the amount of \$3,274,500 from the State Public School Fund to the State Education Assistance Authority for the 2010-11 fiscal year for NBPTS loans.

DRIVER EDUCATION

SECTION 7.12. Directs the Highway Safety Research Center Institute of UNC-Chapel Hill to work in collaboration with DPI and the Governor's Highway Safety Commission to create a standard curriculum for DPI's Driver Education Program. Requires that the curriculum be (1) ready for use in the fall of the 2011 school year and (2) used for all driver education programs funded with state funds.

PROTECTION OF THE CLASSROOM WHILE MAXIMIZING FLEXIBILITY

SECTION 7.13. Amends Section 7.8 of SL 2009-451 to direct LEAs to reduce spending for the 2010-11 fiscal year (was, 2009-10 and 2010-11) wherever and whenever the budget reductions are appropriate to protect direct classroom services. Directs LEAs to implement administrative and other operating efficiencies *before* dismissing classroom-based personnel. Directs LEAs to maximize federal funding streams such as ARRA, IDEA, and Title I and II and any other federal funding that may be spent on positions.

Directs each LEA to report to the SBE, the OSBM, and DPI (was, DPI) on the flexibility budget reductions it has identified for the LEA within 30 days of the date this act becomes law.

Provides that the report should explain how administrative efficiencies, federal funds, and attrition have been maximized before the dismissal of classroom personnel.

Allows LEA's to implement furloughs for 2010-11 to manage funding amounts.

PROBATIONARY TEACHERS

SECTION 7.14. Amends GS 115C-325(c)(5) regarding consecutive years of service for a probationary teacher in a full-time permanent position who resigns or whose employment contract is not renewed because of a reduction in force and is then rehired by the same LEA within three years time. Provides that upon rehiring, it will not be deemed to have been a break in the continuity in consecutive years of service for the probationary teacher up a maximum of three years towards career status. Provides that if the probationary teacher was employed for four consecutive years under GS 115C-325(c)(1) or one year under GS 115C-325(c)(2) and the local school board rehires the teacher within three years, the board has the discretion to grant career status immediately upon rehiring the teacher or may vote on the teacher's career status after one year of additional employment. Applies to a probationary teacher employed by an LEA in a full-time permanent position for the 2010-11 school year.

LEARN AND EARN ONLINE

SECTION 7.15 Amends Section 7.10(j) of SL 2009-451 to allow high school students attending a nonpublic school to enroll in any Learn and Earn Online Course, deleting the provision that it be in a course with space available that has been offered to but not filled by an eligible public school student. Applies to the 2009-11 biennium.

PART VIII COMMUNITY COLLEGES

CARRYFORWARD OF COLLEGE INFORMATION SYSTEM FUNDS

SECTION 8.1.(a) Mandates that up to \$1.25 million of the funds appropriated to the Community Colleges System Office, College Information System for 2009-11 will not revert, and will remain available until expended. Requires that the funds purchase system upgrades. Effective June 30, 2010.

STATE AID BUDGET FLEXIBILITY

SECTION 8.2. Enacts new GS 115D-31(b1) to allow a community college to use appropriated state funds, except Literacy and Customized Training funds, for any authorized purpose under the college's Institutional Effectiveness Plan. Requires each college to document the benefits of funding flexibility in its Plan.

TUITION FOR PRISON INMATES

SECTION 8.3. Requires funds appropriated to the Department of Correction (DOC), under a different provision of this act, to provide courses for state inmates, to be used for courses known to reduce recidivism. Requires that courses provided in federal prisons or local jails be on a self-supporting basis. Directs DOC and the Community Colleges System Office to report specified strategies and findings to the 2011 General Assembly. Requires the Office of State Budget and Management to transfer sufficient funds for inmates' Fall 2010 tuition from DOC to the Community Colleges System Office.

TUITION WAIVERS

SECTION 8.4. Amends GS 115D-5(b) to expand and tabulate the categories of persons eligible to receive tuition waivers from the State Board of Community Colleges. Makes other technical and conforming changes. Requires the Community Colleges System Office (Office) to report to the 2011 General Assembly on (1) the number and cost of courses taken by state and local law enforcement officers and (2) recommended changes to the tuition waiver program.

COMMUNITY COLLEGE FINANCIAL AID LOANS

SECTION 8.5.(a) Directs the State Board of Community Colleges to permanently reorganize its funding formula, as described, to secure financial aid funding for students. Effective July 1, 2010.

SECTION 8.5.(b) Amends GS 115D-40.1 to require that all community colleges participate in the William D. Ford Federal Direct Loan Program. Makes clarifying and conforming changes. Effective July 1, 2011.

TUITION REFUNDS

SECTION 8.6. Delineates refund allowance policies for community college tuition, based on differing, described circumstances. Requires that community colleges adopt refund policies for classes for which they collect receipts that are not deposited into the state treasury account. Provides that federal regulations concerning refunds supersede these provisions.

MANAGEMENT FLEXIBILITY REDUCTION/COMMUNITY COLLEGES

SECTION 8.7. Amends Section 8.24 of SL 2009-451 to mandate that community colleges not reduce funding for Small Business Centers.

PART IX. UNIVERSITIES

REPEAL ESCHEAT FUND APPROPRIATION FOR MILLENNIUM TEACHING SCHOLARSHIP LOAN PROGRAM

SECTION 9.1. Repeals Section 9.1(c) of SL 2009-451 (Appropriations Act), as section heading indicates.

STUDY FINANCIAL AID CONSOLIDATION

SECTION 9.2. Establishes a work group, including The State Education Assistance Authority, The University of North Carolina, the North Carolina Community College System, and the Fiscal Research Division among other members, to study the simplification and consolidation of state-funded financial aid for students. Outlines specific study criteria and purposes, including the development of a unified need-based financial aid program and a “forgivable loans for service” program. Requires the work group to present its findings, proposed programs, and alternatives to the Joint Select Committee on State Funded Student Financial Aid by October 1, 2010.

COORDINATE THE REPORT DUE DATES FOR VARIOUS TEACHER EDUCATION REPORTS

SECTION 9.3.(a) Enacts new GS 116-11(12d) to require the Board of Governors to provide to the Joint Legislative Education Oversight Committee and the State Board of Education (SBE) on April 15 of each year a report on issues relating to teacher education efforts. Makes conforming changes to the specified report due date in various General Statutes and Session Laws.

ELIMINATE BIENNIAL DISTANCE EDUCATION REPORTS

SECTION 9.4. Amends Section 11.7 of SL 1998-212 as section title indicates.

REPEAL DUPLICATE STUDY/STATE-FUNDED STUDENT FINANCIAL AID

SECTION 9.5. Repeals Section 9.24 of SL 2009-451 (which established the Joint Legislative Study Committee on State Funded Student Financial Aid).

PERMANENT TRANSFER OF FUNDING TO ROANOKE ISLAND COMMISSION FOR PERFORMING ARTS

SECTION 9.6. Amends Section 9.4 of SL 2009-451 to permanently transfer the recurring funds for 2010-11 as the section title indicates. Allows the Roanoke Island Commission to use the funds to purchase equipment.

REVIEW OF UNC SCIENCE, TECHNOLOGY, ENGINEERING, AND MATHEMATICS (STEM) PROGRAMS

SECTION 9.7.(a) Directs The University of North Carolina, General Administration to perform the following actions concerning the Science, Technology, Engineering, and Mathematics (STEM) programs administered by The University of North Carolina: (1) compile program lists, based on specified objectives, and submit to the Office of State Budget and Management and the Fiscal Research Division (FRD) by February 15, 2011 and (2) review the identified programs and report, to the same offices, by September 30, 2011, findings as specified. Also directs the Department of Public Instruction (DPI) to survey math and science educators in the State who attended certain programs before college, and to report to the same offices by February 15, 2011.

TRANSFER OF A+ SCHOOLS FROM UNC-GREENSBORO TO DEPARTMENT OF CULTURAL RESOURCES

SECTION 9.8. Effects a Type I transfer, as if under GS 143A-6, as the section title indicates, and includes \$58,638 in funding for the transfer.

COASTAL DEMONSTRATION WIND TURBINES

SECTION 9.9. Amends Section 9.14(a) of SL 2009-451 to clarify that the contract formed between The University of North Carolina and a third party for demonstration wind turbines will provide for the project's reclamation and decommissioning at the end of its economic life. Also provides that the demonstration project will begin as soon as practicable, and, in no event, later than December 31, 2011. Makes conforming changes. Amends Section 9.14(c) to describe conditions required and burdens of proof necessary for a public utility to recover costs expended if the demonstration wind turbine projects are unreasonably delayed or abandoned before completion.

COASTAL WAVE ENERGY RESEARCH AND PROTOTYPE PROJECT

SECTION 9.10.(a) Directs the University of North Carolina Coastal Studies Institute to form a consortium with other specified university members to design and construct a prototype generator to capture energy of ocean waves that meets detailed criteria. Provides expedited permits and specified exemptions to facilities constructed under this section. Directs the Department of Environment and Natural Resources to expedite permitting and waive fees.

UNIVERSITY OF NORTH CAROLINA HEALTH CARE SYSTEM

SECTION 9.11. Amends GS 116-37 to expand application of specified provisions of the University of North Carolina Health Care System (System) to other persons or entities affiliated with or under the control of the System. Makes clarifying and conforming changes to the membership guidelines of the System's Board of Directors and Officers.

UNIVERSITY CANCER RESEARCH FUND

SECTION 9.12. Amends GS 116-29.1 to replace, and establish as chair, the President of The University of North Carolina with the Chancellor of The University of North Carolina at Chapel Hill as a member on the Cancer Research Fund Committee.

UNC MANAGEMENT FLEXIBILITY REDUCTION

SECTION 9.13.(a) Amends Section 9.19 of SL 2009-451 to allow The University of North Carolina institutions, for the 2010-11 fiscal year only and with approval by the President of the University, to increase tuition by up to \$750 per academic year to offset management flexibility reductions.

SECTION 9.13.(b) Repeals Section 9.23 of SL 2009-451 (covering campus-initiated tuition increases).

INSTITUTE FOR OUTDOOR DRAMA

SECTION 9.14.(a) Transfers The Institute for Outdoor Drama from the University of North Carolina at Chapel Hill to East Carolina University. Transfers \$150,000 of the funds appropriated to the Department of Commerce, Division of Tourism, Film, and Sports Development to the UNC Board of Governors to fund the Institute.

RECRUITMENT OF PHARMACY STUDENTS

SECTION 9.15.(a) Directs The University of North Carolina at Chapel Hill to collaborate with the University of North Carolina at Asheville and Elizabeth City State University to encourage potential pharmacy students to enroll in state schools. Directs the Board of Governors to provide \$44,000 to Elizabeth City State University to support pharmacy student recruitment.

PART X. DEPARTMENT OF HEALTH AND HUMAN SERVICES

ELECTRONIC BENEFITS TRANSFER SYSTEM

SECTION 10.1. Requires the Department of Health and Human Services (DHHS), Division of Child Development, to implement an Electronic Benefits Transfer system for child care subsidy and review all current electronic card system operations related to Child Support Enforcement and Food and Nutrition to determine whether the three-card systems may be coordinated to achieve cost-savings. Requires DHHS to monitor the implementation of the "smart card" system pilot program in Georgia and similar technology in other states and report on the implementation of these programs, including any recommendations for a card system program in this state, to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division by May 1, 2011.

REPEAL POLICIES TO FACILITATE AND EXPEDITE USE OF CHILD CARE SUBSIDY FUNDS

SECTION 10.2. Repeals Section 10.4 of SL 2009-451.

EARLY CHILDHOOD EDUCATION AND DEVELOPMENT INITIATIVES ENHANCEMENTS

SECTION 10.3. Rewrites Section 10.7.(g) of SL 2009-451 to delete language requiring DHHS and the local partnerships to spend child care subsidy funds (for the TANF maintenance of effort requirement and the Child Care Development Fund and Block Grant match requirement) at a level that draws down all federal recovery funds.

COST SHARE HEALTH-RELATED EXPENDITURES WITH MEDICAID

SECTION 10.4. Requires the Division of Public Health (DPH) and the Division of Medical Assistance (DMA) to coordinate with the North Carolina Partnership for Children, Inc., the cost-sharing of health-related expenditures with Medicaid. The Division of Child Development (DCD) must transfer the amount of planned expenditures for health-related activities to DPH so that it may coordinate the cost-sharing through local health departments. The DCD must report on these activities by October 1, 2010, to the Joint Legislative Commission on Governmental Operations, the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division.

ADMINISTRATIVE ALLOWANCE FOR COUNTY DEPARTMENTS OF SOCIAL SERVICES

SECTION 10.5. Rewrites Section 10.10 of SL 2009-451 to make the 2009-10 increase in allowance for administrative costs by county departments of social services (from 4% to 5% of the county's total child care subsidy funds from the Child Care Development Fund Block Grant) applicable to the 2010-11 fiscal year.

MENTAL HEALTH CHANGES

SECTION 10.6.(a). In 2009, Section 10.12.(b) of SL 2009-451 appropriated to the DHHS Division of Mental Health, Developmental Disabilities, and Substance Abuse Services (DMHDDSAS), \$20,121,644 for 2009-2010 and \$20,121,644 for 2010-11 for the purchase of local inpatient psychiatric beds or bed days to be distributed across the state according to need as determined by DHHS. The appropriation for 2010-11 is increased to \$32,121,644. Amends Section 10.12.(b) of SL 2009-451 to require that beds or bed days be purchased in all local management entity (LME) catchment areas and that contracts for these purchases be awarded equitably around all regions of the state.

SECTION 10.6.(b). Deletes the language of Section 10.12.(f) of SL 2009-451 and substitutes language directing DHHS to require the seven LMEs participating in the current Supports Intensity Scale (SIS) assessment tool pilot project to administer a SIS assessment to all clients with developmental disabilities. Requires these LMEs to use the results of the assessment to assign clients with developmental disabilities to one of the Tiers within the CAP-MR/DD Waiver and to other needed services according to relative intensity of need.

TERM LIMITS FOR COUNTY MANAGERS ON AREA MENTAL HEALTH BOARDS

SECTION 10.7. Amends GS 122C-118.1(d) to provide that area board members who are county managers are not subject to the two-term limit applicable to other area board members and that the terms of county managers on the area board may be for the duration of their employment as a county manager.

REPEAL SCHOOL-BASED CHILD AND FAMILY TEAM INITIATIVE

SECTION 10.8. Repeals Section 10.13 of SL 2009-451.

JOINT STUDY COMMITTEE ON AUTISM SPECTRUM DISORDERS AND PUBLIC SAFETY

SECTION 10.9. Rewrites Section 10.21D.(i) of SL 2009-451 to provide that the Committee on Autism Spectrum Disorders and Public Safety must submit a final report upon completion of its work (was December 31, 2010) and that the committee will terminate at the completion of its work (was December 31, 2010, or upon filing of its final report, whichever occurred first).

CLOSURE PLAN FOR DOROTHEA DIX HOSPITAL

SECTION 10.10. Regarding Dorothea Dix Hospital, requires DMHDDSAS:

- (1) By August 1, 2010, to submit an operations budget for the 2010-11 fiscal year to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division.
- (2) By October 1, 2010, develop and submit a plan for closing the hospital by June 30, 2011, to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division.

CHANGES TO COMMUNITY-FOCUSED ELIMINATING HEALTH DISPARITIES INITIATIVE

SECTION 10.11. Amends Section 10.23.(c) of SL 2009-451 to change from March 15, 2010, to March 14, 2011, the date by which DHHS must report on the Community-Focused Eliminating Health Disparities Initiative.

SUPPLEMENTAL FUNDS FOR HEALTH INITIATIVES FROM HEALTH AND WELLNESS TRUST FUND

SECTION 10.12. Directs the Health and Wellness Trust Fund Commission (Commission) to allocate from funds available in the Health and Wellness Trust Fund (Trust Fund) in the 2010-11 fiscal year \$3,297,000 for the following:

(1)	Stroke Prevention	\$450,000
(2)	Improve Birth Outcomes	\$247,000
(3)	Prevent Neural Tube Birth Defects	\$350,000
(4)	Prevent Blindness	\$150,000
(5)	Amyotrophic Lateral Sclerosis	\$300,000
(6)	Adolescent and Teen Pregnancy Prevention	\$650,000
(7)	Healthy Carolinians	\$100,000
(8)	North Carolina Arthritis Patient Services	\$ 50,000
(9)	Rural Hospital Operation & Maintenance	\$1,000,000

These funds supplement and do not supplant other funds allocated within DHHS for these activities.

Prohibits the Commission from reducing 2010-11 allocations for programs or initiatives currently funded through the Trust Fund.

IMMUNIZATION CHANGES

SECTION 10.13. Amends Section 10.29A of SL 2009-451 to eliminate the state appropriation for the purchase of childhood vaccines (those that are both required by the North Carolina Immunization Program and recommended by the federal Centers for Disease Control and Prevention) that should be billed to insurers based on the General Assembly's finding that the costs for these vaccines are reimbursable by health insurers and supplied for uninsured and underinsured children through the federal Vaccine for Children program.

NORTH CAROLINA HEALTH CHOICE EMERGENCY ROOM VISIT CO-PAYMENTS

SECTION 10.14. Sets the North Carolina Health Choice Program co-payment for nonemergency visits to the emergency room for children whose family income is at or below 150% of the federal poverty level at \$10. Sets the co-payment for children whose family income is between 151% and 200% of the federal poverty level at \$25.00.

COMMUNITY CARE OF NORTH CAROLINA

SECTION 10.15. Amends Section 10.36 of SL 2009-451 to provide that DHHS' annual report on Medicaid cost savings achieved by the Community Care of North Carolina (CCNC) networks be submitted on March 1 of 2011 (was, December 31) and every year thereafter.

By October 1, 2010, DHHS and the Division of Medical Assistance (DMA) must contract with North Carolina Community Care Networks, Inc. (NCCCN, Inc.) and the 14 participating local CCNC networks represented by NCCCN, Inc. to provide standardized clinical and budgetary coordination, oversight, and reporting for a State-wide Enhanced Primary Care Management System for Medicaid enrollees. This contract must build upon and expand the existing successful CCNC primary care case management model to include comprehensive State-wide quantitative performance goals and deliverables, including in specified areas. NCCCN, Inc., must report quarterly to DHHS and the Office of State Budget and Management (OSBM) on the development of the statewide Enhanced Primary Care Case Management System and its defined goals and deliverables as agreed upon by contract. Beginning July 1, 2010, NCCCN, Inc., must submit a quarterly report to the Secretary of Health and Human Services, OSBM, 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 progress and results of implementing the quantitative, analytical, utilization, quality, cost containment, and access goals and deliverables set out in the contract. NCCCN, Inc., must conduct its own analysis of the CCNC system to identify any variations from the development plan for the Enhanced Primary Care Case Management System and its defined goals and deliverables set out in the contract between DMA and NCCCN, Inc. Upon identifying any variations, NCCCN, Inc., must develop and implement a plan to address the variations and report the plan to DMA within 30 days after taking any action to implement the plan.

By July 1, 2011, DHHS and OSBM must assess the performance of NCCCN, Inc., and CCNC regarding the goals and deliverables established in the contract. Based on this assessment, DHHS and DMA shall expand, cancel, or alter the contract with NCCCN, Inc., and CCNC effective October 1, 2011. Expansion or alteration of the contract may reflect refinements based on clearly identified goals and deliverables in the areas of quality of care, participant access, cost containment, and service delivery.

By July 1, 2011, DHHS, DMA, and NCCCN, Inc., must finalize a comprehensive plan that establishes management methodologies that include specified items. In the development of these methodologies, DHHS, DMA, and NCCCN, Inc., must consider options for shared risk. DHHS and DMA shall provide assistance to NCCCN, Inc., in meeting its objectives

Beginning with the 2010-11 fiscal year, DHHS must establish a separate line item in Budget Code 14445 for all expenditures in DMA associated with managed care activities pertaining to the utilization of Medicaid expenditures through CCNC. DHHS must not increase the per member per month funding to CCNC without prior approval from the General Assembly.

MEDICAID MANAGEMENT INFORMATION SYSTEM (MMIS) FUNDS/IMPLEMENTATION OF MMIS

SECTION 10.16. Section 10.41.(a) of SL 2009-451 appropriates \$11,737,414 (was, \$8,064,128) for fiscal year 2010-11 to be (i) deposited to the DHHS' information technology budget code and (ii) used to match federal funds for the procurement, design, development, and implementation of the new Medicaid Management Information System (MMIS) and to fund the central management of the project.

ELIMINATE STATE FUNDING FOR CHILD SUPPORT OFFICES

SECTION 10.17. Amends Section 10.46A of SL 2009-451 to authorize the Secretary of DHHS to transfer State-owned equipment used by State-operated child support offices to administer child support enforcement programs to a county government or to the Eastern Band of the Cherokee Indians for the sole purpose of facilitating administration of the child support program. This transfer must occur by July 1, 2010, and be at no cost to the county government or Eastern Band of Cherokee Indians. Sets out process for identifying and documenting the transfer. Any equipment not transferred must revert to the Department of Administration, Division of Surplus Property.

CHILD WELFARE POSTSECONDARY SUPPORT PROGRAM/USE OF ESCHEAT FUND

SECTION 10.18. Amends Section 10.50 of SL 2009-451 to reduce from \$3,168,250 to \$1,584,125 the 2010-11 appropriation to DHHS for the child welfare postsecondary support program that provides assistance with the "cost of attendance" as that term is defined in 20 U.S.C. § 1087II (for the educational needs of foster youth aging out of the foster care system and special needs children adopted from foster care after age 12). For 2010-11, decreases from \$500,000 to \$339,493 the appropriation from the General Fund to the DHHS for contracting with an entity to develop and administer the child welfare postsecondary support program.

TANF BENEFIT IMPLEMENTATION

SECTION 10.19. Rewrites Section 10.51 of SL 2009-451 to change references to a single fiscal year from 2009 to 2010, and references to a fiscal biennium from 2009-11 to 2010-12.

EXTEND REPORTING DATE/EVALUATION OF CONSOLIDATION OF ADMINISTRATIVE FUNCTIONS OF COUNTY DEPARTMENT OF SOCIAL SERVICES

SECTION 10.20. Rewrites Section 10.52.(b) of SL 2009-451 to change reporting deadline from December 1, 2010, to February 1, 2011.

ELIMINATION OF THE OFFICE OF EDUCATION SERVICES/TRANSFER RESIDENTIAL AND PRESCHOOLS TO THE DEPARTMENT OF PUBLIC INSTRUCTION

SECTION 10.21.(a) Dissolves the Office of Education Services (OES) within DHHS and eliminates the Central Office, Resource Support, Governor Morehead School Outreach, Deaf/Blind, and Exceptional Children Support programs within OES. Transfers to the Department of Public Instruction (DPI) the North Carolina School for the Deaf, the Eastern North Carolina School for the Deaf, the Governor Morehead School for the Blind, the Governor Morehead Preschool, Early Intervention Services – Preschool, and Family Resource Center programs operated within the Office of Education. Also transfers School Administrator position, #60089692, and School Speech-Language Pathologist position, #60039336, to DPI, Exceptional Children Division. The Office of State Budget and Management, DHHS and DPI must make these transfers by July 1, 2010. Upon transfer, the Director of the Exceptional Children Division shall assume the functions of the Superintendent of the Local Education Agency comprised of the North Carolina School for the Deaf, the Eastern North Carolina School for the Deaf, and the Governor Morehead School for the Blind. DHHS must establish an Assistant Director position to augment management of residential school and itinerant preschool programs.

Directs DPI to reinstate the residential and instructional schedules for the Governor Morehead School for the Blind, Eastern North Carolina School for the Deaf, and North Carolina School for the Deaf in effect before February 8, 2010. Residential students must have the opportunity to arrive at their respective schools on the evening of the day before commencement

of academic instruction for the week. DPI must also reinstate on-site summer school programming for these schools.

MEDICAID POLICY CHANGES

SECTION 10.22.(a) Rewrites Section 10.58.(d) of SL 2009-451 to provide that DHHS may impose prior authorization requirements on brand-name drugs reimbursable by Medicaid in instances where the phrase "medically necessary" is written on the prescription. Authorizes the Secretary of DHHS to prevent substitution of a generic equivalent drug, including a generic equivalent that is on the State maximum allowable cost list, when the net cost to the State of the brand-name drug, after consideration of all rebates, is less than the cost of the generic equivalent. Requires that medications prescribed for the treatment of mental illness be included on the Preferred Drug List and authorizes the DHHS Division of Medical Assistance to initiate prior authorization for the prescribing of drugs for mental illness in order to identify providers who fail to prescribe those drugs in accordance with indications and dosage levels approved by the federal Food and Drug Administration or in accordance with best practices.

Limits Medicaid coverage for experimental or trial procedures to those that are recognized or approved by a nationally recognized professional specialty organization. Requires DHHS to apply Medicaid medical policy to recipients who have primary insurance other than Medicare, Medicare Advantage, and Medicaid, and to pay an amount up to the actual coinsurance or deductible or both, in accordance with the State Plan. This policy may be disregarded in cases where it would adversely affect patient care.

SECTION 10.22.(b) Section 10.58.(e) of SL 2009-451 is amended to delete hospital outpatient providers from the list of professional services for which reimbursement is available for up to 30 visits per recipient per fiscal year.

SPECIALTY DRUG PROVIDER NETWORK

SECTION 10.23. Directs DHHS to create a specialty drug provider network that requires best practices, prevents overutilization, and allows for drug reimbursement rate negotiations for hemophilia, hepatitis C, and intravenous immunoglobulin drugs.

STATEWIDE EXPANSION OF CAPITATED 1915(B)/(C) BEHAVIORAL HEALTH WAIVERS

SECTION 10.24. Authorizes DMA and DMHDDSAS to expand the capitated 1915(b)/(c) waivers that have been operating in the Piedmont Behavioral Healthcare Local Management Entity catchment area as a demonstration program since April 2005. The Divisions must add additional local management entities (LMEs) to the waiver program as they demonstrate readiness to participate through a request for proposal process. The waiver program must include all Medicaid-covered mental health, developmental disabilities, and substance abuse services, and expansion of the waiver to additional LMEs must be contingent upon approval by the Centers for Medicare and Medicaid Services (CMS).

STUDY MEDICAID PROVIDER RATES

SECTION 10.25.(a) The DHHS DMA must initiate a study, or contract out for a study, of reimbursement rates for Medicaid providers and program benefits. The study must compare (1) Medicaid reimbursement rates in North Carolina with reimbursement rates in surrounding states and with rates in two additional states; and (2) Medicaid program benefits in North Carolina with program benefits provided in surrounding states and with rates in two additional states. DHHS must report its initial findings to the Governor, the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division by April 1, 2011.

MEDICAID FRAUD PREVENTION

SECTION 10.26.(a) Authorizes DHHS to create a fraud prevention program that uses information, lawfully obtained, from state and private databases to develop a fraud risk analysis of Medicaid providers and recipients. This analysis is to be used to prevent fraud before it takes place and to achieve cost avoidance savings. The plan must comply with all necessary security

measures and restrictions to ensure that access to any specific information held confidential under federal and State law shall be limited to authorized persons.

SECTION 10.26.(b) Provides that the information obtained is privileged and confidential, is not a public record pursuant to GS 132-1, and may only be used for investigative or evidentiary purposes related to violations of State or federal law and regulatory activities. DHHS must release data collected pursuant to this section to the following persons only:

- (1) An individual who requests the individual's own Medicaid recipient information.
- (2) A provider who requests the provider's Medicaid provider information.
- (3) Special agents of the North Carolina State Bureau of Investigation who are assigned to the Medicaid Fraud Investigations Unit. The SBI must notify the Office of the Attorney General of North Carolina of each request for inspection of records maintained by the Department.
- (4) To a court pursuant to a lawful court order in a criminal action.

DHHS may provide data to public or private entities for statistical, research, or educational purposes only after removing information that could be used to identify individual recipients or providers of Medicaid services.

SECTION 10.26.(c) Authorizes DHHS to modify or extend existing contracts to achieve Medicaid fraud prevention savings in a timely manner, subject to review and approval by the Secretary of the Department of Administration. The requirements of GS 143-59 apply to contracts entered into, modified, or extended pursuant to this section.

SECTION 10.26.(d) Requires DHHS to report on the activities conducted under this section, including actions taken relating to compliance with GS 143-59 and any contract modifications or extensions that are approved pursuant to this section to the House of Representatives Appropriations Subcommittee on Health and Human Services, the Senate Appropriations Committee on Health and Human Services, the Office of State Budget and Management, and the Fiscal Research Division by April 1, 2011.

SECTION 10.26.(e) Provides that the authority granted to DHHS under this section expires one year following the effective date of this section. DHHS must destroy all records and information obtained pursuant to this section after five years. Any records or information turned over to the State Bureau of Investigation or a court of competent jurisdiction are not subject to the destruction requirements of this subsection.

STUDY HIV MEDICAID WAIVER

SECTION 10.27. By November 1, 2010, the DHHS Divisions of Medical Assistance (DMA) and Public Health (DPH) must jointly study and report to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division on the financial and programmatic feasibility of reducing the waiting list for the AIDS Drug Assistance Program (ADAP) by expanding eligibility for Medicaid to HIV-positive individuals with incomes at or below 133% of the federal poverty level. The study must include an assessment of the cost-effectiveness of using state dollars to expand Medicaid eligibility to this population as compared to using state dollars for ADAP. The study may also consider any planning and coordination benefits the state may derive from expanding Medicaid eligibility to HIV-positive individuals, in preparation for the expansion of Medicaid eligibility in calendar year 2014 to all individuals with incomes at or below 133% of the federal poverty level. If the DMA and DPH conclude that expanding Medicaid eligibility to HIV-positive individuals with incomes at or below 133% of the federal poverty level is a cost-effective means for the State to eliminate its ADAP waiting list, then the DMA must apply to the Centers for Medicare and Medicaid Services (CMS) for an appropriate waiver to implement this expansion in Medicaid eligibility. If approved by CMS, DMA must not implement the waiver except as authorized by an act of the General Assembly appropriating funds for this purpose.

ELIMINATE REIMBURSEMENT OF "NEVER EVENTS"

SECTION 10.28. Directs DMA to modify its Medicaid State Plan, as detailed by CMS in its July 31, 2008, letter to State Medicaid Directors, to ensure that inpatient hospital reimbursement is not provided for Hospital-Acquired Conditions that are identified as nonpayable by Medicare.

The State Plan Amendment addressing this "Never Event" modification must apply to all Medicaid reimbursement provisions in section 4.19A of the North Carolina Medicaid State Plan governing inpatient hospital reimbursement, including Medicaid supplemental or enhanced payments and Medicaid disproportionate share hospital payments.

AMEND MEDICAID PROVIDER APPEALS PROCESS

SECTION 10.29.(a) Amends Section 10.15A(e1) of SL 2008-107 to make the Medicaid provider appeals process of that section applicable to providers of personal care services (PCS).

SECTION 10.29.(b) Amends Section 10.15A(e2) of SL 2008-107, as amended by Section 1.1(c) of SL 2009-550, to make that section applicable to providers PCS and to delete language authorizing the hearing officer to hold the hearing in the petitioner's county of residence (still permits the taking of testimony and receipt of evidence by telephone or other electronic means). Provides that the petitioner or petitioner's legal representative may appear before the hearing officer in Wake County. Limits preparation of a copy of the recording of the hearing to instances where a petition for judicial review is filed and a copy is provided as part of the official record for review. This section applies to all petitions filed by a Medicaid PCS provider on or after July 1, 2010, and for all Medicaid PCS provider petitions that have been filed at the Office of Administrative Hearings previous to July 1, 2010, but for which a hearing on the merits has not been commenced prior to that date. Provides that the appeals process of this section preempts existing appeals processes at both DHHS and the Office of Administrative Hearings with regard to appeals filed by Medicaid PCS providers under the Medicaid Assistance Program.

SECTION 10.29.(c) Amends Sections 10.15A(e3) and 10.15A(e4) of SL 2008-107 to make those sections applicable to providers of personal care services and to delete the sunset provision that would make the provider appeals process expire on July 1, 2010.

SECTION 10.29.(d) Amends GS 122C-151.4(g) to make that statute inapplicable to personal care services providers who appeal directly to DHHS under the community support/personal care services provider appeal process.

SECTION 10.29.(e) Amends GS 150B-1(e)(16) to clarify that it applies to Medicaid providers appealing (1) a denial, recoupment, suspension, or reduction in reimbursement for community support or personal care services, or (2) a denial, suspension, or revocation of a Medicaid provider agreement for providers of community support or personal care services. Also applies to providers of community support or personal care services appealing decisions by the LME to deny or withdraw the provider's endorsement.

AMEND MEDICAID RECIPIENT APPEALS PROCESS

SECTION 10.30.(a) Amends Section 10.15A.(h1) through (h6) of SL 2008-107, as amended, to appropriate from funds available to DHHS to the Office of Administrative Hearings \$2 million for 2010-2011 for mediation services provided for Medicaid applicant and recipient appeals and to contract for other services necessary to conduct the appeals process. Deletes sunset provision that would terminate the appeals process on July 1, 2010.

SECTION 10.30.(b) Directs the Revisor of Statutes to codify the statutes set forth in 10.30(a).

SECTION 10.30.(c) Directs the Office of Administrative Hearings, by October 1, 2011, to submit a report to the Joint Legislative Oversight Committee on Mental Health, Developmental Disabilities, and Substance Abuse Services on the number, status, and outcome of contested Medicaid cases handled by the Office pursuant to the appeals process established in this act. The report must include information on the number of contested Medicaid cases resolved through mediations and through formal hearings, the outcome of settled and withdrawn cases, and the number of incidences in which DMA reverses the decision of an administrative law judge.

ACCOUNTING FOR MEDICAID RECEIVABLES AS NONTAX REVENUE

SECTION 10.31. Directs DHHS, for fiscal year 2010-2011, to deposit from its revenues \$135 million with the Department of State Treasurer to be accounted for as nontax revenue and considered the return by DHHS of General Fund appropriations for indigent care services at the state operated psychiatric hospitals.

MEDICAID PREFERRED DRUG LIST

SECTION 10.32. Amends Section 10.66.(c) of SL 2009-451, which has provided that the DHHS preferred drug list under Medicaid is not to include medications for treatment of HIV or acquired immune deficiency syndrome, to delete that restriction.

MEDICAID PREFERRED DRUG LIST (PDL) REVIEW PANEL

SECTION 10.33. Directs the Secretary of the Department of Health and Human Services to establish a Preferred Drug List (PDL) Policy Review Panel. The panel is to review the Medicaid PDL recommendations from the Department of Health and Human Services (DHHS), Division of Medical Assistance, and the Physician Advisory Group (PAG) Pharmacy and Therapeutics (P&T) Committee.

SECTION 10.33. The panel is to include nine specified members, serving two-year terms.

Requires the Review Panel to hold an open meeting to review policy or procedure recommendations, within 30 days after DHHS publishes a proposed policy or procedure related to the Medicaid PDL.

LOCK NARCOTIC PRESCRIPTIONS INTO SINGLE PHARMACY/PROVIDER

SECTION 10.34. Provides that Medicaid enrollees may be prescribed narcotic medications by only one prescribing physician and may not change physicians without permission of DHHS Division of Medical Assistance (DMA), and may have such prescriptions filled at only one pharmacy, and may not change without DMA permission.

AUTHORIZE THE DIVISION OF MEDICAL ASSISTANCE TO TAKE CERTAIN STEPS TO EFFECTUATE COMPLIANCE WITH BUDGET REDUCTIONS IN THE MEDICAID PROGRAM

SECTION 10.35. Amends Section 10.68A.(a) of SL 2009-451 (as amended by Section 5A of SL 2009-575), which set out directives to DMA for steps for achieving Medicaid budget reductions, to change those directives in the following ways:

(1) Replaces directives regarding cost containment for Medicaid personal care services (PCS) with a new set of directives that direct DMA to terminate all services under old PCS programs and implement two new PCS programs, PCS-C (to assist families to meet personal care assistance for children and other under age 21) and PCS-ADE (to meet the needs of individuals over 21 with extensive difficulties in three of the following five areas: eating, dressing, bathing, toileting, and mobility). Sets out criteria for both programs, including written attestation by attending physician of the need for the services, initial and continuing needs assessments to be made by an independent entity that is not a PCS services provider, and PCS services not to include nonmedical assistance such as money management or shopping.

(2) Directs DMA to require prior authorization for outpatient mental health services for children after the 16th visit.

(3) Directs DMA to change the Medicaid Private Duty Nursing Program (PDN) so that its services are provided only to qualified recipients under 21, are authorized by the recipients primary care or attending physician, are (in most cases) limited to 16 hours per day, are subject to initial and continuing assessments by an independent entity that is not a PCS services provider, and are provided according to a DMA-approved plan.

(4) Directs DMA to develop and submit to CMS a Home and Community-Based Services Waiver for individuals dependent on technology to substitute for a vital bodily function and to transition qualified recipients over 21 currently receiving PDN to waivers services.

IMPLEMENT INDEPENDENT ASSESSMENTS ON MENTAL HEALTH SERVICES

SECTION 10.36. Directs DMA to require, before delivery of enhanced mental health services in the Medicaid program, that an independent assessment be conducted by an independent entity that is not a PCS services provider and that authorizes the type and amount of services to be provided based on the specific health condition and needs of the intended recipient of the services. Requires a report to specified legislative entities by April 1, 2011.

DSHR ADULT CARE HOME ADMINISTRATOR/MEDICATION AIDE FEES

SECTION 10.36A. Enacts new GS 131d-4.5a allowing the medical care commission to impose a fee up to \$25 on adult care home medication aide applicants. Enacts new GS 90-288.15A imposing a \$50 Adult Care Home Administrator Examination Fee and a fee of \$30 every two years for Adult Care Home Administrator Certificate renewal.

DHHS BLOCK GRANTS

SECTION 10.37.(a) Makes appropriations from federal block grant funds for the fiscal year ending June 30, 2011, according to the following schedule:

TEMPORARY ASSISTANCE TO NEEDY FAMILIES
(TANF) FUNDS

Local Program Expenditures

Division of Social Services		
01.	Work First Family Assistance	\$41,235,452
02.	Work First County Block Grants	94,453,315
03.	Work First Electing Counties	2,378,213
04.	Work First – Boys and Girls Clubs	2,500,000
05.	Work First – After-School Services for At-Risk Children	1,639,714
06.	Work First – After-School Programs for At-Risk Youth in Middle Schools	400,000
07.	Work First – Connect, Inc. (Work Central)	440,000
08.	Work First – Citizens Schools Program	360,000
09.	Adoption Services – Special Children's Adoption Fund	3,000,000
10.	Family Violence Prevention	2,200,000
11.	Child Protective Services – Child Welfare Workers for Local DSS	14,452,391
12.	Child Welfare Collaborative	1,129,115
12A.	Children's Home Society	200,000
Division of Child Development		
13.	Subsidized Child Care Program	65,843,377
Division of Public Health		
14.	Teen Pregnancy Initiatives	450,000
Department of Public Instruction		
15.	More at Four	16,176,036
DHHS Programs		
16.	Community Services	17,000,000
DHHS Administration		
17.	Division of Social Services	1,093,176
18.	Office of the Secretary	75,392
Transfers to Other Block Grants		
Division of Child Development		
19.	Transfer to the Child Care and Development Fund	84,330,900
Division of Social Services		
20.	Transfer to Social Services Block Grant for Child	

	Protective Services – Child Welfare Training in Counties	1,750,000
21.	Transfer to Social Services Block Grant for Maternity Homes	943,002
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	4,500,000
24.	Transfer to Social Services Block Grant for Foster Care Services	390,000
TOTAL TEMPORARY ASSISTANCE TO NEEDY FAMILIES (TANF) FUNDS		\$359,440,083

TEMPORARY ASSISTANCE TO NEEDY FAMILIES (TANF)
EMERGENCY CONTINGENCY FUNDS RECEIVED THROUGH
THE AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA)

Local Program Expenditures

Division of Social Services		
01.	Work First Family Assistance	\$46,392,544
Division of Child Development		
02.	Subsidized Child Care	20,000,000

TOTAL TEMPORARY ASSISTANCE TO NEEDY FAMILIES (TANF) EMERGENCY CONTINGENCY FUNDS RECEIVED THROUGH THE AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA)		\$66,392,544
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SOCIAL SERVICES BLOCK GRANT

Local Program Expenditures

Divisions of Social Services and Aging and Adult Services		
01.	County Departments of Social Services (Transfer from TANF – \$4,500,000)	\$ 28,868,189
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	609,455
05.	Foster Care Services (Transfer from TANF – \$390,000)	1,997,619
06.	Maternity Homes (Transfer from TANF)	943,002
07.	Special Children Adoption Incentive Fund	500,000
08.	Child Protective Services-Child Welfare Training for Counties (Transfer from TANF)	1,750,000
09.	Home and Community Care Block Grant (HCCBG)	1,834,077
10.	Child Advocacy Centers	375,000
Division of Mental Health, Developmental Disabilities, and Substance Abuse Services		
11.	Mental Health Services Program	422,003
12.	Developmental Disabilities Services Program	5,000,000
13.	Mental Health Services-Adult and	

	Child/Developmental Disabilities Program/ Substance Abuse Services-Adult	3,234,601
	Division of Child Development	
14.	Subsidized Child Care Program	1,156,744
	Division of Vocational Rehabilitation	
15.	Vocational Rehabilitation Services – Easter Seal Society/UCP Community Health Program	188,263
	Division of Public Health	
16.	Teen Pregnancy Prevention Initiatives (Transfer from TANF)	2,500,000
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	688,436
22.	Division of Social Services	892,624
23.	Office of the Secretary/Controller's Office	138,058
24.	Office of the Secretary/DIRM	87,483
25.	Division of Child Development	15,000
26.	Division of Mental Health, Developmental Disabilities, and Substance Abuse Services	29,665
27.	Division of Health Service Regulation	235,625
28.	Office of the Secretary-NC Inter-Agency Council for Coordinating Homeless Programs	250,000
29.	Office of the Secretary	48,053
Transfers to Other State Agencies		
	Department of Administration	
30.	NC Commission of Indian Affairs In-Home Services for the Elderly	203,198
Transfers to Other Block Grants		
	Division of Public Health	
31.	Transfer to Preventive Health Services Block Grant for HIV/STD Prevention and Community Planning	145,819
TOTAL SOCIAL SERVICES BLOCK GRANT		\$ 60,867,890
LOW-INCOME HOME ENERGY ASSISTANCE BLOCK GRANT		
Local Program Expenditures		

Division of Social Services		
01.	Low-Income Energy Assistance Program (LIEAP)	\$ 70,909,401
02.	Crisis Intervention Program (CIP)	40,373,328
Local Administration		
Division of Social Services		
03.	County DSS Administration	6,362,505
DHHS Administration		
04.	Division of Social Services	275,000
05.	Division of Mental Health, Developmental Disabilities, and Substance Abuse Services	8,128
06.	Office of the Secretary/DIRM	276,784
07.	Office of the Secretary/Controller's Office	12,332
Transfers to Other State Agencies		
Department of Commerce		
08.	Weatherization Program	500,000
09.	Heating Air Repair and Replacement Program (HARRP)	8,103,157
10.	Local Residential Energy Efficiency Service Providers – Weatherization	25,000
11.	Local Residential Energy Efficiency Service Providers – HARRP	266,375
12.	Department of Commerce Administration – Weatherization	25,000
13.	Department of Commerce Administration – HARRP	266,375
14.	Department of Administration – N.C. State Commission of Indian Affairs	129,807
TOTAL LOW-INCOME HOME ENERGY ASSISTANCE BLOCK GRANT		\$ 127,533,192
CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT		
Local Program Expenditures		
Division of Child Development		
01.	Subsidized Child Care Services (CCDF)	\$153,889,889
02.	Contract Subsidized Child Care Services Support	547,600
03.	Subsidized Child Care Services (Transfer from TANF)	84,330,900
04.	Quality and Availability Initiatives	23,726,564
05.	TEACH	3,800,000
Division of Social Services		
06.	Local Subsidized Child Care Services Support	\$19,340,596
DHHS Administration		
Division of Child Development		
07.	DCD Administrative Expenses	6,539,277

Division of Central Administration	
08. DHHS Central Administration – DIRM	
Technical Services	774,317

TOTAL CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT	\$292,949,143
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CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT RECEIVED THROUGH THE
AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA)

Local Program Expenditures

Division of Child Development	
01. Subsidized Child Care Services (CCDF)	\$5,980,997
02. Electronic Benefits Transfer System	4,000,000

DHHS Program Expenditures

Division of Child Development	
03. Quality and Availability Initiatives	2,904,787

TOTAL CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT RECEIVED THROUGH THE AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA)	\$12,885,784
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MENTAL HEALTH SERVICES BLOCK GRANT

Local Program Expenditures

01. Mental Health Services – Adult	\$ 5,124,810
02. Mental Health Services	1,731,432
03. Mental Health Services – Child	5,421,991
04. Administration	100,000

TOTAL MENTAL HEALTH SERVICES BLOCK GRANT	\$ 12,378,233
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SUBSTANCE ABUSE PREVENTION
AND TREATMENT BLOCK GRANT

Local Program Expenditures

Division of Mental Health, Developmental Disabilities, and Substance Abuse Services	
01. Substance Abuse Services – Adult	\$ 19,278,310
02. Substance Abuse Services	2,729,770
03. Substance Abuse Treatment Alternative for Women	8,107,303
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
07. Institute of Medicine	250,000
08. Administration	250,000
Division of Public Health	
09. Risk Reduction Projects	633,980
10. Aid-to-Counties	209,576

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

MATERNAL AND CHILD HEALTH BLOCK GRANT

Local Program Expenditures

Division of Public Health	
01. Children's Health Services	7,534,865
02. Women's Health	7,701,691
03. Oral Health	38,041

DHHS Program Expenditures

Division of Public Health	
04. Children's Health Services	1,368,778
05. Women's Health	135,452
06. State Center for Health Statistics	179,483
07. Quality Improvement in Public Health	14,646
08. Health Promotion	88,746
09. Office of Minority Health	55,250
10. Immunization Program – Vaccine Distribution	382,648

DHHS Administration

Division of Public Health	
11. Division of Public Health Administration	631,966

TOTAL MATERNAL AND CHILD
HEALTH BLOCK GRANT \$ 18,131,566

PREVENTIVE HEALTH SERVICES BLOCK GRANT

Local Program Expenditures

Division of Public Health	
01. NC Statewide Health Promotion	\$1,730,653
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

Division of Public Health	
04. NC Statewide Health Promotion	1,623,117
05. Oral Health	70,000
06. State Laboratory of Public Health	16,600

TOTAL PREVENTIVE HEALTH SERVICES BLOCK GRANT \$3,783,301

COMMUNITY SERVICES BLOCK GRANT

Local Program Expenditures

Office of Economic Opportunity	
01. Community Action Agencies	\$ 17,968,944

02.	Limited Purpose Agencies	998,275
DHHS Administration		
03.	Office of Economic Opportunity	998,274
TOTAL COMMUNITY SERVICES BLOCK GRANT		\$ 19,965,493
COMMUNITY SERVICES BLOCK GRANT RECEIVED THROUGH THE AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA)		
Local Program Expenditures		
Office of Economic Opportunity		
01.	Community Action Agencies	\$ 10,000,000
TOTAL COMMUNITY SERVICES BLOCK GRANT RECEIVED THROUGH THE AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA)		\$ 10,000,000

GENERAL PROVISIONS

SECTION 10.37.(b) Specifies information DHHS is to include in the separate plans for each block grant received, including specifications of activities under the grant, expenditures, positions to be established, and a comparison with prior years.

