A BILL TO BE ENTITLED
AN ACT TO MAKE BASE BUDGET APPROPRIATIONS FOR CURRENT OPERATIONS
OF STATE DEPARTMENTS, INSTITUTIONS, AND AGENCIES, AND FOR OTHER
PURPOSES.

The General Assembly of North Carolina enacts:

PART I. TITLE AND INTRODUCTION

TITLE OF ACT
SECTION 1.1. This act shall be known as the "Current Operations Appropriations
Act of 2021."

INTRODUCTION
SECTION 1.2. The appropriations made in this act are for maximum amounts
necessary to provide the services and accomplish the purposes described in the budget in
accordance with the State Budget Act. Savings shall be effected where the total amounts
appropriated are not required to perform these services and accomplish these purposes, and the
savings shall revert to the appropriate fund at the end of each fiscal year, except as otherwise
provided by law.

PART II. CURRENT OPERATIONS AND EXPANSION/GENERAL FUND

GENERAL FUND APPROPRIATIONS
SECTION 2.1.(a) Appropriations from the General Fund for the budgets of the State
departments, institutions, and agencies, and for other purposes as enumerated, are made for each
year of the 2021-2023 fiscal biennium, according to the following schedule:

<table>
<thead>
<tr>
<th>Current Operations – General Fund</th>
<th>FY 2021-2022</th>
<th>FY 2022-2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>EDUCATION</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Community College System</td>
<td>1,432,724,578</td>
<td>1,420,069,224</td>
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<tr>
<td>Public Instruction</td>
<td>11,131,752,838</td>
<td>11,651,562,774</td>
</tr>
<tr>
<td>Rank</td>
<td>University/Department</td>
<td>2020-21 Budget</td>
</tr>
<tr>
<td>------</td>
<td>-----------------------------------------------------------</td>
<td>----------------</td>
</tr>
<tr>
<td>1</td>
<td>Appalachian State University</td>
<td>$149,908,008</td>
</tr>
<tr>
<td>2</td>
<td>East Carolina University</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Academic Affairs</td>
<td>$237,020,776</td>
</tr>
<tr>
<td>4</td>
<td>Health Affairs</td>
<td>$78,885,988</td>
</tr>
<tr>
<td>5</td>
<td>Elizabeth City State University</td>
<td>$37,428,716</td>
</tr>
<tr>
<td>6</td>
<td>Fayetteville State</td>
<td>$56,759,060</td>
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<tr>
<td>7</td>
<td>NC A&amp;T State University</td>
<td>$100,216,469</td>
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<tr>
<td>8</td>
<td>NC Central University</td>
<td>$90,190,962</td>
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<td>9</td>
<td>NC State University</td>
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<tr>
<td>10</td>
<td>Academic Affairs</td>
<td>$430,077,583</td>
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<tr>
<td>11</td>
<td>Agricultural Extension</td>
<td>$41,475,407</td>
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<td>12</td>
<td>Agricultural Research</td>
<td>$55,527,028</td>
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<tr>
<td>13</td>
<td>UNC-Asheville</td>
<td>$41,742,078</td>
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<td>14</td>
<td>UNC-Chapel Hill</td>
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<tr>
<td>15</td>
<td>Academic Affairs</td>
<td>$282,468,198</td>
</tr>
<tr>
<td>16</td>
<td>Health Affairs</td>
<td>$202,537,781</td>
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<tr>
<td>17</td>
<td>AHEC</td>
<td>$54,548,874</td>
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<tr>
<td>18</td>
<td>UNC-Charlotte</td>
<td>$260,161,673</td>
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<tr>
<td>19</td>
<td>UNC-Greensboro</td>
<td>$181,883,221</td>
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<tr>
<td>20</td>
<td>UNC-Pembroke</td>
<td>$79,821,812</td>
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<tr>
<td>21</td>
<td>UNC-School of the Arts</td>
<td>$34,894,255</td>
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<tr>
<td>22</td>
<td>UNC-Wilmington</td>
<td>$147,888,777</td>
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<tr>
<td>23</td>
<td>Western Carolina University</td>
<td>$133,841,637</td>
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<td>24</td>
<td>Winston-Salem State University</td>
<td>$67,004,094</td>
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<td>25</td>
<td>General Administration</td>
<td>$44,758,667</td>
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<td>26</td>
<td>University Institutional Programs</td>
<td>$402,786,427</td>
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<td>27</td>
<td>Related Educational Programs</td>
<td>$125,640,501</td>
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<tr>
<td>28</td>
<td>NC School of Science and Math</td>
<td>$26,924,672</td>
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<td>29</td>
<td>Aid to Private Institutions</td>
<td>$167,349,756</td>
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<tr>
<td>30</td>
<td>Total – University of North Carolina</td>
<td>$3,531,742,420</td>
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### HEALTH AND HUMAN SERVICES

<table>
<thead>
<tr>
<th>Rank</th>
<th>Department</th>
<th>2020-21 Budget</th>
<th>2021-22 Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>33</td>
<td>Department of Health and Human Services</td>
<td></td>
<td></td>
</tr>
<tr>
<td>34</td>
<td>Aging and Adult Services</td>
<td>$57,796,400</td>
<td>$57,879,301</td>
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<tr>
<td>35</td>
<td>Central Management and Support</td>
<td>$208,424,991</td>
<td>$208,958,534</td>
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<td>36</td>
<td>Child Development and Early Education</td>
<td>$251,368,114</td>
<td>$276,612,732</td>
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<td>37</td>
<td>Health Benefits</td>
<td>$4,069,530,904</td>
<td>$4,628,434,153</td>
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<td>38</td>
<td>Health Services Regulation</td>
<td>$23,319,672</td>
<td>$24,034,219</td>
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<td>39</td>
<td>Mental Hlth/Dev. Disabl./Subs. Abuse Serv.</td>
<td>$835,855,328</td>
<td>$844,608,700</td>
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<tr>
<td>40</td>
<td>Public Health</td>
<td>$171,399,274</td>
<td>$175,060,760</td>
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<td>41</td>
<td>Services for the Blind, Deaf and Hard of Hearing</td>
<td>$9,016,973</td>
<td>$9,126,300</td>
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<tr>
<td>42</td>
<td>Social Services</td>
<td>$212,985,919</td>
<td>$213,940,500</td>
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<tr>
<td>43</td>
<td>Vocational Rehabilitation</td>
<td>$42,410,103</td>
<td>$41,892,928</td>
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<td>44</td>
<td>Total Health and Human Services</td>
<td>$5,882,107,678</td>
<td>$6,480,548,127</td>
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### AGRICULTURE, NATURAL, AND ECONOMIC RESOURCES

<table>
<thead>
<tr>
<th>Rank</th>
<th>Department</th>
<th>2020-21 Budget</th>
<th>2021-22 Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>47</td>
<td>Agriculture and Consumer Services</td>
<td>$152,533,429</td>
<td>$149,937,142</td>
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<tr>
<td>48</td>
<td>Department of Commerce</td>
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<tr>
<td>49</td>
<td>Commerce</td>
<td>$14,590,436</td>
<td>$15,150,890</td>
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<tr>
<td>51</td>
<td>General State Aid</td>
<td>$19,155,810</td>
<td>$19,155,810</td>
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<td>Economic Development</td>
<td>147,175,700</td>
<td>170,175,700</td>
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<tr>
<td>Environmental Quality</td>
<td>145,238,498</td>
<td>133,487,536</td>
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<tr>
<td>Labor</td>
<td>23,992,455</td>
<td>24,506,693</td>
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<tr>
<td>Department of Natural and Cultural Resources</td>
<td>215,857,072</td>
<td>214,932,002</td>
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<tr>
<td>Roanoke Island</td>
<td>590,328</td>
<td>590,328</td>
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<td>Wildlife Resources Commission</td>
<td>13,701,079</td>
<td>14,002,646</td>
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<td><strong>JUSTICE AND PUBLIC SAFETY</strong></td>
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<tr>
<td>Judicial Department</td>
<td>653,859,151</td>
<td>668,876,476</td>
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<tr>
<td>Judicial Department – Indigent Defense Services</td>
<td>142,021,396</td>
<td>152,581,619</td>
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<tr>
<td>Department of Justice</td>
<td>63,471,445</td>
<td>61,889,725</td>
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<tr>
<td>Department of Public Safety</td>
<td>2,450,167,703</td>
<td>2,475,798,251</td>
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<tr>
<td><strong>GENERAL GOVERNMENT</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Department of Administration</td>
<td>75,423,383</td>
<td>63,108,394</td>
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<tr>
<td>Office of Administrative Hearings</td>
<td>7,350,101</td>
<td>7,507,187</td>
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<tr>
<td>State Board of Elections</td>
<td>10,801,670</td>
<td>10,329,678</td>
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<tr>
<td>Office of State Auditor</td>
<td>16,543,955</td>
<td>16,935,699</td>
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<tr>
<td>Office of State Controller</td>
<td>30,081,779</td>
<td>31,592,208</td>
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<tr>
<td>General Assembly</td>
<td>82,023,510</td>
<td>81,736,245</td>
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<tr>
<td>Office of the Governor</td>
<td>6,764,054</td>
<td>6,897,892</td>
<td></td>
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<tr>
<td>Office of State Budget and Management</td>
<td>11,029,977</td>
<td>11,216,556</td>
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<tr>
<td>OSBM – Reserve for Special Appropriations</td>
<td>2,000,000</td>
<td>2,000,000</td>
<td></td>
</tr>
<tr>
<td>Housing Finance Agency</td>
<td>18,320,000</td>
<td>18,320,000</td>
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<tr>
<td>Office of State Human Resource</td>
<td>12,374,712</td>
<td>13,296,573</td>
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<tr>
<td>Department of Insurance</td>
<td></td>
<td></td>
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<tr>
<td>Insurance</td>
<td>46,999,830</td>
<td>47,868,084</td>
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<tr>
<td>Insurance – Industrial Commission</td>
<td>9,173,603</td>
<td>9,316,257</td>
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<tr>
<td>Office of Lieutenant Governor</td>
<td>1,060,186</td>
<td>1,083,866</td>
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<tr>
<td>Department of Military and Veterans Affairs</td>
<td>15,208,815</td>
<td>14,369,044</td>
<td></td>
</tr>
<tr>
<td>Department of Revenue</td>
<td>115,674,781</td>
<td>116,964,109</td>
<td></td>
</tr>
<tr>
<td>Department of Secretary of State</td>
<td>18,611,994</td>
<td>18,484,540</td>
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<tr>
<td>Department of State Treasurer</td>
<td>32,370,423</td>
<td>32,720,423</td>
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<tr>
<td>Information Technology</td>
<td>61,308,332</td>
<td>61,711,145</td>
<td></td>
</tr>
<tr>
<td><strong>Reserves, Debt, and Other Budgets</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General Debt Service</td>
<td>686,250,070</td>
<td>693,199,242</td>
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<tr>
<td>Federal Debt Service</td>
<td>1,616,380</td>
<td>1,616,380</td>
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</tr>
<tr>
<td>Statewide Reserves</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>OSHR Minimum of Market Adjustment</td>
<td>3,500,000</td>
<td>3,500,000</td>
<td></td>
</tr>
<tr>
<td>Reserve for Salary Adjustments</td>
<td>6,450,000</td>
<td>6,450,000</td>
<td></td>
</tr>
<tr>
<td>Contingent and Emergency Reserve</td>
<td>2,000,000</td>
<td>2,000,000</td>
<td></td>
</tr>
<tr>
<td>Workers Compensation Settlement Reserve</td>
<td>5,000,000</td>
<td>5,000,000</td>
<td></td>
</tr>
<tr>
<td>IT Rate Reserve</td>
<td>1,720,000</td>
<td>1,720,000</td>
<td></td>
</tr>
<tr>
<td>State Capital Infrastructure Fund</td>
<td>15,000,000</td>
<td>15,000,000</td>
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</tr>
<tr>
<td><strong>Total Net Appropriation</strong></td>
<td><strong>27,320,804,677</strong></td>
<td><strong>28,667,062,349</strong></td>
<td></td>
</tr>
</tbody>
</table>

**SECTION 2.1.(b)** For purposes of this act and the Committee Report described in Section 42.2 of this act, the requirements set forth in this section represent the total amount of funds, including agency receipts, appropriated to an agency, department, or institution.

**GENERAL FUND AVAILABILITY**

**SECTION 2.2.(a)** The General Fund availability derived from State tax revenue, nontax revenue, and other adjustments used in developing the budget for each year of the 2021-2023 fiscal biennium is as follows:

<table>
<thead>
<tr>
<th>FY 2021-2022</th>
<th>FY 2022-2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unappropriated Balance</td>
<td>457,272,694</td>
</tr>
<tr>
<td>Anticipated Reversions</td>
<td>400,000,000</td>
</tr>
<tr>
<td>Projected Over Collections</td>
<td>4,136,300,000</td>
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<tr>
<td><strong>Total, Prior Year End Fund Balance</strong></td>
<td><strong>4,993,572,694</strong></td>
</tr>
<tr>
<td>Statutory Earmark</td>
<td>(575,200,000)</td>
</tr>
<tr>
<td>Educator Bonuses in May 2021</td>
<td>(447,408,350)</td>
</tr>
<tr>
<td><strong>Beginning Unreserved Fund Balance</strong></td>
<td><strong>3,970,964,344</strong></td>
</tr>
</tbody>
</table>

**Tax Revenues**

- Personal Income: $14,456,300,000 | $14,954,600,000
- Sales and Use: $8,890,500,000 | $9,222,200,000
- Corporate Income: $867,500,000 | $912,300,000
<table>
<thead>
<tr>
<th></th>
<th>Description</th>
<th>2021</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Franchise</td>
<td>$733,400,000</td>
<td>$745,400,000</td>
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<tr>
<td>2</td>
<td>Insurance</td>
<td>$792,900,000</td>
<td>$955,300,000</td>
</tr>
<tr>
<td>3</td>
<td>Alcoholic Beverage</td>
<td>$446,700,000</td>
<td>$465,800,000</td>
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<tr>
<td>4</td>
<td>Tobacco Products</td>
<td>$253,600,000</td>
<td>$252,400,000</td>
</tr>
<tr>
<td>5</td>
<td>Other Tax Revenue</td>
<td>$144,600,000</td>
<td>$145,400,000</td>
</tr>
<tr>
<td>6</td>
<td><strong>Subtotal, Tax Revenues</strong></td>
<td><strong>$26,585,500,000</strong></td>
<td><strong>$27,653,400,000</strong></td>
</tr>
<tr>
<td>7</td>
<td>Non-tax Revenues</td>
<td></td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>Judicial Fees</td>
<td>$190,400,000</td>
<td>$218,400,000</td>
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<tr>
<td>9</td>
<td>Investment Income</td>
<td>$29,300,000</td>
<td>$33,200,000</td>
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<tr>
<td>10</td>
<td>Disproportionate Share</td>
<td>$115,400,000</td>
<td>$122,500,000</td>
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<td>11</td>
<td>Master Settlement Agreement</td>
<td>$127,000,000</td>
<td>$123,600,000</td>
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<td>12</td>
<td>Insurance</td>
<td>$91,100,000</td>
<td>$92,400,000</td>
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<td>13</td>
<td>Other Non-tax Revenues</td>
<td>$211,900,000</td>
<td>$218,000,000</td>
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<td>14</td>
<td><strong>Subtotal, Non-tax Revenue</strong></td>
<td><strong>$765,100,000</strong></td>
<td><strong>$808,100,000</strong></td>
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<td>15</td>
<td>Total, Net Revenues</td>
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<td></td>
</tr>
<tr>
<td></td>
<td><strong>Total, Net Revenues</strong></td>
<td><strong>$27,350,600,000</strong></td>
<td><strong>$28,461,500,000</strong></td>
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<td>16</td>
<td>Adjustments to Tax Revenues: 2021 Session</td>
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<tr>
<td>17</td>
<td>Earned Income Tax Credit</td>
<td>(146,500,000)</td>
<td>(121,200,000)</td>
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<td>18</td>
<td>Child and Dependent Care Tax Credit</td>
<td>(219,000,000)</td>
<td>(87,100,000)</td>
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<td>19</td>
<td><strong>Subtotal, Adjustments to Tax Revenue</strong></td>
<td><strong>(365,500,000)</strong></td>
<td><strong>(208,300,000)</strong></td>
</tr>
<tr>
<td>20</td>
<td>Savings and Contingencies</td>
<td></td>
<td></td>
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<tr>
<td>21</td>
<td>Additional Transfer to the Savings Reserve</td>
<td>(524,800,000)</td>
<td>–</td>
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<tr>
<td>22</td>
<td>Medicaid Contingency Fund</td>
<td>(150,000,000)</td>
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<tr>
<td>23</td>
<td>Medicaid Transformation Reserve</td>
<td>(64,000,000)</td>
<td>(160,000,000)</td>
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<tr>
<td>24</td>
<td>Retiree Health Benefits Fund (OPEB Liability)</td>
<td>(150,000,000)</td>
<td>–</td>
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<tr>
<td>25</td>
<td><strong>Subtotal, Savings and Contingencies</strong></td>
<td><strong>(888,800,000)</strong></td>
<td><strong>(160,000,000)</strong></td>
</tr>
<tr>
<td>26</td>
<td>Infrastructure and Resiliency Reserves</td>
<td></td>
<td></td>
</tr>
<tr>
<td>27</td>
<td>Capital Improvements Projects Reserve</td>
<td></td>
<td></td>
</tr>
<tr>
<td>28</td>
<td>Plan and Design Bond Projects</td>
<td>(106,063,500)</td>
<td>–</td>
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<tr>
<td>29</td>
<td>UNC System Repairs and Renovations</td>
<td>(143,555,000)</td>
<td>–</td>
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<tr>
<td>30</td>
<td>UNC System Renovation &amp; Modernization</td>
<td>–</td>
<td>(462,170,000)</td>
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<tr>
<td>31</td>
<td>State Agency Recommendations</td>
<td>(173,941,234)</td>
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<tr>
<td>32</td>
<td>State Agency Repairs and Renovations</td>
<td>(75,000,000)</td>
<td>(75,000,000)</td>
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<tr>
<td>33</td>
<td>Repairs and Renovations – Energy Efficiency Projects</td>
<td>(50,000,000)</td>
<td>(50,000,000)</td>
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<tr>
<td>34</td>
<td>Energy and Environment Reserve</td>
<td>(225,000,000)</td>
<td>(175,000,000)</td>
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<tr>
<td>35</td>
<td>Information Technology Reserve</td>
<td>(169,925,950)</td>
<td>(157,911,556)</td>
</tr>
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<td>36</td>
<td>State Emergency Response and Disaster Relief Fund</td>
<td>(100,000,000)</td>
<td>–</td>
</tr>
<tr>
<td>37</td>
<td><strong>Subtotal, Infrastructure and Resiliency</strong></td>
<td><strong>(1,043,485,684)</strong></td>
<td><strong>(920,081,556)</strong></td>
</tr>
<tr>
<td>38</td>
<td>Other Adjustments to Availability</td>
<td></td>
<td></td>
</tr>
<tr>
<td>39</td>
<td>Disproportionate Share Transfer</td>
<td>33,400,000</td>
<td>33,400,000</td>
</tr>
<tr>
<td>40</td>
<td>Adjustment to Transfer from Department of Insurance</td>
<td>3,292,412</td>
<td>4,160,666</td>
</tr>
<tr>
<td>41</td>
<td>Adjustment to Transfer from State Treasurer</td>
<td>520,450</td>
<td>557,530</td>
</tr>
<tr>
<td>42</td>
<td><strong>Subtotal, Other Adjustments</strong></td>
<td><strong>(37,212,862)</strong></td>
<td><strong>(38,118,196)</strong></td>
</tr>
<tr>
<td>43</td>
<td>Total, Adjustments and Reservations</td>
<td></td>
<td></td>
</tr>
<tr>
<td>44</td>
<td><strong>Total, Adjustments and Reservations</strong></td>
<td><strong>(2,260,572,822)</strong></td>
<td><strong>(1,250,263,360)</strong></td>
</tr>
</tbody>
</table>

House Bill 555-First Edition

Page 5
### General Assembly Of North Carolina  
Session 2021

<table>
<thead>
<tr>
<th>Description</th>
<th>Revised Total Net General Fund Availability</th>
<th>Less General Fund Net Appropriations</th>
<th>Unappropriated Balance Remaining</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>29,060,991,522</td>
<td>(27,320,804,677)</td>
<td>1,740,186,845</td>
</tr>
<tr>
<td></td>
<td>28,951,423,485</td>
<td>(28,667,062,349)</td>
<td>284,361,136</td>
</tr>
</tbody>
</table>

**SECTION 2.2.(b)** Notwithstanding G.S. 143C-4-2, the State Controller shall transfer a total of five hundred twenty-four million eight hundred thousand dollars ($524,800,000) from the unreserved fund balance to the Savings Reserve on June 30, 2021. This transfer is not an "appropriation made by law," as that phrase is used in Section 7(1) of Article V of the North Carolina Constitution. This subsection becomes effective June 30, 2021.

**SECTION 2.2.(c)** The State Controller shall reserve to the Medicaid Transformation Reserve in the General Fund to the Medicaid Transformation Fund, established under Section 12H.29 of S.L. 2015-241, the sum of two hundred seventy-five million two hundred fifty-one thousand three hundred two dollars ($275,251,302) for the 2021-2022 fiscal year and the sum of one hundred thirty-two thousand five hundred fifty-nine thousand dollars ($132,559,734) for the 2022-2023 fiscal year. Funds reserved in the Medicaid Transformation Reserve do not constitute an "appropriation made by law," as that phrase is used in Section 7(1) of Article V of the North Carolina Constitution.

**SECTION 2.2.(d)** The State Controller shall transfer from the Medicaid Transformation Reserve to the Medicaid Transformation Fund, established under Section 12H.29 of S.L. 2015-241, the sum of two hundred seventy-five million two hundred fifty-one thousand three hundred two dollars ($275,251,302) for the 2021-2022 fiscal year and the sum of one hundred thirty-two thousand five hundred fifty-nine thousand dollars ($132,559,734) for the 2022-2023 fiscal year.