SECTION 10.37.(c) Specifies how DHHS is to react in case Congress increases the federal fund availability under a block grant or decreases the availability. In either case, DHHS is to allocate the changes and the Office of State Budget and Management is to approve the allocations.

SECTION 10.37.(d) Provides that appropriations from federal Block Grant funds are made for the fiscal year ending June 30, 2011, according to the schedule enacted for State fiscal year 2010-11 or until a new schedule is enacted by the General Assembly.

SECTION 10.37.(e) Provides that all changes to the budgeted allocations are to be approved by the Office of State Budget and Management in consultation with the Joint Legislative Commission on Governmental and reported 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.

TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF) FUNDS

SECTION 10.37.(f) Provides that the \$1,093,176 appropriated in TANF funds to DHHS Division of Social Services for 2010-11 are to be used to support administration of TANF-funded programs.

SECTION 10.37.(g) Provides that the \$2.2 million appropriated in TANF funds to DHHS Division of Social Services for 2010-11 are to be used to provide domestic violence services to Work First recipients. Directs each county department of social services and the local domestic violence shelter program serving the county to develop a plan for utilizing these funds. Funds are to be allocated as follows: each county is to receive a base allocation of \$5,000; and each county it to receive an allocation of the remaining funds based on the county's proportion of the statewide total of the Work First caseload and the county's proportion of the statewide total of the individuals receiving domestic violence services from programs funded by the Council for Women.

SECTION 10.37.(h) Provides that the \$1,639,714 appropriated in TANF funds to the DHHS Division of Social Services, for 2010-11 is to be used to expand after-school programs and services for at-risk children. Directs DHHS to 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. Directs DHHS to 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.

SECTION 10.37.(i) Provides that the \$14,452,391 appropriated in this section to the DHHS Division of Social Services in TANF funds for 2010-11 for child welfare improvements is to 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 10.37.(j) Provides that the \$3 million appropriated in TANF funds to the DHHS Special Children Adoption Fund, for 2010-11 is to be used in accordance with guidelines for the awarding of funds to licensed public and private adoption agencies upon the adoption of children described in GS 108A-50 and in foster care. Payments received from the Special Children Adoption Fund by participating agencies are to be used exclusively to enhance the adoption services program. No local match is to be required as a condition for receipt of these funds.

SECTION 10.37.(k) Provides that the \$400,000 appropriated to DHHS Division of Social Services in TANF funds for 2010-11 are to be used to expand after-school programs for at-risk children attending middle school. Directs DHHS to 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.

SECTION 10.37.(l) Directs DHHS, in implementing the use of TANF funds, to 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 10.37.(m) Provides that the \$440,000 appropriated to DHHS in TANF funds for 2010-11 are to be transferred to Connect, Inc. Specifies reports Connect is to make. Directs DHHS to evaluate the program and ensure that services provided are not duplicative of local employment security commissions in the nine counties served by Connect.

SECTION 10.37.(n) Provides that the \$2.5 million appropriated to DHHS in TANF funds for Boys and Girls Clubs for 2010-11 are to be used to make grants for approved programs. DHHS is 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.

SECTION 10.37.(o) Provides that the \$1,129,115 appropriated to DHHS in TANF funds for 2010-11 fiscal year is to be used to continue support for the Child Welfare Collaborative.

SECTION 10.37.(p) Provides that the \$360,000 appropriated to DHHS Division of Social Services in TANF funds for 2010-11 is to be used to continue support for the Citizens Schools Program, a three-year urban/rural dropout prevention pilot program in the Durham and Vance County public school systems.

SECTION 10.37.(q) Provides that the \$17 million appropriated to DHHS in TANF funds for 2010-11 for community services are to be used to support TANF-eligible programs. The Department, upon review and approval of the Office of State Budget and Management, is to implement an equivalent reduction of General Fund appropriations and transfer the appropriations to support community services.

TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF) EMERGENCY CONTINGENCY FUNDS

SECTION 10.37.(r) Provides that the \$20 million appropriated from TANF Emergency Contingency funds to DHHS Division of Social Services for 2010-11 is to be used for subsidized child care services. Payment for subsidized child care services provided with TANF Emergency Contingency funds is to comply with all regulations and policies issued by the Division of Child Development for the subsidized child care program.

SECTION 10.37.(s) Provides that the \$46,392,544 appropriated from TANF Emergency Contingency funds to DHHS Division of Social Services for 2010-11 is to be used to support assistance payments provided under the Work First Family Assistance program.

SOCIAL SERVICES BLOCK GRANT

SECTION 10.37.(t) Provides that the Social Services Block Grant funds appropriated to the North Carolina Inter-Agency Council for coordinating homeless programs, child medical evaluations, and community services provided by Children's Advocacy Centers are exempt from the provisions of 10A NCAC 71R .0201(3).

SECTION 10.37.(u) Provides that the \$1.75 million appropriated in the Social Services Block Grant to DHHS Division of Social Services for 2010-11 is to be used to provide a regional training center in southeastern North Carolina, provide training for residential child caring facilities, and provide for various other child welfare training initiatives.

SECTION 10.37.(v) Provides that the \$943,002 appropriated to DHHS in the Social Services Block Grant for 2010-11 is to be used to support maternity home services.

SECTION 10.37.(w) Provides that the \$1,997,619 appropriated in the Social Services Block Grant for child caring agencies for the 2010-11 fiscal year is to be allocated in support of state foster home children.

SECTION 10.37.(x) Authorizes DHHS, 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.

SECTION 10.37.(y) Provides that Social Services Block Grant funds appropriated for the Special Children's Adoption Incentive Fund will require a 50% local match.

SECTION 10.37.(z) Provides that the \$375,000 appropriated in the Social Services Block Grant for 2010-11 is to be allocated to the Division of Social Services to support community services provided by Children's Advocacy Centers on behalf of children who are victims of child abuse.

SECTION 10.37.(aa) Provides that the \$422,003 appropriated in the Social Services Block Grant to the DHHS Division of Social Services for 2010-11 is to be used to continue a Mental Health Services Program for children.

LOW-INCOME HOME ENERGY ASSISTANCE BLOCK GRANT

SECTION 10.37.(bb) Provides that 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 are to be reported to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division upon notification of the award.

CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT

SECTION 10.37.(cc) Provides that payment for subsidized child care services provided with federal TANF funds are to comply with all regulations and policies issued by the Division of Child Development for the subsidized child care program.

SECTION 10.37.(dd) Provides that 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 periods allowed by the federal grants, DHHS may move funds to child care subsidies, unless otherwise prohibited by federal requirements of the grant, in order to use the federal funds fully.

SECTION 10.37.(ee) Provides that if American Recovery and Reinvestment Act of 2009 funds appropriated through the Child Care and Development Fund Block Grant for any program cannot be obligated or spent in that program within the periods allowed by the federal grants, DHHS may move funds to child care subsidies, unless otherwise prohibited by federal requirements of the grant, in order to use the federal funds fully.

SUBSTANCE ABUSE PREVENTION AND TREATMENT BLOCK GRANT

SECTION 10.37.(ff) Specifies studies to be conducting using the \$250,000 appropriated in the Substance Abuse Prevention and Treatment Block Grant to DHHS Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, for 2010-11 for the North Carolina Institute of Medicine.

MATERNAL AND CHILD HEALTH BLOCK GRANT

SECTION 10.37.(gg) Provides that if federal funds are received under the Maternal and Child Health Block Grant for abstinence education those funds are to be transferred to the State Board of Education to be administered by the Department of Public Instruction. DPI is to use the funds to establish an abstinence until marriage education program.

SECTION 10.37.(hh) Provides that DHHS is to ensure that there will be follow-up testing in the Newborn Screening Program.

PART XI. DEPARTMENT OF AGRICULTURE AND CONSUMER SERVICES

FEE INCREASES FOR PESTICIDE DEALERS, PESTICIDE APPLICATORS, AND PEST CONTROL CONSULTANTS

SECTION 11.1. Amends GS 143-440 to require a nonrefundable \$10 fee for each examination required under the section and a \$50 fee for examination of individuals seeking designation as Worker Protection Designated Trainers.

Amends GS 143-448(b) to increase the fee for a pesticide dealer license from \$50 to \$75.

Amends GS 143-449(b) to charge a \$50 fee for each examination required by that section for pesticide dealers.

Amends GS 143-452(b) to increase the application fee accompanying a pesticide applicator license from \$50 to \$75.

Amends GS 143-453 to charge a \$50 fee for the examination to license contractors and each pilot involved in aerial application of pesticides, a \$50 fee for the core examination of an applicant's knowledge of law and regulations governing pesticide application generally, and an additional \$20 fee for each examination pertaining to specific classifications of pesticides for which the applicant has applied for licensure.

Amends GS 143-455 to increase the application fee for a pest control consultant license from \$50 to \$75, adds a \$50 fee for a consultant's examination, and adds an additional \$20 fee for each specific classification licensure for which the applicant has applied.

STRUCTURAL PEST CONTROL ACT FEE INCREASES

SECTION 11.2. Amends GS 106-65.27 to increase the examination fee for an applicant for a certified applicator's identification card from \$10 to \$25, and to increase from \$25 to \$50 the license examination fee for each phase or subphase of structural pest control for which a structural pest control operator chooses to be examined.

Amends GS 106-65.31 to increase the fee for (1) issuance or renewal of a certified applicator's identification card from \$30 to \$50, (2) issuance or renewal of a license for any one phase of structural pest control from \$150 to \$200 and any additional phase from \$65 to \$75, and (3) issuance of an identification card for an estimator, salesman, serviceman, or solicitor from \$25 to \$40.

CONSOLIDATE GRADE "A" MILK PROGRAM INTO DAIRY PROGRAM AND STUDY FEE STRUCTURE

SECTION 11.3. Transfers, by a Type I transfer as defined in GS 143A-6, all functions, powers, duties, and obligations previously vested in the Grade "A" Milk Sanitation Program within the Division of Environmental Health of the Department of Environment and Natural Resources to the Food and Drug Protection Division of the Department of Agriculture and Consumer Services.

Requires the Department of Agriculture and Consumer Services to study the development of a schedule of fees for the Grade "A" Milk Sanitation Program consistent with the existing fee schedule for the Dairy Program, and in doing so, to consider the costs associated with operating the Grade "A" Milk Program.

Directs the Department of Agriculture and Consumer Services to report, not later than January 15, 2011, to the House and Senate Appropriation Subcommittees on Natural and

Economic Resources and the Fiscal Research Division on the results of its study, a recommended fee schedule, and any findings, other recommendations, or legislative proposals.

Provides for the recodification of Part 9 of Article 8 of Chapter 130A of the General Statutes as Article 28C of Chapter 106 of the General Statutes, to be entitled "Grade 'A' Milk Sanitation."

Recodifies other specific sections of Chapter 130A as GS 106-266.30, 106-266.31, 106-266.32, 106-266.33, 106-266.34, 106-266.35, and amends them, as recodified, to reflect the transfer of responsibility to the Department of Agriculture and Consumer Services and of rulemaking to the Board of Agriculture. Makes technical changes and conforms titles.

Repeals GS 130A-21(b) regarding authority to embargo milk.

Makes conforming change to GS 106-143.

CONSOLIDATE SPAY/NEUTER PROGRAM INTO ANIMAL WELFARE PROGRAM AND PROVIDE ADDITIONAL FUNDING

SECTION 11.4. Transfers, by a Type I transfer as defined in GS 143A-6, all functions, powers, duties, and obligations previously vested in the Spay/Neuter Program within the Department of Health and Human Services to the Animal Welfare Section of the Animal Health Division of the Department of Agriculture and Consumer Services.

Requires the Department of Agriculture and Consumer Services to use \$100,000 of the funds appropriated to it for the 2010-2011 fiscal year to fund the Spay/Neuter Program.

Makes conforming and technical changes to GS 19A-61, 19A-62, 19A-64 and 19A-65. Directs the Department of Agricultural and Consumer Services to report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division on revenues and expenditures in the Spay/Neuter account by October 1 of each year (was February).

PART XII. DEPARTMENT OF LABOR

DEPARTMENT OF LABOR/APPRENTICESHIP PROGRAM

SECTION 12.1. Amends GS 94-12 to increase the new registration fee and the annual fee for an apprentice covered by a written apprenticeship agreement from \$50 to \$100. Deletes provisions pertaining to splitting payment between a sponsor and apprentice, and removes exemption for apprentices employed by the State, state agencies, and political subdivisions of the State.

PART XIII. DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES

CONSOLIDATE FOUR DENR SUBUNITS WITHIN THE NEW DIVISION OF ENVIRONMENTAL ASSISTANCE AND OUTREACH

SECTION 13.1. Establishes the Division of Environmental Assistance and Outreach as a new division within the environmental area of the Department of Environment and Natural Resources. Consolidates and transfers, by a Type I transfer as defined in GS 143A-6, all functions, powers, duties, and obligations previously vested in several subunits of the Department of Environment and Natural Resources (the Office of Environmental Education, the Customer Service Center, the Division of Pollution Prevention and Environmental Assistance, and the Small Business Ombudsman) to the Division of Environmental Assistance and Outreach.

Makes conforming changes to GS 18B-902(h), GS 130A-309.12(a)(6), GS 130A-309.63(b)(2), GS 136-28.8(g), and G. S. 143-58.2(d). Directs the Revisor of Statutes to make any other conforming statutory changes necessary to reflect the transfer.

CONSOLIDATE CERTAIN ENVIRONMENTAL HEALTH PROGRAMS FROM DENR TO DHHS; AMEND ON-SITE WASTEWATER CERTIFICATION

SECTION 13.2. Transfers, with all the elements of Type I transfer as defined by GS 143A-6, several sections of the Department of Environment and Natural Resources (Environmental Health Services Section, Public Health Pest Management Section, On-Site Water

Protection Section, Radiation Protection Section, and Office of Education and Training) to the Division of Public Health of the Department of Health and Human Services.

Makes conforming changes to GS 90A-51, and GS 90A-55(a) and (c), GS 90A-71, GS 104E-5, GS 104E-8(c)(6), GS 104E-9, GS 106-307.2(b), GS 120-70.33(3), and directs the Revisor of Statutes to make any other conforming statutory changes that are necessary to reflect the transfer.

Amends GS 90A-71 to define "Inspector" as a person who conducts an inspection in accordance with rules adopted by North Carolina On-Site Wastewater Contractors and Inspectors Certification Board; "Inspection" of an on-site wastewater system as one that meets minimum requirements established by the Board and is requested by a lending institution, realtor, prospective homebuyer, or other impacted party as a condition of sale, refinancing, or transfer of title; and "Wastewater treatment facility" as a mechanical or chemical treatment facility serving a site with multiple wastewater sources.

Makes technical and conforming changes to GS 90A-72 and amends it to include, as persons authorized to conduct inspections on wastewater systems, employees of the Department of Health and Human Services, a local health department, or a local health district.

Amends GS 90A-73(a)(2) to clarify that a member of the North Carolina On-Site Wastewater Contractors and Inspectors Certification Board must be a water pollution control system operator.

Repeals GS 90A-73(c), (d), and (i), pertaining to filing the oath, dual office holding, and employment of staff.

Amends GS 90A-74 to authorize employment of staff and to make a technical correction regarding examinations developed and administered by the Board.

Adds new subsection (c1) to GS 90A-75 to authorize the Board to hold all fees it collects and to use them for administering Article 5 of Chapter 90A of the General Statutes.

Repeals GS 90A-76.

Amends GS 90A-77(a) to clarify the conditions for certification.

Makes technical changes to GS 90A-81 and clarifies the authority of the Board to seek an injunction.

Directs that any funds remaining as of June 30, 2010, in the On-Site Wastewater Certification Fund within the Department of Environment and Natural Resources shall be credited to the North Carolina On-Site Wastewater Contractors and Inspectors Certification Board and used in accordance with GS 90A-75. Makes transfer effective July 1, 2010, and directs that funds transferred shall be net of any changes enacted by this section.

CONSOLIDATE SHELLFISH SANITATION AND RECREATIONAL WATER QUALITY SECTION WITHIN THE DIVISION OF MARINE FISHERIES

SECTION 13.3. Consolidates and transfers, by a Type I transfer as defined in GS 143A-6, the Shellfish Sanitation and Recreational Water Quality Section of the Division of Environmental Health of the Department of Environment and Natural Resources to the Division of Marine Fisheries of the Department of Environment and Natural Resources. Repeals GS 130A-231 and directs the Revisor of Statutes to make any other conforming changes necessary to reflect this transfer.

CONSOLIDATE PUBLIC WATER SUPPLY SECTION WITHIN DIVISION OF WATER RESOURCES

SECTION 13.4. Consolidates and transfers, by a Type I transfer as defined in GS 143A-6, the Public Water Supply Section of the Division of Environmental Health of the Department of Environment and Natural Resources to the Division of Water Resources of the Department of Environment and Natural Resources. Directs the Revisor of Statutes to make conforming changes necessary to reflect this transfer.

SUSTAINABLE COMMUNITIES TASK FORCE

SECTION 13.5. Enacts new Part 31 (North Carolina Sustainable Communities Task Force) to Article 7 of GS Chapter 143B expires June 30, 2021. Establishes the 11 member North Carolina Sustainable Communities Task Force (Task Force) within the Department of

Environment and Natural Resources to lead the state's sustainable communities initiatives. Lists the Task Force's duties and membership, with five member appointed by the Governor. Requires the Task Force to report to the Governor, House and Senate Commerce Committees, and the Joint Legislative Commission on Governmental Operations by October 1 of each year, beginning in 2011; specifies elements that must be included in the report.

Requires the Departments of Commerce, Transportation, and Environment and Natural Resources, with available funds, to provide a grants program for regional bodies, counties, or cities, will provide supplemental funds to those regional bodies, counties, or cities that meet four specified requirements, including submitting a workplan to the Task Force showing activities to be funded and the public process through which the activities are to be selected. Requires the Departments to report on their progress to the House and Senate Commerce Committees and the Joint Legislative Commission on Governmental Operations.

Directs the Department of Environment and Natural Resources to transfer the vacant District Planner position in the Division of Coastal Management to the Task Force to provide support for the operations and activities of the Task Force.

Makes a conforming change to GS 120-123 (service by members of the General Assembly on certain boards and commissions).

DAM SAFETY FEE

SECTION 13.6. Requires electric utility companies to pay to the Department of Environment and Natural Resources by electric utility companies in a lump sum payment a one-time Dam Evaluation Fee of \$1,100 per equivalent dam unit as defined. Directs that fees collected shall be used to support one time-limited engineering position and operating funds to perform the evaluation and integration of regulated power plant dams into the Department's dam safety inventory program. Further directs that collected fees remain available to the Department and shall not revert until the evaluation and integration of regulated power plants is complete. Effective October 1, 2010.

LITTER REDUCTION FROM DRIVE-THROUGH RESTAURANTS

SECTION 13.7. Adds new subdivision (15) to GS 130A-309.06(a), directing the Department of Environment and Natural Resources to require all restaurants selling food or beverages from a drive through window to provide receptacles for disposal of recyclable materials or solid waste that might otherwise end up as litter on State roads and highways. Makes conforming change to GS 130A-22(a).

INCREASE HAZARDOUS WASTE FEES

SECTION 13.8. Amends GS 130A-294.1(f) to increase the annual fee for certain hazardous waste producers from \$125 to \$170.

INCREASE ADMINISTRATIVE CAP FOR INACTIVE HAZARDOUS WASTE SITES PROGRAM

SECTION 13.9. Amends GS 130A-295.9(1) to authorize the Department of Environment and Natural Resources to use up to 13% (was 7%) of the Inactive Hazardous Sites Cleanup Fund for administrative expenses related to the assessment and remediation of pre 1983 landfills and other inactive hazardous waste sites.

STRENGTHEN PLASTIC BAG RECYCLING

SECTION 13.10. Amends the definition of "Retailer" in GS 130A-309.121 to expand the number of retailers covered by Part 2G of Article 9 of Chapter 130 of the General Statutes (Plastic Bag Management) by eliminating floor space minimums and minimum numbers of stores in a retail chain. Refines the definition of a "Reuseable bag" and specifies materials used for such bags. Requires the Division of Waste Management and the Division of Environmental Assistance and Outreach to monitor plastic bag use reduction resulting from implementation of Part 2G and report to the Environmental Review Commission on or before January 15, 2012, on the impacts the ban has had on plastic bag litter in coastal waterways. Makes technical and conforming changes. Effective January 1, 2011.

PARKS AND RECREATION TRUST FUND/AUTHORITY TO CONSIDER OPERATING EXPENSES

SECTION 13.11. Adds new subsection (b3) to GS 113-44.15 to require the North Carolina Parks and Recreation Authority to consider minimal operating expenses and the optimal operating budget associated with each capital project, repair and renovation project, and each land acquisition, when allocating funds from the Parks and Recreation Trust Fund. Directs that the operating expenses as determined by the Authority be included in the Authority's required annual report.

RECLASSIFY SEVEN VACANT POSITIONS IN THE DIVISION OF PARKS AND RECREATION

SECTION 13.12. Directs the Division of Parks and Recreation of the Department of Environment and Natural Resources to reclassify seven vacant positions within the Division and fill them in a timely manner in order to provide support for new or expanding parks within the State Parks System.

STATE PARKS SYSTEM PLAN

SECTION 13.13. Adds subsection (d) to GS 113-44.11 to require the Department of Environment and Natural Resources to submit electronically the State Park System Plan, and a summary of any changes made to the plan during the previous fiscal year, to the Environmental Review Commission, the Senate and the House of Representatives Appropriations Subcommittees on Natural and Economic Resources, and the Fiscal Research Division, no later than October 1 of each year.

NO NEW FEES FOR PARKING IN STATE PARKS

SECTION 13.14. Directs that funds appropriated to the Department of Environment and Natural Resources for State Parks for the 2010-11 fiscal year shall not be reduced or replaced with fees for parking at State Parks, and that no parking fees may be charged at State Parks during the 2010-2011 fiscal year, unless such fees were charged prior to the 2010-11 fiscal year.

AUTHORITY FOR THE DEPARTMENT OF REVENUE TO SHARE INFORMATION WITH DENR

SECTION 13.15. Adds new subdivision (40) to GS 105-259(b) to permit the disclosure of tax information by a State officer, employee, or agent, in order to provide contact and financial information of companies involved in processing timber products to enable the Secretary of Environment and Natural Resources to comply the Primary Forest Product Assessment Act.

DIVISION OF MARINE FISHERIES AND DIVISION OF FOREST RESOURCES AIRCRAFT MAINTENANCE

SECTION 13.16. Directs the Division of Marine Fisheries of the Department of Environment and Natural Resources to use mechanics employed by the Division of Forest Resources of the Department for aircraft maintenance for all aircraft of the Division of Marine Fisheries unless impracticable. Directs the Division of Forest Resources to develop a process to establish priorities for the aviation maintenance needs of all the aircraft in both the Division of Forest Resources and the Division of Marine Fisheries.

PURCHASE OF COMPUTER SOFTWARE BY DENR FOR DENR AIRCRAFT FLIGHTS AND MAINTENANCE RECORDKEEPING

SECTION 13.17. Directs the Department of Environment and Natural Resources to purchase computer software to establish and maintain a record of the flights and the maintenance of aircraft of the Department, and to use funds realized from the sale of aircraft for this purchase. Provides specific considerations for the Department to incorporate for the purchase and subjects the purchase to state laws and rules regarding the procurement of distributed information technology assets.

REPORT ON DENR AVIATION ACTIVITIES

SECTION 13.18. Requires the Department of Environment and Natural Resources to submit no later than October 1, 2010, a report to the Joint Legislative Commission on Governmental Operations, the House of Representatives and Senate Appropriations Subcommittees on Natural and Economic Resources, and the Fiscal Research Division, that describes the uses of the state aircraft fleet within specific divisions of the Department and that describes the Department's progress in implementing recommendations appearing in Report 2010-04. Directs the Department to include in this report a summary of the Conklin & de Decker report that is due to be submitted to the Division of Forest Resources in August 2010, including any recommendations in the report and the Department's plan for implementing those recommendations.

FISHERY RESOURCE GRANT FUNDS TO BE USED FOR AT-SEA OBSERVER PROGRAM

SECTION 13.19. Requires the Department of Environment and Natural Resources to use \$300,000 of the funds appropriated to the Fishery Resource Grant Program for the 2010-11 fiscal year, to develop and establish the At-Sea Observer Program in the Division of Marine Fisheries. Directs that the funds allocated for the program be used to establish and support three Marine Fisheries Technician II positions to provide at-sea-observer coverage, with the intent being to enable gill net fishing to continue in North Carolina and to enhance the ability of the Division of Marine Fisheries to collect and analyze data regarding the health of fish stock.

GRASSROOTS SCIENCE PROGRAM

SECTION 13.20. Amends Section 13.7.(a) of S.L. 2009-451 to reduce from \$3,411,713 to \$3,241,127 the allocations for grants-in-aid out of the funds appropriated for the Grassroots Science Program for the 2010-11 fiscal year as follows:

	2010-2011
Aurora Fossil Museum	\$54,981
Cape Fear Museum	\$149,898
Carolina Raptor Center	\$104,434
Catawba Science Center	\$136,258
Colburn Earth Science Museum, Inc.	\$69,401
Core Sound Waterfowl Museum	\$46,550
Discovery Place	\$617,128
Eastern NC Regional Science Center	\$46,550
Fascinate-U	\$75,478
Granville County Museum Commission, Inc.—Harris Gallery	\$52,529
Greensboro Children's Museum	\$125,755
The Health Adventure Museum of Pack Place Education, Arts and Science Center, Inc.	\$144,874
Highlands Nature Center	\$73,799
Imagination Station	\$80,097
The Iredell Museums, Inc.	\$57,076
Kidsenses	\$75,673
Museum of Coastal Carolina	\$72,637
The Natural Science Center of Greensboro, Inc.	\$173,496
North Carolina Museum of Life and Science	\$353,618
Pisgah Astronomical Research Institute	\$46,550
Port Discover: Northeastern North Carolina's Center for Hands-On Science, Inc.	\$46,550
Rocky Mount Children's Museum	\$67,269

Schiele Museum of Natural History and Planetarium, Inc.	\$213,708
Sci Works Science Center and Environmental Park of Forsyth County	\$136,390
Sylvan Heights Waterfowl Park and Eco-Center	\$46,550
Western North Carolina Nature Center	\$105,090
Wilmington Children's Museum	\$68,788
Total	\$3,241,127

PART XIV. DEPARTMENT OF COMMERCE

ONE NORTH CAROLINA FUND

SECTION 14.1. Amends Section 14.1 of the Appropriations Act of 2009 to permit the Department of Commerce to use up to \$300,000 to cover its expenses in administering the One North Carolina Fund and other economic development incentive grant programs during 2010-11.

NER BLOCK GRANTS

SECTION 14.2. Makes federal block grant appropriations for the fiscal year ending June 30, 2011, as follows:

COMMUNITY DEVELOPMENT BLOCK GRANT

01. State Administration	\$	1,000,000
02. Scattered Site Housing		16,500,000
03. Economic Development		7,210,000
04. Small Business/Entrepreneurship		3,000,000
05. NC Catalyst		8,240,000
06. State Technical Assistance		450,000
07. Infrastructure		8,000,000
08. Capacity Building		600,000

**TOTAL COMMUNITY DEVELOPMENT
BLOCK GRANT – 2010 Program Year**

\$ 45,000,000

Provides that if federal block grant funds are provided in amounts different from those specified above, then every program shall be reduced or increased, as appropriate, by the same percentage as the reduction or increase in federal funds. Provides that all allocations specified above are maximum allocations, with the exception of NC Catalyst, for which not less than \$8,240,000 shall be used.

Provides that 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 and that grants may be made from funds available within program categories, program income, or unobligated funds.

Requires the Department of Commerce to consult with the Joint Legislative Commission on Governmental Operations prior to reallocating Community Development Block Grant Funds, but permits the Director of Budget to authorize reallocations without consulting with the Commission whenever (1) a reallocation is required because of an emergency that poses an imminent threat to public health or public safety, in which case the Department must report the reallocation to Commission no later than 30 days after it was authorized and shall describe how the reallocation was related to the emergency; or (2) the State will lose or receive less grant funds in the next fiscal year unless a reallocation is made, in which case the Department must provide a written report to the Commission to explain the reason for the proposed reallocation, and 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.

Requires the Division of Community Assistance, Department of Commerce, to report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division on the use of Community Development Block Grant Funds appropriated in the prior fiscal year by September 1, 2010.

STATE AGENCIES AND INSTITUTIONS/GREATER ENERGY EFFICIENCY REPORTING AND COMPLIANCE

SECTION 14.3. Amends subsection (a) of GS 143-64.12 to add a requirement that each state agency and institution of higher learning must address in its management plan the findings or recommendations resulting from the energy audit required in subsection (b1) of the statute.

Adds new subsection (b2) requiring the Department of Administration to submit a report of the energy audit to the affected state agency or institution of higher learning and to the State Energy Office. Requires the State Energy Office to review each audit and, in consultation with the affected agency or institution, to incorporate the audit findings and recommendations into the management plan.

Adds new subsection (j) requiring the State Energy Office to submit a report by September 1 of each year to the Joint Legislative Commission on Governmental Operations describing the comprehensive program to manage energy, water, and other utility use for state agencies and institutions of higher learning required by subsection (a). Further requires the report to contain specified items.

LOCAL WORKFORCE DEVELOPMENT BOARDS/CONSUMER CHOICE REQUIREMENTS

SECTION 14.4. Adds new subdivision (8) to GS 143B-438.11(a), requiring local workforce development boards to provide training services in a manner that maximizes consumer choice in selecting a training provider and does not discriminate against any eligible provider. Further requires each board to make available at one-stop centers a list of eligible providers of training services with a description of programs offered, along with performance information and performance cost information relating to the providers.

WANCHESE SEAFOOD INDUSTRIAL PARK/OREGON INLET FUNDS

SECTION 14.5. Amends subsection (a) of Section 14.4 of SL 2009-451 to clarify that funds appropriated to the Department of Commerce for 2010-11 for the Wanchese Seafood Industrial Park, that remain unexpended and unencumbered as of June 30, 2011, do not revert to the General Fund and instead remain available to the Department to be expended by the park for operations, repair, and capital improvements. Deletes subsection (b). Changes effective date to June 30, 2010.

CONSOLIDATE PASSENGER AIRCRAFT

SECTION 14.6. Makes a transfer, having all the elements of a Type I transfer as defined by GS 143A-6, of the Executive Aircraft Division of the Department of Commerce to the Division of Aviation of the Department of Transportation. Repeals GS 143B-437.011 governing the use of executive aircraft for economic development by the Department of Commerce and adds new GS 136-102.20, essentially restating the repealed section but changing its applicability from the Department of Commerce to the Department of Transportation.

FEE TO ADVERTISE IN WELCOME CENTERS

SECTION 14.7.(a) Amends GS 143B-421.3 by adding a subsection (b) imposing an annual fee on a person who displays advertising materials in a welcome center building. Exempts from the fee any governmental or public sector advertising and advertising materials for an event that will be held 30 or fewer days from the date the material is placed in the welcome center building. Establishes an annual fee of \$100 per welcome center building for materials not more than four inches wide and nine inches long, and \$200 per welcome center building for materials exceeding either dimension. Conforms section and subsection titles. Effective date on the later of July 1, 2010, or the date upon which the act becomes law, and applies to advertising materials placed or displayed in welcome center buildings on or after that date.

AMEND JDIG REPORTING REQUIREMENTS

SECTION 14.8. Amends subsection (c) of GS 143B-437.55 to require the Economic Investment Committee to submit electronically its annual report on the Job Development Investment Grant Program to the House of Representatives Finance Committee, the Senate Finance Committee, the House of Representatives Appropriations Subcommittee on Natural and Economic Resources, the Senate Appropriations Committee on Natural and Economic Resources, and the Fiscal Research Division. Amends subsection (d) to require the Committee to submit the quarterly report mandated by that subsection to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division. Amends subsection (e) to change the date by which the Committee reports on the study required by that subsection to April 1 of each year.

INDUSTRIAL DEVELOPMENT FUND/REPORTING REQUIREMENTS

SECTION 14.9. Amends subsections (c) and (c1) of GS 143B-437.01 to direct the Department of Commerce to make the reports required by those subsections to the Joint Legislative Commission on Governmental Operations on September 1 of each year, rather than to the General Assembly.

WINE AND GRAPE GROWERS COUNCIL/REPORTING REQUIREMENT

SECTION 14.10. Adds new subdivision (14) to GS 143B-437.90 to require the North Carolina Wine and Grape Growers Council to report, by September 1 of each year, to the House of Representatives Appropriations Subcommittee on Natural and Economic Resources, the Senate Appropriations Committee on Natural and Economic Resources, the Joint Legislative Commission on Governmental Operations, and the Fiscal Research Division on the activities of the Council, the status of the wine and grape industry in North Carolina and the United States, progress on the development and implementation of the State Viticulture Plan, and any contracts or agreements entered into by the Council for research, education, or marketing.

LAB-TO-MARKET FUNDS/COMMERCIALIZATION

SECTION 14.11. Requires \$10 million of the funds appropriated to the Department of Commerce Lab-to-Market/Commercialization to be used to support the Armed Forces Institute for Regenerative Medicine.

PROMOTE NORTH CAROLINA DISTILLED SPIRITS

SECTION 14.12. Adds new subsection (e) to GS 18B-800 to require ABC stores to display spirits distilled in North Carolina in an area dedicated solely to North Carolina products.

Enacts new GS 18B-1105.2 to permit any holder of a distillery permit authorized by GS 18B-1105 to conduct a consumer tasting event at the distillery, subject to specified conditions. Further provides that the distillery permit holder is solely liable for violations of GS Chapter 18B in connection with a tasting, and directs the North Carolina ABC Commission to adopt rules to ensure that tastings are limited to samplings and do not result in unlawful sale or distribution of liquor and that tastings are not used by industry members for unlawful inducements to retail permit holders. Effective October 1, 2010.

EMPLOYMENT SECURITY COMMISSION FUNDS

SECTION 14.13. Updates fiscal year references to 2010-11 throughout section 14.17 of SL 2009-451. Amends subsection (b) to remove the reference to the State Occupational Information Coordinating Committee's role in using funds appropriated in that subsection. Amends subsection (c) to reduce the appropriation from the Employment Security Commission Reserve Fund for state initiatives not currently funded through federal grants from \$1 million to \$500,000. Reduces the appropriation in subsection (d) for the system upgrade to the Common Follow-up Management Information System from \$1.5 million to \$1.2 million. Deletes subsection (e) authorization for contracts with nonprofit organizations assisting dislocated workers with obtaining benefits and training. Adds new subsection (f) to appropriate \$1 million from the Worker Training Trust Fund for 2010-11 to fund the Tar Heel Works Program, which provides skills training to recipients of unemployment insurance benefits. Adds new subsection (g) to authorize the

Employment Security Commission to expend from the Unemployment Trust Fund \$205,063,552, of which \$150 million is to be used to design and build the integrated unemployment insurance benefit and tax accounting system, with the remainder being used for the operation of the unemployment insurance program.

SET REGULATORY FEE FOR UTILITIES COMMISSION

SECTION 14.14. Amends Section 14.26 of SL 2009-451 to apply the fee calculation in subsection (a) to revenues earned during each quarter that begins on or after July 1, 2010. Updates fiscal year reference in subsection (b) to 2010-11. Changes effective date of section to July 1, 2010.

REGIONAL ECONOMIC DEVELOPMENT COMMISSIONS ALLOCATIONS

SECTION 14.15. Appropriates funds to each of the seven regional economic development commissions according to a three-step calculation described in the section. Authorizes no more than \$120,000 in state funds to be used for the annual salary of any one employee of a commission. Encourages the commissions to seek supplemental funding from their county and municipal partners.

E-NC AUTHORITY/REPORTING REQUIREMENT

SECTION 14.16. Changes the e-NC Authority's quarterly report requirement in GS 143B-437.47 to an annual report submitted by September 1 of each year.

DEFENSE AND SECURITY TECHNOLOGY ACCELERATOR/REPORTING REQUIREMENT

SECTION 14.17. Requires the Defense and Security Technology Accelerator to report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division, by September 1, 2010, and September 1, 2011, on prior State fiscal year program activities, objectives, accomplishments, itemized expenditures, and fund sources.

COUNCIL OF GOVERNMENT FUNDS

SECTION 14.18. Amends Section 14.21.(a) of SL 2009-451 to reduce the 2010-11 allocation to the Department of Commerce for regional councils of government from \$425,000 to \$403,750.

RURAL ECONOMIC DEVELOPMENT CENTER

SECTION 14.19. Amends Section 14.27.(a) of SL 2009-451 to reflect, of the funds appropriated to the Rural Center, lower allocations to the following:

	2010-2011
Center Administration, Technical Assistance, & Oversight	\$1,446,850
Research and Demonstration Grants	\$326,800
Institute for Rural Entrepreneurship	\$127,300
Community Development Grants	\$938,064
Microenterprise Loan Program	\$172,900
Water/Sewer/Business Development Matching Grants	\$779,950
Statewide Water/Sewer Database	\$88,350
Agricultural Advancement Consortium	\$101,650

RURAL ECONOMIC DEVELOPMENT CENTER/INFRASTRUCTURE PROGRAM

SECTION 14.20. Amends Section 14.28 of SL 2009-451 to revise downward to \$18,339,750 the 2010-11 allocation for the North Carolina Infrastructure Program, matching grants and equity investments for productive reuse of vacant buildings and properties, and economic development research and demonstration grants. Provides that at least \$14,250,000 of the funds appropriated for 2010-11 must be used to provide grants under the North Carolina Infrastructure Program, and that up to \$365,750 of the appropriated funds may be used to cover expenses in administering the North Carolina Economic Infrastructure Program.

OPPORTUNITIES INDUSTRIALIZATION CENTERS FUNDS

SECTION 14.21. Amends Section 14.30.(a) of SL 2009-451 to revise downward to \$319,200 the required distribution for 2010-11 to certified Opportunities Industrialization Centers.

PART XV. JUDICIAL DEPARTMENT

COLLECTION OF WORTHLESS CHECK FUNDS

SECTION 15.1. Allows Judicial Department to use balance remaining in the Collection of Worthless Check Fund on June 30, 2010, to purchase or repair office or information technology equipment during the 2010-11 fiscal year. Requires a report before using the funds.

DIRECT THE OFFICE OF STATE BUDGET AND MANAGEMENT TO RELEASE FUNDS

SECTION 15.2. Provides that if the Office of Indigent Defense Services has more than \$1 million in unpaid fee applications received but unpaid at the end of the 2010-11 fiscal year, the Office of State Budget and Management is to release sufficient funds from the Office of Indigent Defense Services' (IDS) 2011-12 fiscal year appropriation in the first month's allotment to allow payment of the outstanding obligations.

OFFICE OF INDIGENT DEFENSE SERVICES EXPANSION FUNDS

SECTION 15.3. Amends Section 15.12 of SL 2009-451 to permit IDS to use up to \$1 million in appropriated funds to create up to 12 new attorney positions and six new support positions during 2010-11.

CORRECT DEATH PENALTY LITIGATION FUNDING AMOUNT

SECTION 15.4. Amends Section 15.3 of SL 2009-451 to raise from \$376,125 to \$452,604 the amount the Office may use in 2010-11 to contract with the Center for Death Penalty Litigation to provide training, consultation, brief banking, and other assistance to attorneys representing indigent capital defendants.

INCREASE CERTAIN COURT FEES

SECTION 15.5.(a) Amends GS 7A-304(a) to raise two court fees charged to defendants who are convicted or plead guilty (or against prosecuting witnesses): (1) raises from \$95.50 to \$100.50 the court support fee charged in the district court or by a magistrate and (2) raises from \$25 to \$50 the courts support fee charged when a defendant fails to pay a fine, penalty, or costs within 20 days of court-specified date.

SECTION 15.5.(b) Amends GS 7A-305 to raise two court fees charged in civil court for actions brought under GS Chapter 50B (domestic violence) and to impose a new fee: (1) raises from \$93 to \$150 the court-support fee in superior court; (2) raises from \$73 to \$100 the fee in district court; and (3) imposes a new fee of \$40 to be paid by a party filing a motion for summary judgment under Rule 56 of the rules of civil procedure.

SECTION 15.5.(c) Amends GS 7A-307(b1) to add a new \$10 fee to be charged by the clerk of court for assignment of title.

CHILD SUPPORT FEE MODIFICATION

SECTION 15.6. Amends GS 110-134 to raise the filing fee for institution of an action under GS 110-132 (Affidavit of parentage and agreement to support) or GS 110-133 (Agreements of support) from \$4 to an amount equal to that provided in GS 7A-308(a)(18) (currently \$6).

EXPERT FEES

SECTION 15.7. Amends GS 7A-314(d) to add a provision specifying that compensation of experts acting on behalf of the court or prosecutorial offices is to be paid in accordance with rules established by the Administrative Office of the Courts.

PROVIDE CERTAIN COUNTERCLAIM FEES IN DOMESTIC VIOLENCE ACTIONS

SECTION 15.8. Amends GS 7A-305(a1) to provide that regular court costs apply not only to actions that are additional and subsequent to original Chapter 50B (domestic violence) actions, but also to counterclaims.

MODIFY FEES FOR RESUMPTION OF MAIDEN OR FORMER NAME

SECTION 15.9.(a) Adds a new section GS 50-12 to impose a fee of \$10 on requests to resume maiden or premarriage surname made after entry of divorce decree.

INCREASE FEE FOR CERTAIN CASES ASSIGNED TO A MAGISTRATE

SECTION 15.10. Amends GS 7A-305(a)(2) to raise from \$55 to \$65 the court-support fee charged on cases assigned to a magistrate under Article 3 (summary ejection) of GS Chapter 42.

INCREASE ATTORNEY APPOINTMENT FEE

SECTION 15.11. Amends GS 7A-455.1 to raise from \$50 to \$60 the fee that a convicted person must pay to the court when that person has been assigned counsel. Makes a conforming \$10 increase in the amount credited to the Indigent Person's Attorney Fee Fund.

PART XVI. DEPARTMENT OF JUSTICE

REPORTING BY MEDICAID FRAUD CRIMINAL INVESTIGATION TEAM

SECTION 16.1. Enacts new GS 114-2.5A requiring an annual report by the Medicaid Fraud Criminal Investigation Team of the Department of Justice to the Chairs of the Appropriations Subcommittees on Justice and Public Safety and Health and Human Services of the Senate and House of Representatives and with the Fiscal Research Division of the Legislative Services Office, on numbers of cases reported and investigated, numbers in which fraud found, amount of funds recovered in each case, and explanation of how recovered funds were allocated.