**SECTION 2.2.(e)** The State Controller shall reserve to the Medicaid Contingency Reserve from funds available in the General Fund the sum of one hundred fifty million dollars ($150,000,000) in nonrecurring funds for the 2021-2022 fiscal year. Funds reserved in the Medicaid Contingency Reserve do not constitute an "appropriation made by law," as that phrase is used in Section 7(1) of Article V of the North Carolina Constitution.

**SECTION 2.2.(f)** The State Controller shall transfer the sum of one hundred fifty million dollars ($150,000,000) from the unreserved fund balance in the General Fund to the Retiree Healthcare Reserve (OPEB Liability). This section becomes effective June 30, 2021.

**SECTION 2.2.(g)** Notwithstanding the provisions of G.S. 143C-4-3(a), the State Controller shall transfer one hundred twenty-five million dollars ($125,000,000) from the unreserved fund balance to the Repairs and Renovations Reserve on June 30, 2021 and one hundred twenty-five million dollars ($125,000,000) from the unreserved fund balance to the Repairs and Renovations Reserve on June 30, 2022. This subsection becomes effective June 30, 2021. Funds transferred under this section to the Repairs and Renovations Reserve are appropriated for the 2021-2022 fiscal year and the 2022-2023 fiscal year.

**SECTION 2.2.(h)** The State Controller shall transfer the sum of four hundred twenty-three million five hundred fifty-nine thousand seven hundred thirty-four dollars ($423,559,734) from the unreserved fund balance in the General Fund to the Project Reserve Account on June 30, 2021 and the sum of four hundred sixty-two million one hundred seventy thousand dollars ($462,170,000) from the unreserved fund balance in the General Fund to the Project Reserve Account on June 30, 2022. This section becomes effective June 30, 2021. Funds transferred under this section to Project Reserve are appropriated for the 2021-2022 fiscal year and the 2022-2023 fiscal year and shall be used in accordance with Section 39.2 of this act.

**SECTION 2.2.(i)** There is established an Energy and Environment Reserve which shall make funds available for expenditure only upon an act of appropriation by the General Assembly. The State Controller shall transfer the sum of two hundred twenty-five million dollars ($225,000,000) from the unreserved fund balance in the General Fund to the Energy and Environment Reserve on June 30, 2021 and the sum of five million dollars ($25,000,000) from...
the unreserved fund balance in the General Fund to the Energy and Environment Reserve on June 30, 2022. This section becomes effective June 30, 2021. Funds transferred under this section to Energy and Environment Reserve are appropriated for the 2021-2022 fiscal year and the 2022-2023 fiscal year and shall be used in accordance with this act.

SECTION 2.2.(j) There is established an Information Technology Reserve which shall make funds available for information technology project expenditure only upon an act of appropriation by the General Assembly. The State Controller shall transfer the sum of one hundred sixty-nine million nine hundred twenty-five thousand nine hundred fifty dollars ($169,925,950) from the unreserved fund balance in the General Fund to the Information Technology Reserve on June 30, 2021 and the sum of one hundred fifty-seven million nine hundred eleven thousand five hundred fifty-six dollars ($157,911,556) from the unreserved fund balance in the General Fund to the Information Technology Reserve on June 30, 2022. This section becomes effective June 30, 2021. Funds transferred under this section to Information Technology Reserve are appropriated for the 2021-2022 fiscal year and the 2022-2023 fiscal year and shall be used in accordance with this act.

SECTION 2.2.(k) Notwithstanding G.S. 143C-4-2, the State Controller shall transfer a total of one hundred million dollars ($100,000,000) from the unreserved fund balance to the State Emergency Response and Disaster Relief Fund in the General Fund on June 30, 2021. This subsection becomes effective June 30, 2021.

PART III. HIGHWAY FUND AND HIGHWAY TRUST FUND

CURRENT OPERATIONS AND EXPANSION/HIGHWAY FUND

SECTION 3.1. Appropriations from the State Highway Fund for the maintenance and operation of the Department of Transportation and for other purposes as enumerated are made for the fiscal biennium ending June 30, 2023, according to the following schedule:

<table>
<thead>
<tr>
<th>Current Operations – Highway Fund</th>
<th>FY 2021-2022</th>
<th>FY 2022-2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>Department of Transportation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Administration</td>
<td>$107,682,978</td>
<td>$107,913,734</td>
</tr>
<tr>
<td>Division of Highways</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Administration</td>
<td>37,778,665</td>
<td>37,640,003</td>
</tr>
<tr>
<td>Construction</td>
<td>77,543,078</td>
<td>77,543,078</td>
</tr>
<tr>
<td>Maintenance</td>
<td>1,572,796,129</td>
<td>1,540,046,777</td>
</tr>
<tr>
<td>Governor’s Highway Safety Program</td>
<td>305,546</td>
<td>305,546</td>
</tr>
<tr>
<td>OSHA Program</td>
<td>358,030</td>
<td>358,030</td>
</tr>
<tr>
<td>State Aid to Municipalities</td>
<td>143,102,801</td>
<td>143,102,801</td>
</tr>
<tr>
<td>Intermodal Divisions</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ferry</td>
<td>59,975,639</td>
<td>57,475,639</td>
</tr>
<tr>
<td>Public Transportation, Bicycle, and Pedestrian</td>
<td>117,655,897</td>
<td>102,655,897</td>
</tr>
<tr>
<td>Aviation</td>
<td>128,470,275</td>
<td>130,170,275</td>
</tr>
<tr>
<td>Rail</td>
<td>64,613,338</td>
<td>54,613,338</td>
</tr>
<tr>
<td>Division of Motor Vehicles</td>
<td>152,540,570</td>
<td>152,541,027</td>
</tr>
<tr>
<td>Compensation, Benefits, Reserves, Transfers, and Other</td>
<td>57,934,195</td>
<td>71,280,349</td>
</tr>
</tbody>
</table>
### Capital Improvements

<table>
<thead>
<tr>
<th></th>
<th>FY 2021</th>
<th>FY 2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Highway Trust Fund Appropriations</td>
<td>2,531,500,000</td>
<td>2,491,100,000</td>
</tr>
</tbody>
</table>

### HIGHWAY FUND AVAILABILITY

**SECTION 3.2.** The Highway Fund availability used in developing the 2021-2023 fiscal biennial budget is shown below:

<table>
<thead>
<tr>
<th>Highway Fund Availability</th>
<th>FY 2021-2022</th>
<th>FY 2022-2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>Motor Fuels Tax</td>
<td>$1,643,400,000</td>
<td>$1,594,000,000</td>
</tr>
<tr>
<td>Highways Short Term Lease</td>
<td>10,000,000</td>
<td>10,000,000</td>
</tr>
<tr>
<td>Licenses and Fees</td>
<td>871,600,000</td>
<td>878,900,000</td>
</tr>
<tr>
<td>Investment Income</td>
<td>1,500,000</td>
<td>1,500,000</td>
</tr>
<tr>
<td>NCRR Dividends Payment</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Aviation Fuel Tax</td>
<td>5,000,000</td>
<td>6,700,000</td>
</tr>
<tr>
<td><strong>Total Highway Fund Availability</strong></td>
<td><strong>$2,531,500,000</strong></td>
<td><strong>$2,491,100,000</strong></td>
</tr>
</tbody>
</table>

### HIGHWAY TRUST FUND APPROPRIATIONS

**SECTION 3.3.** Appropriations from the State Highway Trust Fund for the maintenance and operation of the Department of Transportation and for other purposes as enumerated are made for the fiscal biennium ending June 30, 2023, according to the following schedule:

<table>
<thead>
<tr>
<th>Current Operations – Highway Trust Fund</th>
<th>FY 2021-2022</th>
<th>FY 2022-2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>Program Administration</td>
<td>$40,220,546</td>
<td>$40,220,546</td>
</tr>
<tr>
<td>Bonds</td>
<td>93,042,400</td>
<td>93,047,650</td>
</tr>
<tr>
<td>Turnpike Authority</td>
<td>49,033,392</td>
<td>49,033,392</td>
</tr>
<tr>
<td>State Ports Authority</td>
<td>45,000,000</td>
<td>45,000,000</td>
</tr>
<tr>
<td>FHWA State Match</td>
<td>5,104,440</td>
<td>5,104,440</td>
</tr>
<tr>
<td>Strategic Prioritization Funding Plan</td>
<td>1,251,599,222</td>
<td>1,400,393,972</td>
</tr>
<tr>
<td>Transportation Investments</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transfer to Visitor Center</td>
<td>400,000</td>
<td>400,000</td>
</tr>
<tr>
<td><strong>Total Highway Trust Fund Appropriations</strong></td>
<td><strong>$1,484,400,000</strong></td>
<td><strong>$1,633,200,000</strong></td>
</tr>
</tbody>
</table>

### PART IV. OTHER AVAILABILITY AND APPROPRIATIONS

**Highway Trust Fund Availability**

<table>
<thead>
<tr>
<th></th>
<th>FY 2021-2022</th>
<th>FY 2022-2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>Highway Use Tax</td>
<td>$910,000,000</td>
<td>$934,300,000</td>
</tr>
<tr>
<td>Motor Fuels Tax</td>
<td>411,900,000</td>
<td>532,500,000</td>
</tr>
<tr>
<td>Fees</td>
<td>161,000,000</td>
<td>164,900,000</td>
</tr>
<tr>
<td>Investment Income</td>
<td>1,500,000</td>
<td>1,500,000</td>
</tr>
<tr>
<td><strong>Total Highway Trust Fund Availability</strong></td>
<td><strong>$1,484,400,000</strong></td>
<td><strong>$1,633,200,000</strong></td>
</tr>
</tbody>
</table>
CASH BALANCES AND OTHER APPROPRIATIONS

SECTION 4.1.(a) Cash balances, federal funds, departmental receipts, grants, and gifts from the General Fund, revenue funds, enterprise funds, and internal service funds are appropriated for the 2021-2023 fiscal biennium as follows:

(1) For all budget codes listed in the Governor's Recommended Budget for the 2021-2023 fiscal biennium, dated March 2021, and in the Budget Support Document, fund balances and receipts are appropriated up to the amounts specified, as adjusted by the General Assembly, for the 2021-2022 fiscal year and the 2022-2023 fiscal year. Funds may be expended only for the programs, purposes, objects, and line items or as otherwise authorized by the General Assembly. Expansion budget funds listed in those documents are appropriated only as otherwise provided in this act.

(2) Notwithstanding the provisions of subdivision (1) of this subsection:

a. Any receipts that are required to be used to pay debt service requirements for various outstanding bond issues and certificates of participation are appropriated up to the actual amounts received for the 2021-2022 fiscal year and the 2022-2023 fiscal year and shall be used only to pay debt service requirements.

b. Other funds, cash balances, and receipts of funds that meet the definition issued by the Governmental Accounting Standards Board of a trust or agency fund are appropriated for and in the amounts required to meet the legal requirements of the trust agreement for the 2021-2022 fiscal year and the 2022-2023 fiscal year.

SECTION 4.1.(b) Receipts collected in a fiscal year in excess of the amounts appropriated by this section shall remain unexpended and unencumbered until appropriated by the General Assembly, unless the expenditure of over-realized receipts in the fiscal year in which the receipts were collected is authorized by the State Budget Act. Over-realized receipts are appropriated in the amounts necessary to implement this subsection.

SECTION 4.1.(c) Notwithstanding subsections (a) and (b) of this section, there is appropriated from the Reserve for Reimbursements to Local Governments and Shared Tax Revenues for each fiscal year an amount equal to the amount of the distributions required by law to be made from that reserve for that fiscal year.

OTHER RECEIPTS FROM PENDING GRANT AWARDS

SECTION 4.2.(a) Notwithstanding G.S. 143C64, State agencies may, with approval of the Director of the Budget, spend funds received from grants awarded subsequent to the enactment of this act for grant awards that are for less than two million five hundred thousand dollars ($2,500,000), do not require State matching funds, and will not be used for a capital project. State agencies shall report to the Joint Legislative Commission on Governmental Operations within 30 days of receipt of such funds.

State agencies may spend all other funds from grants awarded after the enactment of this act only with approval of the Director of the Budget and after consultation with the Joint Legislative Commission on Governmental Operations.

SECTION 4.2.(b) The Office of State Budget and Management shall work with the recipient State agencies to budget grant awards according to the annual program needs and within the parameters of the respective granting entities. Depending on the nature of the award, additional State personnel may be employed on a time-limited basis. Funds received from such grants are hereby appropriated and shall be incorporated into the authorized budget of the recipient State agency.
SECTION 4.2.(c) Notwithstanding the provisions of this section, no State agency may accept a grant not anticipated in this act if acceptance of the grant would obligate the State to make future expenditures relating to the program receiving the grant or would otherwise result in a financial obligation as a consequence of accepting the grant funds.

EDUCATION LOTTERY FUNDS/CHANGES TO REVENUE ALLOCATIONS

SECTION 4.3.(a) The appropriations made from the Education Lottery Fund for the 2021-2023 fiscal biennium are as follows:

<table>
<thead>
<tr>
<th></th>
<th>FY 2021-2022</th>
<th>FY 2022-2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>Noninstructional Support Personnel</td>
<td>$385,914,455</td>
<td>$385,914,455</td>
</tr>
<tr>
<td>Prekindergarten Program</td>
<td>104,752,110</td>
<td>123,652,110</td>
</tr>
<tr>
<td>Smart Start</td>
<td>20,000,000</td>
<td>20,000,000</td>
</tr>
<tr>
<td>Public School Building Capital Fund</td>
<td>100,000,000</td>
<td>100,000,000</td>
</tr>
<tr>
<td>Needs-Based Public School Capital Fund</td>
<td>75,000,000</td>
<td>75,000,000</td>
</tr>
<tr>
<td>Scholarships for Needy Students</td>
<td>30,450,000</td>
<td>30,450,000</td>
</tr>
<tr>
<td>UNC Need-Based Financial Aid</td>
<td>25,797,345</td>
<td>26,097,345</td>
</tr>
<tr>
<td>Community College Need-Based Financial Aid</td>
<td>3,000,000</td>
<td>3,000,000</td>
</tr>
<tr>
<td>LEA Transportation</td>
<td>21,386,090</td>
<td>21,386,090</td>
</tr>
<tr>
<td><strong>TOTAL APPROPRIATION</strong></td>
<td><strong>$766,300,000</strong></td>
<td><strong>$785,500,000</strong></td>
</tr>
</tbody>
</table>

SECTION 4.3.(b) G.S. 18C-164(b1) reads as rewritten:

"(b1) Net revenues credited to the Education Lottery Fund shall be appropriated in an amount equal to the amount appropriated from the Education Lottery Fund in the most recently enacted Current Operations and Capital Improvements Appropriations Act of 2017-Act."

INDIAN GAMING EDUCATION REVENUE FUND APPROPRIATION

SECTION 4.4. Notwithstanding G.S. 143C-9-7, there is allocated from the Indian Gaming Education Revenue Fund to the Department of Public Instruction, Textbooks, and Digital Resources Allotment, the sum of ten million dollars ($10,000,000) in each year of the 2021-2023 biennium.

CIVIL PENALTY AND FORFEITURE FUND

SECTION 4.5.(a) Allocations are made from the Civil Penalty and Forfeiture Fund for the fiscal biennium ending June 30, 2023, as follows:

<table>
<thead>
<tr>
<th></th>
<th>FY 2021-2022</th>
<th>FY 2022-2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>School Technology Fund</td>
<td>$18,000,000</td>
<td>$18,000,000</td>
</tr>
<tr>
<td>Drivers Education</td>
<td>27,393,768</td>
<td>27,393,768</td>
</tr>
<tr>
<td>State Public School Fund</td>
<td>147,041,640</td>
<td>147,041,640</td>
</tr>
<tr>
<td><strong>Total Appropriation</strong></td>
<td><strong>$192,435,408</strong></td>
<td><strong>$192,435,408</strong></td>
</tr>
</tbody>
</table>

SECTION 4.5.(b) Excess receipts realized in the Civil Penalty and Forfeiture Fund in each year of the 2021-2023 fiscal biennium shall be allocated to the School Technology Fund.

PART V. GENERAL PROVISIONS

ESTABLISHING OR INCREASING FEES

SECTION 5.1.(a) Notwithstanding G.S. 123.1, an agency is not required to consult with the Joint Legislative Commission on Governmental Operations prior to establishing or increasing a fee to the level authorized or anticipated in this act.
SECTION 5.1.(b) Notwithstanding G.S. 150B21.1A(a), an agency may adopt an emergency rule in accordance with G.S. 150B21.1A to establish or increase a fee as authorized by this act if the adoption of a rule would otherwise be required under Article 2A of Chapter 150B of the General Statutes.

CONTINGENCY AND EMERGENCY FUND LIMITATION AND TRANSFER

SECTION 5.2. Limitation. – For the 2021-2023 fiscal biennium, and notwithstanding the provisions of G.S. 143C-4-4(b), funds appropriated to the Contingency and Emergency Fund may be used only for expenditures required (i) by a court or Industrial Commission order, (ii) by the State Treasurer to pay death benefits as authorized under Article 12A of Chapter 143 of the General Statutes, (iii) by the Office of the Governor for crime rewards in accordance with G.S. 15-53 and G.S. 15-53.1, (iv) by the Industrial Commission for supplemental awards of compensation, or (v) by the Department of Justice for legal fees.

CAP STATE FUNDED PORTION OF NONPROFIT SALARIES

SECTION 5.3. No more than one hundred twenty thousand dollars ($120,000) in State funds, including any interest earnings accruing from those funds, may be used for the annual salary of any individual employee of a nonprofit organization.

PROCUREMENT SIMPLIFICATION AND INCREASED ACCOUNTABILITY

SECTION 5.4.(a) G.S. 116.31.10 reads as rewritten:

"§ 11631.10. Powers of Board regarding certain purchasing contracts.
(a) Notwithstanding G.S. 14353.1 or G.S. 14353(a)(2), the expenditure benchmark for the President of The University of North Carolina or a special responsibility constituent institution with regard to competitive bid procedures and the bid value benchmark shall be an amount not greater than five hundred thousand dollars ($500,000). The Board shall set the benchmark for the President and each institution from time to time. In setting the benchmark for the President or an institution in accordance with this section, the Board shall consider the overall capabilities including staff resources, purchasing compliance reviews, and audit reports of the President's administrative staff or the institution. The Board shall also consult with the Director of the Division of Purchase and Contract and the Director of the Budget prior to setting the benchmark.
(b) If the President or a constituent institution has an expenditure benchmark greater than two hundred fifty thousand dollars ($250,000), the President or constituent institution shall comply with this subsection for any purchase greater than the President's or institution's benchmark set by the Board but not greater than five hundred thousand dollars ($500,000). The Board shall submit to the Division of Purchase and Contract for that Division's approval or other action deemed necessary by the Division a copy of all offers received and the President's or institution's recommendation of award or other action. Notice of the Division's decision shall be sent to the President or the institution. The President or institution shall then proceed with the award of contract or other action recommended by the Division.

SECTION 5.4.(b) G.S. 115D58.14(c) reads as rewritten:

(c) The State Board of Community Colleges, in consultation with the Department of Administration, shall review the purchasing process for community colleges and may increase or decrease the purchasing/delegation benchmark for each community college based on the college's overall capabilities, including staff resources, purchasing compliance reviews, and audit reports. The State Board may, in its discretion, reduce a community college's purchasing/delegation benchmark at anytime. The State Board shall not increase a community college's purchasing/delegation benchmark by more than fifteen percent (15%) in any calendar year without the concurrence of the Department of Administration within 60 days of submission.
The maximum purchasing/delegation benchmark for a community college shall be one hundred thousand dollars ($100,000). Two hundred thousand dollars ($200,000).

SECTION 5.4.(c) G.S. 143-53.1 reads as rewritten:

"§ 143-53.1. Setting of benchmarks and Small Purchase Thresholds; increase by Secretary.

(a) On and after July 1, 2014, the procedures prescribed by G.S. 143-52 with respect to competitive bids and the bid value benchmark authorized by G.S. 143-53(a)(2) with respect to rule making by the Secretary of Administration for competitive bidding shall promote compliance with the principles of procurement efficiency, transparency, and fair competition to obtain the State's business. For State departments, institutions, and agencies, except the President of The University of North Carolina or a special responsibility constituent institution of The University of North Carolina and community colleges, the benchmark shall not be greater than one hundred thousand dollars ($100,000). For the President of The University of North Carolina or a special responsibility constituent institution of The University of North Carolina, the benchmark prescribed in this section is as provided in G.S. 116-31.10. For community colleges, the benchmark prescribed in this section is as provided in G.S. 115D-58.14.

(b) Expired pursuant to Session Laws 2009-475, s. 16, effective June 30, 2012.

(c) The small purchase threshold is hereby set at one hundred thousand dollars ($100,000) for all State departments, institutions, and agencies. The small purchase threshold will increase by fifty percent (50%) to one hundred and fifty thousand dollars ($150,000) if the procurement is with a certified historically underutilized business. The small purchase threshold shall be indexed every five years by the Office of State Budget and Management."

REPEAL STATE CAPITAL AND INFRASTRUCTURE FUND

SECTION 5.5. Section 36.12 of S.L. 2017-57, as amended by Section 36.8 of S.L. 2018-5, is repealed.

OVERSIGHT OF STATE FINANCIAL ASSISTANCE TO NON-STATE ENTITIES

SECTION 5.6. G.S. 143C-6-23 reads as rewritten:

"§ 143C-6-23. State grant funds: administration; oversight and reporting requirements.

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

(1) Grant or grant funds. – State funds disbursed as a grant by a State agency; however, the terms do not include any payment made by the Medicaid program, the State Health Plan for Teachers and State Employees, or other similar medical programs.

(1a) Contractor. – An entity subject to the contractor requirements, as well as any entity that would be subject to the contractor requirements but for a specific statute or rule exempting that entity from the contractor requirements.

(1b) Contractor requirements. – Article 3, 3C, 3D, 3E, 3G, or 8 of Chapter 143 of the General Statutes and related Administrative Code Rules.