PART XVII. DEPARTMENT OF CRIME CONTROL AND PUBLIC SAFETY

PROVIDE FEE SCHEDULE REQUIREMENTS FOR LAW ENFORCEMENT SUPPORT SERVICES

SECTION 17.1.(a) Cites a legislative finding that a centralized evidence and DNA storage facility will provide local law enforcement agencies and clerks of court with a lower cost storage alternative, reducing or eliminating the need for local entities to provide their own storage and streamlining the evidence storage process. Repeals GS 143B-475.2 (which provides for fees to be charged by the Department of Crime Control and Public Safety for certain services, including evidence storage) and enacts new GS 143B-508.1 providing for the establishment of a fee schedule for law enforcement agencies that receive services from the Department's Law Enforcement Support Services Division, including evidence storage. Specifies considerations to be used in setting the fee schedule. Requires a report to specified legislative entities by October 1, 2010. The fee becomes effective July 1, 2011.

PART XVIII. DEPARTMENT OF JUVENILE JUSTICE AND DELINQUENCY PREVENTION

STATE FUNDS MAY BE USED AS FEDERAL MATCHING FUNDS

SECTION 18.1. Provides that funds appropriated to the Department of Juvenile Justice and Delinquency Prevention for 2010-11 may be used as matching funds for the Juvenile Accountability Incentive Block Grants. If North Carolina is awarded such grants, the Office of State Budget and Management and the Governor's Crime Commission are to consult with the Department on criteria for awarding federal funds. Specifies required reports.

REPEAL TREATMENT STAFFING MODEL AT YOUTH DEVELOPMENT CENTERS

SECTION 18.2. Repeals Section 18.4 of SL 2009-451 for purpose indicated in title.

PART XIX. DEPARTMENT OF CORRECTION

FEDERAL GRANT MATCHING FUNDS

SECTION 19.1. Amends Section 19.9 of SL 2009-451 to provide that up to \$1.2 million may be used by the Department of Correction in 2010-11 to provide the State match needed in order to receive federal grant funds. Specifies required reports.

PLAN FOR A PILOT PROGRAM ON PRIVATIZATION OF PROBATION SERVICES

SECTION 19.2. Directs the Department of Correction, Division of Community Corrections, to develop a plan (with possible pilot) for implementing a pilot program on the privatization of probation services. Provides that no pilot may be implemented without prior consent of the General Assembly. Includes a 2011 reporting requirement.

INCREASE FEES FOR PROBATION, PAROLE, AND POST-RELEASE SUPERVISION

SECTION 19.3. Amends GS 15A-1343, GS 15A-1368.4, and GS 15A-1374 to raise from \$30 to \$40 the fee imposed on (1) persons placed on supervised probation, (2) persons placed on post-release supervision, and (3) persons placed on parole. Effective July 1, 2010.

INCREASE FEE FOR COMMUNITY SERVICE PROGRAM

SECTION 19.4. Amends GS 143B-262.4(b) to raise from \$225 to \$300 the fee imposed on persons who participate in the Department of Correction's community service program or receive services from program staff.

PART XX. DEPARTMENT OF ADMINISTRATION

FREEZE STATE MOTOR FLEET VEHICLE ACQUISITION PROGRAM

SECTION 20.1. Prohibits the Department of Administration, Motor Fleet Management, from acquiring vehicles in the 2010-11 fiscal year. Requires that Motor Fleet Management, by July 1, 2011, plan to ensure that 33% of new vehicles purchased in subsequent fiscal years have a fuel economy for the new vehicle's model year in the top 15% of its class of comparable automobiles.

PART XXI. OFFICE OF THE STATE AUDITOR

BATTLESHIP COMMISSION PAY FOR AUDIT

SECTION 21.1. Amends GS 143B-74.1 to require that the Battleship Commission reimburse the State Auditor for the cost of any audit.

STATE PORTS AUTHORITY PAY FOR AUDIT

SECTION 21.2. Amends GS 143B-464 to require that the State Ports Authority reimburse the State Auditor for the cost of any audit.

PART XXII. DEPARTMENT OF CULTURAL RESOURCES

MODIFY TERMS OF THE 2007-2008 GRANT-IN-AID FOR FREEDOM MONUMENT

SECTION 22.1. Allows funds, appropriated by the 2007 General Assembly as a grant-in-aid for North Carolina Freedom Monument Project, Inc., but not used for monument construction, to be used for preconstruction development.

PART XXIII. HOUSING FINANCE AGENCY

ALLOW CREATION OF HOUSING FINANCE CORPORATIONS TO RECEIVE FEDERAL "HARDEST HIT HOUSING MARKETS" FUNDING

SECTION 23.1.(a) Enacts new Article 18, *Housing Finance Corporations*, in GS Chapter 55 (Business Corporations) to form corporations for the purposes of receiving federal funding from the Housing Finance Agency Innovation Fund for the Hardest Hit Housing Markets or similar

funds, and to administer that funding accordingly. Also allows the corporations to contract with the North Carolina Housing Finance Agency to implement fund requirements. Subjects corporations formed under Article 18 to the provisions of GS Chapter 55 that do not conflict with Article 18. Requires a corporation formed under the Article to include the term *Housing Finance Corporation* in its name, and to refrain from confusing the corporation with the North Carolina Housing Finance Agency. Obligates a corporation formed under Article 18 to have a minimum of 13 incorporators, with a majority of the incorporators acting as members of the board of directors of the North Carolina Housing Finance Agency. Allows the corporation's articles of incorporation to provide that only the State may own the capital stack of the corporation. Requires corporations formed under the Article to also meet the definition of *financial institution* under the Emergency Economic Stabilization Act of 2008; provides that Article 18 corporations are not State agencies.

SECTION 23.1.(b) Enacts new Article 18, *Housing Finance Corporations*, in GS Chapter 55A (Nonprofit Corporations) providing identical provisions, powers, and requirements to Article 18 enacted under GS Chapter 55. There is no provision in new Article 18 of GS Chapter 55A allowing the State to own the capital stack of the corporation.

SECTION 23.1.(c) Enacts new GS 122A-5(28), providing the North Carolina Housing Finance Agency power to contract with housing finance corporations organized under Article 18 of Chapter 55 or Article 18 of Chapter 55A.

PART XXIV. DEPARTMENT OF INSURANCE

DEPARTMENT OF INSURANCE HEALTH REFORM AUTHORITY AND POSITIONS

SECTION 24.2.(a) Enacts new GS 58-2-40(10) to direct the Commissioner of Insurance to administer and enforce the provisions of the federal Patient Protection and Affordable Care Act, and the Health Care and Education Reconciliation Act to the extent applicable.

SECTION 24.2.(b) Directs the Department of Insurance to apply for federal funds available under the Acts to fund employment positions. Authorizes the Department, with the Joint Legislative Commission on Governmental Operations, to use funds from the Insurance Regulatory Funds in the absence of federal funding.

PART XXV. OFFICE OF ADMINISTRATIVE HEARINGS

INCREASE FEES FOR FILING A CONTESTED CASE

SECTION 25.1. Amends GS 150B-23.2 to increase the fee for filing a contested case in the Office of Administrative Hearings (OAH) to \$500 (was \$125); adds the provision that the fee apply to contested cases where the amount in controversy equals or exceeds \$50,000, and to cases heard pursuant to agency application under GS 150B-40(e). Makes technical change.

CONTINUE TRANSFER FROM DHHS TO OAH FOR MEDICAID APPEALS

SECTION 25.2. Transfers \$2 million from the Department of Health and Human Services 2010-11 fiscal year funds to the Office of Administrative Hearings for Medicaid mediation services and appeals.

PART XXVI. DEPARTMENT OF REVENUE

MODIFICATION OF METHOD BY WHICH LOCAL GOVERNMENTS REIMBURSE THE STATE FOR PROGRAMS THAT SUPPORT LOCAL GOVERNMENTS

SECTION 26.1.(a) Amends GS 105-501(b) to replace the previous list of applicable programs with a modified list of programs, whose costs are deductible from the collections distributed: (1) costs for the preceding month for the Department of Revenue's (Department) performance of duties under Article 15 (assessments) and for the Property Tax Commission must be credited to the Department; and (2) 1/12 of the costs for the preceding fiscal year for the School of Government's operation of a training program on property tax; personnel and operations from the Department of State Treasurer for the Local Government Commission and; 70% of the

Department of Revenue's expenses for performing duties under Article 2D (collecting unauthorized substance taxes) must be credited to the General Fund.

Increases the amount deducted under GS 105-501 from the net proceeds of the 1/2% sales and use tax levied under Article 42 by an amount equal to the 2009-10 costs incurred by the Department and the Property Tax Commission in performing assessment collections. Allows the Secretary of Revenue to determine the schedule for the deduction, and credits the amount deducted to the General Fund.

Effective July 1, 2010.

PART XXVII. STATE BOARD OF ELECTIONS

RAISE CANDIDATE FILING FEES

SECTION 27.1. Amends GS 163-107(a), GS 163-324(a), GS 163-291(3) and GS 163-294.2(e) to increase the filing fee from 1% to 1.5% of the annual salary of the office sought for all candidates in the subsection. Makes conforming changes. Effective for elections held on or after January 1, 2011.

PART XXVIII. DEPARTMENT OF TRANSPORTATION

CASH FLOW HIGHWAY FUND AND HIGHWAY TRUST FUND APPROPRIATIONS

SECTION 28.1.(a) Repeals Section 25.1 of SL 2009-451 (Appropriations Act) and provides modified anticipated revenues of the Highway Fund and the Highway Trust fund:

The General Assembly authorizes and certifies anticipated revenues of the Highway Fund as follows:

For Fiscal Year 2011-2012	\$ 1,793.1 million
For Fiscal Year 2012-2013	\$ 1,880.6 million
For Fiscal Year 2013-2014	\$ 1,920.5 million
For Fiscal Year 2014-2015	\$ 1,958.9 million

The General Assembly authorizes and certifies anticipated revenues of the Highway Trust Fund as follows:

For Fiscal Year 2011-2012	\$ 989.2 million
For Fiscal Year 2012-2013	\$ 1,046.4 million
For Fiscal Year 2013-2014	\$ 1,078.3 million
For Fiscal Year 2014-2015	\$ 1,120.4 million

DRIVER EDUCATION PROGRAM FUND REVERSION

SECTION 28.2. Enacts new GS 20-88.1(a1), to direct the State Superintendent of Public Instruction (Superintendent) to calculate a per student allocation for the driver education program using a described formula, and to distribute to local school administrative units the amount of funds determined according to the described formula. Amends GS 20-88.1(c), adding that the Department of Public Instruction will revert unused funds from the driver education program to the Highway Fund.

PART XXIX. SALARIES AND BENEFITS

FURLOUGHS AUTHORIZED/PUBLIC SCHOOLS

SECTION 29.1.(a) Presents the General Assembly's findings supporting the economic necessity of allowing local school boards to implement furloughs to balance LEA budgets for the 2010-11 fiscal year.

SECTION 29.1.(b) Authorizes local boards of education, in accordance with Section 7.13 of the Appropriations Act of 2010 (regarding authorizing the SBE to adopt emergency rules granting maximum flexibility to LEAs in the expenditure of state funds), to implement furloughs of state-funded public school employees to offset the LEA funding flexibility adjustment.

SECTION 29.1.(c) Defines *furlough* as a temporary period of leave from employment without pay that (1) is ordered by a local board of education and (2) is not in connection with a demotion

or other disciplinary action. Defines *public school employee* as any person employed by a local school administrative unit, including public officers.

SECTION 29.1.(d) Provides that the provisions of Section 26.14E.(b) and (c) of SL 2009-451 (regarding the impact of economic furloughs on participation in the retirement system and the state health plan) apply to public school employees furloughed pursuant to the section.

SECTION 29.1.(e) Directs LEAs to cooperate with DPI in the implementation of a required furlough.

SECTION 29.1.(f) Directs the SBE to adopt rules for the implementation of this section in accordance with GS 150B-21.1A, except that notwithstanding GS 150B-21.1A(d), those emergency rules may remain in effect until the expiration of this section. Sets as a timetable that the rules should be adopted as soon as practicable, and requires that the adoption of the rules take place no more than 30 calendar days from the effective date of this section. Directs local boards of education to apply the rules in designating the times public school employees may be subject to furlough. Sets out minimal requirements of matters to be addressed in the rules including prohibiting (1) the use of furloughs for employees who work only on instructional days; (2) prohibits furloughs of employees who earn an annual base rate of \$30,000 or less; and (3) the furlough of a teacher on an instructional day or a protected work day. Also requires that the rules direct (1) all of the savings realized as a result of a furlough to be used to offset the LEA funding flexibility; (2) an LEA to cut all bonus pay before imposing a furlough; and (3) a local school board to have a public hearing on the LEAs finances before the local board implements a furlough. Provides that the rules direct the county in which an LEA implements a furlough not to supplant existing local current expense funds for schools; require the local school board to report the details of any furlough implemented by the LEA to the SBE; and that a furlough be for the same number of days all similarly situated employees and for a maximum of two days.

SECTION 29.1.(g) Provides that Section 26.14E.(e) of SL 2009-451 (delineating reporting requirements for the authorizing officer or entity for the use of furlough) applies to furloughs under this section.

SECTION 29.1.(h) Provides that a furlough as implemented by this section does not constitute a demotion.

SECTION 29.1.(i) Provides that public school employees who are not paid out of State funds shall receive the same reduction in pay applicable to State-paid employees in the event a furlough is enacted by an LEA.

SECTION 29.1.(j) Effective when it becomes law and expires June 30, 2011.

TEACHER SALARY SCHEDULES

SECTION 29.2.(a) Establishes the monthly salary schedules for the 2010-11 fiscal year for certified personnel of the public schools who are classified as teachers. The schedule contains 34 steps with each step corresponding to one year of teaching experience. Salaries range from \$3,043 for "A" Teachers with 0 years of experience to \$5,255 for those with 33+ years of experience and from \$3,455 for teachers that are NBPTS certified with 3 years of experience to \$5,886 for those with 33+ years of experience. Salaries range from \$3,347 for "M" teachers with 0 years of experience to \$5,781 for those with 33+ years of experience and from \$3,801 for those that are NBPTS certified with 3 years of experience to \$6,475 for those with 33+ years of experience.

Directs that public school employees paid according to this salary schedule who receive NBPTS certification or obtain a master's degree are not to be prohibited from receiving the appropriate increase in salary. Provided, however, that teachers employed during the 2009-10 school year who did not work the required number of months to acquire an additional year of experience do not receive a decrease in salary as otherwise would be required by the salary schedule.

SECTION 29.2.(b) Specifies the following annual longevity payment rates for teachers: (1) 1.5% percent of base salary for 10 to 14 years of state service; (2) 2.25% of base salary for 15 to 19 years of State service; (3) 3.25% of base salary for 20 to 24 years of State service; and (4) 4.5% of base salary for 25 or more years of State service. The longevity payment must be paid in a lump sum once a year.

SECTION 29.2.(c) Authorizes the following salary supplements (1) \$126 per month in addition to the compensation provided for certified personnel classified as "M" teachers for certified public schoolteachers at the six-year degree level; and (2) \$253 per month in addition to the compensation provided for certified personnel classified as "M" teachers for certified public school teachers with certification based on academic preparation at the doctoral degree level.

SECTION 29.2.(d) Specifies that the first step of the salary schedule for school psychologists is equivalent to Step 5, corresponding to five years of experience, on the salary schedule established in this section for certified personnel of the public schools who are classified as "M" teachers. Directs that certified psychologists be placed on the salary schedule at an appropriate step based on their years of experience and receive longevity payments based on years of state service in the same manner as teachers.

Authorizes the following salary supplements (1) \$126 per month for certified psychologists for certified psychologists with certification based on academic preparation at the six-year degree level; and (2) \$253 per month for certified psychologists for certified psychologists with certification based on academic preparation at the doctoral degree level.

SECTION 29.2.(e) Specifies that speech pathologists who are certified as speech pathologists at the master's degree level and audiologists who are certified as audiologists at the master's degree level and who are employed in the public schools as speech and language specialists and audiologists must be paid on the school psychologist salary schedule.

Authorizes the following salary supplements (1) \$126 per month for speech pathologists and audiologists for certified speech pathologists and audiologists with certification based on academic preparation at the six-year degree level; and (2) \$253 per month for speech pathologists and audiologists for certified speech pathologists and audiologists with certification based on academic preparation at the doctoral degree level.

SECTION 29.2.(f) Directs that certified school nurses who are employed in the public schools as nurses be paid on the "M" salary schedule.

SECTION 29.2.(g) Specifies that, as used in this section, the term "teacher" also includes instructional support personnel.

SCHOOL-BASED ADMINISTRATOR SALARY SCHEDULE

SECTION 29.3.(a) Directs that the base salary schedule for school-based administrators applies only to principals and assistant principals. Establishes the base salary schedule for the 2010-11 fiscal year, commencing July 1, 2010, for principals and assistant principals.

Directs that school-based administrators (1) employed during the 2009-10 school year who did not work the required number of months to acquire an additional year of experience and (2) employed during the 2010-11 school year in the same classification are not to receive a decrease in salary as otherwise would be required by the salary schedule.

SECTION 29.3.(b) Provides that the appropriate classification for the placement of principals and assistant principals, excluding principles of alternative schools and cooperative innovative high schools, on the salary schedule is based on the number of teachers supervised. Specifies that the number of teachers supervised includes teachers and assistant principals paid from State funds only; it does not include teachers or assistant principals paid from non-State funds or the principal or teacher assistants.

Provides that the beginning classification for principals in alternative schools and in cooperative innovative high school programs is the Principal III level. Principals in alternative schools who supervise 33 or more teachers are classified according to the number of teachers supervised.

SECTION 29.3.(c) Directs that a principal be placed on the step on the salary schedule that reflects total number of years of experience as a certificated employee of the public schools and an additional step for every three years of experience as a principal. Prohibits a principal acquiring an additional step for the 2009-10 or 2010-11 fiscal years from receiving a corresponding increase in salary during the 2009-2011 fiscal biennium. Specifies that a principal or assistant principal also continue to receive any additional State-funded percentage increases earned for the 1997-98, 1998-99, and 1999-00 school years for improvement in student performance or maintaining a safe and orderly school.

SECTION 29.3.(d) Directs that principals and assistant principals with certification based on academic preparation at the six-year degree level are to be paid a salary supplement of \$126 per month and at the doctoral degree level are to be paid a salary supplement of \$253 per month.

SECTION 29.3.(e) Directs that longevity pay for principals and assistant principals must be as provided for State employees under the State Personnel Act.

SECTION 29.3.(f) Specifies that if a principal is reassigned to a higher job classification because the principal is transferred to a school within a local school administrative unit with a larger or smaller number of state-allotted teachers, the principal must be placed on the salary schedule as if the principal had served the principal's entire career as a principal at the higher job classification.

Applies to all transfers on or after the effective date of this section, except transfers in school systems created by merging two or more school systems. Transfers in these merged systems are exempt from the provisions of this subsection for one calendar year following the date of the merger.

SECTION 29.3.(g) Directs that participants in an approved full-time master's in school administration program receive up to a 10-month stipend at the beginning salary of an assistant principal during the internship period of the master's program. Specifies that for the 2006-07 fiscal year and subsequent fiscal years, the stipend may not exceed the difference between the beginning salary of an assistant principal plus the cost of tuition, fees, and books and any fellowship funds received by the intern as a full-time student, including awards of the Principal Fellows Program. Requires the Principal Fellows Program or the school of education where the intern participates in a full-time master's in school administration program to supply the DPI with certification of eligible full-time interns.

SECTION 29.3.(h) Provides that for the 2010-11 fiscal year, the placement on the salary schedule of an administrator with a one-year provisional assistant principal's certificate is to be at the entry-level salary for an assistant principal or the appropriate step on the teacher salary schedule, whichever is higher.

FURLOUGHS AUTHORIZED/UNC

SECTION 29.4.(a) Presents the General Assembly's findings supporting the economic necessity of allowing local school boards to implement furloughs to balance the University of North Carolina's and its constituent institutions' budgets for the 2010-11 fiscal year.

SECTION 29.4.(b) Permits the President of the University of North Carolina (UNC) to implement furloughs of university employees or to delegate furlough authority to a chancellor of a constituent institution to offset the UNC Management Flexibility Reduction.

SECTION 29.4.(c) Defines *furlough* as a temporary period of leave from employment without pay that (1) is ordered by the President of The University of North Carolina or a chancellor when delegated and (2) is not in connection with a demotion or other disciplinary action. Defines *university employee* as any permanent full-time, permanent part-time, or time-limited employee of the University of North Carolina, including employees exempt from the State Personnel Act under GS 126-5(c), 126-5(c1), 126-5(c7), and 126-5(c8) and including public officers.

SECTION 29.4.(d) Provides that Section 26.14E.(b) and (c) of SL 2009-451 (regarding the impact of economic furloughs on participation in the retirement system and the state health plan) apply to university employees furloughed pursuant to the section.

SECTION 29.4.(e) Directs UNC constituent institutions to cooperate with the UNC General Administration in the implementation of furloughs, if required.

SECTION 29.4.(f) Directs the UNC Board of Governors to adopt policies for the implementation of this section as soon as practicable, and no more than 30 calendar days from the effective date of this section. Provides that the policies are to remain in effect until the expiration of this section. Requires that the policies are to be applied by the President and the constituent institutions in implementing a furlough of university employees, and are to provide at a minimum, that: (1) the President may establish a salary threshold below which university employees cannot be subject to furlough; (2) no full-time university employee, prorated for any part-time employee, earning \$30,000 or less be subject to furlough; (3) the scheduling of any furlough period is at the discretion of the President or the chancellor of the constituent institution when delegated; (4) no paid leave is to be used to offset all or any portion of a furlough; (5) if a

holiday falls during the mandatory furlough period, the university employee must be paid for the holiday; (6) all savings realized as a result of a furlough must be used to offset the Management Flexibility Reduction for The University of North Carolina.

SECTION 29.4.(g) Provides that the reporting requirements of Section 26.14E.(e) of SL 2009-451 apply to furloughs under this section.

SECTION 29.4.(h) Requires that upon delegation of furlough authority to a chancellor, the constituent institution must develop a furlough plan to be approved by the President consistent with the policies adopted by the UNC Board of Governors. Requires that access to approved furlough plans must be provided to all affected employees.

SECTION 29.4.(i) Effective when it becomes law and expires June 30, 2011.

MONITOR COMPLIANCE WITH FREEZE ON MOST SALARY INCREASES

SECTION 29.5.(a) Directs the Office of State Budget and Management (OSBM) and the Office of State Personnel (OSP) jointly to monitor the compliance of the following units of government with the provisions of Section 26.1A of SL 2009-451 (regarding public employee salaries): (1) State agencies, departments, and institutions, including authorities, boards, and commissions; (2) the judicial branch; and (3) the University of North Carolina and its constituent institutions. Requires the OSBM and the OSP to submit quarterly reports of their monitoring activities to the President Pro Tempore of the Senate, the Speaker of the House of Representatives, and the Fiscal Research Division beginning September 1, 2010. Specifies information to be contained in the required quarterly reports.

SECTION 29.5.(b) Directs the Legislative Services Officer, beginning September 1, 2010, and quarterly thereafter, to report quarterly to the President Pro Tempore of the Senate and the Speaker of the House of Representatives on compliance with Section 26.1A of SL 2009-451.

SALARY-RELATED CONTRIBUTIONS/EMPLOYER

SECTION 29.6. Amends Section 6(c) of SL 2009-16, as amended, to provide that the state's employer contribution rates budgeted for retirement and related benefits as a percentage of covered salaries for the 2010-11 fiscal year are (1) for teachers and state employees, 10.71% (was, 10.51%) and (2) for state law enforcement officers, 15.71% (was, 15.51%). Effective July 1, 2010.

PART XXX. CAPITAL APPROPRIATIONS

GENERAL FUND CAPITAL APPROPRIATIONS

SECTION 30.1. Appropriates from General Fund for fiscal 2010-2011 the following amounts for capital improvements:

Department of Environment and Natural Resources	
Water Resources Development Projects	\$9,130,000
University of North Carolina System	
Appalachian State University	
College of Nursing and Health Sciences Building Advance Planning	2,400,000
East Carolina University	
Life Sciences Building Advance Planning	6,100,000
Elizabeth City State University	
Aviation Complex Planning	533,778
University of North Carolina at Charlotte	
Science Building Advance Planning	4,800,000
University of North Carolina at Wilmington	
Allied Health and Human Sciences Building Advance Planning	1,900,000
Western Carolina University	
Mountain Area Health Education Center Advance Planning	1,300,000
Winston-Salem State University	
Science Building Advance Planning	1,400,000
Total	\$27,563,778

WATER RESOURCES DEVELOPMENT PROJECT FUNDS

SECTION 30.2. Requires Department of Environment and Natural Resources (Department) to allocate the funds appropriated for water resources development projects as follows, to provide a state match for an estimated \$27,404,000 in federal funds.

2010-2011

(1)	Wilmington Harbor Deepening	\$900,000
(2)	Wilmington Harbor Maintenance	2,000,000
(3)	Morehead City Harbor Maintenance	100,000
(4)	Dredging Contingency Fund	1,250,000
(5)	AIWW Dredging	1,000,000
(6)	Bogue Banks Shore Protection Study	5,000
(7)	John H. Kerr Dam and Reservoir Sec. 216	50,000
(8)	Neuse River Basin PED	—
(9)	Princeville Flood Damage Reduction	200,000
(10)	Currituck Sound Environmental Restoration Study	50,000
(11)	Belhaven Harbor – Cap – Sec 1135	350,000
(12)	Surf City/North Topsail Beach Protection Study PED	—
(13)	West Onslow Beach (Topsail Beach) PED	50,000
(14)	Silver Lake Harbor Disposal Area Maintenance	800,000
(15)	Manteo Old House Channel – CAP – Sec. 204	25,000
(16)	Concord Streams Restoration – CAP – Sec. 206	—
(17)	North Carolina International Terminal	—
(18)	Planning Assistance to Communities	—
(19)	State-Local Projects	2,000,000
(20)	Aquatic Plant Control, Statewide and Lake Gaston	350,000
Total		\$9,130,000

Authorizes the Department to adjust allocations among projects as needed where actual costs are different from estimated costs. Specifies that if any projects listed above are delayed and the budgeted State funds cannot be used during 2010-11, or if the projects cost less, The Department may use the remaining funds for US Army Corps of Engineers project feasibility studies, for Corps projects the schedules for which have advanced and require State matching funds for 2010-11, or for State-local water resources development projects. Unspent and unencumbered funds revert to General Fund at end of 2010-11.

Department is to make semiannual reports on use of funds to the Joint Legislative Commission on Governmental Operations, the Fiscal Research Division (FRD), and the Office of State Budget and Management (OSBM). Each report is to include all projects listed above; the estimated cost of each project; the date that work on work on project began or is expected to begin; the date work was completed or is expected to be completed; and the actual cost of each project. Reports must also show those projects advanced in schedule and delayed in schedule, and an estimate of the amount of funds expected to revert.

NON-GENERAL FUND CAPITAL APPROPRIATIONS

SECTION 30.3. Authorizes following capital projects to be funded for 2010-11 with receipts or from other non-General Fund sources available to the appropriate department.

Department of Agriculture and Consumer Services

Upgrade Steam Generation Capability at Food and Drug Facility	\$ 18,000
Western NC Agricultural Center – Storage Shed	23,000
Western NC Agricultural Center – Entertainment Stage	35,000
Western NC Agricultural Center – Youth Building Roof Replacement	3,000
Western NC Agricultural Center – RV Site Improvements	20,000
Western NC Agricultural Center – C&D Barn Access Road	125,000
Western NC Agricultural Center – Handicap Platform	8,000
Western NC Agricultural Center – Exhibits/Cashier Office	70,000
Western NC Agricultural Center – Retention Pond Parking	225,000

Constable Lab Standby Generator/Rollins Lab Security	363,245
Southeastern Agricultural Center – Multipurpose Pavilion	1,290,000
Southeastern Agricultural Center – Horse Stalls	700,000
Research Stations Irrigation Renovations	200,000
Piedmont Research Station – Grain Storage Renovation	400,000
Department of Correction	
Southern Medium Programs Building	600,000
Caledonia Programs Building	600,000
Caswell Programs Building	600,000
Southern Minimum Programs Building	600,000
Randolph Programs Building	600,000
Department of Cultural Resources	
USS NC Battleship Repairs, Dredging, Construction	
Commission Battleship Fund	1,700,000
Department of Environment and Natural Resources	
Forest Resources – Bladen Lakes Ranger Residence	399,000
Department of Justice	
NC Justice Academy Live Fire Shoot House	282,000
Wildlife Resources Commission	
Pisgah Education Center Repairs & Renovation	60,000
Outer Banks Education Center Repairs and Renovation	26,000
Mt. Holly Depot Acquisition	150,000
Statewide Boating Access Areas (BAA) Renovations	3,610,000
Table Rock Hatchery Residence Renovation	150,000
McKinney Lake Equipment Shed	70,000
Fishing Access Areas Construction	180,000
Total	\$13,107,245

07,245

Specifies that \$30,000 of funds deposited with State Treasurer in a capital improvement account for Department of Agriculture and Consumer Services (DACS) pursuant to GS 146-30 is to be transferred to DACS for 2010-11 to be used, notwithstanding GS 146-30, by DACS for its plant conservation program under GS Chapter 106, Article 19B for costs incidental to the acquisition of land and for managing DACS's plant conservation program preserves.

REPAIRS AND RENOVATIONS RESERVE ALLOCATIONS

SECTION 30.4. Allocates 54% of the funds in the Reserve for Repairs and Renovations for 2010-11 to UNC Board of Governors (BOG) for repairs and renovations in accordance with guidelines developed in UNC's Funding Allocation Model for Reserve for Repairs and Renovations, as approved by BOG, and 46% to Office of State Budget and Management for repairs and renovations, in both cases pursuant to GS 143C-4-3.

Notwithstanding GS 143C-4-3, BOG may allocate funds for repair and renovation of facilities not supported from General Fund if BOG determines that sufficient funds are not available from other sources and that conditions warrant General Fund assistance. BOG must include any such finding in its submission to Joint Legislative Commission on Governmental Operations on the proposed allocation of funds.

Requires BOG and Office of State Budget and Management to consult with Joint Legislative Commission on Governmental Operations before allocating or reallocating these funds.

Requires a portion of the funds allocated to BOG above to be used by BOG to install fire sprinklers in university residence halls. This portion is in addition to funds otherwise appropriated in act for same purpose. President is to consider factors specified in act when allocating funds.

BOG is to submit progress reports on January 1 and July 1 to Joint Legislative Commission on Governmental Operations until all residence halls have fire sprinklers. Reports are to include the status of completed, current, and planned projects; information on the financial

status of each constituent institution's housing system; each institution's ability to pay for fire protection in residence halls; and the timing of installation of fire sprinklers.

Requires a portion of the funds allocated to BOG above to be used by BOG for campus public safety improvements allowable under GS 143C-4-3(b).

AMENDMENTS TO 2008 WILDLIFE RESOURCES COMMISSION NON-GENERAL FUND CAPITAL IMPROVEMENT AUTHORIZATIONS.

SECTION 30.5. Amends SL 2009-451, subsection 27.4.(a), to make the following changes in capital projects to be funded with receipts or from other non-General Fund sources available to the Wildlife Resources Commission (WRC). Increases appropriation for state gamelands acquisition from \$59.135 million to \$20 million. Adds new appropriation of \$4 million for Marion hatchery and depot renovation. Deletes \$7.9 million appropriation for new coldwater fish hatchery construction. Adds \$3.5 million in statewide emergency repair and renovation funding. WRC is not to spend any of the funds authorized to be spent for statewide emergency repair and renovation without first obtaining approval from the Office of State Budget and Management.

AMEND COPS AUTHORIZATION LANGUAGE/UNCG

SECTION 30.6. Amends SL 2008—107, Sec. 27.8(a), subdivision (13), to specify that up to \$4.5 million of the special indebtedness that the State is authorized to incur to finance the capital facility costs of completing an academic classroom and office building at UNC-Greensboro (UNCG) may be used (1) to acquire real property for an academic building, a University Police building, and a student recreation facility, and (2) for construction of a new railroad underpass to connect the current central campus to W. Lee St.

Adds new Sec. 27.8(a), subdivision (11a), to SL 2008-107 to authorize the State to incur special indebtedness of up to \$4 million to finance the capital facility costs of completing infrastructure at the Innovation Center at the Carolina North Campus of UNC-Chapel Hill.

PART XXXI. TAX CHANGES

IRC UPDATE

SECTION 31.1. Amends reference to IRC in GS 105-228.90(b)(1b), (definitions) to specify that IRC as enacted as of May 1, 2010, applies (was, 2009).

Amends GS 105-134.6(d) to make two adjustments to taxable income. (1) Taxpayer must add to income for taxable years 2003 through 2006 the amount of any 2008 or 2009 net operating loss deduction claimed on a federal return under section 172(b)(1)(H) or section 810(b)(4) of the IRC. This addition does not apply to a net operating loss deduction of an eligible small business as defined under section 172(b)(1)(H). (2) For taxable years 2011 through 2013, taxpayer may deduct one-third of net operating loss absorbed on taxpayer's 2003 through 2006 federal returns under section 172(b)(1)(H) or section 810(b)(4) of the IRC.

CAP TAX RATE ON INCOME FROM FAMILY-OWNED AND OTHER SMALL BUSINESS. AMENDS GS 105-

SECTION 31.2 Amends GS 105-134.2 to specify that the tax rate imposed on the net business income of a taxpayer who receives income from a small business may not exceed the rate imposed on a corporation under GS 105-130. Defines "small business" as one with gross receipts of no more than \$850,000 from all business activity in a taxable year. "Small business income" under this new GS 105-134.2 does not include passive income under IRC. Effective for taxable years beginning on or after 1/1/2010.

LOWER SALES TAX COMPLIANCE BURDEN ON SMALL RETAILERS

SECTION 31.3. Amends GS 105-164.16(b1) to require monthly returns and payments of State sales and use taxes by taxpayers who are consistently liable for at least \$100 but *less than* \$15,000 (was, \$10,000). per month in State sales and use taxes, effective 10/1/10 Amount increases to \$20,000 on 7/1/11. Makes same changes in GS 105-164.16(b2) (prepayment of next month's tax liability). Requires Secretary of Revenue, when Secretary conducts a review of taxpayer's sales and use tax payment schedule requirements under GS 105-164.16(b3), to

identify the taxpayers who are no longer required to make a monthly prepayment of the next month's sales and use tax liability because of the change in the sales tax payment threshold, and to notify those taxpayers of the change.

RELIEVE ANNUAL REPORT COMPLIANCE BURDEN ON SMALL BUSINESS

SECTION 31.4 Amends GS 55-16-22(c) to change the filing date for annual corporate reports to Secretary of State from the 15th day of the third month following the close of the corporation's fiscal year to the 15th day of the fourth month. Revises GS 57-2-23 to further clarify that annual reports of domestic and foreign limited liability companies to Secretary of State need not restate information required on annual report if information has not changed and if company so certifies on its report.

Effective when it becomes law, except that a limited liability company whose articles of incorporation were filed on or after 1/1/2010 but before 4/15/2010 is not required to file an annual report until 4/15/2011. A company formed during this period that has filed an annual report that is not required is considered to have filed the 4/15/2011 report. A company that was formed before 1/1/2009 that has filed a report in each year after the calendar year in which its articles of incorporation were filed is considered to have met its annual reporting requirements.

EXTEND SUNSET ON EXPIRING TAX INCENTIVE INCOME TAX CREDITS AND SALES TAX REFUNDS ONE YEAR

SECTION 31.5. Amends GS 105-129.75 (sunset for rehabilitation projects), GS 105-163.015 (certain investments), 105-164.14(a1) (airline fuel sales and use tax), and GS 105-164.14(l) (aviation fuel for motorsports teams and sanctioning bodies), to extend sunsets from 1/1/2011 to 1/1/2012.

MODERNIZE SALES TAX ON ACCOMMODATIONS

SECTION 31.6. Rewrites GS 105-164.4(a)(3) as title indicates. Clarifies that the sales price of the rental of an accommodation is determined as if the rental were a service. Defines accommodation for purposes of tax as a hotel or motel room, a residence, a cottage or a similar space for occupancy by an individual. Does not change provisions specifying that tax does not apply to a residence or cottage that is rented for less than 15 days in a calendar year or an accommodation provided to the same person for 90 or more consecutive days.

Makes stylistic changes in definitions in law. Also adds "facilitators" to statute. A facilitator is a person who, by written contract, is not the rental agent of the provider of the accommodation but is authorized by the provider to facilitate the rental and to charge a transient for the rental. A facilitator is considered a retailer for the purpose of determining the sales price of the accommodation, and charges designated as facilitation or similar fees are included in the sales price.

Facilitator must report the sales price to the provider and must send the provider the tax due on the sales price. If facilitator does not do so, facilitator is liable for the amount of the tax that provider does not send in, and provider is not liable for tax due but not received from facilitator. Tax payment received by provider from a facilitator are held in trust by provider for the Secretary of Revenue and must be remitted to the Secretary. Facilitator is not liable for tax sent to a provider but not remitted to Secretary of Revenue by the provider. The requirements imposed by GS 105-164.4(a)(3) on provider and facilitator are considered terms of the contract between them.

Amends GS 105-164.4B to specify that the rental of a transient accommodation is sourced to the location of the accommodation for purposes of the sale of the product.

Makes primarily stylistic and clarifying changes in GS 153A-155(c) and (g) (county room occupancy taxes) and to GS 160A-215(c) and (g) (city occupancy taxes). Makes clear that the room occupancy tax applies to the same gross receipts as the State sales tax on accommodations and is calculated in the same manner. Also specifies that rental agent or facilitator has the same responsibility and liability under the room occupancy tax as under the State sales tax. GS 153A-155(c) and 160A-215(c) apply to all counties and cities, respectively that levy an occupancy tax. To the extent that either subsection conflicts with any provision of a local act, the subsection supersedes that local act provision.

Effective January 1, 2011, and applies to gross receipts derived from accommodations provided on or after that date.

MODERNIZE ADMISSIONS TAX AND RESTORE AMENITIES EXCLUSION

SECTION 31.7. Makes clarifying and technical changes and the following substantive revisions.

Rewrites GS 105-37.1(a)(1) to specify that privilege tax applies to gross admissions receipts of a person who is engaged in providing admission to live entertainment of any kind. Gross admissions receipts do not include charges for amenities. If those charges are not separately stated on the face of the ticket, then the admission charge is considered to be equal to the admission charge for a ticket to the same event that does not include amenities and is for a seat located directly in front of or closest to a seat with amenities.

Rewrites GS 105-37.1(a)(2) to add privilege tax on gross receipts of a person who resells on the Internet under GS 14-344.1 admission tickets that are taxable under the paragraph above. If the ticket price is printed on the face of the ticket, gross receipts exclude the face price. If ticket price is not printed on the face of the ticket, that tax applies to the difference between the amount the reseller paid and the amount the reseller charges for the ticket. Rate of privilege tax imposed by both of these sections is 3%.

Takes away counties' authority to levy privilege license tax of up to \$25 on exhibiting a performance, show, or exhibition such as a circus or dog show that is not taxed under another provision of the privilege license tax law.

Specifies that if any provision of act is declared by a court to violate the Internet Tax Freedom Act, Pub. L. 105-277, §§ 1100-1104, as amended, or is otherwise found to be invalid, then GS 14-344.1 (Internet sale of admission tickets in excess of printed price) is repealed.

Repeals GS 14-344.1(e), dealing with report on receipts from resell of tickets on Internet.

Revises GS 105-264(c) to specify that an interpretation by Secretary of Revenue that revises a prior interpretation by expanding the scope of a tax or otherwise increasing the amount of tax due may not become effective sooner than the first day of a month that is at least 90 days after the date the revised interpretation is issued, for taxes that are paid monthly or quarterly; or the first day of a tax year that begins after the date the revised interpretation is issued.

Revised GS 105-37.1(a)(2) (Internet ticket sales) becomes effective January 1, 2011, and applies to admission tickets sold on or after that date. Revised GS 105-37.1(a)(1) and revised section on rate of tax become effective August 1, 2010. Revised GS 105-37.1(a)(1) applies to charges for admission received on or after August 1, 2010. The remainder of this section is effective when it becomes law.

IMPROVE TAX AND DEBT COLLECTION PROCESS.

SECTION 31.8. Amends GS 147-86.10(1) to include taxes in definition of accounts receivable for purposes of Article 6, GS Chapter 147, concerning State Treasurer and amends GS 147-86.25 to require State Controller to add overdue tax debts as defined by GS 105-243.1 to existing setoff debt collection program. Deletes provision of statute dealing with notification of debtor and contesting setoff.

Makes setoff debt program applicable to businesses as well as individuals, and adds community colleges to list of agencies that are specifically authorized to participate in setoff debt collection program. Specifies that federal identification number may be used in lieu of social security number. Sets out new procedure for attachment and garnishment from financial institutions of intangible personal property, including electronic and other notification procedures.

Attachment and garnishment provisions become effective 1/1/2011. Remainder of section is effective when it becomes law.

REDUCE FRANCHISE TAX BURDEN ON CONSTRUCTION COMPANIES.

SECTION 31.9. Specifies that a taxpayer that paid franchise tax in taxable years 2007, 2008, or 2009 that included billings in excess of costs in its capital base may apply to the Department of Revenue for a refund of any excess tax paid to the extent that the refund is the result of the change in law enacted by SL 2009-422, "An act to remove billings in excess of costs from the franchise tax capital base for taxpayers using the percentage of completion method of

revenue recognition.” Request for refund must be made on or before 1/1/2011, and is barred thereafter. Amends SL 2009-422 to make that act apply retroactively for taxable years beginning on or after 1/1/2007.

FAIR TAX PENALTIES

SECTION 31.10. Amends GS 105-236(a)(4) to prevent the application of a penalty when the Secretary of Revenue (Secretary) assesses the tax due but not shown on a return and the tax due is paid within 45 after the later of: (1) the notice date for the proposed tax assessment if the taxpayer does not file a timely request for Departmental review; or (2) the date the assessment becomes collectible if the taxpayer files a timely request for review. Also prevents the application of a penalty when a taxpayer files, at the Secretary’s request, a consolidated return under GS 105-130.6 (subsidiary and affiliated corporations) and the tax due is paid within 45 days after the later of: (1) the date the consolidated return is filed, if the taxpayer does not timely request Departmental review; or (2) if the taxpayer files a timely request for review, the date the review ends upon the occurrence of listed actions. Amends GS 105-236(a)(5) to provide that the amount of tax shown as due on a consolidated return under GS 105-130.6 is not a deficiency and is not subject to the *Negligence* subdivision. Effective when the act becomes law, and applies to penalties assessed and unpaid as of the effective date, penalties that are paid but are based on a tax that is the subject of pending administrative or judicial actions, and penalties and taxes assessed on or after that date.

CREDIT FOR CONSTRUCTING A RENEWABLE ENERGY PROPERTY FACILITY.

SECTION 31.11. Adds new GS 105-121.16l specifying that a taxpayer that constructs and places in service a commercial facility for the manufacture of renewable energy property is allowed a credit of 25% of the cost to the taxpayer of constructing and equipping the facility. Credit must be taken in seven equal annual installments beginning with the taxable year in which the facility is placed in service. If the facility is disposed of or taken out of service in one of the years in which the installment of a credit accrues, the credit expires and the taxpayer loses the remaining installments. Taxpayer may, however, take the portion of an installment that accrued previously and was carried forward to the extent permitted under GS 105-129.17. Taxpayer may not take this credit if taxpayer claims any other tax credit allowed for construction of same facility. Repealed effective for a renewable energy facility placed in service on or after 1/1/2014.

PART XXXII. MISCELLANEOUS PROVISIONS

COMMITTEE REPORT

SECTION 32.2.(a) The Senate Appropriations Committee Report On The Continuation, Expansion and Capital Budgets for Senate Bill 897, dated May 16, 2010, which was distributed in the Senate and the House of Representatives is to be used to construe the act.

MOST TEXT APPLIES ONLY TO THE 2010-2011 FISCAL YEAR

SECTION 32.3. Except for statutory changes or other provisions that clearly indicate an intention to have effects beyond the 2010-11 fiscal year, the textual provisions of this act apply only to funds appropriated for, and activities occurring during, the 2010-11 fiscal year.

EFFECT OF HEADINGS

SECTION 32.4. Provides that the headings are for reference only.

APPROPRIATIONS LIMITATIONS AND DIRECTIONS APPLY

SECTION 32.5. Provides that except where expressly repealed or amended by this act, the provisions of S.L. 2009-451 and SL 2009-575 remain in effect.

SEVERABILITY CLAUSE

SECTION 32.6. If any section or provision of this act is declared unconstitutional or invalid by the courts, it does not affect the validity of this act as a whole or any part other than the part so declared to be unconstitutional or invalid.

EFFECTIVE DATE

SECTION 32.7. Except as otherwise provided, this act becomes effective July 1, 2010.

June 1, 2010

S 897. APPROPRIATIONS ACT OF 2010. Filed 3/25/09. House committee substitute makes the following changes to 3rd edition.