(2) Grantee. – A non-State entity that receives State funds as a grant from a State agency but does not include any non-State entity subject to the audit and other reporting requirements of the Local Government Commission.

(3) Encumbrance. – A financial obligation created by a purchase order, contract, salary commitment, unearned or prepaid collections for services provided, or other legally binding agreement. A financial obligation is not an encumbrance for purposes of this section unless it (i) is in writing and has been signed by a person or entity who has authority to legally bind the grantee or subgrantee recipient or subrecipient to spend the funds or (ii) was created by the provision of goods or services to the grantee or subgrantee recipient or subrecipient by
a third party under circumstances that create a legally binding obligation to pay for the goods or services.

(3a) Recipient. – A non-State entity that receives State financial assistance directly from a State agency to carry out part of a State program.

(3b) State financial assistance. – State funds disbursed as a grant, cooperative agreement, noncash contribution, food commodity, or direct appropriation to a recipient or subrecipient, as defined in this subsection.

(4) Subgrantee. – A non-State entity that receives State funds as a grant from a grantee or from another subgrantee but does not include any non-State entity subject to the audit and other reporting requirements of the Local Government Commission.

(4a) Subrecipient. – A non-State entity that receives State financial assistance from a recipient to carry out part of a State program, but does not include an individual who is a beneficiary of a State program.

(b) Conflict of Interest Policy. – Every grantee-recipient shall file with the State agency or department disbursing funds to the grantee a recipient copy of that grantee’s recipient’s policy addressing conflicts of interest that may arise involving the grantee’s recipient’s management employees and the members of its board of directors or other governing body. The policy shall address situations in which any of these individuals may directly or indirectly benefit, except as the grantee’s recipient’s employees or members of its board or other governing body, from the grantee’s recipient’s disbursing of State funds, and shall include actions to be taken by the grantee-recipient or the individual, or both, to avoid conflicts of interest and the appearance of impropriety. The policy shall be filed before the disbursing State agency may disburse the grant funds. State financial assistance.

(c) No Overdue Tax Debts. – Every grantee-recipient shall file with the State agency or department disbursing funds to the grantee a recipient a written statement completed by that grantee’s recipient’s board of directors or other governing body stating that the grantee-recipient does not have any overdue tax debts, as defined by G.S. 105-243.1, at the federal, State, or local level. The written statement shall be made under oath and shall be filed before the disbursing State agency or department may disburse the grant funds. State financial assistance. A person who makes a false statement in violation of this subsection is guilty of a criminal offense punishable as provided by G.S. 143C-10-1.

(d) Office of State Budget Office of State Budget and Management Rules Must Require Uniform Administration of State Grants. – The Office of State Budget and Management shall adopt rules to ensure the uniform administration of State grants by all grantor State agencies and grantees-recipients or subgrantees-subrecipients. The Office of State Budget and Management shall consult with the Office of the State Auditor and the Attorney General in establishing the rules required by this subsection. The rules shall establish policies and procedures for disbursements of State grant financial assistance and for State agency oversight, monitoring, and evaluation of grantees-recipients and subgrantees-subrecipients. The policies and procedures shall:

(1) Ensure that the purpose and reporting requirements of each grant are specified to the grantee-recipient.

(2) Ensure that grantees-recipients specify the purpose and reporting requirements for grants made to subgrantees-subrecipients.

(3) Ensure that State funds are spent in accordance with the purposes for which they were granted.

(4) Hold the grantees and subgrantees accountable for the legal and appropriate expenditure of grant funds.

(5) Provide for adequate oversight and monitoring to prevent the misuse of grant funds. These policies shall require each grantee-recipient and
subgrantee-subrecipient to ensure that, for accounting purposes, State funds
and interest earned on those funds remain separate and apart from other funds
in the possession or control of the grantee-recipient or subgrantee-subrecipient.

(6) Establish mandatory-minimum periodic reporting requirements for grantees
recipients and subgrantees, including methods of reporting, to
provide separate accounting of all State funds, a separate accounting of funds
used for administration, and other financial and program performance
information. The mandatory periodic reporting requirements shall require
grantees and subgrantees to file with the State Auditor copies of reports and
statements that are filed with State agencies pursuant to this subsection.
Compliance with the mandatory periodic reporting requirements of this
subdivision shall not require grantees and subgrantees to file with the State
Auditor the information described in subsections (b) and (c) of this section.

(7) Require grantees recipients and subgrantees-subrecipients to maintain reports,
records, and other information to properly account for the expenditure of all
grant funds-State financial assistance and to make such reports, records, and
other information available to the grantor-awarding State agency for oversight,
monitoring, and evaluation purposes.

(8) Require grantees and subgrantees to ensure that work papers in the possession
of their auditors are available to the State Auditor for the purposes set out in
subsection (i) of this section.

(9) Require grantees to be responsible for managing and monitoring each project,
program, or activity supported by grant funds and each subgrantee project,
program, or activity supported by grant funds.

(9a) Require a State agency that oversees a program that receives State financial
assistance to develop a monitoring plan for that program and to submit the
plan and any additional information regarding the plan to the Office of State
Budget and Management.

(10) Provide procedures for the suspension of further disbursements or use of grant
funds-State financial assistance for noncompliance with these rules-policies
and procedures or other inappropriate use of the funds-State financial
assistance.

(11) Provide procedures for use in appropriate circumstances for reinstatement of
disbursements that have been suspended for noncompliance with these rules
or other inappropriate use of grant funds-State financial assistance.

(12) Provide procedures for the recovery and return to the grantor-awarding State
agency of unexpended grant funds-State financial assistance from a grantee
recipient or subgrantee-subrecipient (i) in accordance with subsection (f1) of
this section or (ii) in the event that the grantee-recipient or subgrantee
subrecipient is unable to fulfill the purposes of the grant-State financial
assistance for a reason not set forth in that subsection.

(d1) Required Grant Terms—Terms for State Financial Assistance. – The terms of each
grant-agreement governing the use of the State financial assistance shall include all of the
following, which shall be deemed a part of the grant-award of State financial assistance:

(1) The limitation contained in G.S. 143C-6-8 concerning the availability of
appropriated funds.

(2) The relevant provisions of any legislation authorizing or governing the
administration of the grant-State financial assistance.

(3) The terms of this section.
(e) Rules Are Subject to the Administrative Procedure Act. – Notwithstanding the
provisions of G.S. 150B-2(8a)b. rules adopted pursuant to subsection (d) of this section are
subject to the provisions of Chapter 150B of the General Statutes.

(f) Suspension and Recovery of Funds to Grant-Recipients for Noncompliance. – The
Office of State Budget and Management, after consultation with the administering State agency,
shall have the power to suspend disbursement of grant funds to grantees or subgrantees, to
prevent further use of grant funds already disbursed, and to recover grant funds already disbursed
for noncompliance with rules adopted pursuant to subsection (d) of this section. If the grant funds
are a pass-through of funds granted by an agency of the United States, then the Office of State
Budget and Management must consult with the granting agency of the United States and the State
agency that is the recipient of the pass-through funds prior to taking the actions authorized by
this subsection. When a recipient or subrecipient is noncompliant with this Part or the policies
and procedures adopted pursuant to subsection (d) of this section, or when a recipient or
subrecipient is unable to fulfill the obligations or purposes of the State financial assistance, has
inappropriately used State financial assistance, or is noncompliant with relevant reporting or
other requirements, the Office of State Budget and Management may require State agencies to
take the actions authorized in this subsection. If the State financial assistance is a pass-through
of funds awarded by an agency of the United States, then the Office of State Budget and
Management must consult with the awarding agency of the United States and the State
agency that is the recipient of the pass-through funds prior to taking the actions authorized by
this subsection. The Office of State Budget and Management is authorized to take all of the following
actions with respect to a noncompliant recipient or a subrecipient:

1. Suspend disbursement of all State financial assistance.
2. Prevent further use of State financial assistance already disbursed.
3. Recover State financial assistance already disbursed.

(f1) Return of Grant Funds. State Financial Assistance. – Except as otherwise required by
federal law, a grantee recipient or subrecipient shall return to the State all affected
grant funds and interest earned on those funds if any of the following occurs:

1. The funds are in the possession or control of a grantee recipient and
subrecipient and are not expended, made subject to an encumbrance, or
disbursed to a subrecipient by August 31 immediately following
the fiscal year in which the funds are appropriated by the General Assembly,
or a different period set forth in the terms of the applicable appropriation or
federal grant.
2. The funds remain unexpended at the time that the grantee recipient or
subrecipient dissolves, ceases operations, or otherwise indicates
that it does not intend to spend the funds.
3. The Office of State Budget and Management seeks to recover the funds
pursuant to subsection (f) of this section.

(f2) Use of Returned Grant Funds. State Financial Assistance. – Encumbered funds
returned to the State pursuant to subsection (f1) of this section by a grantee recipient or
subrecipient shall upon appropriation by the General Assembly be spent in
accordance with the terms of the encumbrance. All other funds returned to the State by a grantee
recipient or subrecipient pursuant to subsection (f1) of this section shall be credited
to the fund from which they were appropriated and shall remain unexpended and unencumbered
until appropriated by the General Assembly. Nothing in this section shall be construed to
authorize an expenditure pursuant to an unlawful encumbrance or in a manner that would violate
the terms of the appropriation of the grant funds at issue.

(g) Audit Oversight. – The State Auditor has audit oversight, with respect to grant funds
State financial assistance received by the grantee or subgrantee, recipient or subrecipient pursuant
to Article 5A of Chapter 147 of the General Statutes, of every grantee or subgrantee that receives,
uses, or expends grant funds. State financial assistance. A grantee or subgrantee recipient or subrecipient must, upon request, furnish to the State Auditor for audit all books, records, and other information necessary for the State Auditor to account fully for the use and expenditure of grant funds. State financial assistance received by the grantee or subgrantee recipient or subrecipient. The grantee or subgrantee recipient or subrecipient must furnish any additional financial or budgetary information requested by the State Auditor, including audit work papers in the possession of any auditor of a grantee or subgrantee recipient or subrecipient directly related to the use and expenditure of grant funds. State financial assistance.

(h) Report on Grant Recipients That Failed to Comply. – Not later than May 1, 2007, and by May 1 of every succeeding year, the Noncompliance Reports. – The Office of State Budget and Management shall report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division on a list that is publicly available of all grantees or subgrantees recipients and subrecipients that failed to comply with this section with respect to grant funds received in the prior fiscal year.

(i) State Agencies to Submit Grant List to Auditor. – No later than October 1 of each year, each State agency shall submit a list to the State Auditor, in the format prescribed by the State Auditor, of every grantee to which the agency disbursed grant funds in the prior fiscal year. The list shall include the amount disbursed to each grantee and other information as required by the State Auditor to comply with the requirements of this section.

(j) Use of Interest Earned on Grant Funds. State Financial Assistance. – Except as otherwise required by federal law or the terms of a federal grant, interest earned on grant funds after receipt of the funds by a grantee or subgrantee recipient or subrecipient shall be credited to the grantee or subgrantee recipient or subrecipient and shall be used for the same purposes for which the grant or subgrant State financial assistance was made.

(k) Reporting by Grantees and Subgrantees – Recipient or Subrecipient That Cease Operations. – A grantee or subgrantee recipient or subrecipient that intends to dissolve or cease operations shall report that decision in writing to the Office of State Budget and Management and to the Fiscal Research Division at least 30 days prior to taking that action.

(l) The reporting and audit requirements of this section do not apply to any of the following:

(1) Awards to non-State entities subject to the audit and other reporting requirements of the Local Government Commission.
(2) Tuition assistance to students.
(3) Public assistance payments from federal entitlement programs to or on behalf of enrolled individuals.
(4) State funds disbursed to a contractor, as defined in this section.”

2021 DISASTER RECOVERY
SECTION 5.7.(a) State Emergency Response and Disaster Relief Fund. – The State Controller shall transfer the sum of one hundred million dollars ($100,000,000) in nonrecurring funds for the 2021-2022 fiscal year from the Savings Reserve in the General Fund to the State Emergency Response and Disaster Relief Fund and those funds are allocated as follows:

(1) $50,000,000 to the Department of Public Safety, Division of Emergency Management to provide State match for federal disaster assistance programs related to Hurricane Florence, Hurricane Dorian, Hurricane Isaias, and other recent natural disasters.
(2) $10,000,000 to the Department of Public Safety, Office of Recovery and Resiliency to provide flexible local government grants to assist distressed communities impacted by Hurricane Dorian. Grants may be used for repairs,
staff support and technical assistance, cash flow assistance, and other related
activities.

(3) $40,000,000 to the Office of State Budget and Management, for the following
housing-related matters:

a. To be used for housing elevation, acquisition, and mitigation
reconstruction for homes not covered by Hazard Mitigation Grant
Program.

b. For the repair, reconstruction, replacement, or acquisition of
owner-occupied homes not covered by Community Development
Block Grant Disaster Recovery Program funding.

c. To provide State Acquisition Relocation funds, which enable low- to
moderate-income homeowners to purchase homes.

d. To provide flood insurance subsidies.

e. To construct infrastructure to support (i) hazard mitigation and (ii) the
development of new residential structures in areas outside the 100-year
floodplain.

SECTION 5.7.(b) Applicability. – Subdivision (3) of Section 5.7.(a) applies in the
North Carolina counties that were declared a major disaster by the President of the United States
under the Stafford Act (P.L. 93-288) as a result of Hurricane Florence, Matthew, Michael, or
Dorian.

SECTION 5.7.(c) Implementation. – The following actions and policies shall be
taken to implement subsection 5.7.(a)(3) of this section:

(1) If a person's home is relocated or purchased with funds from the Hazard
Mitigation Grant Program or the State Acquisition and Relocation Fund, the
State Emergency Response and Disaster Relief Fund is subrogated to the
person's rights under any insurance coverage for the damage to the home and
any monies received from the insurance coverage shall be paid to the State
Emergency Response and Disaster Relief Fund. The Office of State Budget
and Management shall ensure that those potentially affected by this section
are notified of, and adhere to, its requirements.

(2) No State funds appropriated in this section may be expended for the
construction of any new residence within the 100-year floodplain unless the
construction is in an area regulated by a unit of local government pursuant to
a floodplain management ordinance and the construction complies with the
ordinance. As used in this section, "100-year floodplain" means any area
subject to inundation by a 100-year flood, as indicated on the most recent
Flood Insurance Rate Map prepared by the Federal Emergency Management
Agency under the National Flood Insurance Program.

(3) Homeowners in the 100-year floodplain who receive homeowner's housing
assistance pursuant to this section shall have in effect federal flood insurance,
if available, as a precondition to receipt of State homeowner's housing
assistance for losses resulting from future flooding.

SECTION 5.7.(d) Limitation. – The Governor shall ensure that funds allocated in
this act are expended in a manner that does not adversely affect any person's or entity's eligibility
for federal funds that are made available, or that are anticipated to be made available, as a result
of Hurricanes Florence, Matthew, Michael, or Dorian. The Governor shall also, to the extent
practicable, avoid using State funds to cover costs that will be, or likely will be, covered by
federal funds.

SECTION 5.7.(e) No Reversion of Funds. – Funds described in subsection
5.87.(a)(3) shall remain available to implement the provisions of this section until the General
Assembly directs the reversion of any unexpended and unencumbered funds and 
G.S. 143C-6-23(f1)(1) shall not apply to those funds.

SECTION 5.7.(f) Reporting Requirements. – The Office of State Budget and 
Management shall provide periodic reports on the use of the funds allocated and appropriated in 
this Act in a manner which is consistent with Section 5.8 of Session Law 2019-250.

DIRECTED GRANTS EXTENSION

SECTION 5.8. Extension of Term for Administration of Directed Grants. – 
Subdivision (4) of Section 3.1(b) of S.L. 2019-224, reads as rewritten:
"(4) Notwithstanding any provision of G.S. 143C 1 2(b) to the contrary, 
nonrecurring funds appropriated in this act as directed grants shall not revert 
until June 30, 2021-2024.

PART VI. COMMUNITY COLLEGES

NC GETTING READY FOR OPPORTUNITIES IN THE WORKFORCE (NC GROW) 
COMPLETION INCENTIVE

SECTION 6.1.(a) There is established the North Carolina Getting Ready for 
Opportunities in the Workforce (NC GROW) Completion Incentive Program to be administered 
by the North Carolina State Education Assistance Authority (SEAA) in collaboration with the 
State Board of Community Colleges. Of funds appropriated in this act for the NC GROW 
Completion Incentive Program, one thousand ($1,000) dollars shall be awarded to students that 
successfully graduate from eligible programs of study.

SECTION 6.1.(b) The State Board of Community Colleges, in collaboration with 
the Department of Commerce, shall determine the eligible programs of study for the NC GROW 
Completion Incentives. The eligible programs of study shall include programs in Architecture 
and Construction, Health Sciences, Information Technology, Electrical Line Worker, and 
Manufacturing programs, and may include other programs to meet local workforce needs.

SECTION 6.1.(c) The North Carolina Community College System shall contract 
with SEAA to administer awards under the NC GROW Completion Incentive Program. SEAA 
is authorized to administer this program consistent with the manner in which it administers grants 
to community college students qualifying for the Scholarships for Needy Students under Article 
35A of Chapter 115C of the General Statutes and the Need-Based Assistance Program under 
G.S. 115D-40.1, so that no qualifying North Carolina student incurs costs of tuition and selected 
fees to attend a community college. Of the funds appropriated in fiscal year 2021-2022, up to 
five hundred thousand dollars ($500,000) may be used for program administration and outreach 
to encourage students to pursue coursework in the selected programs of study.

SECTION 6.1.(d) The State Board of Community Colleges shall establish criteria 
for initial and continuing eligibility to participate in the NC GROW Scholarship Program. At a 
minimum, the criteria shall require an eligible student to:
(1) Be a legal resident of North Carolina for tuition purposes.
(2) Be enrolled in and graduate from an eligible program of study in areas of high, 
in-demand training.

SECTION 6.1.(e) The North Carolina Community College System and SEAA shall 
report annually on:
(1) The number of students receiving awards.
(2) The enrollment (by headcount and FTE) in each selected program of study.
(3) The number of graduates produced in each selected program of study.

NC JOB READY (WORKFORCE) – NC GROW FINANCIAL AID FOR STUDENTS 
SEEKING INDUSTRY CREDENTIALS
SECTION 6.2.(a) There is established the North Carolina Getting Ready for Opportunities in the Workforce (NC GROW) Financial Aid for Students Seeking Industry Credentials Program to be administered by the State Board of Community Colleges.

SECTION 6.2.(b) The State Board of Community Colleges, in collaboration with the Department of Commerce, shall determine the eligible programs of study for the NC GROW Financial Aid for Students Seeking Industry Credentials Program. The eligible programs of study shall include programs in Architecture and Construction, Health Sciences, Information Technology, Electrical Line Worker, and Manufacturing programs, and may include other programs to meet local workforce needs.

SECTION 6.2.(c) Of funds appropriated in this act for the NC GROW Financial Aid for Students Seeking Industry Credentials Program, the State Board of Community Colleges shall determine the allocation of awards to students pursuing short-term, noncredit State and industry workforce credentials. The State Board of Community Colleges, in collaboration with the Department of Commerce, shall determine the eligible programs of study for this financial assistance. The eligible programs of study shall include programs in Architecture and Construction, Health Sciences, Information Technology, Electrical Line Worker, and Manufacturing programs, and may include other programs to meet local workforce needs. These funds shall be used to assist students with any education related costs incurred while in pursuit of these credentials.

SECTION 6.2.(d) For fiscal year 2021-22, from funds appropriated for the NC GROW Financial Aid for Students Seeking Industry Credentials Program, up to five hundred thousand ($500,000) dollars may be used may be used to administer this program and the NC GROW Scholarships program administered by SEAA, as well as for outreach to encourage students to pursue coursework in the selected programs of study. For the 2022-23 fiscal year on, from funds appropriated for the NC GROW Financial Aid for Students Seeking Industry Credentials Program, up to five hundred thousand ($500,000) dollars may be used to administer this program and to market the financial assistance to prospective recipients.

ENROLLMENT GROWTH AND BUDGET STABILIZATION

SECTION 6.3.(a) When calculating the enrollment growth budget request for the 2022-2023 fiscal year, for any colleges whose 2020-2021 FTE is a decline from 2019-2020 FTE, the North Carolina Community College System Office shall use the 2019-2020 FTE instead of the 2020-2021 FTE in the calculation of the 2-year average used for determining budget FTE.


PART VII. PUBLIC INSTRUCTION

FUNDS FOR CHILDREN WITH DISABILITIES

SECTION 7.1. The State Board of Education shall allocate additional funds for children with disabilities on the basis of four thousand five hundred forty-nine dollars and eighty-eight cents ($4,549.88) per child for fiscal year 2021-2022 and four thousand seven hundred four dollars and twenty-eight cents ($4,704.28) per child for fiscal year 2022-2023. Each local school administrative unit shall receive funds for the total number of children who are identified as children with disabilities in the local school administrative unit. The dollar amounts allocated under this section for children with disabilities shall also be adjusted 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. The State Board of Education shall allocate additional funds for academically or intellectually gifted children on the basis of one thousand three hundred sixty-four dollars and seventy-eight cents ($1,364.78) per child for fiscal years 2021-2022 and 2022-2023. A local school administrative unit shall receive funds for a maximum of four percent (4%) of its 2021-2022 allocated average daily membership, regardless of the number of children identified as academically or intellectually gifted in the unit. The dollar amounts allocated under this section for academically or intellectually gifted children shall also be adjusted in accordance with legislative salary increments, retirement rate adjustments, and health benefit adjustments for personnel who serve academically or intellectually gifted children.

SUPPLEMENTAL FUNDING IN LOW-WEALTH COUNTIES

SECTION 7.3.(a) Use of Funds for Supplemental Funding. – All funds received pursuant to this section shall be used only (i) to provide instructional positions, instructional support positions, teacher assistant positions, clerical positions, school computer technicians, instructional supplies and equipment, staff development, and textbooks and digital resources and (ii) for salary supplements for instructional personnel and instructional support personnel. Local boards of education are encouraged to use at least twenty-five percent (25%) of the funds received pursuant to this section to improve the academic performance of children who are performing at Level I or II on either reading or mathematics end-of-grade tests in grades three through eight.