Changes the title to *AN ACT TO MODIFY THE CURRENT OPERATIONS AND CAPITAL IMPROVEMENTS APPROPRIATIONS ACT OF 2009 BY ADJUSTING APPROPRIATIONS FOR THE 2010-2011 FISCAL YEAR; TO CONFORM TO CHANGES MADE IN THE INTERNAL REVENUE CODE; TO EXTEND AND ENHANCE THE TAX CREDIT FOR INVESTMENTS IN QUALIFIED BUSINESS VENTURES; TO EXTEND THE TAX CREDIT FOR SMALL BUSINESSES THAT PROVIDE HEALTH INSURANCE TO THEIR EMPLOYEES; AND TO PROVIDE FOR A TAX CREDIT FOR SMALL BUSINESSES THAT CREATE JOBS.*

PART I. INTRODUCTION AND TITLE OF ACT

TITLE OF ACT

SECTION 1.1. Identical to 3rd edition.

INTRODUCTION

SECTION 1.2. Identical to 3rd edition.

PART II. CURRENT OPERATIONS AND EXPANSION GENERAL FUND

CURRENT OPERATIONS AND EXPANSION/GENERAL FUND

SECTION 2.1. Increases and (decreases) appropriations from the General Fund for operating expenditures as follows:

**Current Operations – General Fund
2010-2011**

EDUCATION

Community Colleges System Office	\$ 36,581,844
Department of Public Instruction	(289,017,128)
University of North Carolina – Board of Governors	
Appalachian State University	1,596,619
East Carolina University: Academic Affairs	4,801,587
Elizabeth City State University	535,182
Fayetteville State University	1,115,416
NC A&T State University	2,012,592
NC Central University	333,852
NC State University: Academic Affairs	7,926,606
UNC-Asheville	532,691
UNC-Chapel Hill	
Academic Affairs	4,226,263
Health Affairs	156,027
AHEC	109,065
UNC-Charlotte	5,585,300
UNC-Greensboro	2,993,959
UNC-Pembroke	732,505
UNC-School of the Arts	410,161
UNC-Wilmington	2,621,171
Western Carolina University	750,510
Winston-Salem State University	798,672
General Administration	(410,863)
University Institutional Programs	(132,260,448)

Related Educational Programs	13,862,815
UNC Financial Aid Private Colleges	4,488,129
NC School of Science & Math	80,851
UNC Hospitals	(15,000,000)
Total University of North Carolina – Board of Governors	\$ (92,001,338)

HEALTH AND HUMAN SERVICES

Department of Health and Human Services	
Central Management and Support	\$ (1,894,959)
Division of Aging and Adult Services	-
Division of Blind Services/Deaf/HH	(707,912)
Division of Child Development	(29,959,584)
Office of Education Services	(2,885,539)
Division of Health Service Regulation	(1,915,531)
Division of Medical Assistance	(314,978,617)
Division of Mental Health, Dev. Disabilities and Sub. Abuse	16,785,760
NC Health Choice	3,135,450
Division of Public Health	(5,619,724)
Division of Social Services	(11,126,752)
Division of Vocation Rehabilitation	(1,805,713)
Total Health and Human Services	\$ (350,973,121)

NATURAL AND ECONOMIC RESOURCES

Department of Agriculture and Consumer Services	\$ 826,343
Department of Commerce	
Commerce	19,250,959
Commerce State-Aid	9,630,564
NC Biotechnology Center	4,274,905
Rural Economic Development Center	3,933,378
Department of Environment and Natural Resources	3,490,981
Department of Labor	(902,555)

JUSTICE AND PUBLIC SAFETY

Department of Correction	\$ (41,669,163)
Department of Crime Control and Public Safety	(1,106,592)
Judicial Department	(11,216,251)
Judicial Department – Indigent Defense	(4,056,626)
Department of Justice	(3,200,916)
Department of Juvenile Justice and Delinquency Prevention	(1,456,758)

GENERAL GOVERNMENT

Department of Administration	\$ (734,950)
Department of State Auditor	(473,265)
Office of State Controller	8,375,323
Department of Cultural Resources	
Cultural Resources	(2,137,000)
Roanoke Island Commission	(71,663)
State Board of Elections	380,559
General Assembly	(2,229,859)
Office of the Governor	
Office of the Governor	(217,832)
Office of State Budget and Management	(242,610)
OSBM – Reserve for Special Appropriations	496,661
Housing Finance Agency	(525,903)
Department of Insurance	
Insurance	(2,213,620)

Office of Lieutenant Governor	(33,539)
Office of Administrative Hearings	(160,963)
Department of Revenue	(2,319,341)
Department of Secretary of State	(415,575)
Department of State Treasurer	
State Treasurer	(380,086)

RESERVES, ADJUSTMENTS, AND DEBT SERVICE

State Retirement System Contributions	\$ 40,000,000
Judicial Retirement System Contributions	1,000,000
Firemen's and Rescue Squad Workers System Contributions	1,000,000
Job Development Investment Grants (JDIG)	(6,600,000)
Reserve for Modernization of 1040 e-File Platform	1,504,718
Debt Service	
General Debt Service	(9,799,385)

TOTAL CURRENT OPERATIONS – GENERAL FUND **\$ (693,409,804)**

GENERAL FUND AVAILABILITY STATEMENT

SECTION 2.2. Repeals the General Fund availability statement in the 2009 Appropriations Act and substitutes the following:

	FY 2010-2011
Unappropriated Balance Remaining from Previous Year	3,702,182
Adjustment from Estimated to Actual FY 2009-2010 Beginning Unreserved Fund Balance	270,080
Beginning Unreserved Fund Balance	3,972,262
Revenues Based on Existing Tax Structure	18,199,339,016
Nontax Revenues	
Investment Income	57,500,000
Judicial Fees	239,100,000
Disproportionate Share	100,000,000
Insurance	67,000,000
Other Nontax Revenues	182,700,000
Highway Trust Fund/Use Tax Reimbursement Transfer	72,800,000
Highway Fund Transfer	17,600,000
Subtotal Nontax Revenues	736,700,000
Total General Fund Availability	18,940,011,278
Adjustments to Availability: Senate Bill 897	
Internal Revenue Code Conformity	(7,700,000)
Tax Benefits for Investments in Small Business	(3,600,000)
Tax Benefits for Small Businesses That Provide Health Insurance	(7,200,000)
Tax Benefits for Putting People Back to Work	(7,200,000)
Reserve for Pending Finance Legislation	(34,300,000)
Department of Revenue Settlement Initiative	110,000,000
Transfer from Disproportionate Share Reserve	35,000,000
Loss of Estate Tax Revenue	(85,000,000)
Transfer from Wildlife Resources Commission Fund	3,000,000
Divert Funds from Scrap Tire Disposal Account	2,500,000
Divert Funds from White Goods Fund	1,200,000
Transfer from Mercury Pollution Prevention Fund	2,250,000
Transfer from Express Permitting Fund	600,000

Transfer from Bladen Lakes Special Fund	500,000
Transfer from Aquariums Fund	2,000,000
Revert Funds from ECU Magnetic Resonance Imaging Lease and Equipment Fund	2,000,000
Adjust Transfer from Insurance Regulatory Fund	(2,213,620)
Adjust Transfer from Treasurer's Office	(380,086)

Subtotal Adjustments to Availability: Senate Bill 897	11,456,294
Revised General Fund Availability	18,951,467,572
Less General Fund Appropriations	18,875,484,772
Balance Remaining for Savings Reserve Account	75,982,800

SECTION 2.2.(b) Deletes the provision of the 3rd edition and instead requires the State Controller to reserve the remaining balance in Section 2.1 to the Savings Reserve Account, except for funds transferred in Section 2.3.

SECTION 2.2. (c) Deletes the provision of the 3rd edition and instead requires the secretary of revenue to credit to the General Fund the tax proceeds that the Secretary is directed under GS 105-187.19(b) to credit to the Scrap Tire Disposal Account, effective for taxes levied during the 2010-11 fiscal year.

SECTION 2.2. (d) Deletes the provision of the 3rd edition and instead requires the Secretary of Revenue to credit to the General Fund the net tax proceeds that the Secretary is directed under GS 105-187.27 to credit to the White Goods Management Account, effective for taxes levied during the 2010-11 fiscal year.

SECTION 2.2. (e) New provision requires the Brody School of Medicine to transfer \$2 million to the Office of State Controller for deposit into intrastate transfers for 2010-11.

SECTION 2.2. (f) New provision amends Section 2.2(g) of SL 2009-451, as amended, to require that the specified amounts that are transferred to the State Controller for Intrastate Transfers be used to support the General Fund appropriations for the 2009-10 fiscal year (was, appropriations for the 2009-11 fiscal biennium).

SECTION 2.2. (g) New provision requires the amounts below be transferred to the State Controller, effective July 1, 2010, to be deposited in Intrastate Transfers. Requires that the funds be used to support the General Fund appropriations for 2010-11.

			FY 2010-2011
Budget Code	Fund Code	Description	Amount
24300	2119	Mercury Pollution Prevention	2,250,000
24300	2221	Forestry – Bladen Lakes	500,000
24300	2356	Express Permitting	600,000
24300	2865	N.C. Aquariums	2,000,000
24350		Wildlife Resources Commission Fund	3,000,000

SECTION 2.2. (h) New provision amends Section 2.2(h) of SL 2009-451 to require that the funds that the \$5 million that is to be transferred from the Tobacco Fund to Intrastate Transfers to support appropriations from 2009-10 and 2010-11, be transferred on or after April 30, 2011 (was, 2010).

DESIGNATE EXCESS FUNDS GENERATED BY THE DEPARTMENT OF REVENUE SETTLEMENT INITIATIVE TO SUPPLEMENT CONTRIBUTION TO THE STATE RETIREMENT SYSTEM

SECTION 2.3. New section states findings and the General Assembly's intent to address the Teachers' and State Employees' Retirement System's (System) financial needs and to establish a way to increase funding to the System by using certain General Fund excess revenue. Transfers to the System any excess from additional tax revenue generated by the Department of Revenue Settlement Initiative to resolve outstanding disputes with businesses owing taxes to the State, in the event that the General Fund revenues are (1) at or above those projected by the Governor and the Fiscal Research Division and (2) sufficient to meet the level of appropriations from the General Fund for the 2010-11 fiscal year. Appropriates up to \$135 million of that excess revenue for 2010-11 and requires those funds to be transferred from the Reserve for Teachers' and State Employees' Retirement System to the Pension Accumulation Fund of the System.

PART III. CURRENT OPERATIONS/HIGHWAY FUND

CURRENT OPERATIONS/HIGHWAY FUND

SECTION 3.1. Increase (and decreases) appropriations from the Highway Fund for operating expenditures as follows:

	2010-2011
Department of Transportation	
Administration	\$ (1,360,746)
Division of Highways	
Administration	0
Construction	3,840,718
Maintenance	(2,078,811)
Planning and Research	0
OSHA Program	0
Ferry Operations	11,349,869
State Aid	
Municipalities	(785,319)
Public Transportation	0
Airports 500,000	
Railroads	6,325,000
Governor's Highway Safety Program	0
Division of Motor Vehicles	200,325
Transfers to Other State Agencies, and Reserves	34,898,964
TOTAL	\$ 52,890,000

HIGHWAY FUND AVAILABILITY

SECTION 3.2. Identical to 3rd edition.

PART IV. HIGHWAY TRUST FUND APPROPRIATIONS

CURRENT OPERATIONS/HIGHWAY TRUST FUND

SECTION 4.1. Identical to 3rd edition.

HIGHWAY TRUST FUND AVAILABILITY STATEMENT

SECTION 4.2. Identical to 3rd edition.

PART V. OTHER APPROPRIATIONS

EDUCATION LOTTERY

SECTION 5.1. (a) Identical to 3rd edition.

SECTION 5.1. (b) Same as (c) in the 3rd edition, except requires the balance of the excess lottery revenues realized in the 2009-10 fiscal year be used for class size reduction (was, for scholarships for need students).

SECTION 5.1. (c) Identical to (d) in the 3rd edition.

SECTION 5.1. (d) New provision requires \$16,808,076, to be transferred from the Education Lottery Reserve Fund to the Education Lottery Fund, to be allocated for class size reduction.

SECTION 5.1. (e) Same as (b) in the 3rd edition, except increases the total amount appropriated from the Education Lottery Fund to \$477,488,893 (was, \$441,347,500) and increases the amount appropriated for class size reduction and reduces the amounts appropriated for public school building capital fund and scholarships for need students.

SECTION 5.1. (f), (g) Deletes (e) and (f) of the 3rd edition. New provision allocates to the counties the funds appropriated in (e) to the Public School Building Capital Fund for 2010-11. Provides that if the actual net lottery revenues for 2010-11 exceed the amount appropriated, the excess must be allocated on the basis of average daily membership to local school units that did not qualify for funding in 2010-11 under GS 115C-546.2(d)(2). Allows counties to authorize local school administrative units to use the funds received from the Public School Capital Fund for one or more of the following only (1) school construction projects, (2) retire indebtedness incurred for school construction projects incurred on or after January 1, 2003, and (3) for classroom teachers.

INFORMATION TECHNOLOGY AVAILABILITY AND APPROPRIATIONS

SECTION 5.2. Deleted.

APPROPRIATION OF CASH BALANCES

SECTION 5.3. Identical to 3rd edition.

OTHER RECEIPTS FROM PENDING GRANT AWARDS

SECTION 5.4. Identical to 3rd edition.

PART VI. GENERAL PROVISIONS

EXPENDITURE OF FUNDS IN RESERVES LIMITED

SECTION 6.1. Identical to 3rd edition.

BUDGET CODE CONSOLIDATIONS

SECTION 6.2. Identical to 3rd edition.

BUDGET REALIGNMENT

SECTION 6.3. Identical to 3rd edition.

BUDGET ADJUSTMENTS AUTHORIZED

SECTION 6.4.(a). Same as 3rd edition except references that GS 143C-6-4(b)(3) will not impact the provision (3rd edition referenced GS 143C-6-4(a) or any other provision of law).

SECTION 6.4.(b). Identical to 3rd edition.

ESTABLISHING OR INCREASING FEES PURSUANT TO THIS ACT

SECTION 6.5. Identical to 3rd edition.

LEGISLATIVE BUDGET PRIORITIES FOR ECONOMIC DEVELOPMENT

SECTION 6.6. Same as 3rd edition except adds elaboration and additional initiatives supported by the General Assembly.

AMEND ARRA FUNDS

SECTION 6.7. Same as 3rd edition except directs OSBM and affected state agencies to report, within 30 days after notification of federal funds allocation, to the Joint Legislative Commission on Governmental Operations (3rd edition provided no deadline).

INFORMATION TECHNOLOGY OPERATIONS

SECTION 6.8. Same as 3rd edition except directs the State Chief Information Officer to consult the respective state agency chief information officers to identify specific agency requirements before initiating any enterprise project or contract (3rd edition only referenced project). Adds that if a state agency fails to pay its Information Technology Internal Service Fund bills within 30 days of receipt, OSBM may transfer funds to cover the bill from that agency to the Fund.

COORDINATION OF INFORMATION TECHNOLOGY REQUIREMENTS AND GEOGRAPHICAL INFORMATION SYSTEM EFFORTS

SECTION 6.9. Identical to 3rd edition.

CRIMINAL JUSTICE LAW ENFORCEMENT AUTOMATED DATA SERVICES (CJLEADS)

SECTION 6.10.(a). Same as 3rd edition except adds the Department of Justice (DOJ) to the list of parties overseeing the CJLEADS transition, and directs the parties to develop a plan to transition CJLEADS to DOJ, beginning July 1, 2011. Requires that quarterly reports on the transition and CJLEADS status be provided to the Joint Legislative Oversight Committee on Information Technology beginning October 1, 2010. Adds that the Office of the State Controller may not expand CJLEADS beyond Wake County without prior coordination with DOJ (3rd edition did not include DOJ qualification).

SECTION 6.10. (b). Deletes subsection (b) from 3rd edition and replaces with subsection (c) from 3rd edition, listing the membership of the Leadership Council. Adds the State Chief Information Officer to the list.

SECTION 6.10.(c). Same as subsection (d) in 3rd edition except changes the date for transition completion to July 1, 2012 (July 1, 2011 in 3rd edition).

SECTION 6.10.(d). Deleted the subsection, with substance moved to subsection (c).

SECTION 6.10.(e). Deleted.

ITS NETWORK INTEGRATION

SECTION 6.11. Identical to 3rd edition.

INFORMATION TECHNOLOGY CONTRACTED PERSONNEL

SECTION 6.12. Same as 3rd edition except provides that when a State agency is unable to hire an appropriately qualified permanent state employee to perform unique IT skills for one of the following reasons: (a) there are no available or approved vacant positions; (b) there are no applicants or only unqualified applicants; or (c) failure to renew existing

contractor would be detrimental to the agency, then the agency may renew the contract, subject to approval and funding. Provides that the renewed contract term will then be terminated when all of the following are available: (i) adequate recurring funding; (ii) appropriate classified positions; and (iii) qualified candidates. Also adds that deviation from any of the requirements in Section 6.18(a) of the 2009 Appropriations Act must be approved in advance by the Statewide Information Technology Procurement Office.

CONTINUING PILOT PROGRAM TO ALLOW PUBLIC-PRIVATE PARTNERSHIPS TO MEET DEPARTMENT OF REVENUE TECHNOLOGY NEEDS

SECTION 6.13. Same as 3rd edition except provides that if the Department of Revenue (Department) finds that it cannot generate additional benefits totaling \$41 million through June 30, 2015, or that the total costs exceed the total available appropriations and earned benefits (latter clause is addition), then the Department must perform all of the obligations listed in the 3rd edition to ensure proper notification.

FUNDING FOR DATA INTEGRATION ENTERPRISE LICENSING AGREEMENTS

SECTION 6.14. Identical to 3rd edition.

NETWORK SECURITY ASSESSMENTS

SECTION 6.15. Identical to 3rd edition.

INMATE MEDICAL COST CONTAINMENT

SECTION 6.16. Deleted. See similar provision in Section 19.6.

ENTERPRISE ELECTRONIC FORMS AND DIGITAL SIGNATURES

SECTION 6.17. New provision directs the State, under direction of the State Chief Information Officer (SCIO), to plan, develop, and implement a coordinated enterprise electronic forms and digital signatures capability, following specified criteria. Requires the SCIO, beginning October 1, 2010, to present quarterly reports on the project to the Joint Legislative Oversight Committee on Information Technology.

ADDRESS NEEDS FOR BROADBAND FOR EDUCATION AND ECONOMIC DEVELOPMENT/CREATE JOINT BROADBAND TASK FORCE

SECTION 6.18. New provision creates a 21-member Joint Broadband Task Force to bring together public and private Internet access stakeholders to examine issues, incentives, and other matters related to broadband access. Includes ten members, as delineated, appointed by the Speaker of the House, ten members appointed by the President Pro Tempore of the Senate, and one member elected by a vote of the other Task Force members from nominees recommended by municipalities providing high-speed Internet access in North Carolina. Includes the State Chief Information Officer, a Utilities Commission member, the Secretary of DOT, and an e-NC Authority representative as nonvoting ex officio members. Provides additional administrative details for the Task Force, and requires the Task Force to provide quarterly reports to the Joint Legislative Committee on Information Technology, beginning October 1, 2010, and to terminate after its final report.

SMART CARDS FOR EFFICIENCY, ENHANCED SERVICES, AND REDUCED FRAUD

SECTION 6.19. New provision allows e-procurement receipts, in excess of required vendor payments, up to \$1 million for 2010-11 to be used to develop integrated *smart cards* to support financial and health services transactions. Coordinates the development of the system with the State Chief Information Officer (SCIO) and other applicable state agencies. Requires the SCIO to submit quarterly progress reports to the Joint Legislative Committee on Information Technology, beginning October 1, 2010.

PART VII. PUBLIC SCHOOLS

FUNDS FOR CHILDREN WITH DISABILITIES

SECTION 7.1. Identical to 3rd edition.

FUNDS FOR ACADEMICALLY GIFTED CHILDREN

SECTION 7.2. Identical to 3rd edition.

STATE FISCAL STABILIZATION FUND APPROPRIATION

SECTION 7.3. Same as 3rd edition except that if there are associated budget reductions required within the State Public School Fund, then directs the Office of State Budget and Management to first adjust the Classroom Materials/Instructional Supplies/Equipment allotment before adjusting any other allotments within the State Public School Fund.

NORTH CAROLINA VIRTUAL PUBLIC SCHOOLS ALLOTMENT FORMULA

SECTION 7.4. Deleted.

MORE AT FOUR PROGRAM

SECTION 7.5. Same as 3rd edition except provides that it is the intent of the General Assembly that the Department of Health and Human Services (DHHS) and the Department of Public Instruction (DPI) authorize the Division of Child Development (Division) staff to assume the regulatory functions of the More at Four program in private classroom settings in order to consolidate all of the regulatory functions for the monitoring of early care and education providers in certain private settings. Directs DPI to provide the training to the staff of the Division necessary to monitor compliance with the More at Four program. Directs the Division to continue its current licensing functions for classrooms that are voluntarily licensed in public settings.

LEADERSHIP ACADEMY

SECTION 7.6. Same as 3rd edition except provides that the appropriated funds are to be used to support a Leadership Academy that provides professional development to principals and assistant principals (was, superintendents). Encourages the Leadership Academy to use webinars and other technologies to reduce travel expenses and to reach additional participants.

DEPARTMENT OF PUBLIC INSTRUCTION

SECTION 7.7. Identical to 3rd edition.

CAREER AND COLLEGE-READY, SET, GO!

SECTION 7.8. Same as 3rd edition except directs each Education Cabinet Institution to prioritize the Governor's Ready, Set, Go! initiative and *to ensure to the extent practicable* (was, to ensure) that all students PK-20 are prepared to be successful in school and successfully progress through PK-20 education.

SCHOOL CONNECTIVITY INITIATIVE

SECTION 7.9. Identical to 3rd edition.

SCHOOL CALENDAR PILOT PROGRAM

SECTION 7.10. Same as 3rd edition except apparently removes the 2010-11 school calendar year from the pilot program authorizing Wilkes County to have a school calendar that includes a minimum of 180 days or 1,000 hours of instruction covering at least nine calendar months. Changes the date for the State Board of Education (SBE) to report on the pilot program to the Joint Legislative Education Oversight Committee to October 15, 2010 (was, March 15, 2011).

NATIONAL BOARD FOR PROFESSIONAL TEACHING STANDARDS (NBPTS) FUNDS

SECTION 7.11. Same as 3rd edition except requires that cash repayment of the NBPTS application fee loan to begin 12 months following the disbursement of the loan funds. Clarifies that the loan may be forgiven upon the death of the teacher or upon the teacher receiving an injury deemed to leave the teacher totally and permanently disabled (was, permanent disability). Directs the Joint Legislative Education Oversight Committee (JLEOC) to recommend a plan for implementing a National Board Certification for Principals in conjunction with the pilot program being developed by the NBPTS. Requires the JLEOC to report its recommendations to the 2011 General Assembly by March 1, 2011.

DRIVER EDUCATION

SECTION 7.12. Identical to 3rd edition.

PROTECTION OF THE CLASSROOM WHILE MAXIMIZING FLEXIBILITY

SECTION 7.13. Same as 3rd edition except directs local school administrative units (LEAs) to make every effort to reduce spending from Career Technical Education--State: Program Support Funds before making any reductions to Career Technical Education--State: Months of Employment Funds.

Deletes provision that authorized local boards of education to implement furloughs for the 2010-11 fiscal year in order to manage funding amounts.

PROBATIONARY TEACHERS

SECTION 7.14. Identical to 3rd edition.

LEARN AND EARN ONLINE

SECTION 7.15. Deleted.

JOINT LEGISLATIVE STUDY COMMITTEE ON THE CONSOLIDATION OF EARLY CHILDHOOD EDUCATION AND CARE

SECTION 7.16. New provision creates the 10-member Joint Legislative Study Committee on the Consolidation of Early Childhood Education and Care (Study Committee), consisting of five members from the House of Representatives appointed by the Speaker of the House of Representatives and five members of the Senate appointed by the President Pro Tempore of the Senate. Provides criteria for designating co-chairs and the operation of the Study Committee. Directs the Study Committee to continue the work of the Task Force on the Consolidation of Early Childhood Education and Care, created under SL 2009-451, toward the development of an integrated system of early childhood education and care. Directs the Study Committee to closely coordinate its activities with the Governor's State Advisory Council on Early Childhood Education and Care. Requires the Study Committee to make a final report of its findings and recommendations to the 2011 Regular Session of the General Assembly. Terminates the Study Committee on December 31, 2010.

UNIFORM BUDGET FORMAT

SECTION 7.17. Current law directs that the uniform budget format require the following funds: (1) the State Public School Fund; (2) the local current expense fund; and (3) the capital outlay fund. New provision amends GS 115C-426(c) to provide that other funds *may be used* to account for reimbursements, including indirect costs, fees for actual costs, tuitions, sales tax revenues distributed using the ad valorem method pursuant to GS 105-472(b)(2), sales tax refunds, gifts and grants restricted as to use, trust funds, federal appropriations made directly to LEAs, funds received for kindergarten programs, and special programs (was, other funds *may be required* to account for trust funds, federal grants restricted as to use, and special programs).

LEGISLATIVE COMMISSION ON DIVERSITY IN THE PUBLIC SCHOOLS

SECTION 7.18. New provision creates the 15-member Legislative Commission on Diversity in Public Schools (Diversity Commission). Provides for five members of the House of Representatives appointed by the Speaker of the House of Representatives, five members of the Senate appointed by the President Pro Tempore of the Senate, and five public members appointed by the Governor. Provides guidelines for selecting co-chairs, filling vacancies and the operation of the Diversity Commission. Directs the Diversity Commission to study the effects of student diversity in public school enrollment. Requires the Diversity Commission to submit a final report of its study and its recommendations to the 2011 General Assembly. Provides for the termination of the Diversity Commission on March 1, 2011 or upon the filing of its final report, whichever comes first.

DROPOUT PREVENTION GRANTS

SECTION 7.19. New provision directs the Committee on Dropout Prevention (Committee) to provide grants of \$1 million to each of the following evidence-based operators of dropout prevention initiatives: (1) Communities in Schools of North Carolina, Inc., (2) North Carolina Congress of Parents and Teachers, Inc., and (3) one other recipient as selected by the Committee. Directs the Committee to identify a minimum of three additional Dropout Prevention Grant recipients that show promise as statewide models for dropout prevention interventions. Requires the Committee to report the selected grantees and the reasons why

they were selected to the Joint Legislative Education Oversight Committee and the Joint Legislative Commission on Dropout Prevention and High School Graduation by March 15, 2011.

UNIFORM EDUCATION REPORTING SYSTEM (UERS) FUNDS

SECTION 7.20. New provision prohibits funds appropriated for the Uniform Education Reporting System from reverting at the end of the 2009-10 fiscal year effective June 30, 2010.

COOPERATIVE AND INNOVATIVE HIGH SCHOOLS

SECTION 7.21. New provision amends GS 115C-238.50(e) to include among approved cooperative innovative high school programs a five-year career academy (academy) operating as a part of an existing high school. Amends GS 115C-238.54 to make an exception permitting DPI to forego assigning a school code to a five-year academy operating as part of an existing high school and to instead allow the academy to continue to use the existing school code. Requires an academy operating as a part of an existing high school to maintain records to identify and evaluate students who are enrolled in the academy separately from the general school population. Provisions apply beginning with the 2010-11 school year.

Directs DPI to study the fiscal impact of the Cooperative and Innovative High School Act (GS Chapter 115C, Article 16, Part 9) and to report the study results to the Joint Legislative Education Oversight Committee and the Fiscal Research Division by March 15, 2011. Prohibits the SBE from approving any additional schools under the Cooperative and Innovative High School Act that are to begin operation after July 1, 2010, unless the school has received an explicit appropriation from the General Assembly.

ELIMINATION OF CERTAIN REPORTS

SECTION 7.22. New provision amends (1) GS 115C-301(g) and (2) Section 7.61(b) of SL 2005-276, to remove respective reporting requirements. Repeals Sections 4 through 6 of SL 2007-453 and Section 7.60 of SL 2005-276 to also remove respective reporting requirements.

DISADVANTAGED STUDENTS SUPPLEMENTAL FUNDING

SECTION 7.23. New provision directs the SBE, in determining whether or not to approve an LEA's plan for the use of disadvantaged student supplemental funding, to consider the extent to which an LEA's policies or expenditures contribute to the increased segregation of schools on the basis of race or socioeconomic status.

COMMUNITY COLLEGE COURSES FOR HIGH SCHOOL STUDENTS

SECTION 7.24. New provision indicates that it is the intent of the General Assembly to implement a funding formula in the 2011-12 school year to provide money to LEAs for use in paying any required tuition for high school students taking community college courses. Also provides that it is the intent of the General Assembly to eliminate the tuition waiver set out in GS 115D-5(b) for courses taken by high school students effective July 1, 2011. Makes an exception, retaining the tuition waiver for students in cooperative innovative high school programs. Provides a formula for calculating reductions to the Community College System General Fund appropriations for the 2011-12 school year and provides for the transfer of funds realized as a result of the reduction formula to the SBE for distribution to the LEAs.

Additionally provides a formula for reducing the State Public School Fund for the 2011-12 school year and provides that the funds realized from the reduction formula are to be made available for the SBE for distribution to LEAs. Provides that distributions from the SBE to LEAs are to be based on the pro rata share of each LEAs number of FTE (fulltime equivalent) high school students for whom tuition is required. Prohibits the allocations to LEAs under this section from being transferred to other uses and restricts the funds from being used only to pay the tuition of high school students taking community college courses for which tuition is required.

ENVIRONMENTAL ENGINEER/SUPPORT SERVICES DIVISION

SECTION 7.25. New Provision authorizes the SBE to use up to \$200,000 of available funds to provide an environmental engineer in the Support Services Division of DPI, to address increasing environmental concerns in North Carolina's public schools.

LEA CONSTRUCTION CONTRACTING CLARIFICATION

SECTION 7.26. New provision amends GS 115C-530 to clarify that a local board of education (local board) may enter into operational leases for new or renovated buildings for use as school buildings or facilities. Also provides that a local board may enter into a contract for construction, repair or renovation (was, repair or renovation) of leased property providing specified requirements are met. Provides that construction, renovation, or repair work by a private developer is not subject to the requirements of Article 8 of GS Chapter 143. Requires that contracts for renovation that involve the spending of more than \$500,000 in public funds (was, contracts for renovation subject to the bidding requirements of GS 143-129(a)) and do not constitute continuing contracts for capital outlay must be approved by the board of county commissioners.

PART VIII. COMMUNITY COLLEGES

CARRYFORWARD OF COLLEGE INFORMATION SYSTEM FUNDS

SECTION 8.1. Identical to 3rd edition.

STATE AID BUDGET FLEXIBILITY

SECTION 8.2. Identical to 3rd edition.

EDUCATION FOR PRISON INMATES (NEW)

SECTION 8.3(a), (b). Same as 3rd edition except that it deletes requirement that funds be used only for courses that are known to reduce recidivism and adds provision reorganized section 8.3(b) providing that courses in federal prisons or local jails shall not earn regular budget full-time equivalents. Adds requirements that (i) the first priority for the use of funds is to restore the FTE for basic skills courses to the FY 2009-10 level; (ii) funds not needed for this purpose may be used for continuing education and curriculum courses related to job skills training; and (iii) funds may not be used for Associate of Arts, Associate of Science, or Associate of General Education degrees.

SECTION 8.3(c). Same as section 8.3(b) of 3rd edition, but deletes section 8.3(c) of the third edition.

SECTION 8.3(d). New provision amending GS 115D-5(c) provides that all course offerings approved for state prison inmates must be tied to clearly identified job skills, transition needs, or both.

TUITION WAIVERS

SECTION 8.4(a). Same as 3rd edition except for (i) deleting waiver of tuition and fees under GS 115D-5(b)(2) for federal law enforcement officers with permanent duty stations within North Carolina (see Section 8.4(b) below) and (ii) adding to those subject to waiver inpatients in state alcoholic rehab centers and prison inmates.

SECTION 8.4(b). New provision adds a new GS 115D-39(a1) to provide that federal law enforcement officers whose permanent duty station is in North Carolina are eligible for the state resident community college tuition rate for law enforcement training courses.

SECTION 8.4(c). Reletters section 8.4(b) in 3rd edition as section 8.4(c).

SECTION 8.4(d). Reletters section 8.4(c) in 3rd edition as section 8.4(d), except that it requires study of tuition waivers to be conducted by the Fiscal Research Division in consultation with the Community Colleges System Office.

COMMUNITY COLLEGE FINANCIAL AID LOANS

SECTION 8.5. Same as 3rd edition except that amendments to GS 115D-40.1 in Section 8.5(b) concerning participation in federal loan programs expire July 1, 2012.

TUITION REFUNDS

SECTION 8.6. Identical to 3rd edition.

MANAGEMENT FLEXIBILITY REDUCTION/COMMUNITY COLLEGES

SECTION 8.7. Identical to 3rd edition.

CATAWBA VALLEY COMMUNITY COLLEGE MANUFACTURING SOLUTIONS CENTER

SECTION 8.8. New provision amends GS 115D-67.2(b)(7) to change title of Hosiery Technology Center to Manufacturing Solutions Center and provides that (i) all fees collected by Solutions Center for testing of products are retained by the Center and used for operations and (ii) the Center's use of these funds are not subject to the laws governing purchasing and contracting of GS Chapter 143, Article 3.

COMMUNITY COLLEGE EQUIPMENT FUNDS

SECTION 8.9. New provision authorizes up to \$250,000 of expansion funds appropriated for fiscal 2010-11 for community college equipment to be used for virtual 3-D equipment.

BASIC SKILLS PLUS

SECTION 8.10. New provision amends section 8.2 of SL 2009-451 to add subsections (a) and (b) to allow the State Board of Community Colleges to authorize a local community college to use up to 20% of its State Literacy funds to provide employability skills, job-specific occupational or technical skills, or development education instruction, to students concurrently enrolled in a community college course leading to a high school diploma or equivalent. Also permits the college to waive the tuition and registration fees associated with such instruction.

PART IX. UNIVERSITIES

REPEAL ESCHEAT FUND APPROPRIATION FOR MILLENNIUM TEACHING SCHOLARSHIP LOAN PROGRAM

SECTION 9.1. Identical to 3rd edition.

STUDY FINANCIAL AID CONSOLIDATION

SECTION 9.2. Identical to 3rd edition.

COORDINATE THE REPORT DUE DATES FOR VARIOUS TEACHER EDUCATION REPORTS

SECTION 9.3. Identical to 3rd edition.

ELIMINATE BIENNIAL DISTANCE EDUCATION REPORTS

SECTION 9.4. Identical to 3rd edition.

REPEAL DUPLICATE STUDY/STATE-FUNDED STUDENT FINANCIAL AID

SECTION 9.5. Identical to 3rd edition.

PERMANENT TRANSFER OF FUNDING TO ROANOKE ISLAND COMMISSION FOR PERFORMING ARTS

SECTION 9.6. Identical to 3rd edition.

REVIEW OF UNC SCIENCE, TECHNOLOGY, ENGINEERING, AND MATHEMATICS (STEM) PROGRAMS

SECTION 9.7. Identical to 3rd edition.

TRANSFER OF A+ SCHOOLS FROM UNC-GREENSBORO TO DEPARTMENT OF CULTURAL RESOURCES

SECTION 9.8. Identical to 3rd edition.

COASTAL DEMONSTRATION WIND TURBINES

SECTION 9.9. Same as 3rd edition except removes amendments made to Section 9.14(c) of the 2009 Appropriations Act (pertaining to cost recovery after project delay or abandonment).

COASTAL WAVE ENERGY RESEARCH AND PROTOTYPE PROJECT

SECTION 9.10. Deleted.

UNIVERSITY OF NORTH CAROLINA HEALTH CARE SYSTEM

SECTION 9.11. Deleted.

UNIVERSITY CANCER RESEARCH FUND

SECTION 9.12. Identical to 3rd edition.

UNC MANAGEMENT FLEXIBILITY REDUCTION

SECTION 9.13. Deleted.

INSTITUTE FOR OUTDOOR DRAMA

SECTION 9.14. Deleted.

RECRUITMENT OF PHARMACY STUDENTS

SECTION 9.15. Same as 3rd edition except removes appropriated funds (\$44,000 in 3rd edition).

SUCCESS NC REPORT

SECTION 9.16. New provision directs the Executive Director of UNC Tomorrow and the Executive Vice President of the North Carolina Community College System to report to the Joint Legislative Education Oversight Committee on the progress in implementing Success NC, by December 1, 2010.

APPALACHIAN STATE UNIVERSITY CENTER AT HICKORY

SECTION 9.17. New provision repeals Section 8.25 of the 2009 Appropriations Act, and transfers \$264,833 of the funds appropriated to the Community Colleges System Office and allocated to the Hickory Metropolitan Higher Education Center for 2010-11 to the UNC Board of Governors to assist with the administrative costs of the Appalachian State University Center at Hickory.

ECU DENTAL SCHOOL FUNDS/CONTINUING STATE FINANCIAL SUPPORT TO HELP SECURE ACCREDITATION

SECTION 9.18. New provision states the intent to appropriate \$3.5 million for 2011-12 and \$1.5 million for 2012-13 from an unspecified source to the UNC Board of Governors for East Carolina University to provide support for and help secure accreditation of the School of Dentistry at East Carolina University.

TRANSFER SURPLUS IN LEGISLATIVE TUITION GRANTS AND RELIGIOUS COLLEGE GRANTS TO CONTRACTUAL SCHOLARSHIP FUND

SECTION 9.19. New provision provides that if the amount appropriated to the State Education Assistance Authority for 2010-11 for legislative tuition grants or for religious college grants exceeds the amount required to pay either grant by \$1,850 to each North Carolina resident student attending the State's private colleges or eligible institutions, then the State

Education Assistance Authority must deposit the surplus balance into the State Contractual Fund for other scholarship purposes.

CAMPUS INITIATED TUITION INCREASES/FIFTY PERCENT FOR STUDENT FINANCIAL AID

SECTION 9.20. New provision repeals Section 9.23 of the 2009 Appropriations Act, and states that all campus initiated increases approved by the UNC Board of Governors may be implemented, provided that each campus implementing the tuition increase must expend 50% of the increase on student financial aid and may use the remaining tuition income to support financial aid.

ECU/REVERT BALANCE OF MAGNETIC RESONANCE IMAGING (MRI) LEASE & EQUIPMENT FUNDS

SECTION 9.21. New provision reverts Brody School of Medicine funds from Pitt County Memorial Hospital to the General Fund, as section title indicates.

PROJECTION OF UNC ENROLLMENT GROWTH/SECOND YEAR OF BIENNIUM/LIMIT FUTURE APPROPRIATIONS FOR ENROLLMENT GROWTH

SECTION 9.22.(a). New provision amends GS 116-30.7 (pertaining to enrollment growth), providing that the amount of the funds budgeted for enrollment growth for the biennium will not be increased in the second year of the biennium.

SECTION 9.22(b). New provision states that the General Assembly intends to appropriate funds for a maximum of 1% growth in student credit hours in 2011-12.

UNC BANNER SYSTEM/ASU HEALTH SCIENCES

SECTION 9.23. New provision directs that of the funds appropriated to the UNC Board of Governors in 2010-11 for a "Strategic Initiatives Reserves," \$675,000 must be used to complete the Central Banner Payroll project and the Banner Hosting project, and \$250,000 must be used to fund the newly established College of Health Sciences and Allied Professions at Appalachian State University. Directs the President of the University of North Carolina to report to designated committees on the progress of the projects and the new College, by February 1, 2011.

NCSU/RESTORE MASTER GARDENER FUNDS

SECTION 9.24. New provision directs that \$48,878 of the funds appropriated to the UNC Board of Governors and allocated to NC State University for 2010-11 be restored to the master gardener account.

ELIMINATE IN-STATE TUITION FOR ATHLETIC SCHOLARSHIPS

SECTION 9.25. New provision amends GS 116-143.6(a) to provide as title indicates.

AMEND TUITION WAIVER

SECTION 9.26. New provision amends GS 115B-2 to authorize a tuition waiver to a child at least 17 but not yet 24 years old (current law is 23), whose parent is permanently and totally disabled as a direct result of a traumatic injury sustained in the line of duty in one of

the designated careers (limits a child's eligibility for a waiver under the section to eight academic semesters (current law is 48 months) if the child is seeking a baccalaureate degree). Also authorizes a tuition waiver for a child at least 17, but not yet 24 years old (current law is 23), who fulfills specified criteria and is eligible for services under the Chaffee Education and Training Vouchers Program.

PART X. DEPARTMENT OF HEALTH AND HUMAN SERVICES

ELECTRONIC BENEFITS TRANSFER SYSTEM

SECTION 10.1. Same as 3rd edition except adds Texas Medicaid Access Card as a program to monitor.

CHANGES TO POLICIES TO FACILITATE AND EXPEDITE USE OF CHILD CARE SUBSIDY FUNDS

SECTION 10.2. Amends Section 10.4 of the Appropriations Act of 2009 (rather than repealing it) to direct the Division of Child Development of the Department of Health and Human Services to adopt temporary policies to expedite the expenditure of child care subsidies and to assist parents who work at least 20 hours per week. Effective October 1, 2010.

EARLY CHILDHOOD EDUCATION AND DEVELOPMENT INITIATIVES ENHANCEMENTS

SECTION 10.3. Identical to 3rd edition.

COST SHARE HEALTH-RELATED EXPENDITURES WITH MEDICAID

SECTION 10.4. Deleted.

ADMINISTRATIVE ALLOWANCE FOR COUNTY DEPARTMENTS OF SOCIAL SERVICES

SECTION 10.5. Identical to 3rd edition.

MENTAL HEALTH CHANGES

SECTION 10.6. Deleted.

TERM LIMITS FOR COUNTY COMMISSIONERS AND COUNTY MANAGERS ON AREA MENTAL HEALTH BOARDS

SECTION 10.7. Same as 3rd edition except clarifies that county commissioners and county managers who serve on area mental health boards do so at the pleasure of the initial appointing authority for terms not to exceed their service as a county commissioner or as a county manager, as appropriate. Directs that members other than county commissioners and county managers be appointed for no more than two consecutive terms.

CAP-MR/DD STATE FUND SERVICE ELIGIBILITY

SECTION 10.7A. New provision amends Section 10.21B of the Appropriations Act of 2009 as follows. Carves out continuing eligibility for state-funded services for CAP-MR/DD recipients who are former Thomas S. recipients or are recipients with high behavioral needs. Directs the Department of Health and Human Services (DHHS), Division of Mental Health, Developmental Disabilities, and Substance Abuse Services to develop a procedure for reviewing and approving requests for state-funded supplemental staffing for certain individuals receiving services through the CAP-MR/DD waiver.

REPEAL SCHOOL-BASED CHILD AND FAMILY TEAM INITIATIVE

SECTION 10.8. Deleted.

JOINT STUDY COMMITTEE ON AUTISM SPECTRUM DISORDERS AND PUBLIC SAFETY

SECTION 10.9. Identical to 3rd edition.

CLOSURE PLAN FOR DOROTHEA DIX HOSPITAL

SECTION 10.10. Identical to 3rd edition.

CHANGE EFFECTIVE DATE FOR WELL TESTING

SECTION 10.10A. New provision amends Section 4 of SL 2009-124 to make the act effective October 1, 2012 (was, 2010).

CHANGES TO COMMUNITY-FOCUSED ELIMINATING HEALTH DISPARITIES INITIATIVE

SECTION 10.11. Identical to 3rd edition.

SUPPLEMENTAL FUNDS FOR HEALTH INITIATIVES FROM HEALTH AND WELLNESS TRUST FUND

SECTION 10.12. Deleted.

IMMUNIZATION CHANGES

SECTION 10.13. Same as 3rd edition except deletes shingles from the list of covered immunizations. Makes conforming changes.

NORTH CAROLINA HEALTH CHOICE EMERGENCY ROOM VISIT CO-PAYMENTS

SECTION 10.14. Deleted.

COMMUNITY CARE OF NORTH CAROLINA

SECTION 10.15. Same as 3rd edition except makes technical changes.

MEDICAID MANAGEMENT INFORMATION SYSTEM (MMIS) FUNDS/IMPLEMENTATION OF MMIS

SECTION 10.16. Same as 3rd edition except makes technical change.

ELIMINATE STATE FUNDING FOR CHILD SUPPORT OFFICES

SECTION 10.17. Same as 3rd edition except makes technical change.

CHILD WELFARE POSTSECONDARY SUPPORT PROGRAM/USE OF ESCHEAT FUND

SECTION 10.18. Identical to 3rd edition.

TANF BENEFIT IMPLEMENTATION

SECTION 10.19. Identical to 3rd edition.

EXTEND REPORTING DATE/EVALUATION OF CONSOLIDATION OF ADMINISTRATIVE FUNCTIONS OF COUNTY DEPARTMENT OF SOCIAL SERVICES

SECTION 10.20. Identical to 3rd edition.

CHILDREN'S TRUST FUND

SECTION 10.20A. New provision amends GS 7B-1302(a) and GS 161-11.1(a) to place the Children's Trust Fund in the Department of Health and Human Services, Division of Social Services, and to direct deposits from marriage license fees to that division for deposit in the fund.

OFFICE OF EDUCATION SERVICES/CONSOLIDATION OF PRINCIPAL FUNCTIONS

SECTION 10.20B. New provision directs the Office of Education Services (OES) within the Department of Health and Human Services to consolidate the functions of the School Director OES Residential Schools and School Principal positions located at the North Carolina School for the Deaf, Eastern North Carolina School for the Deaf, and Governor Morehead School for the Blind. Establishes additional minimum qualifications for the position of School Director OES Residential Schools.