SECTION 7.3.(b) Definitions. – As used in this section, the following definitions apply:

1. Anticipated county property tax revenue availability. – The county-adjusted property tax base multiplied by the effective State average tax rate.
2. Anticipated total county revenue availability. – The sum of the following:
   a. Anticipated county property tax revenue availability.
   b. Local sales and use taxes received by the county that are levied under Chapter 1096 of the 1967 Session Laws or under Subchapter VIII of Chapter 105 of the General Statutes.
   c. Fines and forfeitures deposited in the county school fund for the most recent year for which data are available.
3. Anticipated total county revenue availability per student. – The anticipated total county revenue availability for the county divided by the average daily membership of the county.
4. Anticipated State average revenue availability per student. – The sum of all anticipated total county revenue availability divided by the average daily membership for the State.
5. Average daily membership. – Average daily membership as defined in the North Carolina Public Schools Allotment Policy Manual adopted by the State Board of Education. If a county contains only part of a local school administrative unit, the average daily membership of that county includes all students who reside within the county and attend that local school administrative unit.
6. County-adjusted property tax base. – Computed as follows:
   a. Subtract the present-use value of agricultural land, horticultural land, and forestland in the county, as defined in G.S. 105-277.2, from the total assessed real property valuation of the county.
   b. Adjust the resulting amount by multiplying by a weighted average of the three most recent annual sales assessment ratio studies.
   c. Add to the resulting amount the following:
1. Present-use value of agricultural land, horticultural land, and forestland, as defined in G.S. 105-277.2.
2. Value of property of public service companies, determined in accordance with Article 23 of Chapter 105 of the General Statutes.
3. Personal property value for the county.

(7) County-adjusted property tax base per square mile. – The county-adjusted property tax base divided by the number of square miles of land area in the county.

(8) County wealth as a percentage of State average wealth. – Computed as follows:
   a. Compute the percentage that the county per capita income is of the State per capita income and weight the resulting percentage by a factor of five-tenths.
   b. Compute the percentage that the anticipated total county revenue availability per student is of the anticipated State average revenue availability per student and weight the resulting percentage by a factor of four-tenths.
   c. Compute the percentage that the county-adjusted property tax base per square mile is of the State-adjusted property tax base per square mile and weight the resulting percentage by a factor of one-tenth.
   d. Add the three weighted percentages to derive the county wealth as a percentage of the State average wealth.

(9) Effective county tax rate. – The actual county tax rate multiplied by a weighted average of the three most recent annual sales assessment ratio studies.

(10) Effective State average tax rate. – The average of effective county tax rates for all counties.

(11) Local current expense funds. – The most recent county current expense appropriations to public schools, as reported by local boards of education in the audit report filed with the Secretary of the Local Government Commission pursuant to G.S. 115C-447.

(12) Per capita income. – The average for the most recent three years for which data are available of the per capita income according to the most recent report of the United States Department of Commerce, Bureau of Economic Analysis, including any reported modifications for prior years as outlined in the most recent report.

(13) Sales assessment ratio studies. – Sales assessment ratio studies performed by the Department of Revenue under G.S. 105-289(h).

(14) State average adjusted property tax base per square mile. – The sum of the county-adjusted property tax bases for all counties divided by the number of square miles of land area in the State.

(15) State average current expense appropriations per student. – The most recent State total of county current expense appropriations to public schools, as reported by local boards of education in the audit report filed with the Secretary of the Local Government Commission pursuant to G.S. 115C-447.

(16) Supplant. – To decrease local per student current expense appropriations from one fiscal year to the next fiscal year.

(17) Weighted average of the three most recent annual sales assessment ratio studies. – The weighted average of the three most recent annual sales assessment ratio studies in the most recent years for which county current expense appropriations and adjusted property tax valuations are available.
real property in a county has been revalued one year prior to the most recent sales assessment ratio study, a weighted average of the two most recent sales assessment ratios shall be used. If property has been revalued the year of the most recent sales assessment ratio study, the sales assessment ratio for the year of revaluation shall be used.

**SECTION 7.3.(c) Eligibility for Funds.** – Except as provided in subsection (g) of this section, the State Board of Education shall allocate these funds to local school administrative units located in whole or in part in counties in which the county wealth as a percentage of the State average wealth is less than one hundred percent (100%).

**SECTION 7.3.(d) Allocation of Funds.** – Except as provided in subsection (f) of this section, the amount received per average daily membership for a county shall be the difference between the State average current expense appropriations per student and the current expense appropriations per student that the county could provide given the county's wealth and an average effort to fund public schools. To derive the current expense appropriations per student that the county could be able to provide given the county's wealth and an average effort to fund public schools, multiply the county's wealth as a percentage of State average wealth by the State average current expense appropriations per student. The funds for the local school administrative units located in whole or in part in the county shall be allocated to each local school administrative unit located in whole or in part in the county based on the average daily membership of the county's students in the school units. If the funds appropriated for supplemental funding are not adequate to fund the formula fully, each local school administrative unit shall receive a pro rata share of the funds appropriated for supplemental funding.

**SECTION 7.3.(e) Formula for Distribution of Supplemental Funding Pursuant to this Section Only.** – The formula in this section is solely a basis for distribution of supplemental funding for low-wealth counties. It is the intent of the General Assembly to incrementally increase appropriations for low-wealth allotment to provide eligible counties supplemental funding equal to 110 percent of the statewide local revenue per student by fiscal year 2027-2028. The State Board of Education shall adjust the formula to ensure each local school administrative unit until receives a pro rata share of the additional funds appropriated for the low-wealth allotment in this act for supplemental funding.

**SECTION 7.3.(f) Minimum Effort Required.** – A county shall receive full funding under this section if the county (i) maintains an effective county tax rate that is at least one hundred percent (100%) of the effective State average tax rate in the most recent year for which data are available or (ii) maintains a county appropriation per student to the school local current expense fund of at least one hundred percent (100%) of the current expense appropriations per student to the school local current expense fund that the county could provide given the county's wealth and an average effort to fund public schools. A county that maintains a county appropriation per student to the school local current expense fund of less than one hundred percent (100%) of the current expense appropriations per student to the school local current expense fund that the county could provide given the county's wealth and an average effort to fund public schools shall receive funding under this section at the same percentage that the county's appropriation per student to the school local current expense fund is of the current expense appropriations per student to the school local current expense fund that the county could provide given the county's wealth and an average effort to fund public schools.

**SECTION 7.3.(g) Nonsupplant Requirement.** – A county in which a local school administrative unit receives funds under this section shall use the funds to supplement local current expense funds and shall not supplant local current expense funds. For the 2021-2023 fiscal biennium, the State Board of Education shall not allocate funds under this section to a county found to have used these funds to supplant local per student current expense funds. The State Board of Education shall make a finding that a county has used these funds to supplant.
local current expense funds in the prior year, or the year for which the most recent data are available, if all of the following criteria apply:

(1) The current expense appropriations per student of the county for the current year is less than ninety-five percent (95%) of the average of local current expense appropriations per student for the three prior fiscal years.

(2) The county cannot show (i) that it has remedied the deficiency in funding or (ii) that extraordinary circumstances caused the county to supplant local current expense funds with funds allocated under this section.

The State Board of Education shall adopt rules to implement the requirements of this subsection.

SECTION 7.3.(h) Counties Containing a Base of the Armed Forces. – Notwithstanding any other provision of this section, for the 2021-2023 fiscal biennium, counties containing a base of the Armed Forces of the United States that have an average daily membership of more than 17,000 students shall receive whichever is the higher amount in each fiscal year as follows: either the amount of supplemental funding the county received as a low-wealth county in the 2012-2013 fiscal year or the amount of supplemental funding the county is eligible to receive as a low-wealth county pursuant to the formula for distribution of supplemental funding under the other provisions of this section.

SECTION 7.3.(i) Funds for EVAAS Data. – Notwithstanding the requirements of subsection (a) of this section, local school administrative units may utilize funds allocated under this section to purchase services that allow for extraction of data from the Education Value-Added Assessment System (EVAAS).

SECTION 7.3.(j) Reports. – For the 2021-2023 fiscal biennium, the State Board of Education shall report to the Fiscal Research Division prior to May 15 of each year if it determines that counties have supplanted funds.

SECTION 7.3.(k) Department of Revenue Reports. – The Department of Revenue shall provide to the Department of Public Instruction a preliminary report for the current fiscal year of the assessed value of the property tax base for each county prior to March 1 of each year and a final report prior to May 1 of each year. The reports shall include for each county the annual sales assessment ratio and the taxable values of (i) total real property, (ii) the portion of total real property represented by the present-use value of agricultural land, horticultural land, and forestland, as defined in G.S. 105-277.2, (iii) property of public service companies determined in accordance with Article 23 of Chapter 105 of the General Statutes, and (iv) personal property.

SMALL COUNTY SCHOOL SYSTEM SUPPLEMENTAL FUNDING

SECTION 7.4.(a) Allotment Schedule for the 2021-2023 Fiscal Biennium. – Except as otherwise provided in subsection (d) of this section, each eligible county school administrative unit shall receive a dollar allotment according to the following schedule:

<table>
<thead>
<tr>
<th>Allotted ADM</th>
<th>Small County Allotment</th>
</tr>
</thead>
<tbody>
<tr>
<td>0-1,300</td>
<td>$1,820,000</td>
</tr>
<tr>
<td>1,301-1,700</td>
<td>$1,548,700</td>
</tr>
<tr>
<td>1,701-2,000</td>
<td>$1,600,000</td>
</tr>
<tr>
<td>2,001-2,300</td>
<td>$1,560,000</td>
</tr>
<tr>
<td>2,301-2,600</td>
<td>$1,470,000</td>
</tr>
<tr>
<td>2,601-2,800</td>
<td>$1,498,000</td>
</tr>
<tr>
<td>2,801-3,300</td>
<td>$1,548,000</td>
</tr>
</tbody>
</table>

SECTION 7.4.(b) Phase-Out Provision for the 2021-2022 Fiscal Year. – If a local school administrative unit becomes ineligible for funding under the schedule in subsection (a) of this section in the 2021-2022 fiscal year, funding for that unit shall be phased out over a five-year period. Funding for such local school administrative units shall be reduced in equal increments.
in each of the five years after the unit becomes ineligible. Funding shall be eliminated in the fifth 
fiscal year after the local school administrative unit becomes ineligible.

Allotments for eligible local school administrative units under this subsection shall 
not be reduced by more than twenty percent (20%) of the amount received in fiscal year 
2020-2021 in any fiscal year. A local school administrative unit shall not become ineligible for 
funding if either the highest of the first two months' total projected average daily membership for 
the current year or the higher of the first two months' total prior year average daily membership 
would otherwise have made the unit eligible for funds under the schedule in subsection (a) of this 
section.

**SECTION 7.4.(c)** Phase-Out Provision for the 2022-2023 Fiscal Year. – If a local 
school administrative unit becomes ineligible for funding under the schedule in subsection (a) of 
this section in the 2022-2023 fiscal year, funding for that unit shall be phased out over a five-year 
period. Funding for such local school administrative units shall be reduced in equal increments 
in each of the five years after the unit becomes ineligible. Funding shall be eliminated in the fifth 
fiscal year after the local administrative unit becomes ineligible.

Allotments for eligible local school administrative units under this subsection shall 
not be reduced by more than twenty percent (20%) of the amount received in fiscal year 
2021-2022 in any fiscal year. A local school administrative unit shall not become ineligible for 
funding if either the highest of the first two months' total projected average daily membership for 
the current year or the higher of the first two months' total prior year average daily membership 
would otherwise have made the unit eligible for funds under the schedule in subsection (a) of this 
section.

**SECTION 7.4.(d)** Nonsupplant Requirement for the 2021-2023 Fiscal Biennium. – A county in which a local school administrative unit receives funds under this section shall use 
the funds to supplement local current expense funds and shall not supplant local current expense 
funds. For the 2021-2023 fiscal biennium, the State Board of Education shall not allocate funds 
under this section to a county found to have used these funds to supplant local per student current 
expense funds. The State Board of Education shall make a finding that a county has used these 
funds to supplant local current expense funds in the prior year or the year for which the most 
recent data are available, if all of the following criteria apply:

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

The State Board of Education shall adopt rules to implement the requirements of this 
subsection.

**SECTION 7.4.(e)** Reports. – For the 2021-2023 fiscal biennium, the State Board of 
Education shall report to the Fiscal Research Division prior to May 15 of each fiscal year if it 
determines that counties have supplant funds.

**SECTION 7.4.(f)** Use of Funds. – Local boards of education are encouraged to use 
at least twenty percent (20%) of the funds they receive pursuant to this section to improve the 
academic performance of children who are performing at Level I or II on either reading or 
mathematics end-of-grade tests in grades three through eight.

Local school administrative units may also utilize funds allocated under this section 
to purchase services that allow for extraction of data from the Education Value-Added 
Assessment System (EVAAS).

**DISADVANTAGED STUDENT SUPPLEMENTAL FUNDING (DSSF)/AT-RISK 
STUDENT SERVICES/ALTERNATIVE SCHOOLS**
SECTION 7.5.(a) Funds appropriated in this act for disadvantaged student supplemental funding shall be used, consistent with the policies and procedures adopted by the State Board of Education, only to do the following:

1. Provide instructional positions or instructional support positions.
2. Provide professional development.
3. Provide intensive in-school or after-school remediation, or both.
4. Purchase diagnostic software and progress-monitoring tools.
5. Provide funds for teacher bonuses and supplements.

The State Board of Education may require local school administrative units receiving funding under the Disadvantaged Student Supplemental Fund to purchase the Education Value-Added Assessment System (EVAAS) in order to provide in-depth analysis of student performance and help identify strategies for improving student achievement. This data shall be used exclusively for instructional and curriculum decisions made in the best interest of children and for professional development for their teachers and administrators.

SECTION 7.5.(b) Disadvantaged student supplemental funding (DSSF) shall be allotted to a local school administrative unit based on (i) the unit's eligible DSSF population and (ii) the difference between a teacher-to-student ratio of 1:21 and the following teacher-to-student ratios:

1. For counties with wealth greater than ninety percent (90%) of the statewide average, a ratio of 1:19.9.
2. For counties with wealth not less than eighty percent (80%) and not greater than ninety percent (90%) of the statewide average, a ratio of 1:19.4.
3. For counties with wealth less than eighty percent (80%) of the statewide average, a ratio of 1:19.1.
4. For local school administrative units that received DSSF funds in fiscal year 2005-2006, a ratio of 1:16. These local school administrative units shall receive no less than the DSSF amount allotted in fiscal year 2006-2007.

For the purpose of this subsection, wealth shall be calculated under the low-wealth supplemental formula as provided for in this act.

SECTION 7.5.(c) If a local school administrative unit's wealth increases to a level that adversely affects the unit's disadvantaged student supplemental funding (DSSF) allotment ratio, the DSSF allotment for that unit shall be maintained at the prior year level for one additional fiscal year.

SECTION 7.5.(d) For the 2022-2023 fiscal year the State Board of Education shall transfer the At-Risk Student Services/Alternative Schools allotment into the DSSF allotment and allocate these funds to local school administrative units under a formula that:

1. Expands the allowable uses of the DSSF allotment to incorporate activities allowed under the current At-Risk allotment; and
2. Provides that no local administrative unit receives a decrease in combined funding.

Reallocated At-Risk funding must be counted as an independent supplement to existing DSSF funds.

FUNDS FOR LIMITED ENGLISH PROFICIENCY

SECTION 7.6. The State Board of Education shall allocate funds for services to students with limited proficiency in the English language to local school administrative units and to charter schools based on the three-year weighted headcount of students in the units or charter school with limited English proficiency.

UNIFORM EDUCATION REPORTING SYSTEM (UERS) FUNDS
SECTION 7.7.(a) Funds appropriated for the Uniform Education Reporting System (UERS) for fiscal year 2020-2021 shall not revert at the end of the fiscal year but shall remain available until expended.

SECTION 7.7.(b) Funds appropriated in this act for the Uniform Education Reporting System (UERS) for the 2021-2023 fiscal biennium shall not revert at the end of each fiscal year but shall remain available until expended.

EDUCATION AND WORKFORCE INNOVATION PROGRAM GRANTS COMBINATION

SECTION 7.8.(a) G.S. 115C-64.15 reads as rewritten:

“§ 115C-64.15. North Carolina Education and Workforce Innovation Commission.

…
(d1) The Commission shall develop and administer, in coordination with the State Board of Education and the Superintendent of Public Instruction, and in collaboration with the North Carolina Career and Technical Education Foundation, Inc., the Career and Technical Education Grade Expansion Program, as established under G.S. 115C-64.17, and shall make awards of grants under the Program.

The Education and Workforce Innovation Program shall administer the Education Workforce Innovation Grant Program, as established under G.S. 115C-64.16, and the Career and Technical Education Grade Expansion Program, as established under G.S. 115C-64.17, and shall make awards of grants under the Program.

Both grants will be combined under one Education and Workforce Innovation Commission Grant Program to both foster innovation in education that will lead to more students graduating career and college ready and to prioritize the inclusion of students in sixth and seventh grade through grant awards provided to selected local school administrative units.

The Education and Workforce Innovation Commission will have $3.17 million (recurring) beginning in Fiscal Year 2021-22 and for subsequent fiscal years in grant funds due to combining the two grants which the Commission oversees.

The Commission shall divide the grant funds to accommodate both grants based on the state’s needs at the time of grant approval.

…”

SECTION 7.8.(b) G.S. 115C-64.16 reads as rewritten:

“§ 115C-64.16. North Carolina Education and Workforce Innovation Program.

(a) Program Establishment. – There is established the Education and Workforce Innovation Program (Program) to foster innovation in education that will lead to more students graduating career and college ready. Funds appropriated to the Program shall be used to award competitive grants to an individual school, a local school administrative unit, or a regional partnership of more than one local school administrative unit to advance comprehensive, high-quality education that equips teachers and other hired personnel with the knowledge and skill required to succeed with all students. Before receiving a grant, applicants must meet all of the following conditions:

…
(c) Consideration of Factors in Awarding of Grants. – All applications must include information on at least the following in order to be considered for a grant:

…
(9) Provide a description of the funds that will be used and a proposed budget for five years each of the grant years.
(10) Describe the source of matching funds required in subsection (d) of this section.
(11) Establish a strategy to achieve meaningful analysis of program outcomes due to the receipt of grant funds under this section.
(d) Matching Private and Local Funds. – All grant applicants must match fifty percent (50%) of all State dollars. Matching funds shall not include other State funds. Matching funds may include in-kind contributions.
(e) Grants. – Any grants awarded by the Commission may be spent over a five-year period from the initial award. Grants may be awarded for new or existing projects. Grant funds shall not revert at the end of the fiscal year.

STUDENT MEAL DEBT REPORT AND REDUCED LUNCH CO-PAYS
SECTION 7.9.(a) Section 2.3(a) of S.L. 2020-80 reads as rewritten:
"SECTION 2.3.(a) No later than October 15, 2021–2023, the State Board of Education shall report to the Joint Legislative Education Oversight Committee on unpaid meal charges in local school administrative units. At a minimum, the report shall include the following information:
(1) The percentage of students of all grade levels in each local school administrative unit who (i) qualify for and participate in reduced-price meals and (ii) do not carry an unpaid meal charge.
(2) The total amount of debt carried by each local school administrative unit related to unpaid meal charges.
(3) Summaries of approaches adopted by each local school administrative unit regarding unpaid meal charges.
(4) Options for a statewide policy on the uniform administration of unpaid meal charges in local school administrative units. Every option shall ensure that students are not prevented from receiving nutritious meals because of an unpaid meal charge.

SECTION 7.9.(b) Section 2.3(b) of S.L. 2020-80 reads as rewritten:
"SECTION 2.3.(b) For the 2020-2021–2021-2022 fiscal year, the Department of Public Instruction shall transfer the sum of three million nine hundred thousand dollars ($3,900,000) in nonrecurring funds from the cash balance in the School Bus Replacement Fund (Budget Code: 73510; Fund Code: 7200) to the State Public School Fund (Budget Code: 13510; Fund Code: 1830). Funds transferred pursuant to this section are hereby appropriated to provide school lunches at no cost to students of all grade levels qualifying for reduced-price meals in all schools participating in the National School Lunch Program in the 2020-2021–2021-2022 school year. If these funds are insufficient to provide school lunches at no cost to students qualifying for reduced-price meals, the Department of Public Instruction shall also use any excess funds appropriated for the National School Breakfast Program for the purposes of this subsection."

SECTION 7.9.(c) G.S. 115C-450(a) reads as rewritten:
"§ 115C-450. School food services.
(a) School food nutrition services shall be included in the budget of each local school administrative public school unit and the State Board of Education shall provide for school food nutrition services in the uniform budget format required by G.S. 115C-426.
(b) No local school administrative public school unit shall assess indirect costs to a child school nutrition program unless the program has a minimum of one three months' operating balance. One month's operating balance shall be derived from net cash resources divided by one month's operating costs. "Net cash resources" means all monies, as determined in accordance with the State agency's established accounting system, that are available to or have accrued to a school food authority's nonprofit child nutrition account at any given time, less cash payables and other liabilities. When calculating the average month's operating balance, the Department of Public Instruction shall use the complete and final figures obtained from the annual financial report from each child nutrition program's operation. An average month's operating balance shall be calculated and published by the Department of Public Instruction for each child nutrition program and shall be equal to the average of the three prior fiscal years’ monthly operating
balances. The three month calculation shall be determined by the School Nutrition Division within the Department of Public Instruction based on the yearly financial report submitted in the School Nutrition Technology System. The calculation shall be derived by dividing the net cash resources of the program by the average monthly operating cost. If complete and final financial reports for a given year are not yet available for a child nutrition program, the Department of Public Instruction may use projected figures but shall update the published average operating balance once complete and final financial reports become available. As used in this subsection, the term "indirect costs" is as defined in the United States Office of Budget and Management Circular A-87, as revised, 2 CFR 200 with the cost principles found in Subpart E –Cost Principles, and the term "net cash resources" is as defined in 7 C.F.R. § 210.2."

TEACHER BONUSES

SECTION 7.10. Section 2(b) of S.L. 2020-45 reads as rewritten:

"SECTION 2.(a) No later than October 31, 2020, the Department of Public Instruction shall administer a one-time, lump sum bonus of three hundred fifty dollars ($350.00) to every teacher who, as of October 1, 2020, is employed as a teacher in a qualifying public school unit.

"SECTION 2.(b) As used in this section, the following definitions shall apply:
(1) Teacher. – Teachers and instructional support personnel.
(2) Qualifying public school unit. – Any of the following:
   a. A local school administrative unit.
   b. A charter school.
   c. A regional school.
   d. An innovative school.
   e. A laboratory school under Article 29A of Chapter 116 of the General Statutes.
   f. A residential school."

BUDGET FLEXIBILITY FOR LOCAL BOARDS OF EDUCATION

SECTION 7.11.(a) G.S. 115C-105.25(b) reads as rewritten:

"§ 115C-105.25. Budget flexibility.
(b) Subject to the following limitations, local boards of education may transfer and may approve transfers of funds between funding allotment categories:

…
(1b) No funds shall be transferred out of the children with disabilities allotment category.

…
(3a) No funds shall be transferred out of the teacher assistants allotment category.

(3b) No funds shall be transferred out of the academically or intellectually gifted children allotment category.

…
(5d) No positions shall be transferred out of the allocation for program enhancement teachers for kindergarten through fifth grade except as provided in this subdivision. Positions allocated for program enhancement teachers for kindergarten through fifth grade may be converted into positions allocated for classroom teachers for kindergarten through twelfth grade. For the purposes of this subdivision, the term "program enhancement" is as defined in G.S. 115C-301(c2).

…
(10a) No funds shall be transferred out of the limited English proficiency allotment category.

…
(12) Funds allotted for textbooks and digital resources may only be used for the purchase of textbooks and digital resources. These funds shall not be transferred out of the allotment for any other purpose.”

SECTION 7.11.(b) Section 4(b) of S.L. 2018-2 is repealed.

DEVELOPING A REPRESENTATIVE AND INCLUSIVE VISION FOR EDUCATION (DRIVE) GRANT PROGRAM

SECTION 7.12.(a) Purpose. – The State Board of Education, in consultation with the Office of the Governor, the University of North Carolina System, and the North Carolina Community College System, shall establish a grant program to support strategic partnerships committed to increasing the pipeline of educators of color across the state. As an extension of the recommendations and strategies presented by Governor Cooper's DRIVE Task Force on January 1, 2021, this grant program provides funds for local school administrative units, institutions of higher education, and community organizations to implement innovative initiatives that support the recruitment, preparation, support, and retention of racially, ethnically, and linguistically diverse educators.

The purpose of this program shall be to the following:

(1) Increase the diversity of the educator workforce across the state through novel recruitment efforts.
(2) Strengthen the pipeline of aspiring teachers of color across the state through traditional and alternative certification pathways.
(3) Provide mechanisms to support and retain educators of color currently serving in K-12 public schools.
(4) Promote collaboration between districts, institutions of higher education, and community/non-profit organizations to diversify the educator workforce.

For grant award consideration, applicants must:

(1) Include a partnership between at least two of the following entities: K-12 districts, Historically Black Colleges and Universities, Minority-serving Institutions, educator preparation programs, alternative certification programs, public and private colleges and universities, community colleges, and community or nonprofit organizations.
(2) Propose strategies that address one or more of the following components of the educator development continuum as highlighted by the DRIVE Task Force's 2021 Report to the Governor: recruitment, placement and induction, and support and retention of educators of color.

Grants activities may include, but are not limited to:

(1) Strengthen existing high school dual enrollment programs to offer education-based college credit or honors courses as streamlined pathways for future careers in education.
(2) Implement targeted district-level and community-based recruitment programs for aspiring educators of color interested in traditional and alternative educator preparation programs.
(3) Utilize and leverage existing financial aid programs that include scholarships, loan forgiveness, and tuition reimbursement that reduce the disproportionate financial burden incurred by aspiring candidates of color.
(4) Increase preparation and support for pre-service educators of color through paid clinical learning experiences, with a commitment to teaching in North Carolina public schools.
(5) Offer support for job placement and licensure for candidates of color after completing their educator preparation program.
provide induction and mentoring programs that address the needs of educators of color that include sustaining networking and professional learning communities or affinity groups.

Encourage and financially support educators of color interested in joining national professional organizations or attending national conferences.

SECTION 7.12.(b) Request for Proposal. – By October 1, 2021, the State Board of Education shall issue a Request for Proposal (RFP) for the grant program. Applicants shall submit their proposals by December 1, 2021. The RFP shall require that proposals include the following information at a minimum:

(1) Description of the proposal;
(2) Evidence-based research that supports the proposal;
(3) Implementation Plan; and
(4) Plans for financial sustainability once grant money is no longer available.

SECTION 7.12.(c) Selection. – By February 1, 2022, a selection committee will select up to five grantees, making the effort to ensure that there is representation across the State as reflected by rural and urban districts, institutions of higher education, and community-based partners. Any grants awarded may be spent over a five-year period from the initial award. Grants may be awarded for new or existing projects.

SECTION 7.12.(d) Reporting Requirements. – No later than September 1 of each year, grant recipients shall submit to the State Board of Education an annual report for the preceding grant year that describes the implementation of the program. This report must include qualitative and quantitative data to demonstrate program effectiveness.

SECTION 7.12.(e) Evaluation and Reporting. – Of the funds appropriated by this act, the State Board of Education may use up to $300,000 to contract with an independent research organization to evaluate the impact of this grant program. The independent research organization shall report the results of this evaluation to the Joint Legislative Education Oversight Committee, the Fiscal Research Division of the General Assembly, and the Office of State Budget and Management by September 1, 2023. The State Board of Education shall report annually on the implementation of this grant program beginning on January 1, 2023.

SECTION 7.12.(f) Carryforward. – Funds unspent in the 2021-2022 and 2022-2023 fiscal years shall not revert and shall be carried forward to implement this section.

TEACHER PREPARATION RESIDENCY PILOT GRANT PROGRAM

SECTION 7.13.(a) Purpose. – The State Board of Education shall establish a grant program to assist local school administrative units in the development of teacher preparation residency pilot programs. Teacher preparation residency programs provide the necessary preparation and induction supports to teacher preparation candidates pursuing a continuing professional license. Teacher preparation residency programs eligible to receive grant funding through this program shall include, at a minimum, the following components:

(1) Coursework in the candidate's area of licensure;
(2) Tuition and stipends;
(3) Faculty advising;
(4) Clinical training experiences; and
(5) Ongoing induction support.

Residency programs eligible for this grant program may include partnerships between local school administrative units, educator preparation programs, local community college or universities, and other community organizations. Grant funds awarded to local school administrative units under this program shall be matched by the local school administrative unit on the basis of one dollar ($1.00) in non-grant funds for every one dollar ($1.00) in grant funds.

SECTION 7.13.(b) Request for Proposal. – By October 1, 2021, the State Board of Education shall issue a Request for Proposal (RFP) for the grant program. Local boards of
education shall submit their proposals by January 15, 2022. The RFP shall require that proposals include the following information at a minimum:

(1) Description of the proposal, including the number of teacher preparation candidates to be served;

(2) Evidence-based research that supports the proposal;

(3) Implementation plan; and

(4) Plans for financial sustainability once grant money is no longer available.

SECTION 7.13.(c) Grant Awards. – By April 15, 2022, the State Board of Education shall review the proposals submitted by local boards of education and shall select up to 10 local school administrative units for grant awards. The State Board of Education may make grant awards for up to three years. A local school administrative unit may not receive more than five hundred thousand dollars ($500,000) in a single fiscal year from this grant program.

SECTION 7.13.(d) Evaluation and Reporting. – Of the funds appropriated by this act, the State Board of Education may use up to three hundred thousand dollars ($300,000) to contract with an independent research organization to evaluate the impact of this grant program. The independent research organization shall report the results of this evaluation to the Joint Legislative Education Oversight Committee, the Fiscal Research Division of the General Assembly, and the Office of State Budget and Management by September 1, 2025. The Department of Public Instruction shall report annually on the implementation of this grant program beginning on March 1, 2023.

SECTION 7.13.(e) Carryforward. – Funds unspent in the 2022-2023 fiscal year shall not revert and shall be carried forward to implement this section.

RECRUITMENT BONUS PILOT PROGRAM FOR TEACHERS IN LOW WEALTH, LOW PERFORMING OR HIGH NEEDS SCHOOLS

SECTION 7.14.(a) Purpose. – The State Board of Education shall establish a grant program to assist local school administrative units in providing multi-year recruitment bonuses to certified teachers who commit to teach multiple years in a low-performing or high-needs school. Bonuses awarded as part of this grant program shall include, but are not limited to, the following components:

(1) Awarded over multiple years with a requirement that teachers remain in the school over multiple years to receive the bonus;

(2) Awarded to certified teachers who commit to teach in a school identified as low-performing, as defined in G.S. 115C-105.37, a school identified as continually low-performing as defined in G.S. 115C-105.37A, or a school where 75 percent or greater of students qualify for free or reduced-price lunch under the National School Lunch Program.

SECTION 7.14.(b) Request for Proposal. – By September 1, 2021, and on that date in subsequent years, the State Board of Education shall issue a Request for Proposal (RFP) for the grant program. Local boards of education shall submit their proposals by December 1, 2021. The RFP shall require that proposals include the following information at a minimum:

(1) Description of the proposal, including details on targeted schools for the bonuses and how the bonus program will be structured;

(2) Evidence-based research that supports the proposal;

(3) Implementation plan; and

(4) Plans for financial sustainability once grant money is no longer available.

SECTION 7.14.(c) Grant Awards. – By February 15, 2022, the State Board of Education shall review the proposals submitted by local boards of education and shall select up to 10 local school administrative units for grant awards. The State Board of Education may make grant awards for up to three years. A local school administrative unit may not receive more than five hundred thousand dollars ($500,000) in a single fiscal year from this grant program.
SECTION 7.14.(d) Evaluation and Reporting. – Of the funds appropriated by this act, the State Board of Education may use up to three hundred thousand dollars ($300,000) to contract with an independent research organization to evaluate the impact of this grant program. The independent research organization shall report the results of this evaluation to the Joint Legislative Education Oversight Committee, the Fiscal Research Division of the General Assembly, and the Office of State Budget and Management by September 1, 2024. The Department of Public Instruction shall report annually on the implementation of this grant program beginning on March 1, 2022.

SECTION 7.14.(e) Carryforward. – Funds unspent in the 2021-2022 and 2022-2023 fiscal years shall not revert and shall be carried forward to implement this section.

EDUCATOR WAGE COMPARABILITY STUDY

SECTION 7.15. The State Board of Education shall conduct a wage comparability study to determine competitive pay for North Carolina teachers in comparison to salaries in similar professions in North Carolina. The study shall focus on, but not be limited to, the following areas:

(1) Compare North Carolina teacher salaries to salaries for professions in North Carolina that require similar education and credentials as teachers;

(2) Identify the level of compensation needed to provide a competitive salary to similar professions in North Carolina;

(3) Identify specific State, regional, and local salary actions required to attract, recruit, and retain high quality educators, particularly to low wealth districts and high-poverty schools.

The State Board of Education shall report on the findings of this study to the Joint Legislative Education Oversight Committee, the Fiscal Research Division, and the Office of State Budget and Management by March 1, 2022. Of the funds appropriated in this act to the Department of Public Instruction, up to $200,000 may be used towards conducting this study.

EDUCATOR LICENSURE AND COMPENSATION REFORM PLAN

SECTION 7.16. The State Board of Education shall develop a plan for implementing a teacher licensure and compensation reform model designed to restore respect for the teaching profession; build a more diverse, quality teaching force; increase instructional capabilities of teachers; and entice more young professionals, mid-career professionals, and out-of-state individuals into the teaching profession. The plan shall include, but not be limited to, the following components:

(1) Offer early, inclusive, and clear pathways into the profession;

(2) Reward excellence and advancement among teachers; and

(3) Encourage retention in the profession.

The State Board of Education shall submit details on the plan and what statutory or other legislative changes are needed to implement the plan to the Joint Legislative Education Oversight Committee, the Fiscal Research Division, and the Office of State Budget and Management by March 1, 2022. Of the funds appropriated in this act to the Department of Public Instruction, up to $50,000 may be used to support the development of this plan.

EDUCATOR PREPARATION PROGRAM CAPACITY STUDY

SECTION 7.17. The State Board of Education, in consultation with the University of North Carolina System, shall conduct a study to identify the resources and structures that educator preparation programs in the State's public institutions of higher education need in order to:

(1) Increase capacity in educator preparation programs in order to recruit, prepare, support and graduate 5,000 in-State trained teachers annually;
(2) Increase capacity in educator preparation programs in order to recruit, prepare, 
support and graduate more educators of color annually.

The State Board of Education shall report on the findings of this study to the Joint 
Legislative Education Oversight Committee, the Fiscal Research Division, and the Office of 
State Budget and Management by March 1, 2022. Of the funds appropriated in this act to the 
Department of Public Instruction, up to $25,000 may be used towards conducting this study.

STUDY ON CONSOLIDATING AND COORDINATING TEACHER RECRUITMENT 
AND RETENTION EFFORTS

SECTION 7.18. The State Board of Education shall develop a plan to implement 
and fund a statewide system or entity to coordinate, enhance, and evaluate efforts to recruit, place, 
and retain teacher candidates and beginning teachers between institutions of higher education 
and school districts. This study shall focus on, but not be limited to, how best to consolidate 
and/or coordinate statewide teacher recruitment and retention efforts. The State Board of 
Education shall submit details on the plan and what statutory or other legislative changes are 
needed to implement the plan to the Joint Legislative Education Oversight Committee, the Fiscal 
Research Division, and the Office of State Budget and Management by March 1, 2023. Of the 
funds appropriated in this act to the Department of Public Instruction, up to $25,000 may be used 
to support the development of this plan.

DUAL ENROLLMENT COURSE ALIGNMENT STUDY

SECTION 7.19. The State Board of Education, in consultation with the University 
of North Carolina System and the North Carolina Community College System, shall conduct a 
study of all dual enrollment courses offered as part of the Career and College Promise Program 
that satisfy basic high school graduation requirements to ensure that the content and skills taught 
in those courses is aligned to the content and skills outlined in the Standard Course of Study for 
the requisite courses that meet graduation requirements. The study shall identify if dual 
enrollment courses are or are not aligned with the Standard Course of Study and, if not aligned, 
what content or skills are not aligned. The State Board of Education shall report on the findings 
of this study to the Joint Legislative Education Oversight Committee, the Fiscal Research 
Division, and the Office of State Budget and Management by March 1, 2022. Of the funds 
appropriated in this act to the Department of Public Instruction, up to $25,000 may be used 
towards conducting this study.

STUDY ON BARRIERS OF ACCESS TO HIGH SCHOOL COURSES LEADING TO 
COLLEGE CREDIT

SECTION 7.20. The State Board of Education, in collaboration with the Office of 
State Budget and Management, shall conduct a study examining the barriers and supports 
impacting all students' ability to complete high school courses leading to college credit, an 
associate degree, or a career-ready credential, including an examination of access, equity, 
resources, fees, and personnel. The State Board of Education shall report on the findings of this 
study to the Joint Legislative Education Oversight Committee, the Fiscal Research Division, and 
the Office of State Budget and Management by March 1, 2022. Of the funds appropriated in this 
act to the Department of Public Instruction, up to $25,000 may be used towards conducting this study.

NATIONAL BOARD CERTIFICATION FEE SUPPORT

SECTION 7.21.(a) Of the funds appropriated to the Department of Public 
Instruction by this act, the Department shall transfer the sum of one million nine hundred 
thousand dollars ($1,900,000) each year of the biennium to the State Education Assistance 
Authority to pay the application fees for first time candidates applying for certification by the
National Board for Professional Teaching Standards. Funds shall be available beginning with the 2021-2022 school year.

SECTION 7.21.(b) G.S. 115C-296.2 reads as rewritten:

"§ 115C-296.2. National Board for Professional Teaching Standards Certification.

(a) State Policy. – It is the goal of the State to provide opportunities and incentives for good teachers to become excellent teachers and to retain them in the teaching profession; to attain this goal, the State shall support the efforts of teachers to achieve national certification by providing approved paid leave time for teachers participating in the process, lending teachers paying the participation fee, and paying a significant salary differential to teachers who attain national certification from the National Board for Professional Teaching Standards (NBPTS).

…

(c) Payment of the NBPTS Participation Fee; Paid Leave. – The State shall lend provide teachers the participation fee and shall provide up to three days of approved paid leave to all teachers participating in the NBPTS program who:

(1) Have completed three full years of teaching in a North Carolina public school; and

(2) Have (i) not previously received State funds for participating in any certification area in the NBPTS program, (ii) repaid any State funds previously received for the NBPTS certification process, or (iii) received a waiver of repayment from the State Board of Education.

Teachers participating in the program shall take paid leave only with the approval of their supervisors.

...."

TEACHER ASSISTANTS

SECTION 7.22. It is the intent of the General Assembly to incrementally increase funding for the Teacher Assistants allotment and to simplify the formula for allotting funding in order to provide funding for one teacher assistant for every 27 kindergarten through third grade students by fiscal year 2027-2028. Teacher Assistant funding shall be allotted to a local school administrative unit based on a teacher assistant-to-kindergarten-through-third-grade student ratio of 1:40 in fiscal year 2021-2022 and a teacher assistant-to-kindergarten-through-third-grade student ratio of 1:39 in fiscal year 2022-2023.

REVISE NCVPS FUNDING

SECTION 7.23. Of the funds appropriated in this act to the Department of Public Instruction, the State Board of Education shall use the sum of one and half million dollars ($1,500,000) in the 2021-2022 fiscal year and three million dollars ($3,000,000) in the 2022-2023 fiscal year to offset the costs for local administrative units and charter schools to participate in North Carolina Virtual Public Schools.

EDUCATOR PROFESSIONAL DEVELOPMENT ALLOTMENT

SECTION 7.24. The State Board of Education shall establish an Educator Professional Development Allotment. Of the funds appropriated in this act to the Department of Public Instruction, the sum of ten million dollars ($10,000,000) in the 2021-2022 fiscal year and the sum of twenty million dollars ($20,000,000) in the 2022-2023 fiscal year shall be used to fund the Educator Professional Development Allotment. Funds shall be used by local administrative units and charter schools for educator professional development, to implement literacy training, and for mentoring programs for beginning educators. Funds shall be allotted to local administrative units based on average daily membership. The Department shall determine an appropriate minimum allotment.
PART VII-A. COMPENSATION OF PUBLIC SCHOOL EMPLOYEES

TEACHER SALARY SCHEDULE

SECTION 7A.1.(a) The following monthly teacher salary schedule shall apply for the 2021-2022 fiscal year to licensed personnel of the public schools who are classified as teachers. The salary schedule is based on years of teaching experience.

### 2021-2022 Teacher Monthly Salary Schedule

<table>
<thead>
<tr>
<th>Years of Experience</th>
<th>&quot;A&quot; Teachers</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>3,600</td>
</tr>
<tr>
<td>1</td>
<td>3,720</td>
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<tr>
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<td>28-29</td>
<td>5,500</td>
</tr>
<tr>
<td>30+</td>
<td>5,550</td>
</tr>
</tbody>
</table>

SECTION 7A.1.(b) The following monthly teacher salary schedule shall apply for the 2022-2023 fiscal year to licensed personnel of the public schools who are classified as teachers. The salary schedule is based on years of teaching experience.

### 2022-2023 Teacher Monthly Salary Schedule

<table>
<thead>
<tr>
<th>Years of Experience</th>
<th>&quot;A&quot; Teachers</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>3,700</td>
</tr>
<tr>
<td>1</td>
<td>3,820</td>
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<td>5</td>
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<td>12</td>
<td>4,950</td>
</tr>
<tr>
<td>13</td>
<td>5,050</td>
</tr>
</tbody>
</table>
SECTION 7A.1.(c) Salary Supplements for Teachers Paid on This Salary Schedule.

(1) Licensed teachers who have NBPTS certification shall receive a salary supplement each month of twelve percent (12%) of their monthly salary on the "A" salary schedule.

(2) Licensed teachers who are classified as "M" teachers shall receive a salary supplement each month of ten percent (10%) of their monthly salary on the "A" salary schedule.

(3) Licensed teachers with licensure based on academic preparation at the six-year degree level shall receive a salary supplement of one hundred twenty-six dollars ($126.00) per month in addition to the supplement provided to them as "M" teachers.

(4) Licensed teachers with licensure based on academic preparation at the doctoral degree level shall receive a salary supplement of two hundred fifty-three dollars ($253.00) per month in addition to the supplement provided to them as "M" teachers.

(5) Certified school nurses shall receive a salary supplement each month of ten percent (10%) of their monthly salary on the "A" salary schedule.

(6) Certified school counselors shall receive a salary supplement of eighty dollars ($80.00) per month.

(7) School psychologists shall receive a salary supplement of five hundred ($500.00) per month.

SECTION 7A.1.(d) The first step of the salary schedule for (i) school psychologists, (ii) school speech pathologists who are licensed as speech pathologists at the master's degree level or higher, and (iii) school audiologists who are licensed as audiologists at the master's degree level or higher shall be equivalent to the sixth step of the "A" salary schedule. These employees shall receive a salary supplement each month of ten percent (10%) of their monthly salary and are eligible to receive salary supplements equivalent to those of teachers for academic preparation at the six-year degree level or the doctoral degree level.