Eliminates four positions from the OES and directs that office to ensure that the elimination of those positions does not interrupt oversight of instructional programming by a fully licensed official at the affected schools.

Directs the OES to reinstate residential and instructional schedules that were in effect before February 8, 2010, at the North Carolina School for the Deaf, Eastern North Carolina School for the Deaf, and Governor Morehead School for the Blind. Establishes periods during which residential students may arrive. Directs OES to reinstate on-site summer school programming.

ELIMINATION OF THE OFFICE OF EDUCATION SERVICES/TRANSFER RESIDENTIAL AND PRESCHOOLS TO THE DEPARTMENT OF PUBLIC INSTRUCTION

SECTION 10.21. Deleted.

MEDICAID POLICY CHANGES

SECTION 10.22. Same as 3rd edition except makes technical changes.

SPECIALTY DRUG PROVIDER NETWORK

SECTION 10.23. Same as 3rd edition except directs DHHS to work with providers, rather than creating a provider network, to reduce expenditures for specialty drugs, maintain best practices, prevent overutilization, and allow for drug reimbursement rate negotiations for specified drugs.

STATEWIDE EXPANSION OF CAPITATED 1915(B)/(C) BEHAVIORAL HEALTH WAIVERS

SECTION 10.24. Same as 3rd edition except, directs DHHS to select one additional Local Management Entity (LME) to implement the capitated 1915 (b)/(c) Medicaid waiver as a demonstration program, and establishes parameters of the waiver program. Prohibits DHHS from expanding the Piedmont Behavioral Healthcare LME beyond its existing catchment area.

Directs DHHS to conduct an evaluation of the waiver demonstration program sites and specifies certain factors to be considered. Directs DHHS to report to the House of Representatives Appropriations Subcommittee on Health and Human Services, the Senate Appropriations Committee on Mental Health, Developmental Disabilities, and Substance Abuse Services, and the Fiscal Research Division no later than April 1, 2012.

STUDY MEDICAID PROVIDER RATES

SECTION 10.25. Identical to 3rd edition.

MEDICAID FRAUD PREVENTION

SECTION 10.26. Same as 3rd edition except directs state agencies to provide DHHS with access to their databases for purposes of the fraud prevention program and directs DHHS to comply with all necessary security measures and restrictions to ensure that only authorized persons have access to any specific information in accordance with federal and state law.

STUDY HIV MEDICAID WAIVER

SECTION 10.27. Identical to 3rd edition.

ELIMINATE REIMBURSEMENT OF “NEVER EVENTS”

SECTION 10.28. Identical to 3rd edition.

AMEND MEDICAID PROVIDER APPEALS PROCESS

SECTION 10.29. Deleted.

AMEND MEDICAID RECIPIENT APPEALS PROCESS

SECTION 10.30. Same as 3rd edition except reduces the amount transferred in Section 10.15A(n3) for fiscal year 2010-2011 from DHHS to the Office of Administrative Hearings (OAH) from \$2 million to \$1 million. Directs OAH to continue the Memorandum of Agreement with DHHS for mediation and services related to the appeals process and provides the procedure for drawing down Medicaid funds.

Directs DHHS to submit a report with OAH on contested Medicaid cases handled by OAH, and adds the respective House of Representatives and Senate Appropriations

Subcommittees on Health and Human Services to the list of recipients of the report. Makes conforming and technical changes.

ACCOUNTING FOR MEDICAID RECEIVABLES AS NONTAX REVENUE

SECTION 10.31. Identical to 3rd edition.

MEDICAID PREFERRED DRUG LIST

SECTION 10.32. Identical to 3rd edition.

MEDICAID PREFERRED DRUG LIST (PDL) REVIEW PANEL

SECTION 10.33. Identical to 3rd edition.

LOCAL NARCOTIC PRESCRIPTIONS INTO SINGLE PHARMACY/PROVIDER

SECTION 10.34. Same as 3rd edition except it deletes provision declaring that all locations of the same chain of pharmacies constitute one pharmacy.

AUTHORIZE THE DIVISION OF MEDICAL ASSISTANCE TO TAKE CERTAIN STEPS TO EFFECTUATE COMPLIANCE WITH BUDGET REDUCTIONS IN THE MEDICAID PROGRAM

SECTION 10.35. Same as 3rd edition except as follows: (1) deletes proposed amendments to section 10.68A(a)(3) of SL 2009-451, as amended by SL 2009-575, then reinstates existing law concerning Medicaid personal care service (PCS) provisions, and adds to the listed criteria those essential errands critical to maintaining the health and welfare of the recipient as may be approved by the DMA nurse assessor when no family member or other service is available to meet the need; (2) adds requirement that DHHS conduct a study determining the cost effectiveness, efficiencies gained, and challenges associated with transferring independent assessments for PCS to Community Care of North Carolina and make its findings to the House Appropriations Subcommittee on Health and Human Services, the Senate Appropriations Committee on Health and Human Services, and the Fiscal Research Division by January 1, 2011; (3) adds to section 10.68A(a)(7) (Mental Health Residential) the requirement that the department study the effectiveness of the length-of-stay limitation and the number of children staying in Level II, III, and IV facilities, and report its findings to the Joint Legislative Oversight Committee on Mental Health, Developmental Disabilities, and Substance Abuse Services by January 1, 2011, and provide updated reports on the number of children in these facilities every six months thereafter for the following three-year period; (4) limits the Secretary in reducing Medicaid provider rates under Section 10.68(a)(8) to those required to achieve the budget reductions called for in act; and (5) directs the department in developing a plans for the consolidation of case management services to use Community Care of North Carolina, but extends the date by which the plan is due until December 1, 2010.

MEDICAID WAIVER FOR ASSISTED LIVING

SECTION 10.35A. New provision directs the Division of Medical Assistance to develop a plan for a 1915(c) Home and Community Based Services assisted living waiver in order to continue Medicaid funding of personal care services for individuals living in adult care homes. Requires the plan to (1) allow all adult care home residents who receive state-county special assistance and meet criteria for nursing facility level of care to be eligible for waiver, (2) deliver waiver services according to the acuity-level of health care home residents, and (3) develop a new Medicaid payment methodology for waiver services associated with the service delivery model; Requires a report to the Joint Legislative Commission on Governmental Operations, the Senate Appropriations Committee on Health and Human Services, the House Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division. Directs the Division, after reporting, to apply to the Centers for Medicare and Medicaid Services for the waiver. Prohibits the Division from implementing any waiver received until (or unless) the General Assembly acts to appropriate funds for this purpose.

SENIOR SERVICES: PROJECT C.A.R.E. (CAREGIVER ALTERNATIVES TO RUNNING ON EMPTY)

SECTION 10.35B. New provision requires \$200,000 in recurring funds appropriated to the Division of Aging and Adult Services be used to support Alzheimer's related activities. Requires the Division to develop an annual plan for the use of the funds, and report to specified entities beginning in October 1, 2010.

IMPLEMENT INDEPENDENT ASSESSMENTS OF MENTAL HEALTH SERVICES

SECTION 10.36. Deleted.

DHSR ADULT CARE HOME ADMINISTRATOR/MEDICATION AIDE FEES

SECTION 10.36A. Deleted

DHHS BLOCK GRANTS

SECTION 10.37.(a) Appropriates the following from federal block grant funds for fiscal year ending June 30, 2011 as follows:

TEMPORARY ASSISTANCE TO NEEDY FAMILIES (TANF) FUNDS

Local Program Expenditures

Division of Social Services

01.	Work First Family Assistance	\$78,047,502
02.	Work First County Block Grants	94,453,315
03.	Work First Electing Counties	2,378,213
04.	Work First – Boys and Girls Clubs	2,000,000
05.	Work First – After-School Services for At-Risk Children	2,000,000
06.	Work First – After-School Programs for At-Risk Youth in Middle Schools	550,000
07.	Work First – Connect, Inc. (Work Central)	1,000,000
08.	Work First – Citizens Schools Program	360,000
09.	Adoption Services – Special Children's Adoption Fund	3,000,000
10.	Family Violence Prevention	2,200,000
11.	Child Protective Services – Child Welfare Workers for Local DSS	14,452,391
12.	Child Welfare Collaborative	1,129,115
12A.	Children's Home Society	200,000

Division of Child Development

13.	Subsidized Child Care Program	61,087,077
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Division of Public Health

14.	Teen Pregnancy Initiatives	450,000
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DHHS Administration

15.	Division of Social Services	1,093,176
16.	Office of the Secretary	75,392

Transfers to Other Block Grants

Division of Child Development

17.	Transfer to the Child Care and Development Fund	84,330,900
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Division of Social Services

18.	Transfer to Social Services Block Grant for Child Protective Services – Child Welfare Training in Counties	2,300,000
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19.	Transfer to Social Services Block Grant for Maternity Homes	943,002
20.	Transfer to Social Services Block Grant for Teen Pregnancy Prevention Initiatives	2,500,000
21.	Transfer to Social Services Block Grant for County Departments of Social Services for Children's Services	4,500,000
22.	Transfer to Social Services Block Grant for Foster Care Services	390,000

TOTAL TEMPORARY ASSISTANCE TO NEEDY FAMILIES (TANF) FUNDS \$359,440,083

TEMPORARY ASSISTANCE TO NEEDY FAMILIES (TANF) EMERGENCY CONTINGENCY FUNDS RECEIVED THROUGH THE AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA)

Local Program Expenditures

Division of Social Services		
01.	Work First Family Assistance	\$ 9,780,494
Division of Child Development		
02.	Subsidized Child Care	23,625,329
Department of Public Instruction		
03.	More at Four	32,986,721

TOTAL TEMPORARY ASSISTANCE TO NEEDY FAMILIES (TANF) EMERGENCY CONTINGENCY FUNDS RECEIVED THROUGH THE AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA) \$66,392,544

SOCIAL SERVICES BLOCK GRANT

Local Program Expenditures

Divisions of Social Services and Aging and Adult Services		
01.	County Departments of Social Services (Transfer from TANF – \$4,500,000)	\$ 28,868,189
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	609,455
05.	Foster Care Services (Transfer from TANF – \$390,000)	2,372,619
06.	Maternity Homes (Transfer from TANF)	943,002
07.	Special Children Adoption Incentive Fund	500,000
08.	Child Protective Services-Child Welfare Training for Counties (Transfer from TANF)	2,300,000
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	1,156,744
Division of Vocational Rehabilitation		
14.	Vocational Rehabilitation Services – Easter Seal Society/UCP	

Community Health Program	188,263
Division of Public Health	
15. Teen Pregnancy Prevention Initiatives (Transfer from TANF)	2,500,000
DHHS Program Expenditures	
Division of Aging and Adult Services	
16. UNC-CARES Training Contract	247,920
Division of Services for the Blind	
17. Independent Living Program	3,633,077
Division of Health Service Regulation	
18. Adult Care Licensure Program	411,897
19. Mental Health Licensure and Certification Program	205,668
DHHS Administration	
20. Division of Aging and Adult Services	688,436
21. Division of Social Services	892,624
22. Office of the Secretary/Controller's Office	138,058
23. Office of the Secretary/DIRM	87,483
24. Division of Child Development	15,000
25. Division of Mental Health, Developmental Disabilities, and Substance Abuse Services	29,665
26. Division of Health Service Regulation	235,625
27. Office of the Secretary-NC Inter-Agency Council for Coordinating Homeless Programs	250,000
28. Office of the Secretary	48,053
Transfers to Other State Agencies	
Department of Administration	
29. NC Commission of Indian Affairs In-Home Services for the Elderly	203,198
Transfers to Other Block Grants	
Division of Public Health	
30. Transfer to Preventive Health Services Block Grant for HIV/STD Prevention and Community Planning	145,819
TOTAL SOCIAL SERVICES BLOCK GRANT	\$ 61,417,890
LOW-INCOME HOME ENERGY ASSISTANCE BLOCK GRANT	
Local Program Expenditures	
Division of Social Services	
01. Low-Income Energy Assistance Program (LIEAP)	\$ 70,909,401
02. Crisis Intervention Program (CIP)	40,373,328
Local Administration	
Division of Social Services	
03. County DSS Administration	6,362,505
DHHS Administration	
04. Division of Social Services	275,000
05. Division of Mental Health, Developmental Disabilities, and Substance Abuse Services	8,128
06. Office of the Secretary/DIRM	276,784
07. Office of the Secretary/Controller's Office	12,332
Transfers to Other State Agencies	
Department of Commerce	
08. Weatherization Program	500,000
09. Heating Air Repair and Replacement	

	Program (HARRP)	8,103,157
10.	Local Residential Energy Efficiency Service Providers – Weatherization	25,000
11.	Local Residential Energy Efficiency Service Providers – HARRP	266,375
12.	Department of Commerce Administration – Weatherization	25,000
13.	Department of Commerce Administration – HARRP	266,375
14.	Department of Administration – N.C. State Commission of Indian Affairs	129,807

TOTAL LOW-INCOME HOME ENERGY ASSISTANCE BLOCK GRANT \$ 127,533,192

CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT

Local Program Expenditures

	Division of Child Development	
01.	Subsidized Child Care Services (CCDF)	\$153,889,889
02.	Contract Subsidized Child Care Services Support	547,600
03.	Subsidized Child Care Services (Transfer from TANF)	84,330,900
04.	Quality and Availability Initiatives	23,726,564
05.	TEACH	3,800,000
	Division of Social Services	
06.	Local Subsidized Child Care Services Support	\$19,340,596

DHHS Administration

	Division of Child Development	
07.	DCD Administrative Expenses	6,539,277
	Division of Central Administration	
08.	DHHS Central Administration – DIRM Technical Services	774,317

TOTAL CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT \$292,949,143

CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT RECEIVED THROUGH THE AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA)

Local Program Expenditures

	Division of Child Development	
01.	Subsidized Child Care Services (CCDF)	\$5,980,997
02.	Electronic Benefits Transfer System	4,000,000

DHHS Program Expenditures

	Division of Child Development	
03.	Quality and Availability Initiatives	2,904,787

TOTAL CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT RECEIVED THROUGH THE AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA) \$12,885,784

MENTAL HEALTH SERVICES BLOCK GRANT

Local Program Expenditures

01.	Mental Health Services – Adult	\$ 6,706,212
02.	Mental Health Services – Child	5,421,991
03.	Mental Health Services – UNC School of Medicine, Department of Psychiatry Administration	150,000
04.		100,000

TOTAL MENTAL HEALTH SERVICES BLOCK GRANT \$ 12,378,203

SUBSTANCE ABUSE PREVENTION
AND TREATMENT BLOCK GRANT

Local Program Expenditures

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

01.	Substance Abuse Services – Adult	\$ 22,008,080
02.	Substance Abuse Treatment Alternative for Women	8,107,303
03.	Substance Abuse – HIV and IV Drug	5,116,378
04.	Substance Abuse Prevention – Child	7,186,857
05.	Substance Abuse Services – Child	4,940,500
06.	Institute of Medicine	250,000
07.	Administration	250,000

Division of Public Health

08.	Risk Reduction Projects	633,980
09.	Aid-to-Counties	209,576

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

MATERNAL AND CHILD HEALTH BLOCK GRANT

Local Program Expenditures

Division of Public Health

01.	Children's Health Services	7,534,865
02.	Women's Health	7,701,691
03.	Oral Health	38,041

DHHS Program Expenditures

Division of Public Health

04.	Children's Health Services	1,368,778
05.	Women's Health	135,452
06.	State Center for Health Statistics	179,483
07.	Quality Improvement in Public Health	14,646
08.	Health Promotion	88,746
09.	Office of Minority Health	55,250
10.	Immunization Program – Vaccine Distribution	382,648

DHHS Administration

Division of Public Health

11.	Division of Public Health Administration	631,966
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TOTAL MATERNAL AND CHILD
HEALTH BLOCK GRANT \$ 18,131,566

PREVENTIVE HEALTH SERVICES BLOCK GRANT

Local Program Expenditures

Division of Public Health

01.	NC Statewide Health Promotion	\$1,730,653
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

Division of Public Health

04.	NC Statewide Health Promotion	1,623,117
05.	Oral Health	70,000
06.	State Laboratory of Public Health	16,600

TOTAL PREVENTIVE HEALTH SERVICES BLOCK GRANT \$3,783,301

COMMUNITY SERVICES BLOCK GRANT

Local Program Expenditures		
Office of Economic Opportunity		
01.	Community Action Agencies	\$ 17,968,944
02.	Limited Purpose Agencies	998,275
DHHS Administration		
03.	Office of Economic Opportunity	998,274
TOTAL COMMUNITY SERVICES BLOCK GRANT		\$ 19,965,493

COMMUNITY SERVICES BLOCK GRANT RECEIVED THROUGH THE AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA)

Local Program Expenditures		
Office of Economic Opportunity		
01.	Community Action Agencies	\$ 10,000,000
TOTAL COMMUNITY SERVICES BLOCK GRANT RECEIVED THROUGH THE AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA)		\$ 10,000,000

GENERAL PROVISIONS

SECTION 10.37. (b)-(e) Identical to 3rd edition.

TEMPORARY ASSISTANCE FOR NEEDY FAMILY (TANF) FUNDS

SECTION 10.37. (f)-(p) Same as 3rd edition except increases the amount appropriated to the DHHS, Division of Social Services to (1) expand after school programs and services for at-risk children to \$2 million; and (2) expand after-school programs for at-risk middle school children to \$550,000. Increases the amount to be transferred to Connect, Inc., to \$1 million. Decreases the amount appropriated for the Boys and Girls Clubs to \$2 million. Deletes the \$17 million in subsection (q) that was to be used to support TANF-eligible programs and renumbers subsections accordingly.

TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF) EMERGENCY CONTINGENCY FUNDS

SECTION 10.37. (q), (r) Same as 3rd edition except increases the amount appropriated from TANF Emergency Contingency funds to \$23,625,329, and provides that the funds go the Division of Child Development instead of to the Division of Social Services. Also decreases the amount appropriated to the DHHS, Division of Social Services to support assistance payments provided under the Work First Family Assistance program to \$9,780,494.

SOCIAL SERVICES BLOCK GRANT

SECTION 10.37. (s)-(y) Same as 3rd edition except removes funds appropriated for community services provided by Children's Advocacy Centers from those that are exempt from 10A NCAC 71R .0201(3). Increases the amount appropriated to the Division of Social Services for various child welfare training projects to \$2.3 million. Increases the amount appropriated for child caring agencies that is to be allocated in support of foster home children to \$2,72,619. Deletes the \$422,003 appropriated to the Division of Social Services that was to be used to continue a mental health services program for children.

LOW-INCOME HOME ENERGY ASSISTANCE BLOCK GRANT

SECTION 10.37. (z) Identical to 3rd edition.

CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT

SECTION 10.37. (aa)-(cc) Identical to 3rd edition.

SUBSTANCE ABUSE PREVENTION AND TREATMENT BLOCK GRANT

SECTION 10.37. (dd) Same as 3rd edition except requires the Institute of Medicine to make its interim report no later than January 15, 2011 (was, 2010).

MATERNAL AND CHILD HEALTH BLOCK GRANT
SECTION 10.37. (ee), (ff) Identical to 3rd edition.

PART XI. DEPARTMENT OF AGRICULTURE AND CONSUMER SERVICES
Deleted.

PART XII. DEPARTMENT OF LABOR
Deleted.

PART XIII. DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES

CONSOLIDATE THREE DENR SUBUNITS WITHIN THE NEW DIVISION OF ENVIRONMENTAL ASSISTANCE AND OUTREACH

SECTION 13.1. Same as 3rd edition except that it excludes from program consolidation "The Office of Environmental Education."

CONSOLIDATE TWO DENR OFFICES INTO NEW OFFICE OF ENVIRONMENTAL EDUCATION AND PUBLIC AFFAIRS

SECTION 13.1A. New provision merges as a Type I transfer the Office of Environmental Education and Public Affairs as a new office within the administrative area of DENR. Makes conforming changes to GS 143B-285.22, GS 143B-285.23, and GS 143B-285.25.

CONSOLIDATE TWO SUBUNITS IN DENR IN THE OFFICE OF THE SECRETARY OF ENVIRONMENT AND NATURAL RESOURCES

SECTION 13.1B. New provision merges as a Type I transfer the Office of Conservation and Community Affairs with Natural Resources Planning and Conservation.

CONSOLIDATE CERTAIN ENVIRONMENTAL HEALTH PROGRAMS FROM DENR TO DHHS; AMEND ON-SITE WASTEWATER CERTIFICATION

SECTION 13.2. Deleted

CONSOLIDATED SHELLFISH SANITATION AND RECREATIONAL WATER QUALITY SECTION WITHIN THE DIVISION OF MARINE FISHERIES

SECTION 13.3. Deleted.

CONSOLIDATE PUBLIC WATER SUPPLY SECTION WITHIN THE DIVISION OF WATER RESOURCES

SECTION 13.4. Deleted.

SUSTAINABLE COMMUNITIES TASK FORCE

SECTION 13.5. Deleted.

DAM SAFETY FEE

SECTION 13.6. Deleted.

LITTER REDUCTION FROM DRIVE-THROUGH RESTAURANTS

SECTION 13.7. Deleted.

INCREASE HAZARDOUS WASTE FEES

SECTION 13.8. Deleted.

INCREASE ADMINISTRATIVE CAP FOR INACTIVE HAZARDOUS WASTE SITES PROGRAM; ADD RECIPIENTS TO ANNUAL REPORT REQUIREMENT (NEW)

SECTION 13.9. Same as 3rd edition except that it also amends GS 130A-310.10(a) to require the Secretary of Environment and Natural Resources to report on inactive hazardous

sites not only to the Environmental Review Commission, but also to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division as well.

FUNDS FOR CLEANUP AND MONITORING OF TEXFI SITE CONTAMINATION

SECTION 13.9A. New provision appropriates \$50,000 for fiscal 2010-11 from Solid Waste Management Unit to DENR for cited purpose in Fayetteville and for any emergency cleanup activities needed at that site.

FUNDS FOR RECYCLING PROGRAMS FOR PRODUCTS THAT CONTAIN MERCURY

SECTION 13.9B. New provision amends both versions of GS 130A-310.54 (both the version effective until December 31, 2017, and the version effective after that date) in order (i) to change title of "Mercury Switch Removal Account" to "Pollution Prevention Fund" and (ii) to authorize funds to be used to establish recycling programs for products containing mercury, particularly light bulbs and thermostats. Also delays until July 1, 2010 the effective date of these amendments to the version that expires December 31, 2017.

STRENGTHEN PLASTIC BAG RECYCLING

SECTION 13.10. Deleted.

PARKS AND RECREATION TRUST /AUTHORITY TO CONSIDER OPERATING EXPENSES

SECTION 13.11. Identical to 3rd edition.

RECLASSIFY SEVEN VACANT POSITIONS IN THE DIVISION OF PARKS AND RECREATION

SECTION 13.12. Identical to 3rd edition.

STATE PARKS SYSTEM PLAN

SECTION 13.13. Identical to 3rd edition.

NO NEW FEES FOR PARKING IN STATE PARKS

SECTION 13.14. Identical to 3rd edition.

AUTHORITY FOR THE DEPARTMENT OF REVENUE TO SHARE INFORMATION WITH DENR

SECTION 13.15. Identical to 3rd edition.

DIVISION OF MARINE FISHERIES AND DIVISION OF FOREST RESOURCES AIRCRAFT MAINTENANCE

SECTION 13.16. Identical to 3rd edition.

PURCHASE OF COMPUTER SOFTWARE BY DENR FOR DENR AIRCRAFT FLIGHTS AND MAINTENANCE RECORDKEEPING

SECTION 13.17. Identical to 3rd edition.

REPORT ON DENR AVIATION RESOURCES

SECTION 13.18. Identical to 3rd edition.

FISHERY RESOURCE GRANT FUNDS TO BE USED FOR AT-SEA OBSERVER PROGRAM

SECTION 13.19. Deleted.

GRASSROOTS SCIENCE PROGRAM

SECTION 13.20. Deleted.

CLOSE/TRANSFER CERTAIN DENR SPECIAL FUNDS

SECTION 13.21. New provisions direct the Office of State Budget and Management to transfer and close out unencumbered funds from various DENR accounts including the following: (i) to Division of Soil and Water Conservation from SWC-CREP and SWC-EEP

Agreement; (ii) to Division of Forest Resources from special fund Bladen Lakes; (iii) to Division of Water Quality from Special Fund DWQ-Lab Certification Fees; (iv) to Special Fund code 24317 from SWC-Agricultural Cost Share Programs, SWC-Animal Waste Cost Share, and NC07-Network Data IT Project; (v) to Special Fund 64305 from the Special Fund DWM-Noncommercial Leaking Petroleum Storage; (vi) to Special Fund 24300 any balance with Special Fund code 24308; and finally (vii) to the General Fund from the following special funds: (a) DWM-Kernersville Site; (b) DWM-Meadowview Site; (c) DWR-Streamwatch Project; (d) DAQ-Terrorism Defense; (e) MNS- E A Publications; (f) MNS –Mus. Nat. Sci./School Science Fairs; (g) MNS-Mus.Nat.Sci. Scientific Publications; (h) DFR-Hurricane Frances; (i) DFR-Hurricane Ivan; and (j) DFR Dare Bomb Range Isabel Interest. Makes conforming repeal.

WILDLIFE RESOURCES COMMISSION FUNDING

SECTION 13.22. New provision amends SL 2009-451 to limit the amount of State sales and use tax collections transferred from Secretary of Revenue to the Wildlife Resources Fund to \$21.5 million for fiscal 2009-10 and \$18.5 million for fiscal 2010-11 (now, cap for any year is \$21.5 million).

PART XIV. DEPARTMENT OF COMMERCE

ONE NORTH CAROLINA FUND

SECTION 14.1. Identical to 3rd edition.

NER BLOCK GRANTS

SECTION 14.2. Identical to 3rd edition.

STATE AGENCIES AND INSTITUTIONS/GREATER ENERGY EFFICIENCY REPORTING AND COMPLIANCE

SECTION 14.3. Same as 3rd edition except amends subsection (b1) of GS 143-64.12 to require the Department of Administration to consult with the State Energy Office in the development of energy audit procedures. Provides that these energy audits will serve as a preliminary energy survey and makes the State Energy Office responsible for system-level detailed surveys. Makes conforming technical changes to subsections (h) and (j). Changes the due date for the State Energy Office's annual report to the Joint Legislative Commission on Governmental Operations from September 1 to December 1.

LOCAL WORKFORCE DEVELOPMENT BOARDS/CONSUMER CHOICE REQUIREMENTS

SECTION 14.4. Revises new subdivision (8) of GS 143B-438.11, added in 3rd edition, to clarify that Local Workforce Development Boards must provide guidance to Workforce Investment Act consumers and must ensure that consumer choice is properly maintained in one-stop centers by providing consumers information about public and private training providers.

WANCHESE SEAFOOD INDUSTRIAL PARK/OREGON INLET FUNDS

SECTION 14.5. Deleted.

CONSOLIDATE PASSENGER AIRCRAFT

SECTION 14.6. Same as 3rd edition except revises new GS 136-102.20 to clarify that emergency or disaster response is the first priority for state aircraft, with economic development being the second. Makes conforming changes.

MAIN STREET SOLUTIONS FUND

SECTION 14.6A. New provision amends GS 143B-472.35 as follows. Adds new subsection (a1) to define the Main Street Solutions Fund as a reimbursable, matching grant program. Authorizes the Department of Commerce and the North Carolina Main Street Center to award grants totaling not more than \$200,000 to each eligible local government. Requires that recipients match any grant from the Main Street Solutions Fund on a two-to-one basis.

Adds new subsection (a2) to define terms associated with the program.

Adds new subsection (a3) to clarify that the Main Street Program's purpose is to provide economic development planning assistance and grant support to designated municipalities in Tier 2 and Tier 3 counties and to active communities in the program regardless of tier designation. Directs the Main Street Center to develop criteria for community participation and to provide technical assistance and strategic planning support to eligible local governments. Authorizes local governments to collaborate with downtown organizations in order to apply for grants from the Main Street Solutions Fund.

Adds new subsection (a4) authorizing the Secretary of Commerce to award grants from the Main Street Solutions Fund to eligible municipalities.

Amends subsection (b) to clarify that downtown initiatives that are eligible for awards from the Main Street Solutions Fund include efforts to encourage development or redevelopment of traditional downtown core areas, attract private-sector investment and entrepreneurial growth in downtown areas, attract business professionals and entrepreneurs, establish revolving loan programs, and encourage public improvement projects. Further provides that certain historic preservation initiatives, public improvements, and interlocal economic development projects, even when conducted outside of downtown core areas, are eligible activities under the Main Street Solutions Fund.

Amends subsection (c1) to adjust the information applicants must supply in grant applications.

Amends subsection (d) to eliminate the requirement that a committee make award determinations.

Deletes subsection (e).

Amends subsection (i) to eliminate the procedure by which a city could apply for an additional grant in the event a project costs more than anticipated.

Increases the amount, from \$50,000 to \$75,000, that may be used by the Department of Commerce for administration of the Main Street Solutions Fund.

Makes conforming and technical changes to subsections (g) and (l).

FEE TO ADVERTISE IN WELCOME CENTERS

SECTION 14.7. Deleted.

AMEND JDIG REPORTING REQUIREMENTS

SECTION 14.8. Identical to 3rd edition.

INDUSTRIAL DEVELOPMENT FUND/REPORTING REQUIREMENTS

SECTION 14.9. Identical to 3rd edition.

WINE AND GRAPE GROWERS COUNCIL/REPORTING REQUIREMENT

SECTION 14.10. Identical to 3rd edition.

LAB-TO-MARKET FUNDS/COMMERCIALIZATION

SECTION 14.11. Deleted.

PROMOTE NORTH CAROLINA DISTILLED SPIRITS

SECTION 14.12. Deleted.

EMPLOYMENT SECURITY COMMISSION FUNDS

SECTION 14.13. Same as 3rd edition except revises upward from \$500,000 to \$1 million the amount allocated to fund state initiatives not currently funded through federal grants. Also clarifies that the Tar Heel Works Program provides work based training opportunities for recipients of unemployment insurance benefits. Requires the Employment Security Commission, in developing these training opportunities, to consider factors such as the benefit to trainees, whether trainees will displace regular employees, the understanding that trainees are not entitled to a job at the end of the training period, and the understanding that trainees are not entitled to wages for time spent in training.

SET REGULATORY FEE FOR UTILITIES COMMISSION

SECTION 14.14. Identical to 3rd edition.

REGIONAL ECONOMIC DEVELOPMENT COMMISSIONS ALLOCATIONS

SECTION 14.15. Identical to 3rd edition.

E-NC AUTHORITY/REPORTING REQUIREMENT

SECTION 14.16. Identical to 3rd edition.

DEFENSE AND SECURITY TECHNOLOGY ACCELERATOR/REPORTING REQUIREMENT

SECTION 14.17. Same as 3rd edition except removes the second reporting date of September 1, 2011.

COUNCIL OF GOVERNMENT FUNDS

SECTION 14.18. Identical to 3rd edition.

RURAL ECONOMIC DEVELOPMENT CENTER

SECTION 14.19. Identical to 3rd edition.

RURAL ECONOMIC DEVELOPMENT CENTER/INFRASTRUCTURE PROGRAM

SECTION 14.20. Identical to 3rd edition.

OPPORTUNITIES INDUSTRIALIZATION CENTERS FUNDS

SECTION 14.21. Identical to 3rd edition.

RURAL CENTER/REALLOCATION OF CLEAN WATER BOND FUNDS

SECTION 14.22. New provision authorizes the North Carolina Rural Economic Development Center (Rural Center) to make changes as necessary to the relative allocation of funds between the supplemental, capacity, and unsewered communities categories of Clean Water Bond funding, provided that the Rural Center board of directors approves the reallocation in advance and the Rural Center consults with the Joint Legislative Commission on Governmental Operations at least 30 days prior to making a reallocation.

PART XV. JUDICIAL DEPARTMENT

COLLECTION OF WORTHLESS CHECK FUNDS

SECTION 15.1. Identical to 3rd edition.

DIRECT THE OFFICE OF STATE BUDGET AND MANAGEMENT TO RELEASE FUNDS

SECTION 15.2. Deleted.

OFFICE OF INDIGENT DEFENSE SERVICES EXPANSION FUNDS

SECTION 15.3. Identical to 3rd edition.

CORRECT DEATH PENALTY LITIGATION FUNDING AMOUNT

SECTION 15.4. Identical to 3rd edition.

INCREASE CERTAIN COURT FEES

SECTION 15.5. Deleted

CHILD SUPPORT FEE MODIFICATION

SECTION 15.6. Identical to 3rd edition.

EXPERT FEES

SECTION 15.7. Identical to 3rd edition.

PROVIDE CERTAIN COUNTERCLAIMS FEES IN DOMESTIC VIOLENCE ACTIONS

SECTION 15.8. Deleted.

MODIFY FEES FOR RESUMPTION OF MAIDEN OR FORMER NAME

SECTION 15.9. Deleted.

INCREASE FEE FOR CERTAIN CASES ASSIGNED TO A MAGISTRATE

SECTION 15.10. Deleted.

INCREASE ATTORNEY APPOINTMENT FEE

SECTION 15.11. Deleted.

MODIFICATION TO THE DUTIES OF THE DIRECTOR OF THE ADMINISTRATIVE OFFICE OF THE COURTS WITH RESPECT TO PAYMENT OF INTERPRETERS AND EXPERT WITNESSES

SECTION 15.12. New provision adds GS 7A-343(9e) and (9f) to add to the duties of the director the responsibility for prescribing policies and procedures for appointment and payment of deaf and hearing-impaired interpreters to apply uniformly throughout the General Court of Justice. Allows director, after consultation with the Joint Legislative Commission on Governmental Operations, to convert contractual hearing-impaired interpreter positions to permanent State positions when director finds it cost-effective to do so. Also allows the director to develop policies for the payment of experts acting on behalf of the court or prosecutorial offices, as set forth in GS 7A-314(d).

ESTABLISH A PILOT PROGRAM FOR ELECTRONIC FILING IN DOMESTIC VIOLENCE AND CIVIL NO-CONTACT CASES IN ALAMANCE COUNTY

SECTION 15.13. New provision as title indicates. Allows chief district judge in District Court District 15A to adopt local rules allowing clerk of superior court in Alamance to accept electronically filed complaints requesting ex-parte civil no-contact orders and ex-parte civil no-contact orders transmitted from the Alamance County Family Justice Center. Expires June 30, 2012.

PART XVI. DEPARTMENT OF JUSTICE

REPORTING BY MEDICAID FRAUD CONTROL UNIT (NEW)

SECTION 16.1. Same as 3rd edition except renames the team the Medicaid Fraud Control Unit. Also provides that fraud report (i) may be combined with the qui tam report required under GS 1-617; (ii) is to include number of criminal convictions and civil settlements; and (iii) is to include the allocation of recovered funds to “other victims” as well as the other destinations of funds set forth in the 3rd edition.

PART XVII. DEPARTMENT OF CRIME CONTROL AND PUBLIC SAFETY

AMEND LAW ENFORCEMENT SUPPORT SERVICES FEE AUTHORITY.

SECTION 17.1(a), (b), & (c). Identical to 3rd edition.

SECTION 17.1(d) & (e). Deleted.

SECTION 17.1(f). Substantially the same as deleted 3rd edition section 17.1(d).

REQUIRE DEVELOPMENT AND REPORTING OF LESS FEE SCHEDULE

SECTION 17.2. New provision directs the Department of Crime Control and Public Safety, Law Enforcement Support Services Division (LESS) in consultation with the Fiscal Research Division to develop a fee schedule for the services provided by LESS. Requires the department to consider (i) fees charged in other states; (ii) program utilization rates for last five years; (iii) actual workload requirements for each of the three main program areas; (iv) projected evidence storage needs for the next five years; and (v) projected space costs and the feasibility of purchasing a permanent storage facility. Directs that fee schedule is to be reported to the Joint Legislative Corrections, Crime Control, and Juvenile Justice Oversight Committee and the Fiscal Research Division by October 1, 2010.

TRANSFER TUITION ASSISTANCE PROGRAM

SECTION 17.3. New provision transfers in a Type I transfer the North Carolina National Guard Tuition Assistance Program (Department of Crime Control and Public Safety) to the State Education Assistance Authority, recodifying GS Chapter 127A, Article 15, as GS Chapter 116, Article 23, part 2. Makes various conforming changes.

PART XVIII. DEPARTMENT OF JUVENILE JUSTICE AND DELINQUENCY PREVENTION

STATE FUNDS MAY BE USED AS FEDERAL MATCHING FUNDS

SECTION 18.1. Identical to 3rd edition.

REPEAL TREATMENT STAFFING MODEL AT YOUTH DEVELOPMENT CENTERS

SECTION 18.2 Identical to 3rd edition.

PART XIX. DEPARTMENT OF CORRECTION

FEDERAL GRANT MATCHING FUNDS

SECTION 19.1. Identical to 3rd edition.

PLAN FOR A PILOT PROGRAM ON PRIVATIZATION OF PROBATION SERVICES

SECTION 19.2. Deleted.

INCREASE FEES FOR PROBATION, PAROLE, AND POST-RELEASE SUPERVISION

SECTION 19.3. Deleted.

INCREASE FEE FOR COMMUNITY SERVICE PROGRAM

SECTION 19.4. Deleted.

STUDY MISDEMEANOR CLASSIFICATION

SECTION 19.5. New provision directs the North Carolina Sentencing and Policy Advisory Commission, in consultation with the Conference of District Attorneys, the Office of Indigent Defense Services, and the School of Government to review all Class 3 misdemeanor offenses and provide recommendations to the 2011 General Assembly for reclassifying each Class 3 misdemeanor as either an infraction or a Class 2 misdemeanor. States that it is the General Assembly's intent that there be only three misdemeanor punishment levels: Class A1, Class 1, and Class 2.

INMATE MEDICAL COST CONTAINMENT

New provision adds:

SECTION 19.6.(a). Allows the Department of Correction (DOC) to reimburse providers and facilities providing inmate medical services at a rate not to exceed 70% of the amount charged, based on the customary charges for all other patients as of June 30, 2010. Applies to all medical and facility services provided outside the correctional facility.

SECTION 19.6.(b). Requires DOC to make all efforts to contain inmate medical costs and to ensure health care usage is distributed equitably among facilities.

SECTION 19.6.(c). Directs DOC to consult with the Division of Medical Assistance (DMA) to develop protocols for prisoners, who would be Medicaid-eligible if not incarcerated, to access Medicaid while in custody or confined, and to seek reimbursement from Medicaid in those instances when an inmate's eligibility was temporarily reinstated due to a hospitalization.

SECTION 19.6.(d). Directs DOC, with OSBM, to study the impact of inmate medical costs incurred under (a), (b), and (c) of this section, and to report to specified parties by March 1, 2011.

SECTION 19.6.(e). Directs DOC to explore all cost containment methods including third-party contracts, federal government partnerships, and purchasing a fixed number of hospital beds.

SECTION 19.6.(f). Requires DOC to report on specified findings by October 1, 2010, to the Joint Legislative Corrections, Crime Control, and Juvenile Justice Oversight Committee.

SECTION 19.6.(g). Requires DOC to report to the Joint Legislative Commission on Governmental Operations by October 1, 2010, and quarterly thereafter on delineated criteria relating to community medical providers.

SECTION 19.6.(h). Repeals Section 19.20(a) of the 2009 Appropriations Act, as amended by Section 15A of SL 2009-575 (provided operating procedures for the DOC and the State Health Plan for Teachers and State Employees).

COMMUNITY-BASED RESIDENTIAL REENTRY PROGRAM FOR INMATES – PILOT INITIATIVE

SECTION 19.7. New provision authorizes DOC to contract with a community-based residential facility that provides a range of offender services to pilot a two-year reentry program for selected inmates. Provides criteria to designate eligible inmates, and directs the pilot to begin during 2010-11 and to end during 2011-12. Requires DOC to report to specified committees by February 1, 2012, on the pilot's outcome, various findings, and recommendations.

PART XX. RESERVED (Department of Administration)

FREEZE STATE MOTOR VEHICLE ACQUISITION PROGRAM

SECTION 20.1. Deleted.

PART XXI. OFFICE OF THE STATE AUDITOR

BATTLESHIP COMMISSION PAY FOR AUDIT

SECTION 21.1. Identical to 3rd edition.

STATE PORTS AUTHORITY PAY FOR AUDIT

SECTION 21.2. Identical to 3rd edition.

PART XXII. DEPARTMENT OF CULTURAL RESOURCES

MODIFY TERMS OF THE 2007-2008 GRANT-IN-AID FOR FREEDOM MONUMENT

SECTION 22.1. Identical to 3rd edition.

FUNDS FOR NC SYMPHONY

SECTION 22.2.(a). New provision allocates \$1.5 million in nonrecurring funds for 2010-11 of the funds appropriated to the Office of State Budget and Management-Special Appropriations, to be allocated to the North Carolina Symphony in accordance with the section.

SECTION 22.2. (b). New provision conditions the appropriation from OSBM, in three separate disbursements of \$500,00, on the NC Symphony's achievement of three fundraising benchmarks.

SECTION 22.2.(c). States that funds allocated in this section are in addition to other funds allocated to the NC Symphony.

PART XXIII. HOUSING FINANCE AGENCY

ALLOW HOUSING FINANCE AGENCY TO CREATE A CORPORATION TO RECEIVE FEDERAL FUNDS FROM THE "HARDEST HIT HOUSING MARKETS" PROGRAM (NEW)

SECTION 23.1. Removes section contents of 3rd edition and replaces with new provision amending GS 122A-5 to allow as title indicates.

PART XXIV. RESERVED (Deletes all sections of 3rd edition for Department of Insurance)

PART XXV. RESERVED (Deletes all sections of 3rd edition for Office of Administrative Hearings)

PART XXVI. RESERVED (Deletes all sections of 3rd edition for Department of Revenue)

PART XXVII. RESERVED (Deletes all sections of 3rd edition for State Board of Elections)

PART XXVII-A. OFFICE OF STATE BUDGET AND MANAGEMENT

MILITARY MORALE AND WELFARE FUND

New provision adds:

SECTION 27A.1.(a). Directs that \$500,000 of the funds appropriated to OSBM for 2010-11 will be placed in a Reserve for the Military Morale, Recreation, and Welfare Fund.

SECTION 27A.1.(b). Directs OSBM to distribute the amount appropriated in (a) for the purposes of the section to each military installation on a per capita basis.

SECTION 27A.1.(c). Requires funds distributed to a military installation exchange to be deposited in the Military Morale, Recreation, and Welfare Fund and used only for purposes under the Fund.

SECTION 27A.1.(d). Directs each military installation to report at least annually to the Joint Legislative Commission on Governmental Operations, beginning in 2010-11.

PART XXVII-B. OFFICE OF THE STATE CONTROLLER

ADD OFFICE OF STATE PERSONNEL DIRECTOR TO BEACON PROJECT STEERING COMMITTEE

SECTION 27B.1. New provision amends Section 6.16(b) of SL 2008-107, as amended by SL 2008-118, as title indicates.

PART XXVIII. DEPARTMENT OF TRANSPORTATION

CASH FLOW HIGHWAY FUND AND HIGHWAY TRUST FUND APPROPRIATIONS

SECTION 28.1. Identical to 3rd edition.

DRIVER EDUCATION PROGRAM FUND REVERSION AND STUDIES (NEW)

SECTION 28.2. Same as 3rd edition except directs the Highway Safety Research Center Institute of the University of North Carolina at Chapel Hill to work with other parties to create a standard curriculum for the Driver Education Program in the Department of Public Instruction (DPI). Also directs OSBM to review the Program to determine the most appropriate source of funds and the Program's outcomes; to include certain recommendations, to work with DPI to establish performance measures, and to report to the Governor and the General Assembly no later than November 1, 2010.

REQUIRE GLOBAL TRANSPARK TO REPORT ON ANTICIPATED REPAYMENT SCHEDULE

SECTION 28.3. New provision directs the Board of Directors of the Global Transpark Authority to report on or before December 31, 2010, to specified committees on the Authority's strategic, business, and financial plans. Designates issues to be included in the report.

ADJUST ROAD NAMING POLICY

SECTION 28.4. New provision directs the Department of Transportation (DOT) to remove the prohibition on naming state roads after specific military veterans and to adopt a policy for naming highways in that manner, as part of DOT's existing system for naming roads after people. Requires DOT to report to the Joint Legislative Transportation Oversight Committee no later than December 1, 2011 on the policy.

STATE HIGHWAY PATROL TO USE FORFEITURE FUNDS FOR VIPER PROGRAM

SECTION 28.5. New provision directs the Department of Crime Control and Public Safety, State Highway Patrol Division, to use \$2.5 million of the funds from the State Highway Patrol's asset forfeiture account from its participation in the federal VIPER project, on expenditures that would be permitted under the Asset Forfeiture Program's rules. Provides that the Patrol may, but is not required to, use the \$2.5 million if its 2010-11 budget is otherwise reduced.

DEVELOP FEE SCHEDULE FOR FERRY SYSTEM

SECTION 28.6. New provision directs the DOT Ferry Division to develop a fee schedule for all ferry routes at an amount necessary to cover the operating costs of existing ferry routes. Requires the schedule to include a fee exception for schoolchildren and teachers, as specified. Directs DOT to report its proposed schedule and implementation timeline to certain committees by February 1, 2011.