SECTION 7A.1.(e) The twenty-sixth step of the salary schedule for (i) school psychologists, (ii) school speech pathologists who are licensed as speech pathologists at the master's degree level or higher, and (iii) school audiologists who are licensed as audiologists at the master's degree level or higher shall be seven and one-half percent (7.5%) higher than the salary received by these same employees on the twenty-fifth step of the salary schedule.

SECTION 7A.1.(f) Beginning with the 2014-2015 fiscal year, in lieu of providing annual longevity payments to teachers paid on the teacher salary schedule, the amounts of those longevity payments are included in the monthly amounts under the teacher salary schedule.

SECTION 7A.1.(g) A teacher compensated in accordance with this salary schedule for the 2020-2021 and 2021-2022 year shall receive an amount equal to the greater of the following:

(1) The applicable amount on the salary schedule for the applicable school year.
(2) For teachers who were eligible for longevity for the 2013-2014 school year, the sum of the following:
   a. The salary the teacher received in the 2013-2014 school year pursuant to Section 35.11 of S.L. 2013-360.
   b. The longevity that the teacher would have received under the longevity system in effect for the 2013-2014 school year provided in Section 35.11 of S.L. 2013-360 based on the teacher’s current years of service.
   c. The annual bonus provided in Section 9.1(e) of S.L. 2014-100.

(3) For teachers who were not eligible for longevity for the 2013-2014 school year, the sum of the salary and annual bonus the teacher received in the 2014-2015 school year pursuant to Section 9.1 of S.L. 2014-100.

SECTION 7A.1.(h) As used in this section, the term “teacher” shall also include instructional support personnel.

RESTORE MASTERS PAY

SECTION 7A.2.(a) The following session laws are repealed:

(1) Section 8.22 of S.L. 2013-360.

(2) Section 8.3 of S.L. 2014-100.

SECTION 7A.2.(b). G.S. 115C-302.10 reads as rewritten:

§ 115C-302.10. Qualifications for certain education-based salary supplements.

(a) Notwithstanding Section 35.11 of S.L. 2013-360, any other provision of law, only the following teachers and instructional support personnel shall be paid on the "M" salary schedule or receive a salary supplement for academic preparation at the six-year degree level or at the doctoral degree level for the 2014-2015-2021-2022 school year and subsequent school year:

(1) Certified school nurses and instructional support personnel in positions for which a master's degree is required for licensure.

(2) Teachers and instructional support personnel who were paid on the "M" salary schedule or received that salary supplement prior to the 2014-2015 school year.

(3) Teachers and instructional support personnel who (i) complete a degree at the master's, six-year, or doctoral degree level for which they completed at least one course prior to August 1, 2013, and (ii) would have qualified for the salary supplement pursuant to State Board of Education policy, TCP-A-006, as it was in effect on June 30, 2013.

(4) Teachers who do not qualify under subdivisions (1), (2), and (3) of this section but who spend at least seventy percent (70%) of their time as follows:
   a. For teachers, in classroom instruction related to their graduate academic preparation in their field or subject area within their area of licensure. Most of the teachers' remaining time shall be spent in one or more of the following:
      1. Mentoring teachers.
      3. Writing curricula.
      4. Developing and leading staff development programs for teachers.
   b. For instructional support personnel, performing work within the employee's area of graduate academic preparation.

(b) Beginning with the 2021-2022 fiscal year and in subsequent fiscal years, for teachers who are paid on the "M" salary schedule under subdivision (4) of subsection (a) of this act, determination of whether teachers shall be paid on the "M" salary schedule or receive a salary supplement for academic preparation shall take place on an annual basis. Teachers may be moved
off the "M" salary schedule or discontinue receiving salary supplements if they are not meeting
the requirements of subdivision (4) of subsection (a) of this act in that year.

(c) Unless an individual otherwise qualifies under subdivision (2) or (3) of subsection (a)
of this section, teachers and instructional support personnel who earn an advanced degree in
school administration shall not be paid on the "M" salary schedule or receive a salary supplement
for academic preparation."

ELIMINATE REQUIREMENT THAT TEACHERS PAY FOR SUBSTITUTES

SECTION 7A.3. G.S. 115C-302.1 reads as rewritten:


…

(d) Personal Leave. – Teachers earn personal leave at the rate of .20 days for each full
month of employment not to exceed two days per year. Personal leave may be accumulated
without any applicable maximum until June 30 of each year. A teacher may carry forward to July
1 a maximum of five days of personal leave; the remainder of the teacher's personal leave shall
be converted to sick leave on June 30. At the time of retirement, a teacher may also convert
accumulated personal leave to sick leave for creditable service towards retirement.

Personal leave may be used only upon the authorization of the teacher's immediate
supervisor. A teacher shall not take personal leave on the first day the teacher is required to report
for the school year, on a required teacher workday, on days scheduled for State testing, or on the
day before or the day after a holiday or scheduled vacation day, unless the request is approved
by the principal. On all other days, if the request is made at least five days in advance, the request
shall be automatically granted subject to the availability of a substitute teacher, and the teacher
cannot be required to provide a reason for the request. Teachers may transfer personal leave days
between local school administrative units. The local school administrative unit shall credit a
teacher who has separated from service and is reemployed within 60 months from the date of
separation with all personal leave accumulated at the time of separation. Local school
administrative units shall not advance personal leave. Teachers using personal leave on teacher
workdays shall receive full salary. Teachers using personal leave on other days shall receive full
salary less the required substitute deduction. If, however, no substitute is hired for a teacher, the
substitute reduction shall be refunded to that teacher."

PRINCIPAL SALARY SCHEDULE

SECTION 7A.4.(a) The following annual salary schedule for principals shall apply
for the 2021-2022 fiscal year, beginning July 1, 2021.

2021-2022 Principal Annual Salary Schedule

<table>
<thead>
<tr>
<th>Avg. Daily Membership</th>
<th>Base</th>
<th>Met Growth</th>
<th>Exceeded Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>0-200</td>
<td>$71,531</td>
<td>$78,685</td>
<td>$85,838</td>
</tr>
<tr>
<td>201-400</td>
<td>$75,108</td>
<td>$82,618</td>
<td>$90,129</td>
</tr>
<tr>
<td>401-700</td>
<td>$78,685</td>
<td>$86,554</td>
<td>$94,422</td>
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<td>701-1,000</td>
<td>$82,261</td>
<td>$90,487</td>
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<td>1,001-1,600</td>
<td>$85,838</td>
<td>$94,421</td>
<td>$103,005</td>
</tr>
<tr>
<td>1,601+</td>
<td>$89,414</td>
<td>$98,356</td>
<td>$107,296</td>
</tr>
</tbody>
</table>

SECTION 7A.4.(b) The following annual salary schedule for principals shall apply
for the 2022-2023 fiscal year, beginning July 1, 2022.

2022-2023 Principal Annual Salary Schedule

<table>
<thead>
<tr>
<th>Avg. Daily Membership</th>
<th>Base</th>
<th>Met Growth</th>
<th>Exceeded Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>0-200</td>
<td>75,108</td>
<td>82,619</td>
<td>90,129</td>
</tr>
<tr>
<td>201-400</td>
<td>78,863</td>
<td>86,749</td>
<td>94,635</td>
</tr>
<tr>
<td>401-700</td>
<td>82,619</td>
<td>90,881</td>
<td>99,143</td>
</tr>
<tr>
<td>701-1000</td>
<td>86,374</td>
<td>95,011</td>
<td>103,649</td>
</tr>
</tbody>
</table>
SECTION 7A.4.(c) A principal's placement on the salary schedule shall be determined according to the average daily membership of the school supervised by the principal, as described in subsection (b) of this section, and the school growth scores, calculated pursuant to G.S. 115C-83.15(c), for each school the principal supervised in at least two of the prior three school years, as described in subsection (c) of this section, regardless of a break in service, and provided the principal supervised each school as a principal for at least a majority of the school year, as follows:

(1) A principal shall be paid according to the Exceeded Growth column of the schedule if the school growth scores show the school or schools exceeded expected growth in at least two of the prior three school years.

(2) A principal shall be paid according to the Met Growth column of the schedule if any of the following apply:
   a. The school growth scores show the school or schools met expected growth in at least two of the prior three school years.
   b. The school growth scores show the school or schools met expected growth in at least one of the prior three school years and exceeded expected growth in one of the prior three school years.
   c. The principal supervised a school in at least two of the prior three school years that was not eligible to receive a school growth score.

(3) A principal shall be paid according to the Base column if either of the following apply:
   a. The school growth scores show the school or schools did not meet expected growth in at least two of the prior three years.
   b. The principal has not supervised any school as a principal for a majority of the school year in at least two of the prior three school years.

SECTION 7A.4.(d) For purposes of determining the average daily membership of a principal's school in the 2021-2022 and 2022-2023 school year, placement on the schedule related to average daily membership shall be based on the average daily membership for the school from the 2019-2020 school year. If the school did not have an average daily membership in the 2019-2020 school year, the average daily membership for the school for the 2020-2021 school year shall be used. If the school did not have an average daily membership in the 2020-2021 school year, the projected average daily membership for the school for the 2021-2022 or 2022 school year shall be used.

SECTION 7A.4.(e) For purposes of determining the school growth scores for each principal in the 2021-2022 and 2022-2023 school years, placement on the schedule related to school growth scores shall be based on the placement of the principal in the 2020-2021 school year.

SECTION 7A.4.(f) Beginning with the 2017-2018 fiscal year, in lieu of providing annual longevity payments to principals paid on the principal salary schedule, the amounts of those longevity payments are included in the annual amounts under the principal salary schedule.

SECTION 7A.4.(g) A principal compensated in accordance with this section for the 2021-2022 fiscal year shall receive an amount equal to the greater of the following:

(1) The applicable amount determined pursuant to subsections (a) through (d) of this section.

(2) For principals who were eligible for longevity in the 2016-2017 fiscal year, the sum of the following:
   a. The salary the principal received in the 2016-2017 fiscal year pursuant to Section 9.1 or Section 9.2 of S.L. 2016-94.
b. The longevity that the principal would have received as provided for State employees under the North Carolina Human Resources Act for the 2016-2017 fiscal year based on the principal's current years of service.

(3) For principals who were not eligible for longevity in the 2016-2017 fiscal year, the salary the principal received in the 2016-2017 fiscal year pursuant to Section 9.1 or Section 9.2 of S.L. 2016-94.

PRINCIPAL BONUSES

SECTION 7A.5.(a) No later than October 31, 2021, the Department of Public Instruction shall administer a one-time, lump sum bonus to any qualifying principal that is equal to the amount that qualifying principal received pursuant to Section 2.4 of S.L. 2019-247.

As used in this section, the term "qualifying principal" shall refer to a principal who meets all of the following criteria:

(1) Received a bonus in the 2019-2020 fiscal year pursuant to Section 2.4 of S.L. 2019-247.

(2) Is employed as a principal in a public school as of October 1, 2021.

SECTION 7A.5.(b) The Department of Public Instruction shall administer a bonus in the 2022-2023 fiscal year to any principal who supervised a school as a principal for a majority of the previous school year if that school was in the top fifty percent (50%) of school growth in the State during the previous school year, calculated by the State Board pursuant to G.S. 115C-83.15(c), as follows:

<table>
<thead>
<tr>
<th>Statewide Growth Percentage</th>
<th>Bonus</th>
</tr>
</thead>
<tbody>
<tr>
<td>Top 5%</td>
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</tr>
<tr>
<td>Top 10%</td>
<td>$10,000</td>
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<tr>
<td>Top 15%</td>
<td>$5,000</td>
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<tr>
<td>Top 20%</td>
<td>$2,500</td>
</tr>
<tr>
<td>Top 50%</td>
<td>$1,000</td>
</tr>
</tbody>
</table>

A principal shall receive no more than one bonus pursuant to this subsection. The bonus shall be paid at the highest amount for which the principal qualifies.

SECTION 7A.5.(c) Bonuses awarded pursuant to this section shall be in addition to any regular wage or other bonus the principal receives or is scheduled to receive.

SECTION 7A.5.(d) Notwithstanding G.S. 135-1(7a), bonuses awarded pursuant to this section is not compensation under Article 1 of Chapter 135 of the General Statutes, the Teachers' and State Employees' Retirement System.

SECTION 7A.5.(e) The bonus awarded pursuant subsection (a) to this section does not apply to principals no longer employed as a principal due to resignation, dismissal, reduction in force, death, or whose last workday is prior to October 1, 2021.

SECTION 7A.5.(f) The bonus awarded pursuant subsection (b) to this section does not apply to principals no longer employed as a principal due to resignation, dismissal, reduction in force, death, or whose last workday is prior to October 1, 2022.

SECTION 7A.5.(g) It is the intent of the General Assembly that funds provided pursuant to this section will supplement principal compensation and not supplant local funds.

SECTION 7A.5.(h) The bonus provided pursuant to subsection (a) of this section shall be paid no later than October 31, 2021, to qualifying principals employed as of October 1, 2021.

SECTION 7A.5.(i) The bonus provided pursuant to subsection (b) of this section shall be paid no later than October 31, 2022, to qualifying principals employed as of October 1, 2022.
ASSISTANT PRINCIPAL SALARIES

SECTION 7A.6.(a) For the 2021-2023 fiscal biennium, assistant principals shall receive a monthly salary based on the relevant salary schedule for teachers shown in Section 7A.1(a) and 7A.1(b) who are classified as "A" teachers plus nineteen percent (19%). An assistant principal shall be placed on the step on the salary schedule that reflects the total number of years of experience as a certified employee of the public schools. For purposes of this section, an administrator with a one-year provisional assistant principal's certificate shall be considered equivalent to an assistant principal.

SECTION 7A.6.(b) Assistant principals with certification based on academic preparation at the six-year degree level shall be paid a salary supplement of one hundred twenty-six dollars ($126.00) per month and at the doctoral degree level shall be paid a salary supplement of two hundred fifty-three dollars ($253.00) per month.

SECTION 7A.6.(c) Participants in an approved full-time master's in-school administration program shall receive up to a 10-month stipend at the beginning salary of an assistant principal during the internship period of the master's program. The stipend shall 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. The Principal Fellows Program or the school of education where the intern participates in a full-time master's in-school administration program shall supply the Department of Public Instruction with certification of eligible full-time interns.

SECTION 7A.6.(d) Beginning with the 2017-2018 fiscal year, in lieu of providing annual longevity payments to assistant principals on the assistant principal salary schedule, the amounts of those longevity payments are included in the monthly amounts provided to assistant principals pursuant to subsection (a) of this section.

SECTION 7A.6.(e) An assistant principal compensated in accordance with this section for the 2021-2023 fiscal biennium shall receive an amount equal to the greater of the following:

1. The applicable amount determined pursuant to subsections (a) through (d) of this section.
2. For assistant principals who were eligible for longevity in the 2016-2017 fiscal year, the sum of the following:
   a. The salary the assistant principal received in the 2016-2017 fiscal year pursuant to Section 9.1 or Section 9.2 of S.L. 2016-94.
   b. The longevity that the assistant principal would have received as provided for State employees under the North Carolina Human Resources Act for the 2016-2017 fiscal year based on the assistant principal's current years of service.
3. For assistant principals who were not eligible for longevity in the 2016-2017 fiscal year, the salary the assistant principal received in the 2016-2017 fiscal year pursuant to Section 9.1 or Section 9.2 of S.L. 2016-94.

CENTRAL OFFICE SALARIES

SECTION 7A.7.(a) For the 2021-2022 fiscal year, beginning July 1, 2021, the annual salary for superintendents, assistant superintendents, associate superintendents, directors/coordinators, supervisors, and finance officers, whose salaries are supported from State funds, shall be increased by five percent (5%).

SECTION 7A.7.(b) It is the intent of the General Assembly to increase the annual salary for superintendents, assistant superintendents, associate superintendents, directors/coordinators, supervisors, and finance officers, whose salaries are supported from State funds, in the 2022-2023 fiscal year, beginning July 1, 2022, by two and one-half percent (2.5%).
SECTION 7A.7.(c) The monthly salary maximums that follow apply to assistant superintendents, associate superintendents, directors/coordinators, supervisors, and finance officers for the 2021-22 fiscal year, beginning July 1, 2021:

<table>
<thead>
<tr>
<th>2021-2022 Fiscal Year</th>
<th>Maximum</th>
</tr>
</thead>
<tbody>
<tr>
<td>School Administrator I</td>
<td>$6,936</td>
</tr>
<tr>
<td>School Administrator II</td>
<td>$7,377</td>
</tr>
<tr>
<td>School Administrator III</td>
<td>$7,818</td>
</tr>
<tr>
<td>School Administrator IV</td>
<td>$8,124</td>
</tr>
<tr>
<td>School Administrator V</td>
<td>$8,447</td>
</tr>
<tr>
<td>School Administrator VI</td>
<td>$8,666</td>
</tr>
<tr>
<td>School Administrator VII</td>
<td>$8,930</td>
</tr>
</tbody>
</table>

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

SECTION 7A.7.(d) The monthly salary maximums that follow apply to public school superintendents for the 2021-22 fiscal year, beginning July 1, 2021:

<table>
<thead>
<tr>
<th>2021-2022 Fiscal Year</th>
<th>Maximum</th>
</tr>
</thead>
<tbody>
<tr>
<td>Superintendent I</td>
<td>$9,864</td>
</tr>
<tr>
<td>Superintendent II</td>
<td>$10,452</td>
</tr>
<tr>
<td>Superintendent III</td>
<td>$11,079</td>
</tr>
<tr>
<td>Superintendent IV</td>
<td>$11,744</td>
</tr>
<tr>
<td>Superintendent V</td>
<td>$12,452</td>
</tr>
</tbody>
</table>

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

SECTION 7A.7.(e) Longevity pay for superintendents, assistant superintendents, associate superintendents, directors/coordinators, supervisors, and finance officers shall be as provided for State employees under the North Carolina Human Resources Act.

SECTION 7A.7.(f) Superintendents, assistant superintendents, associate superintendents, directors/coordinators, supervisors, and finance officers with certification based on academic preparation at the six-year degree level shall receive a salary supplement of one hundred twenty-six dollars ($126.00) per month in addition to the compensation provided pursuant to this section. Superintendents, assistant superintendents, associate superintendents, directors/coordinators, supervisors, and finance officers with certification based on academic preparation at the doctoral degree level shall receive a salary supplement of two hundred fifty-three dollars ($253.00) per month in addition to the compensation provided for under this section.

SECTION 7A.7.(g) The State Board of Education shall not permit local school administrative units to transfer State funds from other funding categories for salaries for public school central office administrators.

SECTION 7A.7.(h) It is the intent of the General Assembly that the monthly salary maximums that follow shall apply to assistant superintendents, associate superintendents, directors/coordinators, supervisors, and finance officers for the 2022-23 fiscal year, beginning July 1, 2022:

<table>
<thead>
<tr>
<th>2022-2023 Fiscal Year</th>
<th>Maximum</th>
</tr>
</thead>
<tbody>
<tr>
<td>School Administrator I</td>
<td>$6,936</td>
</tr>
<tr>
<td>School Administrator II</td>
<td>$7,377</td>
</tr>
<tr>
<td>School Administrator III</td>
<td>$7,818</td>
</tr>
<tr>
<td>School Administrator IV</td>
<td>$8,124</td>
</tr>
<tr>
<td>School Administrator V</td>
<td>$8,447</td>
</tr>
<tr>
<td>School Administrator VI</td>
<td>$8,666</td>
</tr>
<tr>
<td>School Administrator VII</td>
<td>$8,930</td>
</tr>
</tbody>
</table>
School Administrator I  
$7,137

School Administrator II  
$7,562

School Administrator III  
$8,014

School Administrator IV  
$8,327

School Administrator V  
$8,658

School Administrator VI  
$8,882

School Administrator VII  
$9,538.

SECTION 7A.7.(i) It is the intent of the General Assembly that the monthly salary maximums that follow shall apply to public school superintendents for the 2022-23 fiscal year, beginning July 1, 2022:

<table>
<thead>
<tr>
<th>Superintendent I</th>
<th>$10,110</th>
</tr>
</thead>
<tbody>
<tr>
<td>Superintendent II</td>
<td>$10,713</td>
</tr>
<tr>
<td>Superintendent III</td>
<td>$11,356</td>
</tr>
<tr>
<td>Superintendent IV</td>
<td>$12,038</td>
</tr>
<tr>
<td>Superintendent V</td>
<td>$12,763</td>
</tr>
</tbody>
</table>

NONCERTIFIED PERSONNEL SALARIES

SECTION 7A.8.(a) For the 2021-2022 fiscal year, beginning July 1, 2021, the annual salary for noncertified public school employees whose salaries are supported from State funds shall be increased as follows:

(1) For permanent, full-time employees on a 12-month contract, by five percent (5%).

(2) For the following employees, by a prorated and equitable amount based on the amount specified in subdivision (1) of this subsection:
   a. Permanent, full-time employees on a contract for fewer than 12 months.
   b. Permanent, part-time employees.
   c. Temporary and permanent hourly employees.

SECTION 7A.8.(b) It is the intent of the General Assembly to increase the annual salary for noncertified public school employees whose salaries are supported from State funds in the 2022-23 fiscal year, beginning July 1, 2022, as follows:

(1) For permanent, full-time employees on a 12-month contract, by two and one half percent (2.5%).

(2) For the following employees, by a prorated and equitable amount based on the amount specified in subdivision (1) of this subsection:
   a. Permanent, full-time employees on a contract for fewer than 12 months.
   b. Permanent, part-time employees.
   c. Temporary and permanent hourly employees.

$15 PER HOUR FOR NONCERTIFIED PERSONNEL SALARIES

SECTION 7A.9.(a) The hourly rate of the minimum salary for all noncertified public school employees shall be at least fifteen dollars ($15.00) per hour. The State Board of Education shall increase the minimum of all salary grades and ranges it maintains for noncertified public school employees, as necessary, to achieve a minimum hourly rate of at least fifteen dollars ($15.00) per hour.

SECTION 7A.9.(b) Funds provided to local school administrative units pursuant to this act may be used to supplement the salaries of noncertified public school employees whose salaries are supported from non-State funds to meet the minimum hourly rate of at least fifteen
dollars ($15.00) per hour required by subsection (a) of this section. These funds shall not be used to supplant State or non-State funds already provided for salaries of noncertified public school employees.

PART VIII. THE UNIVERSITY OF NORTH CAROLINA SYSTEM

UNC/ESCHEATS FUND FOR STUDENT FINANCIAL AID PROGRAMS

SECTION 8.1.(a) The funds appropriated by this act from the Escheat Fund for the 2021-2023 fiscal biennium for student financial aid shall be allocated in accordance with G.S. 116B-7. Notwithstanding any other provision of Chapter 116B of the General Statutes, if the interest income generated from the Escheat Fund is less than the amounts referenced in this act, the difference may be taken from the Escheat Fund principal to reach the appropriations referenced in this act; however, under no circumstances shall the Escheat Fund principal be reduced below the sum required in G.S. 116B-6(f). If any funds appropriated from the Escheat Fund by this act for student financial aid remain uncommitted aid as of the end of a fiscal year, the funds shall be returned to the Escheat Fund, but only to the extent the funds exceed the amount of the Escheat Fund income for that fiscal year.

SECTION 8.1.(b) The State Education Assistance Authority (SEAA) shall conduct periodic evaluations of expenditures of the student financial aid programs administered by SEAA to determine if allocations are utilized to ensure access to institutions of higher learning and to meet the goals of the respective programs. The SEAA may make recommendations for redistribution of funds to the President of The University of North Carolina and the President of the Community College System regarding their respective student financial aid programs, who then may authorize redistribution of unutilized funds for a particular fiscal year.

UNC CARRYFORWARD

SECTION 8.2. G.S. 116-30.3 reads as rewritten:

"§ 116-30.3. Reversions.

(a) Of the General Fund current operations appropriations credit balance remaining at the end of each fiscal year in each of the budget codes listed in this subsection, any amount of the General Fund appropriation for that budget code for that fiscal year (i) may be carried forward to the next fiscal year in that budget code, (ii) is appropriated in that budget code, and (iii) may be used for any of the purposes set out in subsection (f) of this section. However, the amount carried forward in each budget code under this subsection shall not exceed two and one-half percent (2.5%) five percent (5.0%) of the General Fund appropriation in that budget code. The Director of the Budget, under the authority set forth in G.S. 143C-6-2, shall establish the General Fund current operations credit balance remaining in each budget code.

(f) Funds carried forward pursuant to subsection (a) of this section shall be used for projects that are eligible to receive funds under G.S. 143C-8-13(a). Expenditures authorized by this subsection one-time expenditures, provided, however, that the expenditures shall not impose additional financial obligations on the State and shall not be used to support positions."

EDUCATOR PREPARATION/RECRUITMENT/EFFECTIVENESS REPORT CONSOLIDATION

SECTION 8.3.(a) Report on Number of School Administrators. – G.S. 116-74.21(c) is repealed.

SECTION 8.3.(b) Future Teachers of North Carolina Report. – G.S. 116-41.32 is repealed.

SECTION 8.3.(c) G.S. 116-11 reads as rewritten:

The Board of Governors shall provide a comprehensive annual report on teacher-educator education efforts at The University of North Carolina. The report shall include information about teacher-educator education and recruitment, 2+2 initiatives, distance education programs focused on teacher education, and professional development programs for teachers and school administrators. Recruitment. The teacher-educator education report shall be due on October 15 of each year to the Joint Legislative Education Oversight Committee and Committee. The Board shall provide a copy of the report to the State Board of Education."

ELIMINATE STATE AGENCY REPORTING ON CAPITAL PROJECTS
SECTION 8.4. Section 36.7(b) of S.L. 2017-57, as amended by Section 24(a) of S.L. 2018-142, is repealed.

ELIMINATE REPORT ON UNC SYSTEM PRESIDENT'S STRATEGIC INITIATIVE RESERVE FUNDS FOR SPECIAL PROJECTS
SECTION 8.5. The University of North Carolina System Office shall not be required to submit an annual report to the Joint Legislative Education Oversight Committee on the use of funds from the University of North Carolina President's Strategic Initiative Reserve, but shall make this information available upon request to the Fiscal Research Division of the General Assembly.

ELIMINATE UNC ENROLLMENT GROWTH PROJECTION REPORT
SECTION 8.6. G.S. 116-30.7 is repealed.

COLLEGE ADVISING CORPS
SECTION 8.7(a) Purpose of the College Advising Corps Program. – From the funds appropriated by this act for the 2021-2023 fiscal biennium to the Board of Governors of The University of North Carolina for the College Advising Corps program, the Board of Governors shall provide a directed grant to the National College Advising Corps, Inc. (CAC) to support an expansion of the placement of college advisers in North Carolina public schools through their program. CAC is a college access nonprofit organization with the mission to increase the number of underrepresented, low-income, or first-generation postsecondary degree or certificate students entering and completing their postsecondary education at community colleges and universities. In furthering this mission, CAC operates an innovative model of partnering with schools, communities, families, and postsecondary institutions, including providing for a two-year service opportunity to recent college graduates as near-peer college advisers working full-time in the public schools, with an emphasis on engaging college advisers who have similar backgrounds to the students the program seeks to serve. Near-peer college advisers perform various services for those students that are key components to the proven success of the program, including (i) attending postsecondary campus visits, fairs, and workshops with students, (ii) assisting with registering for college entrance exams, (iii) assisting with Free Application for Federal Student Aid (FAFSA) registrations and completions, (iv) identifying available scholarships, (v) assisting with postsecondary applications, and (vi) engaging with parents.

SECTION 8.7(b) Matching Funds. – Funds made available to CAC pursuant to this section shall be matched by CAC on the basis of two dollars ($2.00) in non-State funds for every one dollar ($1.00) in State funds. Availability of these matching funds shall not revert, but shall continue to be available for the purposes set forth in this section.

SECTION 8.7(c) Use of Funds. – CAC shall focus the first two years of the expansion of its program using the funds provided to it under this section by placing college
advisers in counties designated as Tier 1 and Tier 2. In subsequent years, CAC shall use the funds provided to it to place college advisers in the remaining counties designated as Tier 3 in order to achieve placement of college advisers in all 100 counties of the State. In addition, CAC shall select at least three additional postsecondary institutions to partner with in order to increase the number of recent graduates working as near-peer college advisers to meet the needs of the program expansion. Once CAC has reached the goal of placement of college advisers in 100 counties, the funds provided to it for the program shall be used to continue the mission of the program to increase access for North Carolina public school students to postsecondary degree or certificate attainment at community colleges and universities.

SECTION 8.7.(d) Reporting Requirements. – CAC shall submit a report by June 1 of each year in which CAC spends State funds made available to it pursuant to this section to the Joint Legislative Education Oversight Committee, the Fiscal Research Division, and the Office of State Budget and Management on the progress of expanding the placement of college advisers, data on the effectiveness of the program in increasing access for students to postsecondary education, and the use of State funds.

PART VIII-A. UNIVERSITY/STATE EDUCATION ASSISTANCE AUTHORITY

MODIFY IN-STATE TUITION FOR CERTAIN VETERANS AND OTHER INDIVIDUALS

SECTION 8A.1. G.S. 116-143.3A reads as rewritten:

"§ 116-143.3A. Waiver of 12-month residency requirement for certain veterans and other individuals.

…

(b) Waiver of 12-month residency requirement for certain veterans and other Certain Individuals. – Any veteran, dependent of a veteran, or other individual who qualifies for admission to an institution of higher education as defined in G.S. 116-143.1(a)(3) is eligible to be charged the in-State tuition rate and applicable mandatory fees for enrollment, to the extent required by Section 702 of the Veterans Access, Choice, and Accountability Act of 2014, as amended, 38 U.S.C. § 3679, the Veterans Health Care and Benefits Improvement Act of 2020, without satisfying the 12-month residency requirement under G.S. 116-143.1, provided the individual meets all of the following criteria:

…

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

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

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

…

(d) After the expiration of the three-year period following discharge as described in 38 U.S.C. § 3679(e), any enrolled individual who is eligible for in-State tuition under this section shall continue to be eligible for the in-State tuition rate so long as the covered individual remains continuously enrolled (other than during regularly scheduled breaks between courses, quarters, terms, or semesters) at that institution of higher education.

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

OPPORTUNITY SCHOLARSHIPS/ELIMINATE STATUTORY INCREASE

SECTION 8A.2.(a) G.S. 115C-562.1 reads as rewritten:

"§ 115C-562.1. Definitions.
The following definitions apply in this Part:

(3) Eligible students. – A student residing in North Carolina who has not yet received a high school diploma and who meets all of the following requirements:

a. Meets one of the following criteria: Received a scholarship grant during the previous school year.
   1. Was a full-time student (i) assigned to and attending a public school pursuant to G.S. 115C-366 or (ii) enrolled in a Department of Defense Elementary and Secondary School, established pursuant to 10 U.S.C. § 2164 and located in North Carolina, during the previous semester.
   2. Received a scholarship grant during the previous school year.
   3. Is entering either kindergarten or the first grade.
   4. Is a child in foster care as defined in G.S. 131D-10.2(9).
   5. Is a child whose adoption decree was entered not more than one year prior to submission of the scholarship grant application.
   6. Is a child whose parent or legal guardian is on full-time duty status in the active uniformed service of the United States, including members of the National Guard and Reserve on active duty orders pursuant to 10 U.S.C. § 12301, et seq., and 10 U.S.C. § 12401, et seq.

a1. Has not enrolled in a postsecondary institution in a matriculated status eligible for enrollment for 12 hours of academic credit.

b. Resides in a household with an income level not in excess of one hundred thirty-three percent (150%) of the amount required for the student to qualify for the federal free or reduced-price lunch program. The Authority shall not count any distribution from the estate of a decedent in calculating the income level of the applicant’s household for the purposes of determining eligibility for a scholarship under this sub-division."

SECTION 8A.2.(b) G.S. 115C-562.8(b) is repealed.

SECTION 8A.2.(c) The State Education Assistance Authority shall not award scholarship funds to new recipients pursuant to Part 2A of Article 39 of Subchapter X of Chapter 115C of the General Statutes after the 2020-2021 academic year.

SECTION 8A.2.(d) G.S. 115C-112.6 is amended by adding a new subsection to read:

"(c1) Academic Assessment. – A nonpublic school that accepts eligible students receiving scholarship funds shall academically assess students on an annual basis for each school year at the same grade levels as required by the State Board of Education for students in the public schools pursuant to G.S. 115C-174.11(c)(1). An eligible student awarded scholarship funds who is enrolled in a nonpublic school shall participate in the academic assessments to maintain eligibility for receipt of the scholarship funds.

Assessment data shall be retained by the nonpublic school for a five-year period and shall be subject to audit by the Authority to ensure compliance with this subsection. Assessment data shall be provided to the parent or guardian of an eligible student, whose tuition and fees are paid in whole or in part with scholarship funds, with an annual written explanation of the student's progress, including the results of the student's academic assessment. If an eligible student received an academic assessment pursuant to G.S. 115C-593.5 for a school year, the academic assessment may be used to meet the requirements of this subsection. Nothing in this subsection
shall be deemed to prohibit a nonpublic school from administering assessments at other grade
levels for its own purposes."

SECTION 8A.2.(e) G.S. 115C-112.8(b) is amended by adding a new subdivision to
read:

"(6) Information on the compliance with the academic assessment requirement
pursuant to G.S. 115C-112.6(c1)."

SECTION 8A.2.(f) G.S. 115C-562.2 is amended by adding a new subsection to read:

"(c1) An eligible student awarded a scholarship grant shall participate in administration of
examinations required by G.S. 115C-562.5 to maintain eligibility for receipt of the scholarship
grant."

SECTION 8A.2.(g) G.S. 115C-562.5 reads as rewritten:

"§ 115C-562.5. Obligations of nonpublic schools accepting eligible students receiving
scholarship grants.

(a) A nonpublic school that accepts eligible students receiving scholarship grants shall
comply with the following:

(1) Provide to the Authority documentation for required tuition and fees charged
to the student by the nonpublic school.

(2) Provide to the Authority a criminal background check conducted for the staff
member with the highest decision-making authority, as defined by the bylaws,
articles of incorporation, or other governing document, to ensure that person
has not been convicted of any crime listed in G.S. 115C-332.

(3) Provide to the parent or guardian of an eligible student, whose tuition and fees
are paid in whole or in part with a scholarship grant, an annual written
explanation of the student's progress, including the student's scores on
standardized achievement tests.

(4) Administer, at least once in each school year, a nationally standardized test or
other nationally standardized equivalent measurement selected by the chief
administrative officer of the nonpublic school the assessments and tests
required by the State Board of Education for public schools to comply with
federal law according to grade level pursuant to G.S. 115C-174.11(c)(1) to all
eligible students whose tuition and fees are paid in whole or in part with a
scholarship grant enrolled in grades three and higher. The nationally
standardized test or other equivalent measurement selected must measure
achievement in the areas of English grammar, reading, spelling, and
mathematics. Test performance data shall be submitted to the Authority by
July 15 of each year and retained by the nonpublic school for a five-year
period and shall be subject to audit by the Authority to ensure compliance with
this subdivision and for the purposes of the evaluation required by
G.S. 115C-562.7A. Test performance data reported to the Authority or audited
or collected for evaluation purposes by the Authority under this subdivision is
not a public record under Chapter 132 of the General Statutes. Nothing in this
subdivision shall be deemed to prohibit a nonpublic school from administering
other standardized tests or tests at other grade levels for its own purposes.

(5) Provide to the Authority graduation rates of the students receiving scholarship
grants in a manner consistent with nationally recognized standards.

(6) Contract with a certified public accountant to perform a financial review,
consistent with generally accepted accounting principles, for each school year
in which the school accepts students receiving more than three hundred
thousand dollars ($300,000) one hundred thousand ($100,000) in scholarship
grants awarded under this Part.
(b) A nonpublic school that accepts students receiving scholarship grants shall not require any additional fees based on the status of the student as a scholarship grant recipient.

(c) A nonpublic school enrolling more than 25 students whose tuition and fees are paid in whole or in part with a scholarship grant shall report to the Authority on the aggregate standardized test on individual student standardized test performance data performance of eligible students under subsection (4) of this section. Aggregate test performance data reported to the Authority which does not contain personally identifiable student data shall be a public record under Chapter 132 of the General Statutes. Test performance data may be shared with public or private institutions of higher education located in North Carolina and shall be provided to an independent research organization selected by the Authority for research purposes as permitted by the Federal Education Rights and Privacy Act, 20 U.S.C. § 1232g.

“...."

TEACHING FELLOWS EXPANSION

SECTION 8A.3.(a) G.S. 116-209.60 reads as rewritten:

"§ 116-209.60. Definitions.

The following definitions apply in this Part:

(2) Director. – The Director of the North Carolina Teaching Fellows Program.
(3) Forgivable loan. – A forgivable loan made under the Program.
(4) Program. – The North Carolina Teaching Fellows Program.
(5) Public school. – An elementary or secondary school located in North Carolina that is governed by a local board of education, charter school board of directors, regional school board of directors, or University of North Carolina laboratory school board of trustees.
(6) STEM. – Science, technology, engineering, and mathematics.
(7) Trust Fund. – The North Carolina Teaching Fellows Program Trust Fund."

SECTION 8A.3.(b) G.S. 116-209.62 reads as rewritten:

"§ 116-209.62. North Carolina Teaching Fellows Program established; administration.

(a) Program. – There is established the North Carolina Teaching Fellows Program to be administered by the System Office of The University of North Carolina, in conjunction with the Authority and the Commission. The purpose of the Program is to recruit, prepare, and support students residing in or attending institutions of higher education located in North Carolina for preparation as highly effective STEM or special education teachers in the State's public schools. The Program shall be used to provide a forgivable loan to individuals interested in preparing to teach in the public schools of the State in STEM or special education licensure areas.

(b) Trust Fund. – There is established the North Carolina Teaching Fellows Program Trust Fund to be administered by the Authority, in conjunction with the System Office of The University of North Carolina. All funds (i) appropriated to, or otherwise received by, the Program for forgivable loans and other Program purposes, (ii) received as repayment of forgivable loans, and (iii) earned as interest on these funds shall be placed in the Trust Fund. The purpose of the Trust Fund is to provide financial assistance to qualified students for completion of teacher education and licensure programs to fill STEM or special education licensure areas teaching positions in the public schools of the State.

(d) Director of the Program. – The Board of Governors of The University of North Carolina shall appoint a Director of the Program. The Director shall appoint staff to the Commission and shall be responsible for recruitment and coordination of the Program, including proactive, aggressive, and strategic recruitment of potential recipients. The Commission shall make an effort to identify and encourage students of color and students who may not otherwise consider a career in teaching to enter the program. Recruitment activities shall include a
broad-based effort (i) targeting regions of the State with the highest teacher attrition rates and
teacher recruitment challenges, and (ii) actively engaging with educators, business
leaders, experts in human resources, elected officials, and other community leaders throughout
the State, and (iii) attracting candidates in STEM and special education licensure areas to the
Program. State to attract a diverse pool of applicants. The Director shall report to the President
of The University of North Carolina. The Authority shall provide office space and clerical
support staff, as necessary, to the Director for the Program.

(e) Student Selection Criteria for Forgivable Loans. – The Commission shall adopt
stringent standards for awarding forgivable loans based on multiple measures to ensure that only
the strongest applicants receive them, including the following:

(1) Grade point averages.

(2) Performance on relevant career and college readiness assessments.

(3) Experience, accomplishments, and other criteria demonstrating qualities
positively correlated with highly effective teachers, including excellent verbal
and communication skills.

(4) Demonstrated commitment to serve in a STEM or special education licensure
area in North Carolina public schools.

(f) Program Selection Criteria. – The Authority shall administer the Program in
cooperation with up to eight institutions any institution of higher education with approved a State
Board of Education-approved educator preparation programs program selected by the
Commission that represent a diverse selection of both postsecondary constituent institutions of
The University of North Carolina and private postsecondary institutions operating in the State.
The Commission shall adopt stringent standards for selection of the most effective educator
preparation programs, including the following:

(1) Demonstrates high rates of educator effectiveness on value-added models and
teacher evaluations, including using performance based, subject specific
assessment and support systems, such as edTPA or other metrics of evaluating
candidate effectiveness that have predictive validity.

(2) Demonstrates measurable impact of prior graduates on student learning,
including impact of graduates teaching in STEM or special education
licensure areas.

(3) Demonstrates high rates of graduates passing exams required for teacher
licensure.

(4) Provides curricular and co-curricular enhancements in leadership, facilitates
learning for diverse learners, and promotes community engagement,
classroom management, and reflection and assessment.

(5) Requires at least a minor concentration of study in the subject area that the
candidate may teach.

(6) Provides early and frequent internship or practical experiences, including the
opportunity for participants to perform practicums in diverse school
environments.

(7) Is approved by the State Board of Education as an educator preparation
program.

(g) Awards of Forgivable Loans. – The Program shall provide forgivable loans to selected
students to be used at the up to eight selected institutions for completion of a program leading to
initial teacher licensure as follows:

...
anticipated teachers in that area of licensure. The Commission shall make the list of STEM and
special education licensure areas readily available to applicants.

... Annual Report. – The Commission, in coordination with the Authority, the
Department of Public Instruction, and the selected participating educator education programs
participating in the Program shall report no later than January 1, 2019, and annually thereafter,
to the Joint Legislative Education Oversight Committee regarding the following:

(1) Forgivable loans awarded from the Trust Fund, including the following:
   a. Demographic information regarding recipients.
   b. Number of recipients by institution of higher education and program.
   c. Information on number of recipients by anticipated STEM and special
      education licensure area.

(2) Placement and repayment rates, including the following:
   a. Number of graduates who have been employed in a STEM or special
      education North Carolina public school by licensure area within two
      years of program completion.
   b. Number of graduates who accepted employment at a low-performing
      school identified under G.S. 115C-105.37 as part of their years of
      service.
   c. Number of graduates who have elected to do loan repayment and their
      years of service, if any, prior to beginning loan repayment.
   d. Number of graduates employed in a STEM or special education by
      licensure area who have received an overall rating of at least
      accomplished and have met expected growth on applicable standards
      of the teacher evaluation instrument.
   e. Aggregate information on student growth and proficiency in courses
      taught by graduates who have fulfilled service requirements through
      employment in a STEM or special education licensure area.

(2a) Mentoring and coaching support through the North Carolina New Teacher
      Support Program, including the following:
     a. Number of forgivable loan recipients who received mentoring and
        coaching support when employed at a low-performing school
        identified under G.S. 115C-105.37.
     b. Number of forgivable loan recipients who received mentoring and
        coaching support when employed at a school not identified as
        low-performing under G.S. 115C-105.37.

(3) Selected school outcomes by program, including the following:
   a. Turnover rate for forgivable loan graduates, including the turnover rate
      for graduates who also received mentoring and coaching support
      through the North Carolina New Teacher Support Program.
   b. Aggregate information on student growth and proficiency as provided
      annually by the State Board of Education to the Commission in courses
      taught by forgivable loan graduates.
   c. Fulfillment rate of forgivable loan graduates."

SECTION 8A.3.(c) G.S.116-209.63(b) reads as rewritten:

"(b) Forgiveness. – The Authority shall forgive the loan and any interest accrued on the
loan if, within 10 years after graduation from a program leading to teacher licensure, exclusive
of any authorized deferment for extenuating circumstances, the recipient serves as a teacher in a
STEM or special education licensure area, as provided in G.S. 116-209.62(h), for every
year the teacher was awarded the forgivable loan, in any combination of the following:
(1) One year at a North Carolina public school identified as low-performing under G.S. 115C-105.37 at the time the teacher accepts employment at the school or, if the teacher changes employment during this period, at another school identified as low-performing.

(2) Two years at a North Carolina public school not identified as low-performing under G.S. 115C-105.37.

PART IX. HEALTH AND HUMAN SERVICES

PART IX-A. AGING AND ADULT SERVICES

STATE-COUNTY SPECIAL ASSISTANCE

SECTION 9A.1.(a) For each year of the 2021-2023 fiscal biennium, the maximum monthly rate for residents in adult care home facilities shall be one thousand one hundred eighty-two dollars ($1,182) per month per resident.