ESTABLISH NC MOBILITY FUND

SECTION 28.7.(a). New provision enacts new Article 14A, North Carolina Mobility Fund, to GS Chapter 136, creating a Fund consisting of revenue from appropriations or transfers by the General Assembly. Directs DOT to use the Mobility Fund to fund transportation projects of statewide and regional significance that relieve congestion and enhance mobility across all modes of transportation, based on project selection criteria established by DOT. Requires the Fund's initial project to be the widening and improvement of Interstate 85 north of the Yadkin River Bridge. Exempts the Mobility Fund from the provisions of GS 136-17.2A (pertaining to the Intrastate System and Transportation Improvement Program). Requires DOT to develop and annually update a report containing a completion schedule for all projects, and selection

criteria and reasoning for each project, among other specified contents, and to report to the Joint Legislative Transportation Oversight Committee.

SECTION 28.7.(b). Directs DOT to develop selection criteria to select projects under the Fund and to report to the Committee, with a preliminary report due by October 1, 2010, and final report due by December 15, 2010.

SECTION 28.7.(c). Indicates that any funds appropriated to the North Carolina Turnpike Authority in 2009-10 under GS 136-176(b) (appropriations from Highway Trust Fund for certain projects) that remain unencumbered at the end of 2009-10 should be transferred to the Mobility Fund to be used for Phase III of the Yadkin River Bridge project.

PART XXIX. SALARIES AND BENEFITS

FURLOUGHS AUTHORIZED/PUBLIC SCHOOLS

SECTION 29.1. Deleted.

TEACHER SALARY SCHEDULES

SECTION 29.2. Same as 3rd edition except provides that the intent of the monthly teacher salary schedule applied to the 2010-11 fiscal year is to freeze compensation at the level paid to certified personnel at the conclusion of the 2009-10 school year. Prohibits an increase in salary for public school employees paid according to the teacher salary schedule regardless of advanced degrees or certification held by those employees (was, directed that public school employees paid according to the teacher salary schedule who received NBPTS certification or obtained a master's degree were not to be prohibited from receiving the appropriate increase in salary).

SCHOOL-BASED ADMINISTRATOR SALARY SCHEDULE

SECTION 29.3. Same as 3rd edition except provides that the intent of the base salary schedule for school-based administrators (principals and assistant principals) applied to the 2010-11 fiscal year is to freeze compensation at the level paid to school-based administrators at the conclusion of the 2009-10 school year. Provides that a principal or assistant principal reassigned to a higher job classification does not receive an increase in salary.

Current law provides a monthly salary supplements for school-based administrators obtaining advance certifications. Prohibits the payment of a monthly salary supplement to principals or assistant principals who obtain those advance certifications subsequent to the conclusion of the 2009-10 school year.

Deletes provision that places an administrator with a one-year provisional assistant principal's certificate at the entry level salary for an assistant principal or the appropriate step on the teacher salary schedule, whichever is higher.

FURLOUGHS AUTHORIZED/UNC

SECTION 29.4. Deleted.

NO SALARY INCREASES (NEW)

SECTION 29.5. Rewrites the provisions of the 3rd edition to clarify the prohibitions on salary increases. Amends Section 26.1A(a) of SL 2009-451, as amended, to specify that the

salaries of officers and employees that were set or increased in Sections 26.1 through 26.11, Sections 26.11A, 26.12, 26.12D, 26.13, 26.14, 26.18, and 26.19 of SL 2008-107, and in effect on June 30, 2009 or the last date in pay status during the 2008-09 fiscal year if earlier, are to remain in effect and may not increase for the 2009-10 fiscal year (was, may not increase for the 2009-10 and 2010-11 fiscal years).

Adds new Section 26.1A to SL 2009-451, as amended, to require that in spite of any other provisions of law to the contrary, and regardless of the funding source, there is to be no increase for the 2010-11 fiscal year of salaries in effect as of June 30, 2010 or the last date in pay status in the 2009-10 fiscal year for officers and employees of (1) state agencies, departments, institutions, authorities, boards, commissions; (2) the judicial branch; (3) the legislative branch; (4) the University of North Carolina, including but not limited to its constituent institutions, affiliated enterprises, and foundations; (5) the Community College System; and (6) local boards of education.

Adds new subsection (a2) to Section 26.1A of SL 2009-451, as amended, to require the Office of State Budget and Management (OSBM) and the Office of State Personnel (OSP) to monitor the compliance of (1) State agencies, departments, and institutions, including authorities, boards, and commissions; (2) the judicial branch; and (3) the University of North Carolina and its constituent institutions with proposed new subsection (a1). Requires the OSBM and OSP, beginning November 1, 2010 through August 1, 2011, to submit quarterly reports of their monitoring activities to the President Pro Tempore of the Senate, the Speaker of the House of Representatives, and the Fiscal Research Division.

SALARY-RELATED CONTRIBUTIONS/EMPLOYER

SECTION 29.6. Same as the 3rd edition except amends Section 6(c) of SL 2009-16, as amended, to provide that the state's employer contribution rates budgeted for retirement and related benefits as a percentage of covered salaries for the 2010-11 fiscal year are (1) for teachers and state employees, 10.92% (was, 10.71%); (2) for state law enforcement officers, 15.92% (was, 15.71%); and (3) for consolidated judicial retirement, 21.46% (was, 20.01%).

PART XXX. CAPITAL APPROPRIATIONS

CAPITAL APPROPRIATIONS/GENERAL FUND

SECTION 30.1. Same as 3rd edition except only appropriates \$9,130,000, for the Department of Environment and Natural Resources Water Resources Development Projects, deleting all other specified appropriations for capital improvements.

WATER RESOURCES DEVELOPMENT PROJECT FUNDS

SECTION 30.2. Same as 3rd edition except adds a \$200,000 allocation for the B. Everett Jordan Lake Water Supply Storage and makes a corresponding reduction in the amount allocated for state-local projects.

NON-GENERAL FUND CAPITAL IMPROVEMENT AUTHORIZATIONS

SECTION 30.3. Same as 3rd edition except provides that the listed authorized projects are only authorized if the project will not require operating support from the General Fund once it is completed.

REPAIRS AND RENOVATIONS RESERVE ALLOCATION

SECTION 30.4. Same as 3rd edition except requires 50% (was, 54%) of the funds in the Reserve and Repairs for Renovations for 2010-11 be allocated to the UNC Board of Governors for repairs and renovations and 50% (was, 46%) be allocated to the Office of State Budget and Management for repairs and renovations. Transfers the proceeds of any bonds and notes issued pursuant to Section 30.7 to the Reserve for Repairs and Renovations. Transfers \$500,000 of the

funds allocated to the Office of State Budget and Management to the Department of Crime Control and Public Safety to be used for Armory Repair and Renovation.

AMEND 2009 WILDLIFE RESOURCES COMMISSION NON-GENERAL FUND CAPITAL IMPROVEMENT AUTHORIZATIONS

SECTION 30.5. Same as 3rd edition except removes proposed addition of \$3.5 million for statewide emergency repair and renovation and makes conforming changes, including deleting proposed 30.5(b).

AMEND COPS AUTHORIZATION LANGUAGE/UNCG

SECTION 30.6. Deleted.

SPECIAL INDEBTEDNESS FOR REPAIRS AND RENOVATIONS

SECTION 30.7. New provision authorizes the issuance or incurrence of special indebtedness in the maximum amount of \$70 million to finance the capital costs of repairing and renovating state facilities and related infrastructure, allocated according to Section 30.4. Allow the State, with prior approval from the State Treasurer and Council of State, to issue or incur special indebtedness to provide funds to the State to be used to pay the capital facility costs of the projects.

PHASE I OF THE STATE HIGHWAY PATROL TRAINING FACILITY

SECTION 30.8.(a) New provision amends the special indebtedness projects in the 2008 Appropriations Act (SL 2008-107) to allow the issuance or incurrence of special indebtedness in the maximum amount of \$23,043,000, to finance the capital facility costs of completing Phase I of the State Highway Patrol Training Facility; prohibits more than \$10 million of special indebtedness from being issued before July 1, 2011.

SECTION 30.8. (b), (c) New provision amends Section 27.9(f) (Two-Thirds Bonds Act of 2008) of the 2008 Appropriations Act, as amended, to decrease the amount of the proceeds from bonds and notes that may be used to finance the capital facility costs of the Green Square project to \$96,544,584. Also allows a maximum of \$2.5 million of the proceeds from bonds and notes to be used to finance the capital costs of Phase I of the State Highway Patrol Training Facility. Makes conforming changes.

SECTION 30.8. (d) New provision amends SL 2008-107 Part XXVII (Capital Appropriations), to provide that in addition to the proceeds of special indebtedness authorized to finance the capital facility costs of completing Phase I of the State Highway Patrol Training Facility, the proceeds of bonds and notes issued, as described above, are to be used for that purpose.

SECTION 30.8. (f), (g) Amends Section 27.8(a) of the 2008 Appropriations Act to decrease the amounts authorized for issuance or incurrence of special indebtedness for (1) completing a classroom and office building at UNC Greensboro and (2) acquiring State land throughout the UNC system.

STATUTORILY DEFINE "SCOPE"

SECTION 30.9. Amends GS 143C-1-1 (state budget act definitions) to define *increase in scope* as, with respect to a capital improvement project, either an increase of more than 10% in the square footage of the amount authorized of a capital improvement project, or the programming of new functions into the project.

PART XXXI. TAX CHANGES

IRC UPDATE

SECTION 31.1. Same as 3rd edition except amends proposed GS 105-134.6(d)(7) to clarify that a taxpayer must add to taxable income the following amounts: (1) the amount of any 2008 net operating loss deduction claimed on a federal return under section 172(b)(1)(H) or 810(b)(4) of the Internal Revenue Code (Code), for taxable years 2003, 2004, and 2005; (2) the amount of any 2009 net operating loss deduction claimed on a federal return under section 172(b)(1)(H) or 810(b)(4) of the Code, for taxable years 2004, 2005, and 2006. Also provides that any

amendments to the Code enacted after May 1, 2009, that increase taxable income for 2009 become effective for taxable years beginning on or after January 1, 2010.

CAP TAX RATE ON INCOME FROM FAMILY-OWNED AND OTHER SMALL BUSINESS

SECTION 31.2. Deleted.

LOWER SALES TAX COMPLIANCE BURDEN ON SMALL RETAILERS

SECTION 31.3. Deleted.

RELIEVE ANNUAL REPORT COMPLIANCE BURDEN ON SMALL BUSINESS

SECTION 31.4. Deleted.

EXTEND SUNSET ON EXPIRING TAX INCENTIVE INCOME TAX CREDITS AND SALES TAX REFUNDS ONE YEAR

SECTION 31.5. Deleted.

MODERNIZE SALES TAX ON ACCOMMODATIONS

SECTION 31.6. Deleted.

MODERNIZE ADMISSIONS TAX AND RESTORE AMENITIES EXCLUSION

SECTION 31.7. Deleted.

IMPROVE TAX AND DEBT COLLECTION PROCESS

SECTION 31.8. Deleted.

REDUCE FRANCHISE TAX BURDEN ON CONSTRUCTION COMPANIES

SECTION 31.9. Deleted.

FAIR TAX PENALTIES

SECTION 31.10. Deleted.

CREDIT FOR CONSTRUCTING A RENEWABLE ENERGY PROPERTY FACILITY

SECTION 31.11. Deleted.

INCREASE TAX BENEFITS FOR INVESTMENT IN SMALL BUSINESSES

SECTION 31.12. New provision amends GS 105-163.012(b) as the title indicates, increasing the total amount of all tax credits to \$8 million (was, \$7.5 million). Effective for investments made on or after January 1, 2010. Extends the sunset of the tax credits for qualified business investments to 2013 (was, 2011).

TAX BENEFITS FOR SMALL BUSINESSES THAT PROVIDE HEALTH INSURANCE

SECTION 31.13. New provision amends GS 105-129.16E to extend the sunset date for the credit for small business employee health benefits from 2010 to 2014.

TAX BENEFITS FOR PUTTING PEOPLE BACK TO WORK

SECTION 31.14. New provision enacts new GS 105-129.16J, credit for small businesses that create jobs, to allow a \$1,000 tax credit for each new full time job created and maintained for at least three years, for businesses that employ not more than 25 full time employees. Provides for the calculation of the credit. Requires the taxpayer to meet specified eligibility requirements concerning environmental impact, safety and health programs, and overdue tax debts. The credit is forfeited if the taxpayer was not eligible for the credit for the calendar year in which the job was created or if the taxpayer does not maintain the job for at least three years. Provides that the credit may not exceed \$25,000 and prohibits a taxpayer from claiming a credit with respect to a job for which the taxpayer claims another credit for job creation. Requires the Department of Revenue to publish annually the total credits claimed for the 12 month period ending the previous year, by May 1. Repealed for jobs created on or after January 1, 2013. Effective for taxes imposed beginning on or after January 1, 2010 and for jobs created on or after January 1, 2010.

PART XXXII. MISCELLANEOUS PROVISIONS

STATE BUDGET ACT APPLIES

SECTION 32.1. Identical to 3rd edition.

COMMITTEE REPORT

SECTION 32.2. Same as 3rd edition, except refers to the House Appropriations Committee Report, dated June 1, 2010.

MOST TEXT APPLIES ONLY TO THE 2010-11 FISCAL YEAR

SECTION 32.3. Identical to 3rd edition.

EFFECT OF HEADINGS

SECTION 32.4. Identical to 3rd edition.

APPROPRIATIONS LIMITATIONS AND DIRECTIONS APPLY

SECTION 32.5. Identical to 3rd edition.

SEVERABILITY CLAUSE

SECTION 32.6. Identical to 3rd edition.

EFFECTIVE DATE

SECTION 32.7. Identical to 3rd edition.

June 2, 2010

S 897. APPROPRIATIONS ACT OF 2010. Filed 3/25/09. House committee substitute makes the following changes to 4th edition.

PART II. CURRENT OPERATIONS AND EXPANSION GENERAL FUND

GENERAL FUND AVAILABILITY STATEMENT

SECTION 2.2.(a). Amends a line item under the Adjustments to Availability: Senate Bill 897 subheading to read "Transfer Funds (was, Revert Fund) from ECU Magnetic Resonance Imaging Lease and Equipment Fund").

Amends a line item under the Adjustments to Availability: Senate Bill 897 subheading to read "Cap on transfer to Wildlife Resources Commission" (previously, "Transfer from Wildlife Resources Commission Fund").

SECTION 2.2(g). Deletes the Wildlife Resources Commission Fund line item from the subsection (previously transferred designated funds from the fund to the State Controller).

PART V. OTHER APPROPRIATIONS

EDUCATION LOTTERY

SECTION 5.1.(g). Provides that a county may authorize the use of funds from the Public School Capital Fund for classroom teachers only upon the request of the local board of education.

PART VII. PUBLIC SCHOOLS

MORE AT FOUR PROGRAM

SECTION 7.5.(g). Modifies the review of the More at Four Program to include a representative sample of children who complete the program every other year (was, every year), and also modifies the review to report on applicable children through grade 6 (was, through grade 9).

SCHOOL CONNECTIVITY INITIATIVE

SECTION 7.9. Separates section into two subsections and adds new (b), allowing up to \$350,000 of the funds for the School Connectivity Initiative to be used by the Governor's Office for education innovation and the education E-learning portal.

JOINT LEGISLATIVE STUDY COMMITTEE ON THE CONSOLIDATION OF EARLY CHILDHOOD EDUCATION AND CARE

SECTION 7.16.(a). Increases the number of committee members to 18 (was, 10), and identifies the additional seven ex-officio nonvoting members and one additional developmental pediatrician to be appointed by the Governor.

COOPERATIVE AND INNOVATIVE HIGH SCHOOLS

SECTION 7.21.(d). Removes condition prohibiting schools that *begin operation* after July 1, 2010 from receiving State Board of Education approval under the Cooperative and Innovative High School Act, expanding the prohibition to any additional schools after July 1, 2010, unless the school receives an explicit appropriation.

PART VIII. COMMUNITY COLLEGES

MULTICAMPUS FUNDS

SECTION 8.11. New provision states that the funds appropriated for 2010-11 for multicampus colleges will be allocated under the existing funding formula to all multicampus colleges approved by the State Board of Community Colleges.

PART IX. UNIVERSITIES

STUDY FINANCIAL AID CONSOLIDATION

SECTION 9.2.(c). Directs the work group created under the section to also study the relationship and any linkage that should be established for accountability purposes between financial aid, retention, and graduation rates.

ECU/REVERT BALANCE OF MAGNETIC RESONANCE IMAGING (MRI) LEASE & EQUIPMENT FUNDS

SECTION 9.21. Deletes the provision (described funds were reverted to the General Fund in the 4th edition).

UNC BANNER SYSTEM/ASU HEALTH SCIENCES

SECTION 9.23. Renames section *ASU HEALTH SCIENCES*; removes subsection (a) from the 4th edition, which appropriated \$675,000 to complete the Central Banner Payroll project and the Banner Hosting project, and removes those projects from the section's reporting requirement.

PART X. DEPARTMENT OF HEALTH AND HUMAN SERVICES

CLOSURE PLAN FOR DOROTHEA DIX HOSPITAL

SECTION 10.10. Rewrites section title as *DOROTHEA DIX HOSPITAL* and removes the subsection directing the listed agencies to develop and submit a plan for closing the hospital. Retains requirement that the agencies submit a 2010-11 operations budget for the hospital.

IMMUNIZATION CHANGES

SECTION 10.13. Adds new subsection allocating \$5 million in non-recurring funds for 2010-11, of the funds appropriated for the Childhood Immunization Program, to be used by the Division of Public Health on a one-time basis to stock required childhood vaccines for the 2010-11 school year for children with health insurance coverage. Directs local health departments to seek reimbursement from licensed health insurers. Makes technical changes.

STATE-COUNTY SPECIAL ASSISTANCE CONSOLIDATING CHANGES

SECTION 10.19A.(a). Adds new section to remove "for adults" from various references to the State-County Special Assistance Program (currently, Special Assistance for Adults Program). Amends GS 108A-41 to amend the definition of adult care home to include facilities for adults with intellectual and developmental disabilities. Also extends Special Assistance to any person who is legally blind. Amends GS 108A-47.1 to provide Special Assistance payments to eligible individuals 18 years or older (currently, no age designation). Makes other conforming, technical, and linguistic changes to GS 105A-2(2)e and to various provisions of GS Chapter 108A.

MEDICAID POLICY CHANGES

SECTION 10.22.(a). Limits Medicaid coverage of experimental or trial procedures to those recognized or approved by the National Institutes of Health (was, by a nationally recognized professional specialty organization).

DHHS BLOCK GRANTS

SECTION 10.37.(a). Clarifies that \$150,000 is appropriated to Mental Health Services – UNC School of Medicine, Department of Psychiatry STEP (4th edition did not designate the STEP program).

PART XIV. DEPARTMENT OF COMMERCE

EMPLOYMENT SECURITY COMMISSION FUNDS

SECTION 14.13. Replaces the considerations assigned to the Employment Security Commission in developing work-based training opportunities in the proposed Section 14.17(f) with required factors for the Tar Heel Works Program to meet, related to training provided by the Program.

SET REGULATORY FEE FOR UTILITIES COMMISSION

SECTION 14.14. Makes technical and stylistic changes to the proposed amended language. Provides that the jurisdictional revenues are as defined in GS 62-302(b)(4).

PART XIX. DEPARTMENT OF CORRECTION

STUDY INMATE MEDICAL COSTS

SECTION 19.8.(a). New section authorizes the Legislative Research Commission to study inmate medical costs and develop recommendations to contain those costs.

SECTION 19.8.(b). Authorizes the Commission to make an interim report to the 2011 General Assembly and requires the submission of a final report to the 2011 General Assembly, Regular Session 2012.

PART XX. RESERVED [DEPARTMENT OF ADMINISTRATION]

CURB EXCESS PRIVATE MOTOR VEHICLE EXPENSE REIMBURSEMENT

SECTION 20.2. New provision directs the Division of Motor Fleet Management of the Department of Administration to work with state agencies to analyze the travel costs of employees receiving excessive private automobile travel reimbursements and possible cost savings by transferring the employee to a state vehicle, after providing adequate notice.

PART XXVIII. DEPARTMENT OF TRANSPORTATION

ESTABLISH NC MOBILITY FUND

SECTION 28.7.(a). Directs DOT to include the public and listed stakeholders in the discussions to develop project and selection criteria for the fund.

SECTION 28.7.(b). Directs DOT to give preferential consideration to projects qualified to receive state grants from the Congestion Relief and Intermodal Transportation 21st Century Fund while developing the project criteria and selection process for the Mobility Fund.

SECTION 28.7.(d). Adds new subsection, enacting new GS 105-187.9(c) to direct the State Treasurer to transfer \$31 million each year from the taxes deposited in the Highway Trust Fund to the Mobility Fund, through either quarterly or annual transfers. Amends GS 105-187.9(b) to direct the State Treasurer to transfer \$40 million (was, \$71 million) each year from the taxes deposited in the Highway Trust Fund to the General Fund. Makes conforming changes. Effective July 1, 2011.

SECTION 28.7.(e). Adds new subsection, amending GS 105-187.9 as amended by this act, to direct the State Treasurer to transfer \$26 million (was, \$40 million) from the Highway Trust Fund to the General Fund, and to transfer \$45 million (was, \$31 million) from the Highway Trust Fund to the Mobility Fund. Effective July 1, 2012.

PART XXIX. SALARIES AND BENEFITS

TEACHER SALARY SCHEDULES

SECTION 29.2.(a). Removes language stating that the proposed teacher salary schedules are intended to freeze compensation at the level paid to certified personnel at the end of the 2009-10 school year. Removes language prohibiting public school employees paid according to the proposed salary schedule from receiving a salary increase regardless of further certification or additional degree achievement, and makes conforming changes, removing prohibition of salary supplements in subsections (c), (d), and (e) of 29.2, and in Section 29.3.(d).

SECTION 29.3.(a). Removes language stating that the proposed administrator salary schedules are intended to freeze compensation at the level paid to certified personnel at the end of the 2009-10 school year.

SECTION 29.3.(b). Removes language prohibiting a principal or assistant principal from receiving a salary increase after reassignment to a higher job classification.

SECTION 29.3.(f). Deletes language prohibiting a principal from receiving a salary increase if reassigned to a higher job classification. Adds a provision, stating that if a principal is reassigned to a higher job classification because the principal is transferred to a school within a local school administrative unit with a larger number of state-allotted teachers, the principal will be placed on the salary schedule as if the principal had served the principal's entire career at the higher job classification.

SECTION 29.5.(b). Removes local boards of education from the list of officers and employees affected by the salary freeze under the as amended Section 26.1A.(a1).

PART XXX. CAPITAL APPROPRIATIONS

NON-GENERAL FUND CAPITAL IMPROVEMENT AUTHORIZATIONS

SECTION 30.3.(a). Deletes list of 2010-11 appropriations to various Department of Agriculture and Consumer Services projects and replaces it with the following list:

Department of Agriculture and Consumer Services
 Food and Drug – Upgrade Steam Generation
\$18,000
 Markets/Southeast NC Ag Center – Multipurpose Pavilion
\$1,290,000
 Markets/Southeast NC Ag Center – Associated Development
 Around Multipurpose Pavilion
 \$1,500,000
 Markets/State Farmers Market – Electrical Improvements
\$200,000
 Markets/State Farmers Market – Restroom Improvements
\$600,000

Markets/WNC Ag Center – Livestock Sales Area HVAC
\$500,000
Markets/WNC Ag Center – Code, Facility and Site Improvements
\$300,000
Plant Industry – Support Facility Renovations and Repairs
\$50,000
Research Stations – Irrigation
\$200,000
Research Stations – Grain Storage
\$400,000
State Fair – Site Development
\$500,000
State Fair – Hunt Horse Complex Improvements
\$250,000
Veterinary/Food and Drug – Standby Generators
\$700,000

Also increases the Total Amount of Non-General Fund Capital Projects Authorized by \$3,027,755.

STATUTORILY DEFINE “SCOPE”

SECTION 30.9. Makes technical changes to the proposed definition in GS 143C-1-1-(d) (increase in scope related to a capital improvement project).

AMEND DEBT SERVICE FOR GREEN SQUARE COMPLEX PARKING CONSTRUCTION

SECTION 30.10. Adds new provision, amending Section 27.8 of the 2009 Appropriations Act, to remove the 2009-11 limitation placed on the General Fund’s responsibility to service the debt for the Green Square Complex parking deck.

PART XXXI. TAX CHANGES

TAX BENEFITS FOR PUTTING PEOPLE BACK TO WORK

SECTION 31.14.(a). Substitutes the term *full-time employees* for *full-time jobs* in the new job calculation provision under the section.

June 3, 2010

S 897. APPROPRIATIONS ACT OF 2010. Filed 3/25/09. House amendments make the following changes to 5th edition.

PART V. OTHER APPROPRIATIONS

EDUCATION LOTTERY

SECTION 5.1.(g) Amendment #26 deletes the prohibition on including funds from the Public School Capital Fund in the computation of average per pupil allocation for average daily membership or per pupil local current expense appropriation under GS 115C-238.29H (state and local funds for a charter school).

PART VII. PUBLIC SCHOOLS

PROBATIONARY TEACHERS

SECTION 7.14. Amendment #2 deletes entire section (previous version concerned probationary teachers and rehiring).

DISADVANTAGED STUDENTS SUPPLEMENTAL FUNDING

SECTION 7.23. Amendment # 12 amends the language to direct the State Board of Education to "...take into consideration the extent to which the local school administrative unit's policies or expenditures *have contributed to or is contributing to* (was, contribute to) increased segregation of schools on the basis of race or socioeconomic status."

LEA CONSTRUCTION CONTRACTING CLARIFICATION

SECTION 7.26. Amendment #4 deletes entire section.

ELIMINATION GEOMETRY END-OF-COURSE TEST (NEW)

SECTION 7.27. Amendment #6 adds a new section, eliminating the geometry end-of-course test, and directing recurring funds totaling \$585,459 that will no longer be needed for testing to the instructional supplies allotment.

ELIMINATION OF CERTAIN STATE-ADMINISTERED TESTS (NEW)

SECTION 7.28. Amendment #11 adds new section 7.28 that eliminates the following end-of-course tests: (1) United States history, (2) civics and economics, and (3) physical science. Provides that the recurring funds in the amount of \$2,125,094 that are no longer needed for the eliminated state-administered tests are to be added to the instructional supplies allotment.

CAREER AND TECHNICAL EDUCATION SUPPORT (NEW)

SECTION 7.29. Amendment # 17 increases by \$6,055,245 in recurring funds the funding for the Career and Technical Education (CTE) programs in the Department of Public Instruction. Provides that the increase eliminates the budget reduction and expands the CTE programs allotment by \$4,055,245. Directs that the increased funding be used to assist LEAs in expanding, improving, modernizing, and developing quality CTE programs.

PART VIII. COMMUNITY COLLEGES

EDUCATION FOR PRISON INMATES

SECTION 8.3.(b). Amendment #9 amends subsection, adding that for 2010-11 only, prison education funds will be allocated to colleges based on the number of FTE (full-time equivalents) served in local jails, state prisons, and federal prisons during 2009-10 (previously, subsection provided only that courses would not earn regular budget FTE, but could be offered on a self-supporting basis).

PART IX. UNIVERSITIES

TRANSFER SURPLUS IN LEGISLATIVE TUITION GRANTS AND STATE GRANTS TO STUDENTS AT CERTAIN PRIVATE INSTITUTIONS OF HIGHER EDUCATION TO CONTRACTUAL SCHOLARSHIP FUND

SECTION 9.19.(b). Amendment #5 removes references to religious college grants, and rewrites the subsection to provide that if the amount appropriated by the act to the State Education Assistance Authority for 2010-11 for state grants awarded under GS 116-43.5 exceeds the amount required to pay those grants by \$1,850 to each North Carolina resident student attending the state's eligible institutions, then the Authority must deposit the surplus balance into the State Contractual Scholarship Fund for other scholarship purposes. Makes conforming change to the section title.

REPEAL IN-STATE TUITION FOR NONRESIDENTS WHO RECEIVE FULL SCHOLARSHIPS (NEW)

SECTION 9.25. Amendment # 17 repeals GS 116-143.6 to eliminate the conferring of in-state status by the UNC Board of Trustees on nonresident scholarship students for tuition purposes (was, eliminated in-state tuition for athletic scholarships).

REPEAL OF NONRESIDENT FULL SCHOLARSHIP TUITION WAIVER (NEW)

SECTION 9.27. Amendment # 17 increases the amount of the management flexibility reduction for the operating budget of the University of North Carolina for the 2010-11 fiscal year by \$6,055,245 in recurring funds.

PART X. DEPARTMENT OF HEALTH AND HUMAN SERVICES

NC FOLIC ACID CAMPAIGN (NEW)

SECTION 10.10B. Amendment # 13 adds new section 10.10B to increase the amount of the reduction of funds to the Department of Health and Human Services, Division of Public Health (DHHS-DPH), for over-realized receipts within the Children's Development Services Agency by \$350,000 in nonrecurring funds for the 2010-11 fiscal year. Appropriates \$350,000 in nonrecurring funds for 2010-11 fiscal year to DHHS-DPH to provide funding for the March of Dimes to continue to provide outreach, educational materials, and vitamins via the NC Folic Acid Campaign. Makes conforming changes.

SPECIAL OLYMPICS (NEW)

SECTION 10.10C. Amendment #16 enacts a new section increasing the reduction in funds to the Department of Health and Human Services (DHHS), Division of Medical Assistance, for CCNC savings by \$100,000 in recurring funds in 2010-11, and appropriates those funds to the DHHS Division of Central Management and Support to fund the North Carolina Special Olympics. Specifies ways that the Special Olympics may use the funds. Makes conforming changes.

PART XIV. DEPARTMENT OF COMMERCE

EMPLOYMENT SECURITY COMMISSION FUNDS

SECTION 14.13. Amendment # 31 amends Section 14.17(g) of SL 2009-451 to reduce to \$100 million (was, \$150 million) the amount that the Employment Security Commission of North Carolina may use to design and build the integrated unemployment insurance benefit and tax accounting system.

PART XIX. DEPARTMENT OF CORRECTION

CRIMINAL JUSTICE PARTNERSHIP PROGRAM GRANT REQUIREMENT (NEW)

SECTION 19.9. Amendment #22 adds new provision amending GS 143B-273.14 to limit the use of funding provided under GS Chapter 143B, Article 6A (NC State-County Criminal Justice Partnership Act) for personnel for satellite substance abuse center to funding personnel providing direct services to offenders.

PART XXIX. SALARIES AND BENEFITS

NO SALARY INCREASES

SECTION 29.5(b) Amendment # 23 amends Section 26.1 of SL 2009-451, as amended, by adding new subsection. Provides that the salaries in effect, as of May 31, 2010 (as amended by amendment # 28), or the last date in pay status during the 2009-10 fiscal year if earlier, for central office and non-certified public school personnel, regardless of the funding source, are to remain in effect and may not increase for the 2010-11 fiscal year. Provides the following exceptions: (1) permits an increase to be paid from non-state funding sources only, if the increase is required by a valid contract that does not contain a non-appropriation clause or similar provision or (2) the salary increase is awarded because of job promotion, provided that the increase complies with the applicable personnel policies governing promotions. Makes conforming and technical changes.

Amendment # 24 amends subsection (a1) to provide that the prohibitions against salary increases for personnel of state agencies, the University of North Carolina system, the judicial branch, the Community College System, and the judicial and legislative branches requires that salaries in effect as of May 31, 2010 (as amended by amendment # 28), are to remain in effect but makes an exception allowing salaries to be increased in the event of a promotion to a higher level position providing that the salary increase action complies with applicable personnel policies governing promotions.

LIMIT TRANSITION PACKAGES OR GOLDEN PARACHUTES FOR STATE EMPLOYEES (NEW)

SECTION 29.5A. Amendment # 14 adds a new section that prohibits paying a salary to a state employee for the employee's most recently held position when the employee is no longer performing the duties of that position. Specifies that the prohibition includes transition periods.

Provides an exception to the prohibition if (1) the payment is required as a term of a contract entered into at the time of hire or promotion to the most recently held position, (2) the contract is signed by the appropriate finance officer or a properly designated deputy finance officer for the agency hiring the person, and (3) the contract is approved by the agency head and the Office of State Budget and Management. Provides that if the employing state agency is the University of North Carolina (UNC) or one of its constituent institutions, the contract must be signed by the appropriate finance officer or a properly designated deputy finance officer for UNC or the constituent institution and approved by the UNC Board of Governors or by the Board of Trustees of the constituent institution as appropriate.

Provides that the proposed section does not impair a state employee's rights to receive severance wages, discontinued service retirement, terminal leave payments, vacation leave, bonus leave, or longevity if applicable.

Defines *state employee who leaves the position that the employee most recently held* to mean a person who retires, resigns, or voluntarily or involuntarily terminates employment. Also includes a person who continues to work for the state but accepts a lesser position with the state. Defines *transition* to refer to a move by a state employee from the most recently held employment position to a lesser position of employment. Transition also includes "a golden parachute" or a "sabbatical."

This provision is retroactive and also applies to payments that have not yet been made unless there is a legally enforceable contract that requires payment. Effective for the 2010-11 fiscal year only.

PART XXX. CAPITAL APPROPRIATIONS

WATER RESOURCES DEVELOPMENT PROJECT FUNDS

SECTION 30.2.(a). Amendment #10 provides that the funds allocated under this act for water resources development projects will provide a state match for an estimated \$27.3 million (was, \$27,404, 000) in federal funds.

Removes the line item "(18) North Carolina International Terminal" from the list of projects and renumbers the remaining projects accordingly.

SECTION 30.2.(b). Adds statement providing that fund availability will not be used to fund the North Carolina International Fund (subsection pertains to resulting fund availability from DENR when funds cannot be used during the fiscal year or costs are lower than projected).

SECTION 30.2.(d). Adds new subsection providing that notwithstanding the provisions of Item 1 on Page M-1 of the Report on the Continuation, Expansion and Capital Budgets, dated June 2, 2010, the funds allocated in this section will provide a state match for an estimated \$27.3 million in federal funds.

PROHIBIT GENERAL FUND EXPENDITURES FOR THE NORTH CAROLINA INTERNATIONAL TERMINAL

SECTION 30.11. Amendment #10 adds new section providing that notwithstanding GS 136-253 (pertaining to grants under the Congestion Relief and Intermodal 21st Century Transportation Fund) or other provisions of law, funds from the General Fund will not be used to fund the North Carolina International Terminal, provided that this section does not apply to the use of agency receipts.

June 29, 2010

S 897. APPROPRIATIONS ACT 2010. Filed 3/25/09. Conference report recommends the following changes to 6th edition to reconcile matters in controversy.

PART I. INTRODUCTION AND TITLE OF ACT

TITLE OF ACT

SECTION 1.1. No change-adopts identical House and Senate provisions.

INTRODUCTION

SECTION 1.2. No change-adopts identical House and Senate provisions.

PART II. CURRENT OPERATIONS AND EXPANSION GENERAL FUND

CURRENT OPERATIONS AND EXPANSION/GENERAL FUND

SECTION 2.1. Adopts compromise provision that increases and (decreases) appropriations from the General Fund for operating expenditures as follows:

Current Operations – General Fund

2010-2011

EDUCATION

Community Colleges System Office	\$ 42,668,183
Department of Public Instruction	(275,244,311)
University of North Carolina – Board of Governors	
Appalachian State University	1,998,580
East Carolina University	
Academic Affairs	5,851,230
Elizabeth City State University	750,308
Fayetteville State University	1,417,998
North Carolina Agricultural and Technical State University	2,490,531
North Carolina Central University	370,281
North Carolina State University	
Academic Affairs	12,371,317
UNC School of the Arts	466,240
University of North Carolina at Asheville	782,143
University of North Carolina at Chapel Hill	
Academic Affairs	5,269,319
Health Affairs	125,319
Area Health Education Centers	0
University of North Carolina at Charlotte	7,748,950
University of North Carolina at Greensboro	3,362,001
University of North Carolina at Pembroke	768,400
University of North Carolina at Wilmington	3,435,177
Western Carolina University	1,015,952
Winston-Salem State University	798,672
General Administration	(410,863)
University Institutional Programs	(40,303,905)
Related Educational Programs	10,058,332
UNC Financial Aid Private Colleges	(63,635)
North Carolina School of Science and Mathematics	80,851
UNC Hospitals at Chapel Hill	(8,000,000)
Total University of North Carolina – Board of Governors	\$ 10,383,198

HEALTH AND HUMAN SERVICES

Department of Health and Human Services	
Central Management and Support	\$ (3,523,834)
Division of Aging	100,000
Division of Blind Services/Deaf/HH	(632,912)
Division of Child Development	(34,959,584)
Division of Education Services	(4,093,260)
Division of Health Service Regulation	(2,061,346)
Division of Medical Assistance	(351,830,928)
Division of Mental Health	40,780,659
NC Health Choice	6,444,925

Division of Public Health	(3,933,117)
Division of Social Services	(15,859,792)
Division of Vocational Rehabilitation Services	(1,540,982)
Total Health and Human Services	\$ (371,110,171)

NATURAL AND ECONOMIC RESOURCES

Department of Agriculture and Consumer Services	\$ (179,075)
Department of Commerce	
Commerce	22,270,645
Commerce State-Aid	20,580,564
NC Biotechnology Center	5,000,000
Rural Economic Development Center	3,933,378
Department of Environment and Natural Resources	4,225,974
Department of Environment and Natural Resources – Clean Water Management Trust Fund	0
Department of Labor	(1,102,555)

JUSTICE AND PUBLIC SAFETY

Department of Correction	\$ (41,239,247)
Department of Crime Control and Public Safety	(1,656,592)
Judicial Department	(13,434,355)
Judicial Department – Indigent Defense	(4,431,626)
Department of Justice	(3,004,760)
Department of Juvenile Justice and Delinquency Prevention	(903,138)

GENERAL GOVERNMENT

Department of Administration	\$ (745,126)
Office of Administrative Hearings	(30,000)
Department of State Auditor	(337,033)
Office of State Controller	7,435,411
Department of Cultural Resources	
Cultural Resources	(1,253,146)
Roanoke Island Commission	(115,926)
State Board of Elections	184,869
General Assembly	(2,914,926)
Office of the Governor	
Office of the Governor	(353,359)
Office of State Budget and Management	(373,164)
OSBM – Reserve for Special Appropriations	3,150,693
Housing Finance Agency	(2,500,000)
Department of Insurance	
Insurance	(2,176,454)
Insurance – Volunteer Safety Workers' Compensation	0
Office of Lieutenant Governor	(33,539)
Department of Revenue	(201,183)
Department of Secretary of State	(666,886)
Department of State Treasurer	
State Treasurer	(202,709)
State Treasurer – Retirement for Fire and Rescue Squad Workers	0

RESERVES, ADJUSTMENTS AND DEBT SERVICE

Job Development Investment Grants (JDIG)	(6,600,000)
Debt Service	
General Debt Service	(1,668,313)

TOTAL CURRENT OPERATIONS – GENERAL FUND

\$ (612,644,679)

GENERAL FUND AVAILABILITY STATEMENT

SECTION 2.2. Adopts identical House and Senate provisions, except makes the following adjustments to availability:

Adjustments to Availability: Senate Bill 897

Internal Revenue Code Conformity	(7,700,000)
Unemployment Insurance Refundable Tax Credit	(34,100,000)
Increase Sales Tax Prepayment Threshold	(7,000,000)
Relieve Annual Report Compliance Burden on Small Businesses	(400,000)
Fair Tax Penalties	0
Extend Sunsets on Various Tax Incentives	(3,500,000)
Improve Tax and Debt Collection Process	3,000,000
Modernize Sales Tax on Accommodations	1,700,000
Modernize Admissions Tax and Restore Amenities Exclusion	(700,000)
Reserve for Pending Finance Legislation	(9,800,000)
Reduce Franchise Tax Burden on Construction Companies	(1,500,000)
Department of Revenue Settlement Initiative	110,000,000
Disproportionate Share	35,000,000
Loss of Estate Tax Revenues for FY 2010-2011	(85,000,000)
Increase Justice and Public Safety Fees	13,930,670
Transfer from the Health and Wellness Trust Fund	5,397,000
Transfer Aviation from Department of Commerce to Department of Transportation	(500,000)
Transfer from Wildlife Resources Commission	3,000,000
Divert Funds from Scrap Tire Disposal Account	2,500,000
Divert Funds from White Goods Fund	1,200,000
Transfer from Mercury Pollution Prevention Fund	2,250,000
Transfer from Bladen Lakes Special Fund	150,000
Transfer from DACS – N.C. State Fair	1,000,000
Transfer from ECU Magnetic Resonance Imaging Lease and Equipment Fund	1,000,000
Adjust Transfer from Insurance Regulatory Fund	(2,176,454)
Transfer from Motorfleet Internal Services Fund	14,000,000
Subtotal Adjustments to Availability: Senate Bill 897	41,751,216
Revised General Fund Availability	18,981,762,494
Less General Fund Appropriations	18,958,293,337
Balance Remaining	23,469,157

SECTION 2.2. (b) Adopts Senate provision (3rd edition).

SECTION 2.2. (c) Adopts Senate provision (3rd edition).

SECTION 2.2. (d) Adopts (c) from House (6th edition).

SECTION 2.2. (e) Adopts (d) from House (6th edition).

SECTION 2.2. (f) Adopts (d) from Senate (3rd edition), except increases the amount that must be transferred from the Department of State Treasurer, Fund Reserve, to the State Controller to support General Fund appropriations from \$7.5 million to \$10,397,000.

SECTION 2.2. (g) Adopts (f) from House (6th edition), except instead of amending Section 2.2(g) of SL 2009-451, repeals the section.

SECTION 2.2. (h) Adopts (g) from House (6th edition), except makes the following changes to the amounts that are to be transferred to the State Controller: (1) decreases the amount to be transferred from Forestry-Bladen Lakes to \$150,000 (was, \$500,000), (2) deletes the transfer of funds from Express Permitting and NC Aquariums, (3) adds a transfer from Wildlife Resources-Special in the amount of \$3 million, and (4) adds a transfer from DACS-NC State Fair in the amount of \$1 million.

SECTION 2.2. (i) Adopts (h) from House (6th edition), except makes an additional clarifying change.

SECTION 2.2. (j) Adopts (e) from House (6th edition).

EXTRAORDINARY MEASURES TO ADDRESS THE POTENTIAL LOSS OF FEDERAL FUNDS

SECTION 2.3. Deletes House provision (designate excess funds generated by the Department of Revenue settlement initiative to supplement contribution to the state retirement system) and adopts new provision that does the following.

States the General Assembly's findings, including that Congress has considered but not authorized the extension of the enhanced federal Medical Assistance Percentage (FMAP) and that the modification to the 2010-11 budget includes the use of these anticipated federal receipts to offset General Fund appropriations to the Department of Health and Human Services. Provides that if Congress does not authorize all or part of the enhanced FMAP funds before January 1, 2011, the Governor, in conjunction with other officials, is directed to make the following budget adjustments to the extent necessary to backfill the funds, in the following order:

(1)	Transfer from the Disaster Relief Reserve Fund established in SL 2005-1	\$ (30,000,000)
(2)	Transfer of unclaimed lottery prize money and excess receipts	(35,000,000)
(3)	Use of interest from all other funds	(50,000,000)
(4)	Use of balance in General Fund Availability	(23,469,157)
(5)	Reduction of Medicaid Provider rates	(26,618,975)
(6)	Use of funds from the Savings Reserve Fund	(37,307,714)
(7)	Reduction in Retirement System contributions	(139,000,000)
(8)	One percent (1%) Management Flexibility Reduction	(177,500,000)
	TOTAL	\$ (518,895,846)

Provides that if it is necessary to implement the budget adjustment concerning the transfer of unclaimed lottery money and excess receipts, then: (1) the Office of State Budget and Management (OSBM) must transfer 2010-11 unclaimed lottery money that would be used to enhance prizes to the State Controller to be deposited in Intrastate Transfers, or the appropriate budget code; (2) OSBM must transfer 2009-10 lottery receipts in excess of \$419,463,272 to the State Controller to be deposited in Intrastate Transfers, or the appropriate budget code and (3) the Governor and the Lottery Commission must hold funds in reserve to ensure implementation of this provision.

Provides that if it is necessary to implement the budget adjustments concerning the use of interest from all other funds, the State Controller must credit to the General Fund for 2010-11, unless it is inconsistent with specified agreements and requirements, \$50 million from the 2010-11 interest earnings from all governmental and proprietary funds, except for the Highway Fund and the Highway Trust Fund.

Provides that if it is necessary to implement the budget adjustment concerning the use of balance in General Fund availability, the Governor must use the unappropriated General Fund balance to offset the reduction in federal funds, and appropriates funds for that purpose.

Provides that if it is necessary to implement the budget adjustment concerning reduction of medical provider rates, the Department of Health and Human Services must reduce reimbursement rates paid to Medicaid service providers to generate savings in the amount of \$26,618,975. Exempts specified programs from the rate reduction.

Provides that if it is necessary to implement the budget adjustment concerning the use of funds from the Savings Reserve Fund, OSBM must use up to \$37,307,714 from the Savings Reserve Fund to offset the reduction in federal fund availability and appropriates funds for that purpose.

Amends Section 6(c) of SL 2009-16, as amended, to decrease the state's employer contribution rates budgeted for reserves, retirement and related benefits (was, just retirement and related benefits), effective July 1, 2010, to the following: (1) 9.15% (was, 10.51%) for teachers and state employees and (2) 14.15% (was, 15.51%) for state law enforcement officers. Also for each of these categories, adds an additional contribution of 1.36% to a reserve in OSBM to be transferred to the Retirement System only if not needed as an adjustment as required by (7) above.

Provides that if it is necessary to implement the 1% management flexibility reduction, the Governor must implement a 1% annualized management flexibility reduction. Allows the Governor to use funds for any purpose or program and from any governmental or proprietary funds for this purpose, unless it is inconsistent with specified types of agreements or requirements. Effective July 1, 2010, requires agency heads to take steps to prepare for the potential 1% reduction.

Provides that if Congress restores any portion of the enhanced FMAP funding on or after January 1, 2011, then the funds must be used to reverse any of the actions taken according to steps 1-8 above, in reverse priority order.

PART III. CURRENT OPERATIONS/HIGHWAY FUND

CURRENT OPERATIONS/HIGHWAY FUND

SECTION 3.1. Adopts compromise provision that increases (and decreases) appropriations from the Highway Fund for operating expenditures as follows:

	2010-2011
Department of Transportation Administration	\$ (29,344)

Division of Highways	
Administration	0
Construction	3,840,718
Maintenance	(4,373,213)
Planning and Research	0
OSHA Program	0
Ferry Operations	11,349,869
State Aid	
Municipalities	(785,319)
Public Transportation	0
Airports	500,000
Railroads	6,325,000
Governor's Highway Safety Program	0
Division of Motor Vehicles	200,325
Transfers to Other State Agencies, and Reserves	35,861,964
TOTAL	\$ 52,890,000

HIGHWAY FUND AVAILABILITY

SECTION 3.2. No change-adopts identical House and Senate provisions.

PART IV. HIGHWAY TRUST FUND APPROPRIATIONS

CURRENT OPERATIONS/HIGHWAY TRUST FUND

SECTION 4.1. No change-adopts identical House and Senate provisions.

HIGHWAY TRUST FUND AVAILABILITY STATEMENT

SECTION 4.2. No change-adopts identical House and Senate provisions.

PART V. OTHER APPROPRIATIONS

EDUCATION LOTTERY

SECTION 5.1. (a) No change-adopts identical House and Senate provisions.

SECTION 5.1. (a1) Adopts (d) from House (6th edition).

SECTION 5.1. (b) Adopts (b) from Senate (3rd edition), except reduces the amounts appropriated as follow: (1) for class size reduction to \$220,643,188 (was, \$226,038,041); (2) for prekindergarten program to \$70,635,709 (was, \$484,635,709); and (3) for public school building capital fund to \$113,741,929 (was, \$130,008,122).

SECTION 5.1. (c) Adopts Senate provision (3rd edition).

SECTION 5.1. (d) No change-adopts identical House and Senate provisions.

SECTION 5.1. (e) Adopts compromise provision stating that funds appropriated to the Public School Building Capital Funds for 2010-11 are to be allocated to counties on the basis of average daily membership and allows counties to authorize local school administrative units to use funds received from the Fund for the three purposes enumerated in the 6th edition. Adds that a county may authorize the use of these funds for classroom teachers only when

requested by the local board of education and provides that funds used for classroom teachers supplement and do not supplant existing local expense funding for the public schools.

SECTION 5.1. (f) Adopts Senate provision (3rd edition).

SECTION 5.1. (g) Adopts (f) from House (6th edition), except provides only that if the actual net lottery revenues for 2010-11 exceed the amounts appropriated in (b) above, the excess must be allocated on the basis of average daily membership (removes the restriction that it be to local school administrative units that did not qualify for funding for the 2010-11 fiscal year). Also deletes provision concerning the maximum allocation amount and the provision requiring that funds to the Public School Building Capital Fund be allocated in counties in accordance with GS 115C-546.2.

INFORMATION TECHNOLOGY AVAILABILITY AND APPROPRIATIONS

SECTION 5.2. Adopts Senate provision (3rd edition).

APPROPRIATION OF CASH BALANCES

SECTION 5.3. No change-adopts identical House and Senate provisions.

OTHER RECEIPTS FROM PENDING GRANT AWARDS

SECTION 5.4. No change-adopts identical House and Senate provisions.

PART VI. GENERAL PROVISIONS

EXPENDITURE OF FUNDS IN RESERVES LIMITED

SECTION 6.1. No change – adopts identical House and Senate provisions.

BUDGET CODE CONSOLIDATIONS

SECTION 6.2. No change – adopts identical House and Senate provisions.

BUDGET REALIGNMENT

SECTION 6.3. No change – adopts identical House and Senate provisions.

BUDGET ADJUSTMENTS AUTHORIZED

SECTION 6.4. Deletes House provision.

ESTABLISHING OR INCREASING FEES PURSUANT TO THIS ACT

SECTION 6.5. No change – adopts identical House and Senate provisions.

LEGISLATIVE BUDGET PRIORITIES

SECTION 6.6. Adopts House provision (6th edition), except adds the following initiatives to the list of legislative priorities: (1) wave energy research funding and (2) repair and renovation projects.

Deletes the following initiatives from the list: (1) NC A&T College of Engineering and (2) capital projects. Also retitles the heading as indicated.

AMEND ARRA FUNDS

SECTION 6.7. Adopts House provision (6th edition).

INFORMATION TECHNOLOGY OPERATIONS

SECTION 6.8. Adopts House provision (6th edition).

COORDINATION OF INFORMATION TECHNOLOGY REQUIREMENTS AND GEOGRAPHICAL INFORMATION SYSTEM EFFORTS

SECTION 6.9. No change – adopts identical House and Senate provisions.

CRIMINAL JUSTICE LAW ENFORCEMENT AUTOMATED DATA SERVICES (CJLEADS)

SECTION 6.10. Adopts House provision (6th edition), except includes the Executive Vice President (was, the Executive Director) of the North Carolina Sheriffs' Association, Inc., as a member on the Leadership Council. Also adds that data that is not classified as a public record under GS 132-1 will not be considered a public record when incorporated into the CJLEADS database. Further designates each source agency providing data for CJLEADS to be the sole custodian of the data for the purpose of requests under GS Chapter 132, in order to maintain the confidentiality of CJLEADS information. Provides that CJLEADS will only allow access to data from the source agencies according to rules adopted by the respective agencies.

ITS NETWORK INTEGRATION

SECTION 6.11. Adopts House provision (6th edition).

INFORMATION TECHNOLOGY CONTRACTED PERSONNEL

SECTION 6.12. Adopts Senate provision (3rd edition).

CONTINUING PILOT PROGRAM TO ALLOW PUBLIC-PRIVATE PARTNERSHIPS TO MEET DEPARTMENT OF REVENUE TECHNOLOGY NEEDS

SECTION 6.13. Deletes House provision.

FUNDING FOR DATA INTEGRATION ENTERPRISE LICENSING AGREEMENTS

SECTION 6.14. No change – adopts identical House and Senate provisions.

NETWORK SECURITY ASSESSMENTS

SECTION 6.15. No change – adopts identical House and Senate provisions.

ENTERPRISE ELECTRONIC FORMS AND DIGITAL SIGNATURES

SECTION 6.17. Adopts House provision (6th edition).

ADDRESS NEEDS FOR BROADBAND FOR EDUCATION AND ECONOMIC DEVELOPMENT/CREATE JOINT BROADBAND TASK FORCE

SECTION 6.18. Adopts House provision (6th edition).

SMART CARDS FOR EFFICIENCY, ENHANCED SERVICES, AND REDUCED FRAUD

SECTION 6.19. Adopts House provision (6th edition).

PART VII. PUBLIC SCHOOLS

FUNDS FOR CHILDREN WITH DISABILITIES

SECTION 7.1. No change – adopts identical House and Senate provisions.

FUNDS FOR ACADEMICALLY GIFTED CHILDREN

SECTION 7.2. No change – adopts identical House and Senate provisions.

STATE FISCAL STABILIZATION FUND APPROPRIATION

SECTION 7.3. Adopts House provision (6th edition).

NORTH CAROLINA VIRTUAL PUBLIC SCHOOLS ALLOTMENT FORMULA

SECTION 7.4. Adopts Senate provision (3rd edition), except (1) prohibits the North Carolina Virtual Public Schools (NCVPS) from providing any courses in physical education, (2) requires to the Director of NCVPS to ensure that all of the courses offered through NCVPS are aligned to the North Carolina Standard Course of Study; and (3) caps the funds for the administration of NCVPS at a maximum of 15% per year of the funds transferred to NCVPS.

MORE AT FOUR PROGRAM

SECTION 7.5. Adopts House provision (6th edition), except deletes provision that prohibited the Office of Early Learning from contracting to produce an annual report that includes a longitudinal review of the More at Four program with any entity currently funded by or affiliated with the Department of Health and Human Services, the Department of Public Instruction, or the Office of the Governor.

LEADERSHIP ACADEMY

SECTION 7.6. Adopts House provision (6th edition).

DEPARTMENT OF PUBLIC INSTRUCTION

SECTION 7.7. Adopts identical House and Senate provisions, except adds provision authorizing the Department of Public Instruction (DPI) to reorganize if necessary in order to implement the budget reductions set out in this act. Requires DPI to consult with the Office of State Budget and Management

and the Fiscal Research Division before requesting budgetary and personnel changes through the budget revision process. Directs DPI to provide a current organization chart during the consultation process and to report any reorganization to the Joint Legislative Commission on Governmental Operations.

CAREER AND COLLEGE-READY, SET, GO!

SECTION 7.8. Adopts House provision (6th edition), except directs each Education Cabinet Institution *to ensure to the extent possible* (was, to ensure to the extent practicable) that all students PK-20 are prepared to be successful in school and successfully progress through PK-20 education.

SCHOOL CONNECTIVITY INITIATIVE

SECTION 7.9. No change – adopts identical House and Senate provisions.

SCHOOL CALENDAR PILOT PROGRAM

SECTION 7.10. Adopts Senate provision (3rd edition).

NATIONAL BOARD FOR PROFESSIONAL TEACHING STANDARDS (NBPTS) FUNDS

SECTION 7.11. Adopts House provision (6th edition), except directs the Joint Legislative Education Oversight Committee (JLEOC) to study a National Board Certification Program for Principals (NBCPP) in conjunction with the pilot program being developed by the NBPTS (was, directed JLEOC to recommend a plan for implementing a NBCPP).

DRIVER EDUCATION

SECTION 7.12. No change – adopts identical House and Senate provisions.

PROTECTION OF THE CLASSROOM WHILE MAXIMIZING FLEXIBILITY

SECTION 7.13. Adopts House provision (6th edition), except directs local school administrative units (LEAs) to make every effort to reduce spending from Career Technical Education--State: Program Support Funds before making any reductions to Career Technical Education--State: Months of Employment Funds *to the extent that the LEAs reduce career and technical education spending in order to meet the LEA adjustment*. Reinstates Senate provision (3rd edition) authorizing local boards of education to implement furloughs for the 2010-11 fiscal year in order to manage funding amounts.

PROBATIONARY TEACHERS

SECTION 7.14. Adopts Senate provision (3rd edition), except additionally amends GS 115C-325(c)(5) to provide that when a probationary teacher in a full-time permanent position is not renewed because of (1) a decrease in positions due to a decrease in funding, (2) decreased enrollment, or (3) a district reorganization and is subsequently rehired by that same school system (LEA) within three years, the intervening years when the teacher was not employed by the LEA are not considered to be (i) a consecutive year of service for the teacher or (ii) a break in the continuity of service. Provides that if at the time of the nonrenewal, the teacher was eligible for career status after having been employed for four consecutive years under GS 115C-325(c)(1), or one year pursuant to GS 115C-325(c)(2), and the local board rehires the teacher within three years, the teacher will be eligible for a career status

decision after one additional year of employment (was, authorized the local board to grant career status immediately upon rehiring the teacher, or vote on the teacher's career status pursuant to GS 115C-325(c)(1) or (c)(2) after one additional year of employment).

Requires a teacher seeking the benefit detailed in GS 115C-325(c)(5), as amended, to provide written notice to the LEA's head of human resources within 60 calendar days after the first day of re-employment of the prior nonrenewal due to decreased funding, decreased enrollment, or a district reorganization. Provides an exception to the notice requirement if an LEA superintendent unilaterally grants the benefit to a teacher under a policy adopted by the local board for this purpose.

Requires the LEA to provide actual notice of the 60-day deadline to a teacher within 30 calendar days after the first day of reemployment of the teacher. Provides that the teacher bears the burden of submitting the information to show that nonrenewal falls into the specified categories and therefore the teacher's nonrenewal did not constitute a break in determining eligibility for career status. The tolling of the 60-day deadline for submission of information by the teacher does not begin until the teacher is notified of the 60-day deadline.

Provides that the decision is final and that the teacher will be informed of the decision by the superintendent or the superintendent's designee within a reasonable period of time after receiving the information submitted by the teacher. Provides that there is no right of appeal except permits the teacher to make a written petition to the local board within 10 days after receipt of the decision of the superintendent or designee. Directs the board or a board panel to review the matter on the record and provide the teacher with a written decision. Prohibits any appeal to court or otherwise regarding the benefits provided under this statute, as amended. Declares that the proposed subsection does not create a private right of action, basis of liability on the part of the LEA, or any reemployment rights for a nonrenewed probationary teacher.

Additionally, provides that the proposed subsection applies to a probationary teacher in a full-time permanent position who resigns effective at the end of the school year after receiving documentation that the teacher's position may be eliminated because of decreased funding, decreased enrollment, or district reorganization if that teacher is subsequently rehired. Requires that the teacher must have been in good standing at the time of the resignation.

Provisions apply to probationary teachers rehired by the same LEA beginning in the 2010-2011 school year (was, applies to probationary teacher employed by an LEA in a full-time permanent position for the 2010-11 school year).

JOINT LEGISLATIVE STUDY COMMITTEE ON THE CONSOLIDATION OF EARLY CHILDHOOD EDUCATION AND CARE

SECTION 7.16. Deletes House provision.

UNIFORM BUDGET FORMAT

SECTION 7.17. Adopts House provision (6th edition), except additionally amends GS 115C-426(c) to provide that the appropriation or use of fund balance or interest income by an LEA is not to be construed as a local current expense appropriation. Provides that the provisions amending GS 115C-426(c) which allow for the use of other funds in the uniform budget format apply beginning with the 2010-11 school year.

Provides that any LEA that failed to comply with the provisions of GS 115C-238.29H(b) (requiring a transfer by the LEA of the equivalent of the per pupil local current expense appropriation to the charter school attended by a student who resides in that LEA), prior to the effective date of this section, may make payments required under a judgment, court order, or binding settlement agreement resulting from the noncompliance over a payment period not to be more than three years.

LEGISLATIVE COMMISSION ON DIVERSITY IN THE PUBLIC SCHOOLS

SECTION 7.18. Deletes House provision.

DROPOUT PREVENTION GRANTS

SECTION 7.19. Adopts House provision (6th edition), except directs the Committee on Dropout Prevention (Committee) to provide grants of \$500,000 (was, \$1 million) to each of the following evidence-based operators of dropout prevention initiatives: (1) Communities in Schools of North Carolina, Inc., (2) North Carolina Congress of Parents and Teachers, Inc., and (3) the Greater Winston-Salem Chamber of Commerce Foundation, Inc. (was, one other recipient as selected by the Committee).

Amends Section 7.13(b) of SL 2009-451 to require that grants be made no later than November 1 in 2010 and in subsequent years. Directs the Committee to report to the Joint Legislative Commission on Dropout Prevention and High School Graduation (Commission) and the Joint Legislative Education Oversight Committee by March 1, 2010, and annually thereafter on Dropout Prevention Grants awarded under this section. Amends Section 7.13(c) of SL 2009-451 to implement an annual reporting requirement by the recipients of the dropout grants to the Committee on Dropout Prevention Beginning January 31, 2011 (was, report by January 31, 2011 and September 30, 2011).

Amends Section 7.32(e) of SL 2007-323, as amended, to delete provision directing the Committee to terminate as of December 31, 2010.

Amends Section 7.32(f)(8) of SL 2007-323, as amended, to provide that the Commission may report (was, shall submit an interim written report) its findings and recommendations to the Joint Legislative Education Oversight Committee and the General Assembly. Deletes provision requiring the Commission to terminate upon the filing of its final report.

Amends Section 7.32(c) of SL 2007-323, as amended, to provide that the terms of the initial appointees to the Committee expire December 1, 2010, and to provide for the appointment of subsequent appointees to the Committee for four-year terms.

UNIFORM EDUCATION REPORTING SYSTEM (UERS) FUNDS

SECTION 7.20. Adopts House provision (6th edition).

COOPERATIVE AND INNOVATIVE HIGH SCHOOLS

SECTION 7.21. Adopts House provision (6th edition), except amends GS 115C-238.50A(3) to include the State Board of Education among the entities defined as *governing board*, in GS Chapter 115C, Article 16, Part 9 (regarding cooperative and innovative high schools).

ELIMINATION OF CERTAIN REPORTS

SECTION 7.22. Adopts House provision (6th edition).

DISADVANTAGED STUDENTS SUPPLEMENTAL FUNDING

SECTION 7.23. Adopts House provision (6th edition).

HIGHER EDUCATION COURSES FOR HIGH SCHOOL STUDENTS (NEW)

SECTION 7.24. Directs that for the 2011-12 school year, the General Fund appropriation for Learn and Earn Online is to be available to the State Board of Education for distribution to LEAs. Restricts the funds allocated to LEAs under this section to be used only to pay the tuition of high

school students taking higher education courses (was, community college courses) for which tuition is required.

Provides that beginning with the 2010-11 school year, the following courses offered to high school students will no longer generate state funding through budget FTE (refers to full time equivalent students): (1) general education, except for math, science, and technology; (2) physical education; and (3) college success skills courses. Permits an institute of higher learning that offers these courses to high school students to charge a sufficient amount to cover the costs of the courses. Does not apply to courses provided to students of Early and Middle College High Schools.

Makes technical corrections.

ENVIRONMENTAL ENGINEER/SUPPORT SERVICES DIVISION

SECTION 7.25. Adopts House provision (6th edition).

ELIMINATION GEOMETRY END-OF-COURSE TEST

SECTION 7.27. Deletes House provision (6th edition).

ELIMINATION OF CERTAIN STATE-ADMINISTERED TESTS

SECTION 7.28. Deletes House provision (6th edition).

CAREER AND TECHNICAL EDUCATION SUPPORT

SECTION 7.29. Deletes House provision (6th edition).

COMPONENTS OF THE TESTING PROGRAM

SECTION 7.30. Adopts new provision that amends GS 115C-174.11(a) to limit LEAs' use of standardized tests in first and second grades to those required as a condition of receiving federal grants (was, required as a condition of receiving a federal grant under the Reading First Program).

ADDITIONAL FEDERAL FUNDS FOR EDUCATION

SECTION 7.31. Adopts new provision that provides that federal funds, not specified in this act, are appropriated in the amounts provided. Requires the Director of the Budget to use the federal funds, to the extent that federal laws and regulations permit, in the following priority order: (1) to eliminate the LEA adjustment in its entirety, (2) to eliminate all reductions to the State Public School Fund provided for in this act, (3) to eliminate all reductions to the State Public School Fund provided for in SL 2009-451, and (4) for expansion items. Restricts the Director of the Budget from reducing any General Fund appropriations to DPI or LEAs as a result of receiving any additional federal funds that are appropriated in this section.

PART VIII. COMMUNITY COLLEGES

CARRYFORWARD OF COLLEGE INFORMATION SYSTEM FUNDS

SECTION 8.1. No change – adopts identical House and Senate provisions.

STATE AID BUDGET FLEXIBILITY

SECTION 8.2. No change – adopts identical House and Senate provisions.

EDUCATION FOR PRISON INMATES

SECTION 8.3(a) Adopts House provision (6th edition).

(b). Adopts House provision (6th edition), except that it deletes requirements that funds be allocated based on the number of FTE served in local jails and state and federal prisons during the previous year.

SECTION 8.3(c) and (d). Adopts House provision (6th edition).

TUITION WAIVERS

SECTION 8.4. Adopts House provision (6th edition).

COMMUNITY COLLEGE FINANCIAL AID LOANS

SECTION 8.5. Adopts Senate provision (3rd edition).

TUITION REFUNDS

SECTION 8.6. No change – adopts identical House and Senate provisions.

MANAGEMENT FLEXIBILITY REDUCTION/COMMUNITY COLLEGES

SECTION 8.7. No change – adopts identical House and Senate provisions.

CATAWBA VALLEY COMMUNITY COLLEGE MANUFACTURING SOLUTIONS CENTER

SECTION 8.8. Adopts House provision (6th edition).

COMMUNITY COLLEGE EQUIPMENT FUNDS

SECTION 8.9. Adopts House provision (6th edition).

BASIC SKILLS PLUS

SECTION 8.10. Adopts House provision (6th edition).

MULTICAMPUS FUNDS

SECTION 8.11. Adopts House provision (6th edition), except replaces provision with amendment to GS 115D-5(o) to prohibit the State Board of Community Colleges from approving any additional multicampus centers without identified sources of recurring funding.

PART IX. UNIVERSITIES

REPEAL ESCHEAT FUND APPROPRIATION FOR MILLENNIUM TEACHING SCHOLARSHIP LOAN PROGRAM

SECTION 9.1. No change – adopts identical House and Senate provisions.

STUDY FINANCIAL AID CONSOLIDATION

SECTION 9.2. Adopts House provision (6th edition), except removes from list of considerations the relationship between financial aid, retention, and graduation rates.

COORDINATE THE REPORT DUE DATES FOR VARIOUS TEACHER EDUCATION REPORTS

SECTION 9.3. No change – adopts identical House and Senate provisions.

ELIMINATE BIENNIAL DISTANCE EDUCATION REPORTS

SECTION 9.4. No change – adopts identical House and Senate provisions.

REPEAL DUPLICATE STUDY/STATE-FUNDED STUDENT FINANCIAL AID

SECTION 9.5. No change – adopts identical House and Senate provisions.

PERMANENT TRANSFER OF FUNDING TO ROANOKE ISLAND COMMISSION FOR PERFORMING ARTS

SECTION 9.6. No change – adopts identical House and Senate provisions.

REVIEW OF UNC SCIENCE, TECHNOLOGY, ENGINEERING, AND MATHEMATICS (STEM) PROGRAMS

SECTION 9.7. Adopts identical House and Senate provisions, except removes NCSTEM Community Collaborative from the list of programs to be included.

TRANSFER OF A+ SCHOOLS FROM UNC-GREENSBORO TO DEPARTMENT OF CULTURAL RESOURCES

SECTION 9.8. No change – adopts identical House and Senate provisions.

COASTAL DEMONSTRATION WIND TURBINES

SECTION 9.9. Adopts Senate provision (3rd edition).

COASTAL WAVE ENERGY RESEARCH AND PROTOTYPE PROJECT

SECTION 9.10. Adopts Senate provision (3rd edition) except expands subsection (a) to establish a consortium, with the UNC Coastal Studies Institute serving as lead agency, to study the capture of energy from ocean waves (was, to construct a generator to capture wave energy).

UNIVERSITY OF NORTH CAROLINA HEALTH CARE SYSTEM

SECTION 9.11. Adopts Senate provision (3rd edition), except changes provisions regarding selection of board of directors chair to provide for election by the board and to make Chancellor eligible to serve as chair.

UNIVERSITY CANCER RESEARCH FUND

SECTION 9.12. No change – adopts identical House and Senate provisions.

UNC MANAGEMENT FLEXIBILITY REDUCTION

SECTION 9.13. Adopts Senate provision (3rd edition), except requires 20% of the tuition increase to be used for need-based financial aid.

INSTITUTE FOR OUTDOOR DRAMA

SECTION 9.14. Adopts Senate provision (3rd edition), except adds a new subsection (c) stating the intent for the Institute to become receipt-supported by the 2011-12 fiscal year.

RECRUITMENT OF PHARMACY STUDENTS

SECTION 9.15. Adopts Senate provision (3rd edition), except requires that allocated funds be used for recruitment and academic support at UNC Asheville and Elizabeth City State University.

SUCCESS NC REPORT

SECTION 9.16. Adopts House provision (6th edition), except requires that the report be made by UNC General Administration and the NC Community College System.

APPALACHIAN STATE UNIVERSITY CENTER AT HICKORY

SECTION 9.17. Deletes House provision.

ECU DENTAL SCHOOL FUNDS/CONTINUING STATE FINANCIAL SUPPORT TO HELP SECURE ACCREDITATION

SECTION 9.18. Adopts House provision (6th edition).

TRANSFER SURPLUS IN LEGISLATIVE TUITION GRANTS AND STATE GRANTS TO STUDENTS AT CERTAIN PRIVATE INSTITUTIONS OF HIGHER EDUCATION TO CONTRACTUAL SCHOLARSHIP FUND

SECTION 9.19. Adopts House provision (6th edition).

CAMPUS INITIATED TUITION INCREASES/FIFTY PERCENT FOR STUDENT FINANCIAL AID

SECTION 9.20. Adopts House provision (6th edition), except specifies funds to be used for need-based financial aid and changes percentage to 25% (was 50%).

UNC ENROLLMENT GROWTH (NEW)

SECTION 9.22.(a). Adopts House provision (6th edition), except replaces prior provisions including changes to GS 116-30.7 with a list of factors to be considered by the Board of Governors when considering potential increases in enrollment growth.

ASU HEALTH SCIENCES

SECTION 9.23. Deletes House provision.

NCSU/RESTORE MASTER GARDENER FUNDS

SECTION 9.24. Adopts House provision (6th edition).

ELIMINATE IN-STATE TUITION FOR ATHLETIC SCHOLARSHIPS

SECTION 9.25. Adopts House provision (6th edition) but amends (was, repeals) GS 116-143.6(a) to prohibit use of in-state tuition for nonresidents receiving athletic scholarships.

AMEND TUITION WAIVER

SECTION 9.26. Adopts House provision (6th edition), except changes new limitation of eight semesters to 54 months.

REPEAL OF NONRESIDENT FULL SCHOLARSHIP TUITION WAIVER

SECTION 9.27. Deletes House provision and replaces it with new provision titled:
UNC building reserve/allocation of funds among constituent institutions and UNC affiliated institutions. Lists 16 building reserve projects and allocations.

PART X. DEPARTMENT OF HEALTH AND HUMAN SERVICES

ELECTRONIC BENEFITS TRANSFER SYSTEM

SECTION 10.1. Adopts House provision (6th edition).

CHANGES TO POLICIES TO FACILITATE AND EXPEDITE USE OF CHILD CARE SUBSIDY FUNDS

SECTION 10.2. Adopts Senate provision (3rd edition).

EARLY CHILDHOOD EDUCATION AND DEVELOPMENT INITIATIVES ENHANCEMENTS

SECTION 10.3. No change - adopts identical House and Senate provisions.

ADMINISTRATIVE ALLOWANCE FOR COUNTY DEPARTMENTS OF SOCIAL SERVICES

SECTION 10.5. No change - adopts identical House and Senate provisions.

REPORT ON DHHS POSITION ELIMINATIONS

SECTION 10.5a. Adopts new provision allowing the Secretary of the Department of Health and Human Services (DHHS) to achieve savings from position eliminations by altering the number of positions set out for DHHS in the Committee Report on the Continuation, Expansion, and Capital Budgets for 2010-11. Requires a report on the number of positions eliminated and specified details by March 1, 2011, to specified legislative entities.

MENTAL HEALTH CHANGES

SECTION 10.6(a). Adopts Senate provision (3rd edition), except changes appropriation for local inpatient psychiatric beds to \$29,121,644 from \$20,121,644 in 3rd edition; requires allocation according to local management entity catchment areas.

SECTION 10.6(a). Adopts compromise provision by reinstating section 10.12(f)(1) and (2) from current law and adopting as new subsection the Senate provision (3rd edition) regarding an SIS assessment.

JOHNSTON COUNTY LME ADMINISTRATIVE FUNDING

SECTION 10.6A. Adopts new provision prohibiting DHHS, Division of Mental Health, Developmental Disabilities and Substance Abuse Services, from further reducing administrative funding of the Johnston County Area Mental Health, Developmental Disabilities and Substance Abuse Authority.

TERM LIMITS FOR COUNTY COMMISSIONERS AND COUNTY MANAGERS ON AREA MENTAL HEALTH BOARDS

SECTION 10.7. Adopts House provision (6th edition).

CAP-MR/DD STATE FUND SERVICE ELIGIBILITY

SECTION 10.7A. Adopts House provision (6th edition), except directs DHHS, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, to work with stakeholders to develop a new service definition within the CAP-MR/DD waiver for certain individuals with high-intensity behavioral needs and to apply to Centers for Medicare and Medicaid Services approval of the new definition. Requires a report by October 1, 2010, to specified legislative entities.

REPORT ON PROVISION OF BEHAVIORAL HEALTH CRISES SERVICES BY HOSPITAL EMERGENCY DEPARTMENTS

SECTION 10.7B. Adopts new provision requiring DHHS, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services to evaluate local hospital emergency department behavioral health crises services according to local management entity catchment areas. Requires a report by March 1, 2011, to specified legislative entities.

JOINT STUDY COMMITTEE ON AUTISM SPECTRUM DISORDERS AND PUBLIC SAFETY

SECTION 10.9. No change - adopts identical House and Senate provisions.

DOROTHEA DIX HOSPITAL

SECTION 10.10. Adopts House provision (6th edition), except adds new section 10.10(b) applying GS 122C-112.1(a)(30) and GS 122C-181 to Dorothea Dix Hospital.

CHANGE EFFECTIVE DATE FOR WELL TESTING

SECTION 10.10A. Adopts House provision (6th edition).

NC FOLIC ACID CAMPAIGN

SECTION 10.10B. Deletes House Provision.

SPECIAL OLYMPICS

SECTION 10.10C. Deletes House Provision.

CHANGES TO COMMUNITY-FOCUSED ELIMINATING HEALTH DISPARITIES INITIATIVE

SECTION 10.11. No change - adopts identical House and Senate provisions.

IMMUNIZATION CHANGES

SECTION 10.13. Adopts House provision (6th edition), except adds varicella and tetanus, diphtheria, and pertussis (Tdap) to the list of covered immunizations and deletes chicken pox from that list. Adds a clarifying change to GS 130A-153(a).

NORTH CAROLINA HEALTH CHOICE EMERGENCY ROOM VISIT CO-PAYMENTS

SECTION 10.14. Adopts Senate provision (3rd edition).

COMMUNITY CARE OF NORTH CAROLINA

SECTION 10.15. Adopts House provision (6th edition), except deletes the provision prohibiting the Department from increasing the per member per month reimbursement rate without prior approval from the General Assembly. Also extends the dates by which NCCCN and CCNC must be reviewed and by which a comprehensive plan must be finalized.

MEDICAID MANAGEMENT INFORMATION SYSTEM (MMIS) FUNDS/IMPLEMENTATION OF MMIS

SECTION 10.16. Adopts identical House and Senate provisions.

NORTH CAROLINA FAMILIES ACCESSING SERVICES THROUGH TECHNOLOGY (NCFAST) FUNDS

SECTION 10.16A. Adopts new provision authorizing the Secretary of the Department of Health and Human Services to use over-realized receipts and appropriations to expedite the Eligibility Information System component of the NC FAST project, sets conditions for such use, and sets reporting requirements.

ELIMINATE STATE FUNDING FOR CHILD SUPPORT OFFICES

SECTION 10.17. No change - adopts identical House and Senate provisions.

CHILD WELFARE POSTSECONDARY SUPPORT PROGRAM/USE OF ESCHEAT FUND

SECTION 10.18. No change - adopts identical House and Senate provisions.

TANF BENEFIT IMPLEMENTATION

SECTION 10.19. No change - adopts identical House and Senate provisions.

STATE-COUNTY SPECIAL ASSISTANCE CONSOLIDATING CHANGES

SECTION 10.19A. Adopts House provision (6th edition).

EXTEND REPORTING DATE/EVALUATION OF CONSOLIDATION OF ADMINISTRATIVE FUNCTIONS OF COUNTY DEPARTMENT OF SOCIAL SERVICES

SECTION 10.20. No change - adopts identical House and Senate provisions.

CHILDREN'S TRUST FUND

SECTION 10.20A. Adopts House provision (6th edition).

OFFICE OF EDUCATION SERVICES/CONSOLIDATION OF PRINCIPAL FUNCTIONS

SECTION 10.20B. Adopts House provision (6th edition), except adds three positions to list of eliminated positions and deletes provision requiring reinstatement of residential and instructional schedules. Requires DHHS to consult with specified entities to set qualifications for consolidated School Director OES Residential Schools positions and deletes specified qualifications for the School Director OES Residential Schools.

OFFICE OF EDUCATION SERVICES/TRANSFER OF RESIDENTIAL AND PRESCHOOLS FOR THE DEAF AND BLIND

SECTION 10.21A. Adopts new provision requiring the State Board of Education to assume administrative responsibility for the NC School for the Deaf, Eastern NC School for the Deaf, Governor Morehead School for the Blind, Early Intervention Services – Preschool, and Governor Morehead Preschool programs, and dissolving the Office of Education Services effective June 1, 2011. Sets transition plan and reporting requirements. Directs establishment of a search committee to hire a superintendent to oversee the schools. Eliminates specified positions in the Office of Educational Services effective October 1, 2010. Adds provision requiring reinstatement of residential and instructional schedules that had appeared in Section 10.20B.

MEDICAID POLICY CHANGES

SECTION 10.22. No change - adopts identical House and Senate provisions.

SPECIALTY DRUG PROVIDER NETWORK

SECTION 10.23. Adopts compromise provision directing DHHS to work with specialty drug providers, manufacturers of specialty drugs, Medicaid recipients who are prescribed specialty drugs and related medical professionals (was, providers only) to develop ways to ensure that best practices and overutilization prevention are maintained in the delivery and utilization of specialty drugs.

STATEWIDE EXPANSION OF CAPITATED 1915(B)/(C) BEHAVIORAL HEALTH WAIVERS

SECTION 10.24.(a). Adopts compromise provision directing DHHS to select up to two additional Local Management Entities (LMEs) to implement the capitated 1915 (b)/(c) Medicaid waiver as a demonstration program in 2010-11 (House provision allowed one additional LME and Senate provision expanded the waiver).

SECTION 10.24.(b). Adopts House provision (6th edition), except clarifies that DHHS may expand the waiver to additional LMEs after the submission of its report, due no later than April 1, 2012. Further clarifies that DHHS may not approve any expansion of the Piedmont Behavioral Healthcare LME beyond its existing catchment area *until after* DHHS completes its evaluation and submits its report.

STUDY MEDICAID PROVIDER RATES

SECTION 10.25. No change – adopts identical House and Senate provisions.

MEDICAID FRAUD PREVENTION

SECTION 10.26. Adopts House provision (6th edition), except directs DHHS to release information gathered pursuant to the section to the Office of the Attorney General, a county department of social services, and the Medicaid Fraud Investigations Unit of the Office of the Attorney General of NC (was, special agents of the NC State Bureau of Investigation in the Medicaid Fraud Unit) for investigative or evidentiary purposes related to Medicaid fraud. Makes a conforming change. Clarifies that DHHS' authority to modify or extend existing contracts expires one year after the section's effective date, and that DHHS must destroy all records and information obtained under the section *unless* there has been criminal, civil, or administrative action involving that information.

STUDY HIV MEDICAID WAIVER

SECTION 10.27. No change – adopts identical House and Senate provisions.

ELIMINATE REIMBURSEMENT OF “NEVER EVENTS”

SECTION 10.28. No change – adopts identical House and Senate provisions.

AMEND MEDICAID RECIPIENT APPEALS PROCESS

SECTION 10.30.(a). Adopts identical House and Senate provisions, except codifies the *Medicaid Recipient Appeals Process*, as provided in the previous editions, in new Part 6A in Article 2 of GS Chapter 108A. Removes references to Medicaid *applicants* and only refers to Medicaid *recipients* in the proposed Part. Also adds the following required to be included on the notice of hearing provided by the Office of Administrative Hearings (OAH) to the recipient: (1) the recipient's right to examine at a reasonable time before the hearing and

during the hearing the contents of the recipient's case file and documents to be used by DHHS in the OAH hearing; (2) the recipient's right to an interpreter during the appeals process; and (3) circumstances in which a medical assessment may be obtained at agency expense and be made part of the record, as detailed. Also clarifies that OAH will dismiss a contested case brought under the appeals process if a petitioner fails to appear, *unless* the recipient moves to show good cause within three business days of the date of dismissal.

SECTION 10.30.(b). Adopts provision included at the end of Section 10.30.(a) in the House version (6th edition) pertaining to \$1 million transferred from DHHS to OAH, and the continued Memorandum of Agreement between OAH and DHHS.

SECTION 10.30.(c). Adopts House provision (6th edition) directing DHHS to submit its report to specified entities by October 1, 2011.

ACCOUNTING FOR MEDICAID RECEIVABLES AS NONTAX REVENUE

SECTION 10.31. No change – adopts identical House and Senate provisions.

MEDICAID PREFERRED DRUG LIST

SECTION 10.32. No change – adopts identical House and Senate provisions.

MEDICAID PREFERRED DRUG LIST (PDL) REVIEW PANEL

SECTION 10.33. Adopts House provision (6th edition).

LOCK NARCOTIC PRESCRIPTIONS INTO SINGLE PHARMACY/PROVIDER

SECTION 10.34. Adopts House provision (6th edition), except clarifies that DMA will lock Medicaid enrollees into a single pharmacy and provider when the Medicaid enrollee's utilization of selected controlled substance medication meets the lock-in criteria approved by the NC Physicians Advisory Group (adds qualifying language), as provided in the House version and substituting "selected controlled substance medications" for "narcotic medications" therein.

AUTHORIZE THE DIVISION OF MEDICAL ASSISTANCE TO TAKE CERTAIN STEPS TO EFFECTUATE COMPLIANCE WITH BUDGET REDUCTIONS IN THE MEDICAID PROGRAM

SECTION 10.35. Adopts compromise provision deleting the Medicaid Personal Care Service provision (as deleted in the Senate version) in the 2009 Appropriations Act, as amended by Section 5A of SL 2009-575, and adds an In-Home Care provision (similar to the new Medicaid Personal Care Service provision proposed in the Senate version). Under the In-home care provision, DMA will no longer provide services under Personal Care Services (PCS) and PCS-Plus after the later of January 1, 2011 or whenever CMS approves elimination of those programs and the implementation of (1) In-Home Care for Children (IHCC) to provide services to meet the in-home care needs of children and (2) In-Home Care for Adults (IHCA) to provide services to assist individuals older than 21 with medical conditions, disability, or cognitive impairment. Further directs DMA to establish, in accordance with GS 108A-54.2 (procedures for changing medical policy), a Medical Coverage Policy for IHCC and IHCA following certain guidelines. Describes and directs implementation of program limitations and restrictions applicable to both IHCC and IHCA, and explains the admission process. Provides a non-exhaustive list of actions for DMA to follow while managing IHCC and IHCA, and includes an implementation timeline. Adds a new studies provision, directing DHHS to conduct a study determining cost effectiveness, efficiencies gained, and challenges associated with transitioning the performance of individual assessments for PCS, IHCC, or IHCA services (similar to provision in the House version), and directing DMA to study fraud, waste, or abuse by certain Medicaid providers and recipients and to report its findings on or before January 1, 2011 and annually thereafter to specified entities.

Adopts the House provision requiring DHHS to study the effectiveness of the length-of-stay limitation and the number of children staying in Level II, III, and IV facilities, and report its

findings to the Joint Legislative Oversight Committee on Mental Health, Developmental Disabilities, and Substance Abuse Services by January 1, 2011, and provide updated reports on the number of children in these facilities every six months thereafter for the following three-year period. Prohibits the Secretary from reducing Medicaid provider rates beyond those in effect as of June 1, 2010, except as provided in budget reductions for 2010-11 (House version limited the Secretary to those rates required to achieve budget reductions required in the act).

Adopts the following three provisions, identical in the House and Senate versions: (1) Directs DMA to require prior authorization for outpatient mental health services for children after the 16th visit;

(2) Directs DMA to change the Medicaid Private Duty Nursing Program (PDN) so that its services are provided only to qualified recipients under 21, are authorized by the recipient's primary care or attending physician, are (in most cases) limited to 16 hours per day, are subject to initial and continuing assessments by an independent entity that is not a PCS services provider, and are provided according to a DMA-approved plan; and (3) Directs DMA to develop and submit to CMS a 1915(c) Home and Community Based Services Waiver for individuals dependent on technology to substitute for a vital bodily function and to transition qualified recipients over 21 currently receiving PDN to waiver services.

Adopts other technical and clarifying changes, as provided in the House version (6th edition).

MEDICAID WAIVER FOR ASSISTED LIVING

SECTION 10.35A. Adopts House provision (6th edition), except directs DMA to develop and implement *either* a 1915(c) Home and Community Based Services assisted living program *or* an Assisted Living Services program under State Medicaid Plan 1915(i) authority (House edition allowed a 1915(c) waiver only). Directs DMA to select the program that best addresses resident needs and federal requirements. Deletes the components to be included in the waiver plan. Further directs DMA to apply to the Centers for Medicare and Medicaid Services (CMS) for program approval by August 10, 2010 (previous version required application to CMS *after* DMA submitted its report due January 1, 2011, and prohibited waiver implementation without legislative appropriation).

SENIOR SERVICES: PROJECT C.A.R.E. (CAREGIVER ALTERNATIVES TO RUNNING ON EMPTY)

SECTION 10.35B. Adopts House provision (6th edition).

IMPLEMENT INDEPENDENT ASSESSMENTS OF MENTAL HEALTH SERVICES

SECTION 10.36.(a). Adopts Senate provision (3rd edition).

SECTION 10.36.(b). Adopts new provision, directing DMA to require that targeted independent assessments be conducted prior to the delivery of services to described individuals if DMA does not achieve the necessary savings following the implementation of independent assessments under the section.

SECTION 10.36.(c). Adopts Senate provision (3rd edition), as provided under Section 10.36.(b) in that version.

DHSR ASSISTED LIVING HOME ADMINISTRATOR/MEDICATION AIDE FEES

SECTION 10.36A.(a). Adopts Senate provision (3rd edition), except allows DHHS (was, the Medical Care Commission) to impose a fee, not to exceed \$25, on an applicant seeking certification as an assisted living home (was, adult care) medication aide. Makes a conforming change to the heading.

SECTION 10.36A.(b). Adopts Senate provision (3rd provision), substituting "Assisted Living" for "Adult Care Home."

DHHS BLOCK GRANTS

SECTION 10.37.(a) Appropriates the following from federal block grant funds for fiscal year ending June 30, 2011 as follows:

TEMPORARY ASSISTANCE TO NEEDY FAMILIES
(TANF) FUNDS

Local Program Expenditures

Division of Social Services		
01.	Work First Family Assistance	\$77,597,502
02.	Work First County Block Grants	94,453,315
03.	Work First Electing Counties	2,378,213
04.	Work First – Boys and Girls Clubs	2,500,000
05.	Work First – After-School Services for At-Risk Children	2,049,642
06.	Work First – After-School Programs for At-Risk Youth in Middle Schools	500,000
07.	Work First – Connect, Inc. (Work Central)	1,000,000
08.	Work First – Citizens Schools Program	360,000
09.	Adoption Services – Special Children's Adoption Fund	3,000,000
10.	Family Violence Prevention	2,200,000
11.	Child Protective Services – Child Welfare Workers for Local DSS	14,452,391
12.	Child Welfare Collaborative	1,129,115

Division of Child Development		
13.	Subsidized Child Care Program	61,087,077

Division of Public Health		
14.	Teen Pregnancy Initiatives	450,000

DHHS Administration		
15.	Division of Social Services	1,093,176
16.	Office of the Secretary	75,392

Transfers to Other Block Grants		
Division of Child Development		
17.	Transfer to the Child Care and Development Fund	84,330,900

Division of Social Services		
18.	Transfer to Social Services Block Grant for Child Protective Services – Child Welfare Training in Counties	2,300,000
19.	Transfer to Social Services Block Grant for Maternity Homes	943,002
20.	Transfer to Social Services Block Grant for Teen Pregnancy Prevention Initiatives	2,500,000
21.	Transfer to Social Services Block Grant for County Departments of Social Services for Children's Services	4,500,000
22.	Transfer to Social Services Block Grant for Foster Care Services	540,358

TOTAL TEMPORARY ASSISTANCE TO NEEDY FAMILIES (TANF) FUNDS		\$359,440,083
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TEMPORARY ASSISTANCE TO NEEDY FAMILIES (TANF)
EMERGENCY CONTINGENCY FUNDS RECEIVED THROUGH
THE AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA)

Local Program Expenditures	
Division of Social Services	
01. Work First Family Assistance	\$ 9,780,494
Division of Child Development	
02. Subsidized Child Care	23,625,329
Department of Public Instruction	
03. More at Four	30,559,012
TOTAL TEMPORARY ASSISTANCE TO NEEDY FAMILIES (TANF) EMERGENCY CONTINGENCY FUNDS RECEIVED THROUGH THE AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA)	\$63,964,835

SOCIAL SERVICES BLOCK GRANT

Local Program Expenditures	
Divisions of Social Services and Aging and Adult Services	
01. County Departments of Social Services (Transfer from TANF – \$4,500,000)	\$ 28,868,189
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	609,455
05. Foster Care Services (Transfer from TANF)	2,147,967
06. Maternity Homes (Transfer from TANF)	943,002
07. Special Children Adoption Incentive Fund	500,000
08. Child Protective Services-Child Welfare Training for Counties (Transfer from TANF)	2,300,000
09. Home and Community Care Block Grant (HCCBG)	1,834,077
10. Children's Advocacy Centers	375,000
Division of Mental Health, Developmental Disabilities, and Substance Abuse Services	
11. Mental Health Services Program	422,003
12. Developmental Disabilities Services Program	5,000,000
13. Mental Health Services-Adult and Child/Developmental Disabilities Program/ Substance Abuse Services-Adult	3,234,601
Division of Child Development	
14. Subsidized Child Care Program	1,156,744
Division of Vocational Rehabilitation	
15. Vocational Rehabilitation Services – Easter Seal Society/UCP Community Health Program	188,263
Division of Public Health	
16. Teen Pregnancy Prevention Initiatives (Transfer from TANF)	2,500,000
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	688,436

22.	Division of Social Services	892,624
23.	Office of the Secretary/Controller's Office	138,058
24.	Office of the Secretary/DIRM	87,483
25.	Division of Child Development	15,000
26.	Division of Mental Health, Developmental Disabilities, and Substance Abuse Services	29,665
27.	Division of Health Service Regulation	235,625
28.	Office of the Secretary-NC Inter-Agency Council for Coordinating Homeless Programs	250,000
29.	Office of the Secretary	48,053
Transfers to Other State Agencies		
Department of Administration		
30.	NC Commission of Indian Affairs In-Home Services for the Elderly	203,198
Transfers to Other Block Grants		
Division of Public Health		
31.	Transfer to Preventive Health Services Block Grant for HIV/STD Prevention and Community Planning	145,819
TOTAL SOCIAL SERVICES BLOCK GRANT		\$ 61,568,238
LOW-INCOME HOME ENERGY ASSISTANCE BLOCK GRANT		
Local Program Expenditures		
Division of Social Services		
01.	Low-Income Energy Assistance Program (LIEAP)	\$ 70,909,401
02.	Crisis Intervention Program (CIP)	40,373,328
Local Administration		
Division of Social Services		
03.	County DSS Administration	6,362,505
DHHS Administration		
04.	Division of Social Services	275,000
05.	Division of Mental Health, Developmental Disabilities, and Substance Abuse Services	8,128
06.	Office of the Secretary/DIRM	276,784
07.	Office of the Secretary/Controller's Office	12,332
Transfers to Other State Agencies		
Department of Commerce		
08.	Weatherization Program	500,000
09.	Heating Air Repair and Replacement Program (HARRP)	8,103,157
10.	Local Residential Energy Efficiency Service Providers – Weatherization	25,000
11.	Local Residential Energy Efficiency Service Providers – HARRP	266,375
12.	Department of Commerce Administration – Weatherization	25,000
13.	Department of Commerce Administration – HARRP	266,375
14.	Department of Administration – N.C. State Commission of Indian Affairs	129,807
TOTAL LOW-INCOME HOME ENERGY ASSISTANCE BLOCK GRANT		\$ 127,533,192

CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT

Local Program Expenditures

Division of Child Development	
01. Subsidized Child Care Services (CCDF)	\$153,889,889
02. Contract Subsidized Child Care Services Support	547,600
03. Subsidized Child Care Services (Transfer from TANF)	84,330,900
04. Quality and Availability Initiatives	23,726,564
05. TEACH	3,800,000
Division of Social Services	
06. Local Subsidized Child Care Services Support	\$19,340,596

DHHS Administration

Division of Child Development	
07. DCD Administrative Expenses	6,539,277
Division of Central Administration	
08. DHHS Central Administration – DIRM Technical Services	774,317

TOTAL CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT

\$292,949,143

CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT RECEIVED THROUGH THE AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA)

Local Program Expenditures

Division of Child Development	
01. Subsidized Child Care Services (CCDF)	\$5,980,997
02. Electronic Benefits Transfer System	4,000,000

DHHS Program Expenditures

Division of Child Development	
03. Quality and Availability Initiatives	2,904,787

TOTAL CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT RECEIVED THROUGH THE AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA)

\$12,885,784

MENTAL HEALTH SERVICES BLOCK GRANT

Local Program Expenditures

01. Mental Health Services – Adult	\$ 6,656,212
02. Mental Health Services – Child	5,421,991
03. Mental Health Services – UNC School of Medicine, Department of Psychiatry	200,000
04. Administration	100,000

TOTAL MENTAL HEALTH SERVICES BLOCK GRANT

\$ 12,378,203

SUBSTANCE ABUSE PREVENTION AND TREATMENT BLOCK GRANT

Local Program Expenditures

Division of Mental Health, Developmental Disabilities, and Substance Abuse Services	
01. Substance Abuse Services – Adult	\$ 22,008,080
02. Substance Abuse Treatment Alternative for Women	8,107,303
03. Substance Abuse – HIV and IV Drug	5,116,378
04. Substance Abuse Prevention – Child	7,186,857
05. Substance Abuse Services – Child	4,940,500
06. Institute of Medicine	250,000
07. Administration	250,000

Division of Public Health		
08. Risk Reduction Projects		633,980
09. Aid-to-Counties		209,576
TOTAL SUBSTANCE ABUSE PREVENTION AND TREATMENT BLOCK GRANT		\$ 48,702,674

MATERNAL AND CHILD HEALTH BLOCK GRANT

Local Program Expenditures		
Division of Public Health		
01. Children's Health Services		7,534,865
02. Women's Health		7,701,691
03. Oral Health		38,041
DHHS Program Expenditures		
Division of Public Health		
04. Children's Health Services		1,368,778
05. Women's Health		135,452
06. State Center for Health Statistics		179,483
07. Quality Improvement in Public Health		14,646
08. Health Promotion		88,746
09. Office of Minority Health		55,250
10. Immunization Program – Vaccine Distribution		382,648
DHHS Administration		
Division of Public Health		
11. Division of Public Health Administration		631,966
TOTAL MATERNAL AND CHILD HEALTH BLOCK GRANT		\$ 18,131,566

PREVENTIVE HEALTH SERVICES BLOCK GRANT

Local Program Expenditures		
Division of Public Health		
01. NC Statewide Health Promotion		\$1,730,653
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		
Division of Public Health		
04. NC Statewide Health Promotion		1,623,117
05. Oral Health		70,000
06. State Laboratory of Public Health		16,600
TOTAL PREVENTIVE HEALTH SERVICES BLOCK GRANT		\$3,783,301

COMMUNITY SERVICES BLOCK GRANT

Local Program Expenditures		
Office of Economic Opportunity		
01. Community Action Agencies		\$ 17,968,944
02. Limited Purpose Agencies		998,275
DHHS Administration		
03. Office of Economic Opportunity		998,274
TOTAL COMMUNITY SERVICES BLOCK GRANT		\$ 19,965,493

**COMMUNITY SERVICES BLOCK GRANT RECEIVED THROUGH
THE AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA)**

Local Program Expenditures		
Office of Economic Opportunity		
01. Community Action Agencies		\$ 10,000,000

TOTAL COMMUNITY SERVICES BLOCK GRANT
RECEIVED THROUGH THE AMERICAN RECOVERY
AND REINVESTMENT ACT (ARRA)

\$ 10,000,000

GENERAL PROVISIONS

SECTION 10.37. (b)-(e) No change – adopts identical House and Senate provisions.

TEMPORARY ASSISTANCE FOR NEEDY FAMILY (TANF) FUNDS

SECTION 10.37.(f) No change – adopts identical House and Senate provisions.

SECTION 10.37.(g) No change – adopts identical House and Senate provisions.

SECTION 10.37.(h) Adopts compromise provision to designate \$2,049,642 from TANF funds for 2010-11 to expand after-school programs and services for at-risk children, to award described grants, and to fund one Division of Social Services position to coordinate at-risk after-school programs.

SECTION 10.37.(i) No change – adopts identical House and Senate provisions.

SECTION 10.37.(j) No change – adopts identical House and Senate provisions.

SECTION 10.37.(k) Adopts compromise position to designate \$500,000 from TANF funds for 2010-11 to expand after-school programs for at-risk children attending middle school, and to award described grants.

SECTION 10.37.(l) No change – adopts identical House and Senate provisions.

SECTION 10.37.(m) Adopts compromise provision to appropriate \$550,000 to the Division of Social Services for contractual follow-up and referral services provided by Connect, Inc. on behalf of current and former Work First recipients. Also appropriates \$450,000 to the Division of Social Services for TANF-eligible subsidized employment expenditures in 2010-11 as part of the outreach component of The Benefit Bank initiative. Directs the Program Evaluation Division and the Fiscal Research Division to jointly evaluate TANF-funded services provided by Connect, Inc., as soon as practicable, and with assistance from DHHS.

SECTION 10.37.(n) Adopts Senate provision (3rd edition).

SECTION 10.37.(o) No change – adopts identical House and Senate provisions.

SECTION 10.37.(p) Adopts House provision (6th edition).

TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF) EMERGENCY CONTINGENCY FUNDS

SECTION 10.37.(q) Adopts House provision (6th edition).

SECTION 10.37.(r) Adopts House provision (6th edition).

SECTION 10.37.(s) Adopts new provision designating that \$30,559,012 appropriated from TANF Emergency Contingency funds to the Department of

Public Instruction for the More at Four program in 2010-11 will support TANF-eligible children.

SOCIAL SERVICES BLOCK GRANT

SECTION 10.37.(t) Adopts Senate provision (3rd edition).

SECTION 10.37.(u) Adopts House provision (6th edition), numbered Section 10.37(t) in that version.

SECTION 10.37.(v) No change – adopts identical House and Senate versions (numbered differently in those versions).

SECTION 10.37.(w) Adopts compromise provision, allocating \$2,147,967 from the Social Services Block Grant funding to support state foster home children.

SECTION 10.37.(x) No change – adopts identical House and Senate versions (numbered differently in those versions).

SECTION 10.37.(y) No change – adopts identical House and Senate versions (numbered differently in those versions).

SECTION 10.37.(z) No change – adopts identical House and Senate versions (numbered differently in those versions).

SECTION 10.37.(aa) Adopts Senate provision (3rd edition), numbered Section 10.37(z) in that version.

LOW-INCOME HOME ENERGY ASSISTANCE BLOCK GRANT

SECTION 10.37.(bb) No change – identical to House and Senate provisions.

CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT

SECTION 10.37. (cc)-(ee) No change – identical to House and Senate provisions.

SUBSTANCE ABUSE PREVENTION AND TREATMENT BLOCK GRANT

SECTION 10.37. (ff) Adopts House provision (6th edition), numbered Section 10.37(dd) in that version.

MATERNAL AND CHILD HEALTH BLOCK GRANT

SECTION 10.37. (gg)-(hh). No change – adopts identical House and Senate provisions.

PART XI. DEPARTMENT OF AGRICULTURE AND CONSUMER SERVICES

FEE INCREASES FOR PESTICIDE DEALERS, PESTICIDE APPLICATORS, AND PEST CONTROL CONSULTANTS

SECTION 11.1. Adopts Senate provision (3rd edition), except sets effective date as July 14, 2010.

STRUCTURAL PEST CONTROL ACT FEE INCREASES

SECTION 11.2. Adopts Senate provision (3rd edition), except sets the effective date as July 14, 2010.

TRANSFER ADMINISTRATION OF THE VOLUNTARY SPAY/NEUTER PROGRAM TO THE DEPARTMENT OF AGRICULTURE AND CONSUMER SERVICES; AMEND FUNDING FOR THE SPAY/NEUTER ACCOUNT

SECTION 11.4. Adopts Senate provision (3rd edition), except enumerates conditions for local government eligibility for reimbursement from the Spay/Neuter Account, defines “low-income person” for purposes of qualification for services, requires counties to make rules for proof of qualification, and specifies reimbursable costs and procedure for disbursements to eligible local governments. Makes conforming changes. Requires the Department to notify cities and counties that are eligible to distribute funds for the Spay/Neuter Account of specified funding amounts. Amends GS 130A-190(b) by including in the fee for rabies vaccination tags, links, and rivets 15 cents to be used for rabies education and prevention and deletes 20 cents for credit to the Spay/Neuter Account. Amends “Animal Lovers” plate to increase plate fee and requires that \$20 of the fee be credited to the Cultural Attraction Plate Account. Authorizes the Department of Agriculture and Consumer Services to study the state’s role in reducing unwanted dogs and cats. Effective October 1, 2010.

RECLASSIFY ONE VACANT POSITION IN DACS FOR THE NC FARM TO SCHOOL PROGRAM

SECTION 11.5. Adopts new provision requiring the Department of Agriculture and Consumer Services to reclassify one vacant position for support to the NC Farm to School Program.

PART XII. DEPARTMENT OF LABOR

DEPARTMENT OF LABOR/APPRENTICESHIP PROGRAM

SECTION 12.1. Adopts Senate provision (3rd edition) except sets apprentice registration and annual fees at \$50 (was, \$100 each).

PART XIII. DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES

CONSOLIDATE THREE DENR SUBUNITS WITHIN THE NEW DIVISION OF ENVIRONMENTAL ASSISTANCE AND OUTREACH

SECTION 13.1. Adopts House provision (6th edition).

CONSOLIDATE TWO DENR OFFICES INTO NEW OFFICE OF ENVIRONMENTAL EDUCATION AND PUBLIC AFFAIRS

SECTION 13.1A. Adopts House provision (6th edition).

CONSOLIDATE TWO SUBUNITS IN DENR INTO NEW OFFICE OF CONSERVATION, PLANNING, AND COMMUNITY AFFAIRS

SECTION 13.1B. Adopts House provision (6th edition) with technical changes.

STUDY THE MERGER OF THE DIVISION OF ENVIRONMENTAL HEALTH IN DENR AND THE DIVISION OF PUBLIC HEALTH IN DHHS; AMEND ON-SITE WASTEWATER CERTIFICATION

SECTION 13.2. Adopts Senate provision (3rd edition), except instead of requiring consolidation of certain environmental subunits, requires a joint study of the desirability and feasibility of consolidating the Division of Environmental Health of the Department of Environment and Natural Resources with the Division of Public Health of the Department of Health and Human Services, specifying the components of a required study report. Amends GS 90A-72 to amend who falls under the Article to include a person employed by the Department, a local health department, or a local health district, when conducting an inspection of an on-site wastewater system to determine compliance.

SUSTAINABLE COMMUNITIES TASK FORCE

SECTION 13.5. Adopts compromise provision similar to Senate provision (3rd edition) establishing a North Carolina Sustainable Communities Task Force of 13 members to be

designated by the Governor, the President Pro Tempore, the Speaker of the House, and secretaries and director of state agencies and departments. Establishes a grant fund in the Department of Environment and Natural Resources for regional bodies, cities, and counties to improve regional planning efforts, and sets funding guidelines. Requires annual reports with findings and recommendations. Expires June 30, 2016.

DAM SAFETY FEE

SECTION 13.6. Adopts Senate provision (3rd edition).

INCREASE HAZARDOUS WASTE FEES

SECTION 13.8. Adopts Senate provision (3rd edition) except sets various fee increases for generators of specified amounts of waste and for others involved hazardous waste transportation and disposal.

INCREASE ADMINISTRATIVE CAP FOR INACTIVE HAZARDOUS WASTE SITES PROGRAM; ADD RECIPIENTS TO ANNUAL REPORT REQUIREMENT

SECTION 13.9. Adopts House provision (6th edition).

FUNDS FOR CLEANUP AND MONITORING OF TEXFI SITE CONTAMINATION

SECTION 13.9A. Adopts House provision (6th edition).

FUNDS FOR RECYCLING PROGRAMS FOR PRODUCTS THAT CONTAIN MERCURY

SECTION 13.9B. Deletes House Provision (6th edition).

STRENGTHEN PLASTIC BAG RECYCLING

SECTION 13.10. Adopts Senate provision (3rd edition) except defines recycled paper bag as having at least 40 percent recycled material (was 100 percent), adds new GS 130A-309.123 requiring retailer who offers paper bags instead of banned plastic bags to offer a cash refund to customers who use their own reusable bags, and provides an exception for non-chain retailers with less than 5,000 square feet of space. Adds written notification requirement. Changes effective date to October 1, 2010, with small retailer exception expiring May 1, 2011.

PARKS AND RECREATION TRUST /AUTHORITY TO CONSIDER OPERATING EXPENSES

SECTION 13.11. No change - adopts identical House and Senate provisions.

RECLASSIFY SEVEN VACANT POSITIONS IN THE DIVISION OF PARKS AND RECREATION

SECTION 13.12. No change - adopts identical House and Senate provisions.

STATE PARKS SYSTEM PLAN

SECTION 13.13. No change - adopts identical House and Senate provisions.

NO NEW FEES FOR PARKING IN STATE PARKS

SECTION 13.14. No change - adopts identical House and Senate provisions.

AUTHORITY FOR THE DEPARTMENT OF REVENUE TO SHARE INFORMATION WITH DENR

SECTION 13.15. No change - adopts identical House and Senate provisions.

DIVISION OF MARINE FISHERIES AND DIVISION OF FOREST RESOURCES AIRCRAFT MAINTENANCE

SECTION 13.16. No change - adopts identical House and Senate provisions.

PURCHASE OF COMPUTER SOFTWARE BY DENR FOR DENR AIRCRAFT FLIGHTS AND MAINTENANCE RECORDKEEPING

SECTION 13.17. No change - adopts identical House and Senate provisions.

REPORT ON DENR AVIATION RESOURCES

SECTION 13.18. No change - adopts identical House and Senate provisions.

CLOSE/TRANSFER CERTAIN DENR SPECIAL FUNDS

SECTION 13.21. Identical to House provision (6th edition) except does not repeal GS 113-36(d) and does not transfer funds from the special Bladen Lakes fund.

WILDLIFE RESOURCES COMMISSION FUNDING

SECTION 13.22. Deletes House provision (6th edition).

PART XIV. DEPARTMENT OF COMMERCE

ONE NORTH CAROLINA FUND

SECTION 14.1. No change – adopts identical House and Senate provisions.

NER BLOCK GRANTS

SECTION 14.2. No change – adopts identical House and Senate provisions.

NER BLOCK GRANTS/REALLOCATE 2010 PROGRAM YEAR FUNDING

SECTION 14.2A. Adopts new provision. Amends Section 14.8 of SL 2009-451 to reallocate appropriations for fiscal year ending June 30, 2010, reflecting total of \$48,942,431 (was, \$45 million). Makes conforming changes.

STATE AGENCIES AND INSTITUTIONS/GREATER ENERGY EFFICIENCY REPORTING AND COMPLIANCE

SECTION 14.3. Adopts House provision (6th edition).

LOCAL WORKFORCE DEVELOPMENT BOARDS/CONSUMER CHOICE REQUIREMENTS

SECTION 14.4. Adopts House provision (6th edition).

WANCHESE SEAFOOD INDUSTRIAL PARK/OREGON INLET FUNDS

SECTION 14.5. Adopts Senate provision (3rd edition).

CONSOLIDATE PASSENGER AIRCRAFT

SECTION 14.6. Adopts identical House and Senate provisions, except replaces new GS 136-102.20 with new GS 136-102.9, with reworded priority statement that use for economic development purposes takes precedent over all other uses except in cases of emergency or disaster response.

MAIN STREET SOLUTIONS FUND

SECTION 14.6A. Adopts House provision (6th edition).

AMEND JDIG REPORTING REQUIREMENTS

SECTION 14.8. No change – adopts identical House and Senate provisions.

INDUSTRIAL DEVELOPMENT FUND/REPORTING REQUIREMENTS

SECTION 14.9. No change – adopts identical House and Senate provisions.

WINE AND GRAPE GROWERS COUNCIL/REPORTING REQUIREMENT

SECTION 14.10. No change – adopts identical House and Senate provisions.

TOURIST DESTINATION MARKETING

SECTION 14.10A. Adopts new provision to require the Department of Commerce to report to the Joint Legislative Commission on Governmental Operations by September 1, 2010, and September 1, 2011, on efforts to promote use of historically underutilized businesses in tourist destination marketing.

PROMOTE NORTH CAROLINA DISTILLED SPIRITS

SECTION 14.12. Adopts Senate provision (3rd edition), except deletes proposed GS 18B-1105.2 and instead amends GS 18B-902 and GS 18B-1001 to create, effective October 1, 2010, a spirituous liquor tasting permit for conducting consumer tasting events on the premises of a distillery. Contains provisions equivalent to proposed GS 18B-1105.2, except deletes prohibition on advertising the tasting event.

EMPLOYMENT SECURITY COMMISSION FUNDS

SECTION 14.13. Adopts House provision (6th edition).

SET REGULATORY FEE FOR UTILITIES COMMISSION

SECTION 14.14. Adopts Senate provision (3rd edition).

REGIONAL ECONOMIC DEVELOPMENT COMMISSIONS ALLOCATIONS

SECTION 14.15. No change – adopts identical House and Senate provisions.

E-NC AUTHORITY/REPORTING REQUIREMENT

SECTION 14.16. No change – adopts identical House and Senate provisions.

DEFENSE AND SECURITY TECHNOLOGY ACCELERATOR/REPORTING REQUIREMENT

SECTION 14.17. Adopts Senate provision (3rd edition).

NC INDIAN ECONOMIC DEVELOPMENT INITIATIVE/RTI INTERNATIONAL/REPORTING REQUIREMENTS

SECTION 14.17A. Adopts new provision requiring reporting and provision of audited financial statements by the NC Indian Economic Development Initiative and RTI International.

COUNCIL OF GOVERNMENT FUNDS

SECTION 14.18. No change – adopts identical House and Senate provisions.

STRATEGIC PLAN ON THE COMMERCIALIZATION OF LIFE SCIENCE TECHNOLOGIES

SECTION 14.18A. Adopts new provision requiring the NC Biotechnology Center to prepare a strategic plan to accelerate the commercialization of promising life science technologies and discoveries being developed in North Carolina universities and private companies. Center is to present findings and suggested plan to Joint Legislative Commission on Governmental Operations and Fiscal Research Division by January 15, 2011.

RURAL ECONOMIC DEVELOPMENT CENTER

SECTION 14.19. No change – adopts identical House and Senate provisions.

RURAL ECONOMIC DEVELOPMENT CENTER/INFRASTRUCTURE PROGRAM

SECTION 14.20. No change – adopts identical House and Senate provisions.

OPPORTUNITIES INDUSTRIALIZATION CENTERS FUNDS

SECTION 14.21. No change – adopts identical House and Senate provisions.

RURAL CENTER/REALLOCATION OF CLEAN WATER BOND FUNDS

SECTION 14.22. Adopts House provision (6th edition).

PART XV. JUDICIAL DEPARTMENT

COLLECTION OF WORTHLESS CHECK FUNDS

SECTION 15.1. No change – adopts identical House and Senate provisions.

OFFICE OF INDIGENT DEFENSE SERVICES EXPANSION FUNDS

SECTION 15.3. No change – adopts identical House and Senate provisions.

CORRECT DEATH PENALTY LITIGATION FUNDING AMOUNT

SECTION 15.4. No change – adopts identical House and Senate provisions.

INCREASE CERTAIN COURT FEES

SECTION 15.5. Adopts Senate provision except makes the following changes. Increases the civil filing fee to \$125 (was, \$130 in 3rd edition) and complex business case fee at an additional \$80 (was, \$100 in 3rd edition). Deletes proposed \$10 assignment of title fee. Adds October 1, 2010, effective date.

CHILD SUPPORT FEE MODIFICATION

SECTION 15.6. No change – adopts identical House and Senate provisions.

EXPERT FEES

SECTION 15.7. No change – adopts identical House and Senate provisions.

PROVIDE CERTAIN COUNTERCLAIMS FEES IN DOMESTIC VIOLENCE ACTIONS

SECTION 15.8. Adopts Senate provision (3rd edition), except adds October 1, 2010, effective date.

MODIFY FEES FOR RESUMPTION OF MAIDEN OR FORMER NAME

SECTION 15.9. Adopts Senate provision (3rd edition), except sets effective date as October 1, 2010.

INCREASE ATTORNEY APPOINTMENT FEE

SECTION 15.11. Adopts Senate provision (3rd edition), except sets effective date as October 1, 2010.

MODIFICATION TO THE DUTIES OF THE DIRECTOR OF THE ADMINISTRATIVE OFFICE OF THE COURTS WITH RESPECT TO PAYMENT OF INTERPRETERS AND EXPERT WITNESSES

SECTION 15.12. Adopts House provision (6th edition).

ESTABLISH A PILOT PROGRAM FOR ELECTRONIC FILING IN DOMESTIC VIOLENCE AND CIVIL NO-CONTACT CASES IN ALAMANCE COUNTY

SECTION 15.13. Adopts House provision (6th edition).

PART XVI. DEPARTMENT OF JUSTICE

REPORTING BY MEDICAID FRAUD CONTROL UNIT (NEW)

SECTION 16.1. Adopts House provision (6th edition).

PART XVII. DEPARTMENT OF CRIME CONTROL AND PUBLIC SAFETY

AMEND LAW ENFORCEMENT SUPPORT SERVICES FEE AUTHORITY

SECTION 17.1. Adopts House provision (6th edition).

REQUIRE DEVELOPMENT AND REPORTING OF LESS FEE SCHEDULE

SECTION 17.2. Adopts House provision (6th edition).

TRANSFER TUITION ASSISTANCE PROGRAM

SECTION 17.3. Adopts House provision (6th edition).

PART XVIII. DEPARTMENT OF JUVENILE JUSTICE AND DELINQUENCY PREVENTION

STATE FUNDS MAY BE USED AS FEDERAL MATCHING FUNDS

SECTION 18.1. Adopts identical House and Senate provisions, except deletes requirement to report on the amount of funds appropriated for 2010-11.

REPEAL STAFFING CAP AT YOUTH DEVELOPMENT CENTERS

SECTION 18.2 No change – adopts identical House and Senate provisions.

PART XIX. DEPARTMENT OF CORRECTION

FEDERAL GRANT MATCHING FUNDS

SECTION 19.1. No change – adopts identical House and Senate provisions.

PLAN FOR A PILOT PROGRAM ON PRIVATIZATION OF PROBATION SERVICES

SECTION 19.2. Adopts Senate provision (3rd edition).

INCREASE FEES FOR PROBATION, PAROLE, AND POST-RELEASE SUPERVISION

SECTION 19.3. Adopts Senate provision (3rd edition), except changes effective date from July 1, 2010, to October 1, 2010.

INCREASE FEE FOR COMMUNITY SERVICE PROGRAM

SECTION 19.4. Adopts Senate provision (3rd edition), except sets fee at \$250 instead of \$300.

MISDEMEANOR RECLASSIFICATION REPORT (NEW)

SECTION 19.5. Adopts House provision (6th edition).

INMATE MEDICAL COST CONTAINMENT

SECTION 19.6. Adopts House provision (6th edition), except changes starting date to July 1, 2010 (was June 30, 2010) and provides that charges are based on schedule of usual and customary charges providers use for all other patients. Provides that the limitation does not apply to reimbursement rates the Department of Correction has otherwise contracted for as of June 30, 2010. Makes other clarifying changes. Adds provision that Department will work with the Division of Medical Assistance to determine feasibility of applying for Medicaid waiver to cover inmate population.

COMMUNITY-BASED RESIDENTIAL REENTRY PROGRAM FOR INMATES – PILOT INITIATIVE

SECTION 19.7. Adopts House provision (6th edition).

STUDY INMATE MEDICAL COSTS

SECTION 19.8. Adopts House provision (6th edition).

CRIMINAL JUSTICE PARTNERSHIP PROGRAM GRANT REQUIREMENT

SECTION 19.9. Adopts House provision (6th edition).

PROHIBIT CONTRACTING FOR MAINTENANCE OF PRISONS

SECTION 19.10. Adopts new provision as title indicates; prohibits new contracts or expansion of existing contracts for maintenance services. Does not apply to renewal of contracts in existence on the effective date of provision.

PART XX. DEPARTMENT OF ADMINISTRATION

CURB EXCESS PRIVATE MOTOR VEHICLE EXPENSE REIMBURSEMENT

SECTION 20.2. Adopts House provision (6th edition) except requires Division of Motor Fleet Management of the Department of Administration to work with state agencies to analyze cost of employee use of private vehicles and to report to the House Appropriations Subcommittee on General government, the Senate Committee on Appropriations on General Government and Information Technology, and the Fiscal Research Division by February 1, 2011. Deletes provision prohibiting reimbursement for private auto use when it is determined the state would save money if a state vehicle was used.

PART XXI. OFFICE OF THE STATE AUDITOR

BATTLESHIP COMMISSION PAY FOR AUDIT

SECTION 21.1. No change – adopts identical House and Senate provisions.

STATE PORTS AUTHORITY PAY FOR AUDIT

SECTION 21.2. No change – adopts identical House and Senate provisions.

PART XXII. DEPARTMENT OF CULTURAL RESOURCES

MODIFY TERMS OF THE 2007-2008 GRANT-IN-AID FOR FREEDOM MONUMENT

SECTION 22.1. No change – adopts identical House and Senate provisions.

PART XXIII. HOUSING FINANCE AGENCY

ALLOW HOUSING FINANCE AGENCY TO CREATE A CORPORATION TO RECEIVE “HARDEST HIT HOUSING MARKETS” FUNDING (NEW)

SECTION 23.1. Adopts House provision (6th edition), except authorizes use of either a Chapter 55 or Chapter 55A corporation, requires the corporation to report upon request to the Legislative Commission on Governmental Operations, and specifies that the corporation is for receipt of funds that cannot be directly received by the Housing Finance Agency.

PART XXIV. DEPARTMENT OF INSURANCE

DEPARTMENT OF INSURANCE HEALTH REFORM AUTHORITY AND POSITIONS

SECTION 24.2. Adopts Senate provision (3rd edition), except appropriates \$1,150,693 for the 2010-2011 fiscal year if the Department of Insurance cannot obtain federal funds for 13 positions. Also requires the Department to report by September 1, 2010, on its efforts to seek federal funds.

AUTHORIZE STATE HIGH RISK POOL TO ADMINISTER FEDERAL HIGH RISK POOL

SECTION 24.3. Adopts new provision adding a new subdivision (15) to GS 58-50-180(e) authorizing the Pool to enter into contracts with the US Department of Health and Human Services to administer the federal high risk health insurance pool.

PART XXVI. DEPARTMENT OF REVENUE

MODIFICATION OF METHOD BY WHICH LOCAL GOVERNMENTS REIMBURSE THE STATE FOR PROGRAMS THAT SUPPORT LOCAL GOVERNMENTS

SECTION 26.1. Adopts Senate provision (3rd edition).

PART XXVII. STATE BOARD OF ELECTIONS

FUND ELECTION INSPECTORS FROM HAVA

SECTION 27.2. Adopts new provision directing \$160,000 from federal funds received from the Help America Vote Act to fund two election inspectors in the State Board of Elections.

PART XXVII-A. OFFICE OF STATE BUDGET AND MANAGEMENT

MILITARY MORALE AND WELFARE FUND

SECTION 27A.1. Adopts House provision (6th edition).

FUNDS FOR NC SYMPHONY

SECTION 27A.2. Adopts new provision allocating \$1.5 million to the NC Symphony to be paid in three installments upon achieving private fundraising goals.

PART XXVII-B. OFFICE OF THE STATE CONTROLLER

ADD OFFICE OF STATE PERSONNEL DIRECTOR TO BEACON PROJECT STEERING COMMITTEE

SECTION 27B.1. Adopts House provision (6th edition).

PAYMENT CARD REBATE PROGRAM

SECTION 27B.2. Adopts new provision directing the Office of State Controller to establish a payment card rebate program and authorizing the use of up to \$270,000 from receipts for salaries, benefits, and costs of the program. Also establishes reporting requirement.

PART XXVIII. DEPARTMENT OF TRANSPORTATION

CASH FLOW HIGHWAY FUND AND HIGHWAY TRUST FUND APPROPRIATIONS

SECTION 28.1. No change – adopts identical House and Senate provisions.

DRIVER EDUCATION PROGRAM FUNDING STUDY

SECTION 28.2. Adopts compromise provision directing the Office of State Budget and Management (OSBM) to study the Driver Education Program to determine the best funding source and to report to the Governor and the General Assembly by November 1, 2010. Requires OSBM to work with the Department of Public Instruction to establish measures to determine the program's effectiveness.

GLOBAL TRANSPARK REPORT ON ANTICIPATED REPAYMENT SCHEDULE AND PROGRAM EVALUATION DIVISION REVIEW

SECTION 28.3. Adopts House provision except adds provision requiring the Program Evaluation Division of the General Assembly to conduct a review of the Global Transpark Authority and to submit a report to the Joint Legislative Program Evaluation Oversight Committee by March 1, 2011.

ADJUST ROAD NAMING POLICY

SECTION 28.4. Adopts House provision (6th edition).

ESTABLISH NC MOBILITY FUND

SECTION 28.7. Adopts House provision (6th edition), except makes the following changes. Adds a \$15 million transfer to the Mobility Fund for the Yadkin River Bridge Project. Amends the appropriation to the NC Turnpike Authority and amounts allocated to specific projects in GS 136-176 for 2010, 2011, and 2013. Makes additional changes to allocations to the Mobility Fund from the Highway Trust Fund for 2013. Requires the Joint Legislative Transportation Oversight Committee to study debt affordability for transportation funding.

EXEMPT YADKIN RIVER BRIDGE PHASE I "GARVEE" BOND FROM EQUITY FORMULA

SECTION 28.8. New provision amends GS 136-17.2A modifying restrictions on distribution of bond fund as the heading indicates.

SEMIANNUAL PERSONNEL REPORT

SECTION 28.9. New provision enacts GS 136-12.2 requiring the Department of Transportation to report annually to the General Assembly about personnel positions and funding sources.

EXEMPT APPALACHIAN DEVELOPMENT HIGHWAY SYSTEM FUNDS FROM EQUITY FORMULA

SECTION 28.10. New provision amends GS 136-17.2A modifying restrictions on distribution of bond fund.

VISITOR CENTER FUNDS

SECTION 28.11. New provision amends GS 20-79-7 allocating funds from the Special Registration Plate Account to certain visitor centers.

PART XXIX. SALARIES AND BENEFITS

FURLOUGHS AUTHORIZED/PUBLIC SCHOOLS

SECTION 29.1. Adopts Senate provision (3rd edition), except amends the rules governing local school boards in designating when public school employees may be furloughed to prohibit employees earning an annual salary of \$32,000 or less (was, an annual base rate of \$30,000 or less) from being furloughed.

TEACHER SALARY SCHEDULES

SECTION 29.2. Adopts Senate provision (3rd edition).

SCHOOL-BASED ADMINISTRATOR SALARY SCHEDULE

SECTION 29.3. Adopts Senate provision (3rd edition).

FURLOUGHS AUTHORIZED/UNC

SECTION 29.4. Adopts Senate provision (3rd edition), except amends the policies governing implementing a furlough of university employees to prohibit any full time employee, prorated for any part-time employee, earning an annual salary of \$32,000 or less (was, an annual base rate of \$30,000 or less) from being furloughed.

MONITOR COMPLIANCE WITH FREEZE ON MOST SALARY INCREASES (NEW)

SECTION 29.5. Adopts Senate provision (3rd edition).

SALARY-RELATED CONTRIBUTIONS/EMPLOYER

SECTION 29.6. Deletes House provision (6th edition).

AUTHORIZES SUPPLEMENTATION BY LOCAL GOVERNMENTS OF THE SALARIES OF NONELECTED JUDICIAL DEPARTMENT OFFICERS AND EMPLOYEES IN ORDER TO ATTRACT AND RETAIN THE BEST QUALIFIED OFFICERS AND EMPLOYEES FOR THE JUDICIAL BRANCH OF GOVERNMENT

SECTION 29.7. Adopts new provision to amend the prefatory language of GS 7A-300(a) to provide that the operating expenses of the Judicial Department are to be paid from funds provided by local governments under GS 7A-330.1 as well as from funds provided by local governments under GS 153A-212.1 or GS 160A-289.1.

Enacts GS 7A-300.1 to authorize the Administrative Office of the Courts to contract with the governing body of a city or a county for the provision of salary supplements for certain Judicial Department employees (excludes elected officials and magistrates). Applies only to cities or counties with a population of 300,000 or more according to the most recent estimates of the Office of State Budget and Management. Provides that the salary supplements are subject to the availability of funds and requires that employees receiving a supplement be notified that it may be discontinued at any time and that the supplement is not compensation for purposes of the Teachers' and State Employees' Retirement System or the Consolidated Judicial Retirement System. Makes a conforming change to the definition of compensation in GS 135-1(7a)b and GS 135-53(5).

Amends Section 26.1A(a) of SL 2009-451, as amended, to exempt Judicial Department employees eligible for local supplementation as authorized under proposed GS 7A-300.1 from salary freezes for the 2009-10 and 2010-11 fiscal years.

PART XXX. CAPITAL APPROPRIATIONS

CAPITAL APPROPRIATIONS/GENERAL FUND

SECTION 30.1. Adopts House provision (6th edition) except adds an additional \$2,043,440 for Department of Crime Control and Public Safety; Highway Patrol Training Facility – Phase One Planning. Total for General Fund capital improvements is \$11,173,440.

WATER RESOURCES DEVELOPMENT PROJECT FUNDS

SECTION 30.2. Adopts House provision (6th edition), except deletes section 30.2(d).

NON-GENERAL FUND CAPITAL IMPROVEMENT AUTHORIZATIONS

SECTION 30.3. Adopts House provision (6th edition), except deletes provision that the listed authorized projects are only authorized if the project will not require operating support from the General Fund once it is completed.

REPAIRS AND RENOVATIONS RESERVE ALLOCATION

SECTION 30.4. Adopts House provision (6th edition).

AMEND 2009 WILDLIFE RESOURCES COMMISSION NON-GENERAL FUND CAPITAL IMPROVEMENT AUTHORIZATIONS

SECTION 30.5. Adopts House provision (6th edition), except adds \$3,500,000 for Statewide Emergency Repair & Renovation. Adds new section requiring the Wildlife Resources Commission to get approval from Office of State Budget and Management before expending Statewide Emergency Repair and Renovation funds.

AMEND COPS AUTHORIZATION LANGUAGE/UNCG

SECTION 30.6. Adopts Senate provision Section 6(a), (3rd edition), except changes amount to \$42,670,000 for capital facility costs at UNC Greensboro,

provides that proceeds may also be used to acquire real property only for railroad underpass (deleting other uses listed in the original provision).

SPECIAL INDEBTEDNESS PROJECTS

SECTION 30.7. Adopts House provision (6th edition), except increases the amount from \$70 million to \$120 million. Adds provision for \$55 million for capital improvements for use by the UNC System and the NC Community College System to be allocated in accordance with Section 30.11.

STATUTORILY DEFINE “SCOPE”

SECTION 30.8. Adopts and renumbers House provision (6th edition) (was, section 30.9).

AMEND DEBT SERVICE FOR GREEN SQUARE COMPLEX PARKING CONSTRUCTION

SECTION 30.9. Adopts and renumbers House provision (6th edition) (was, section 30.10)

PROHIBIT GENERAL FUND EXPENDITURES FOR THE NORTH CAROLINA INTERNATIONAL TERMINAL

SECTION 30.10. Adopts and renumbers House provision (6th edition) (was, section 30.11).

ALLOCATION AND USE OF PROCEEDS OF SPECIAL INDEBTEDNESS ISSUED FOR EQUIPMENT

SECTION 30.11. Adopts new provision allocating proceeds of special indebtedness funds authorized in section 30.7(a)(2) 40% for UNC system and 60% for Community Colleges system. Funds are to be used to purchase equipment for teaching and research in health, science, engineering, and technical education. Also allows Community College funds to be used for capital improvements necessary to accommodate new equipment purchased with authorized funds. Requires board of UNC and Community College systems to report on funds expended.

PART XXXI. TAX CHANGES

IRC UPDATE

SECTION 31.1. Adopts House version (6th edition).

SMALL BUSINESS TAX RELIEF

SECTION 31.1A. Adopts new provision creating a new GS 105-129.16J to provide a temporary unemployment insurance refundable tax credit. Credit is 25% of contributions to the State Unemployment Insurance Fund, and applies to small businesses (gross receipts not exceeding \$1 million). Applies to taxable years 2010, and 2011. Effective January 1, 2010.

LOWER SALES TAX COMPLIANCE BURDEN ON SMALL RETAILERS

SECTION 31.3. Adopts Senate provision (3rd edition), except changes effective date for subsections (c) and (d) to October 1, 2011 (was July 1, 2011).

RELIEVE ANNUAL REPORT COMPLIANCE BURDEN ON SMALL BUSINESS

SECTION 31.4. Adopts Senate provision (3rd edition), except clarifies provisions in subsection 31.4(c) relating to limited liability company reporting requirements.

EXTEND SUNSET ON EXPIRING TAX INCENTIVE INCOME TAX CREDITS AND SALES TAX REFUNDS

SECTION 31.5. Adopts Senate provision (3rd edition), except increases extension as follows:

GS 105-129.75, expires January 1, 2014 (mill rehabilitation projects); GS 105-163.015, expires January 1, 2013 for qualified business investments; G.S. 105-164.14(a1) expires Jan. 1, 2013; for passenger plane fuel taxes; GS 105-164.14(l), expires January 1, 2013, for motorsports events fuel.

MODERNIZE SALES TAX ON ACCOMMODATIONS

SECTION 31.6. Adopts Senate provision (3rd edition), except makes clarifying changes.

MODERNIZE ADMISSIONS TAX AND RESTORE AMENITIES EXCLUSION

SECTION 31.7. Adopts Senate provision (3rd edition), except makes clarifying changes to GS 105-37.1(d) regarding local taxes. Adds new provision amending GS14-344.1(a) regarding internet ticket resale.

GIVE TAXPAYERS NOTICE OF REVISED TAX INTERPRETATIONS

SECTION 31.7A. Adopts new provision amending GS 105-264(c) to limit the effective date of an interpretation that revises a prior interpretation by expanding the scope of a tax or otherwise increasing the amount of tax due.

IMPROVE TAX AND DEBT COLLECTION PROCESS

SECTION 31.8. Adopts Senate provision (3rd edition).

REDUCE FRANCHISE TAX BURDEN ON CONSTRUCTION COMPANIES

SECTION 31.9. Adopts Senate provision (3rd edition).

FAIR TAX PENALTIES

SECTION 31.10. Adopts Senate provision (3rd edition), except adds provisions and amendments to various statutes regarding requirements and rules for filing of consolidated or combined returns. Amends GS 105-262 by adding a new subsection (b) setting out notice and hearing procedures for adoption of rules by the Secretary of Revenue.

INCREASE TAX BENEFITS FOR INVESTMENTS IN SMALL BUSINESS

SECTION 31.12. Deletes House provision (6th edition).

TAX BENEFITS FOR SMALL BUSINESSES THAT PROVIDE HEALTH INSURANCE

SECTION 31.13. Deletes House provision (6th edition).

TAX BENEFITS FOR PUTTING PEOPLE BACK TO WORK

SECTION 31.14. Deletes House provision (6th edition).

PART XXXII. MISCELLANEOUS PROVISIONS

STATE BUDGET ACT APPLIES

SECTION 32.1. No change—adopts identical House and Senate provisions.

COMMITTEE REPORT

SECTION 32.2. Adopts compromise provision referring to the Joint Conference Committee Report as being used to construe the act.

REPORT OF THE FISCAL RESEARCH DIVISION ON CHANGES TO THE 2010-11 BUDGET

SECTION 32.2A. New provision allows the Fiscal Research Division to issue a report on the budget actions taken by the 2010 Regular Session of the General Assembly. If a report is issued, provides for the form of the report and requires a copy of the report to be sent to the Governor and for the report to be made available on the General Assembly website.

MOST TEXT APPLIES ONLY TO THE 2010-11 FISCAL YEAR

SECTION 32.3. No change—adopts identical House and Senate provisions.

EFFECT OF HEADINGS

SECTION 32.4. No change—adopts identical House and Senate provisions.

APPROPRIATIONS LIMITATIONS AND DIRECTIONS APPLY

SECTION 32.5. No change—adopts identical House and Senate provisions.

SEVERABILITY CLAUSE

SECTION 32.6. No change—adopts identical House and Senate provisions.

EFFECTIVE DATE

SECTION 32.7. No change—adopts identical House and Senate provisions.

July 1, 2010

SL 2010-31 (S 897). APPROPRIATIONS ACT OF 2010. AN ACT TO MODIFY THE CURRENT OPERATIONS AND CAPITAL IMPROVEMENTS APPROPRIATIONS ACT OF 2009 AND FOR OTHER PURPOSES. Summarized in *Daily Bulletin* 5/19/10, 6/1/10, 6/2/10, 6/3/10, and 6/29/10. Enacted June 30, 2010. Effective July 1, 2010, except as otherwise provided.