SECTION 9A.1.(b) For each year of the 2021-2023 fiscal biennium, the maximum monthly rate for residents in Alzheimer's/Dementia special care units shall be one thousand five hundred fifteen dollars ($1,515) per month per resident.

INCREASE IN STATE-COUNTY SPECIAL ASSISTANCE PERSONAL NEEDS ALLOWANCE

SECTION 9A.2.(a) Effective October 1, 2021, the Department of Health and Human Services, Division of Aging and Adult Services shall increase the personal needs allowance under the State-County Special Assistance program from forty-six dollars ($46.00) per month per recipient to seventy dollars ($70.00) per month per recipient.

SECTION 9A.2.(b) Effective January 1, 2022, the personal needs allowance will be indexed to the COLA issued by the Social Security Commission effective January 1st of the respective year; this increase will be offset by the reduction in the payment amount due to the increase in countable income.

SECTION 9A.2.(c) Effective October 1, 2021, and notwithstanding the increase in the personal needs allowance authorized by subsections (a) and (b) of this section or any other provision of law to the contrary, the following limits are applicable for determining financial eligibility for State-County Special Assistance:

(1) The total countable monthly income for individuals residing in adult care home facilities shall not exceed one thousand two hundred twenty-eight dollars ($1,228) per month.

(2) The total countable monthly income for individuals residing in Alzheimer's/Dementia special care units shall not exceed one thousand five hundred sixty-one dollars ($1,561) per month.

AUTHORIZATION FOR SECRETARY OF DHHS TO RAISE THE MAXIMUM NUMBER OF STATE-COUNTY SPECIAL ASSISTANCE IN-HOME PAYMENTS

SECTION 9A.3. Notwithstanding the provisions of G.S. 108A-47.1 or any other provision of law to the contrary, and within existing appropriations for State-County Special Assistance, the Secretary of the Department of Health and Human Services may waive the fifteen percent (15%) cap on the number of Special Assistance in-home payments, as the Secretary deems necessary.

ADULT PROTECTIVES SERVICES ESSENTIAL SERVICES FUND

SECTION 9A.4.(a) Effective July 1, 2021, the sum of two million dollars ($2,000,000) in recurring funds is appropriated to establish the Adult Protective Services
Essential Services Fund to the Department of Health and Human Services, Division of Aging and Adult Services to be used for the provision of protective services for adults for whom the need for protective services has been substantiated by the county department of social services. The funds shall be used when no other funds or services are available to provide the services in the least restrictive setting.

SECTION 9A.4.(b) Essential Services are defined in Article 6, of Chapter 108A of the General Statutes. The words "essential services" shall refer to those social, medical, psychiatric, psychological, or legal services necessary to safeguard the disabled adult's rights and resources and to maintain the physical or mental well-being of the individual. These services shall include, but not be limited to, the provision of medical care for physical and mental health needs, assistance in personal hygiene, food, clothing, adequately heated and ventilated shelter, protection from health and safety hazards, protection from physical mistreatment, and protection from exploitation.

SECTION 9A.4.(c) Based on items in subsection (b) of this section, the Department of Health and Human Services, Division of Aging and Adult Services shall develop a detailed list of acceptable uses of the fund.

SECTION 9A.4.(d) Funds will be allocated to local departments of social services based on the following formula:

1. Percentage of substantiated cases.
2. Quartile Poverty Level rank.
3. Percentage of 60 plus population rank.

PART IX-B. CENTRAL MANAGEMENT AND SUPPORT

FUNDS FOR NORTH CAROLINA FAMILIES ACCESSING SERVICES THROUGH TECHNOLOGY (NC FAST)

SECTION 9B.1.(a) Of the funds appropriated in this act to the Department of Health and Human Services, Division of Central Management and Support, the sum of twenty nine million fifty seven thousand three hundred and twenty nine dollars ($29,057,329) in nonrecurring funds for the 2021-2022 fiscal year and thirty two million four hundred seventy eight thousand eight hundred and thirty four dollars ($32,478,834) in nonrecurring funds for the 2022-2023 fiscal year shall be used to match federal funds to implement the augmentation and enhancement strategy of Child Welfare Services as recommended by PED and Gartner studies and modernize the Platform, Infrastructure, and Architecture components of the North Carolina Families Accessing Services through Technology (NC FAST) application. The Department shall report any changes in approved federal funding or federal match rates within 30 days after the change to the Joint Legislative Oversight Committee on Health and Human Services, the Joint Legislative Oversight Committee on Information Technology, and the Fiscal Research Division.

Departmental receipts appropriated in this act in the sum of sixteen million eight hundred forty-two thousand five hundred and seventy-two dollars ($16,842,572) for the 2021-2022 fiscal year and twenty four million nine hundred forty seven thousand and seventy dollars ($24,947,070) for the 2022-2023 fiscal year shall be used to implement the components of the NC FAST project described in this subsection.

SECTION 9B.1.(b) Of the funds appropriated in this act to the Department of Health and Human Services, Division of Central Management and Support, the sum of twenty million three hundred twenty six thousand nine hundred and fifty two dollars ($22,326,952) in recurring funds for the 2021-2022 and 2022-2023 fiscal year and ten million six hundred five thousand nine hundred and eighty eight dollars ($10,605,888) in nonrecurring funds for the 2021-2022 fiscal year and five million eight hundred seventy six thousand eight hundred and six dollars ($5,876,806) in nonrecurring funds for the 2022-2023 fiscal year shall be used to provide ongoing maintenance and operations for the NC FAST system, including the remaining Medicaid
Transformation initiative and the creation of 4 full-time equivalent positions for the 2021-2022 fiscal year and 2022-2023 fiscal year. Departmental receipts appropriated in this act in the sum of sixty eight million seventy nine thousand two hundred and fourteen ($68,079,214) for the 2021-2022 fiscal year and in the sum of fifty eight million six hundred forty five thousand one hundred and fifteen dollars ($58,645,115) for the 2022-2023 fiscal year shall be used for the purposes specified in this subsection.

COMMUNITY HEALTH GRANT PROGRAM CHANGES

SECTION 9B.2.(a) Of the funds appropriated in this act to the Department of Health and Human Services, Division of Central Management and Support, Office of Rural Health, for Community Health Grants, the sum of seven million five hundred thousand dollars ($7,500,000) in recurring funds for the 2021-2022 fiscal year and the sum of seven million five hundred thousand dollars ($7,500,000) in recurring funds for the 2022-2023 fiscal year shall be used as follows:

1. Up to two hundred thousand dollars ($200,000) in recurring funds for each fiscal year of the 2021-2023 fiscal biennium shall be used to maintain four permanent, full-time equivalent positions within the Office of Rural Health to support administration of the Community Health Grant Program.

2. Up to two hundred thousand dollars ($200,000) in recurring funds for each fiscal year of the 2021-2023 fiscal biennium may be used for administrative purposes.

3. At least six million nine hundred fifty thousand dollars ($6,950,000) in recurring funds for each fiscal year of the 2021-2023 fiscal biennium shall be used to award grants on a competitive basis to free and charitable clinics, federally qualified health centers, State-designated rural health centers, local health departments, school-based health centers, and other nonprofit organizations that (i) provide primary and preventative medical services to uninsured or medically indigent patients and (ii) serve as a medical home to these vulnerable populations, in order to accomplish any of the following purposes:

   a. Increase access to primary care and preventative health services for these vulnerable populations in existing primary care locations.

   b. Establish primary care and preventative health services in counties where no such services exist to serve these vulnerable populations.

   c. Create new services, sustain existing service levels, or augment existing services provided to these vulnerable populations, including primary care and preventative health services and including dental, pharmacy, and behavioral health services when integrated into the medical home.

   d. Increase primary care capacity to serve these vulnerable populations, including enhancing or replacing facilities, equipment, or technologies necessary to participate in the exchange of data and tools to monitor and improve the quality of care provided.

SECTION 9B.2.(b) The Office of Rural Health shall work with the North Carolina Community Health Center Association, the North Carolina Association of Local Health Directors, the North Carolina Association of Free and Charitable Clinics, the North Carolina School-Based Health Alliance, and other organizations representing eligible grant recipients to establish a Primary Care Advisory Committee to develop an objective and equitable process for grading applications for grants funded by this section and making recommendations to the Office of Rural Health for the award of grants funded by this section.
The Office of Rural Health shall make the final decision about awarding grants funded by this section. In awarding grants, the Office of Rural Health shall consider the availability of other funds for the applicant; the incidence of poverty in the area served by the applicant or the number of indigent clients served by the applicant; the availability of, or arrangements for, after-hours care; and collaboration between the applicant and a community hospital or other safety-net organizations.

**SECTION 9B.2.(c)** Grant recipients shall not use these funds to do any of the following:

1. Enhance or increase compensation or other benefits of personnel, administrators, directors, consultants, or any other persons receiving funds for program administration; provided, however, funds may be used to hire or retain health care providers. The use of grant funds for this purpose does not oblige the Department of Health and Human Services to continue to fund compensation beyond the grant period.

2. Supplant existing funds, including federal funds traditionally received by federally qualified community health centers. However, grant funds may be used to supplement existing programs that serve the purposes described in subsection (a) of this section.

3. Finance or satisfy any existing debt.

**SECTION 9B.2.(d)** The Office of Rural Health shall develop a standardized method for grant recipients to report objective, measurable quality health outcomes and shall require grant recipients to report these quality health outcomes to the Department. Beginning recipients of grant funds shall annually provide to the Office of Rural Health a written report detailing the number of patients that are cared for, the types of services that were provided, quality measures and outcomes, and any other information requested by the Office of Rural Health as necessary for evaluating the success of the Community Health Grant Program.

**SECTION 9B.2.(e)** Of the funds appropriated in this act to the Department of Health and Human Services, Division of Central Management and Support, Office of Rural Health, for the Community Health Grant Program, the sum of up to one hundred fifty thousand dollars ($150,000) in recurring funds for each fiscal year of the 2021-2023 fiscal biennium shall be used to match federal funds to provide to safety net providers eligible to participate in the Community Health Grant Program, through the Rural Health Technology Team, ongoing training and technical assistance with respect to health information technology, the adoption of electronic health records, and the establishment of connectivity to the State's health information exchange network known as NC HealthConnex.

**COMPETITIVE GRANTS/NONPROFIT ORGANIZATIONS**

**SECTION 9B.3.(a)** Of the funds appropriated in this act to the Department of Health and Human Services, Division of Central Management and Support, the sum of ten million six hundred fifty-three thousand nine hundred eleven dollars ($10,653,911) for each year of the 2021-2023 fiscal biennium, the sum of four million seven hundred seventy-four thousand five hundred twenty-five dollars ($4,774,525) for each year of the 2021-2023 fiscal biennium appropriated in Section 9K.1 of this act in Social Services Block Grant funds, and the sum of one million six hundred thousand dollars ($1,600,000) for each year of 2021-2023 fiscal biennium in Section 9K.1 of this act in Substance Abuse Prevention and Treatment Block Grant funds shall be used to allocate funds for nonprofit organizations.

**SECTION 9B.3.(b)** The Department shall continue administering a competitive grants process for nonprofit funding. The Department shall administer a plan that, at a minimum, includes each of the following:

1. A request for application (RFA) process to allow nonprofits to apply for and receive State funds on a competitive basis. The Department shall require
nonprofits to include in the application a plan to evaluate the effectiveness, including measurable impact or outcomes, of the activities, services, and programs for which the funds are being requested.

(2) A requirement that nonprofits match a minimum of fifteen percent (15%) of the total amount of the grant award.

(3) A requirement that the Secretary prioritize grant awards to those nonprofits that are able to leverage non-State funds in addition to the grant award.

(4) A process that awards grants to nonprofits that have the capacity to provide services on a statewide basis and that support any of the following State health and wellness initiatives:
   a. A program targeting advocacy, support, education, or residential services for persons diagnosed with autism.
   b. A system of residential supports for those afflicted with substance abuse addiction.
   c. A program of advocacy and supports for individuals with intellectual and developmental disabilities or severe and persistent mental illness, substance abusers, or the elderly.
   d. Supports and services to children and adults with developmental disabilities or mental health diagnoses.
   e. A food distribution system for needy individuals.
   f. The provision and coordination of services for the homeless.
   g. The provision of services for individuals aging out of foster care.
   h. Programs promoting wellness, physical activity, and health education programming for North Carolinians.
   i. The provision of services and screening for blindness.
   j. A provision for the delivery of after-school services for apprenticeships or mentoring at-risk youth.
   k. The provision of direct services for amyotrophic lateral sclerosis (ALS) and those diagnosed with the disease.
   l. A comprehensive smoking prevention and cessation program that screens and treats tobacco use in pregnant women and postpartum mothers.
   m. A program providing short-term or long-term residential substance abuse services. For purposes of this sub-subdivision, "long-term" means a minimum of 12 months.
   n. A program that provides year-round sports training and athletic competition for children and adults with disabilities.

(5) A process that ensures that funds received by the Department to implement the plan supplement and do not supplant existing funds for health and wellness programs and initiatives.

(6) A process that allows grants to be awarded to nonprofits for up to two years.

(7) A requirement that initial disbursement of the grants be awarded no later than 30 days after certification of the State budget for the respective fiscal year.

SECTION 9B.3.(c) No later than July 1 of each year, as applicable, the Secretary shall announce the recipients of the competitive grant awards and allocate funds to the grant recipients for the respective grant period pursuant to the amounts designated under subsection (a) of this section. After awards have been granted, by September 1 of each year, the Secretary shall submit a report to the Joint Legislative Oversight Committee on Health and Human Services on the grant awards that includes at least all of the following:

(1) The identity and a brief description of each grantee and each program or initiative offered by the grantee.
(2) The amount of funding awarded to each grantee.
(3) The number of persons served by each grantee, broken down by program or initiative.

**SECTION 9B.3.(d)** No later than December 1 of each fiscal year, each nonprofit organization receiving funding pursuant to this section in the respective fiscal year shall submit to the Division of Central Management and Support a written report of all activities funded by State appropriations. The report shall include the following information about the fiscal year preceding the year in which the report is due:

(1) The entity's mission, purpose, and governance structure.
(2) A description of the types of programs, services, and activities funded by State appropriations.
(3) Statistical and demographical information on the number of persons served by these programs, services, and activities, including the counties in which services are provided.
(4) Outcome measures that demonstrate the impact and effectiveness of the programs, services, and activities.
(5) A detailed program budget and list of expenditures, including all positions funded, matching expenditures, and funding sources.

**SECTION 9B.3.(e)** Funds appropriated pursuant to this section that have been awarded but not yet disbursed or encumbered at the end of each fiscal year shall not revert but shall remain available for expenditure.

**SECTION 9B.3.(f)** For the 2021-2023 fiscal biennium only, from the funds identified in subsection (a) of this section, the Department shall make the following allocations, provided that each nonprofit organization receiving funds pursuant to this subsection shall be required to seek future funding through the competitive grants process in accordance with subsection (b) of this section:

(1) The sum of three hundred fifty thousand dollars ($350,000) in each year of the 2021-2023 fiscal biennium to provide grants to Big Brothers Big Sisters.
(2) The sum of one million six hundred twenty-five thousand dollars ($1,625,000) for each year of the 2021-2023 fiscal biennium and the sum of one million six hundred thousand dollars ($1,600,000) appropriated in Section 9K.1 of this act in Substance Abuse Prevention and Treatment Block Grant funds in each year of the 2021-2023 fiscal biennium to Triangle Residential Options for Substance Abusers, Inc., (TROSA) for the purpose of assisting individuals with substance abuse addiction.
(3) The sum of two million seven hundred fifty thousand dollars ($2,750,000) in each year of the 2021-2023 fiscal biennium to provide grants to Boys and Girls Clubs across the State to implement (i) programs that improve the motivation, performance, and self-esteem of youth and (ii) other initiatives that would be expected to reduce gang participation, school dropout, and teen pregnancy rates.

**PART IX-C. CHILD DEVELOPMENT AND EARLY EDUCATION**

**NC PRE-K PROGRAMS/STANDARDS FOR FOUR- AND FIVE-STAR RATED FACILITIES**

**SECTION 9C.1.(a)** Eligibility. – The Department of Health and Human Services, Division of Child Development and Early Education, shall continue implementing the prekindergarten program (NC Pre-K). The NC Pre-K program shall serve children who are four years of age on or before August 31 of the program year. In determining eligibility, the Division shall establish income eligibility requirements for the program not to exceed seventy-five percent
(75%) of the State median income. Up to twenty percent (20%) of children enrolled may have family incomes in excess of seventy-five percent (75%) of median income if those children have other designated risk factors. Furthermore, any age-eligible child who is a child of either of the following shall be eligible for the program: (i) 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 was ordered to active duty by the proper authority within the last 18 months or is expected to be ordered within the next 18 months, or (ii) 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. Eligibility determinations for NC Pre-K participants may continue through local education agencies and local North Carolina Partnership for Children, Inc., partnerships.

Other than developmental disabilities or other chronic health issues, the Division shall not consider the health of a child as a factor in determining eligibility for participation in the NC Pre-K program.

SECTION 9C.1.(b) Multiyear Contracts. – The Division of Child Development and Early Education shall require the NC Pre-K contractor to issue multiyear contracts for licensed private child care centers providing NC Pre-K classrooms.

SECTION 9C.1.(c) Building Standards. – Notwithstanding G.S. 110-91(4), private child care facilities and public schools operating NC Pre-K classrooms shall meet the building standards for preschool students as provided in G.S. 115C-521.1.

SECTION 9C.1.(d) Programmatic Standards. – Except as provided in subsection (b1) of this section, entities operating NC Pre-K classrooms shall adhere to all of the policies prescribed by the Division of Child Development and Early Education regarding programmatic standards and classroom requirements.

SECTION 9C.1.(e) NC Pre-K Committees. – Local NC Pre-K committees shall use the standard decision-making process developed by the Division of Child Development and Early Education in awarding NC Pre-K classroom slots and student selection.

SECTION 9C.1.(f) Reporting. – The Division of Child Development and Early Education shall submit an annual report no later than March 15 of each year to the Joint Legislative Oversight Committee on Health and Human Services, the Office of State Budget and Management, and the Fiscal Research Division. The report shall include the following:

1. The number of children participating in the NC Pre-K program by county.
2. The number of children participating in the NC Pre-K program who have never been served in other early education programs such as child care, public or private preschool, Head Start, Early Head Start, or early intervention programs.
3. The expected NC Pre-K expenditures for the programs and the source of the local contributions.
4. The results of an annual evaluation of the NC Pre-K program.

SECTION 9C.1.(g) Audits. – The administration of the NC Pre-K program by local partnerships shall be subject to the financial and compliance audits authorized under G.S. 143B-168.14(b).

RAISE BASE SLOT REIMBURSEMENT RATES FOR NC PRE-K

SECTION 9C.2. Of the funds appropriated in this act to the Department of Health and Human Services, Division of Child Development and Early Education, funds shall be allocated to raise the base slot reimbursement rates for the North Carolina Prekindergarten (NC Pre-K) program by thirteen percent (13%) over the 2020-2021 fiscal year rates for the 2021-2022 fiscal year and by an additional two and a half percent (2.5%) over the 2021-2022 rates for the 2022-2023 fiscal year. It is the intent of the General Assembly that the funds allocated pursuant to this section be used to increase the salaries of licensed B-K teachers working in private or
Head Start NC Pre-K classrooms. These funds shall be used as a means to address disparities in teacher salaries among teachers working in child care centers versus those working in public schools.

SLOT EXPANSION FOR NC PRE-K

SECTION 9C.3. Of the funds appropriated in this act to the Department of Health and Human Services, Division of Child Development and Early Education, funds shall be allocated to add one thousand five hundred (1,500) student slots in North Carolina Prekindergarten (NC Pre-K) programs over the 2021-2022 number for the 2022-2023 fiscal year.

CHILD CARE SUBSIDY RATES

SECTION 9C.4.(a) The maximum gross annual income for initial eligibility, adjusted annually, for subsidized child care services shall be determined based on a percentage of the federal poverty level as follows:

<table>
<thead>
<tr>
<th>AGE</th>
<th>INCOME PERCENTAGE LEVEL</th>
</tr>
</thead>
<tbody>
<tr>
<td>0 – 5</td>
<td>200%</td>
</tr>
<tr>
<td>6 – 12</td>
<td>133%</td>
</tr>
</tbody>
</table>

The eligibility for any child with special needs, including a child who is 13 years of age or older, shall be two hundred percent (200%) of the federal poverty level.

SECTION 9C.4.(b) Fees for families who are required to share in the cost of care are established based on nine percent (9%) of gross family income. When care is received at the blended rate, the co-payment shall be eighty-three percent (83%) of the full-time co-payment. Co-payments for part-time care shall be seventy-five percent (75%) of the full-time co-payment.

SECTION 9C.4.(c) Payments for the purchase of child care services for low-income children shall be in accordance with the following requirements:

(1) Religious sponsored child care facilities operating pursuant to G.S. 110-106 and licensed child care centers that meet the minimum licensing standards that are participating in the subsidized child care program shall be paid the one-star county market rate or the rate they charge privately paying parents, whichever is lower, unless prohibited by subsection (f) of this section.

(2) Licensed child care centers and homes with three or more stars shall receive the market rate for that rated license level for that age group or the rate they charge privately paying parents, whichever is lower, unless prohibited by subsection (g) of this section.

(3) No payments shall be made for transportation services charged by child care facilities.

(4) Payments for subsidized child care services for postsecondary education shall be limited to a maximum of 20 months of enrollment. This shall not be determined before a family's annual recertification period.

SECTION 9C.4.(d) Provisions of payment rates for child care providers in counties that do not have at least 50 children in each age group for center-based and home-based care are as follows:

(1) Except as applicable in subdivision (2) of this subsection, payment rates shall be set at the statewide or regional market rate for licensed child care centers and homes.

(2) If it can be demonstrated that the application of the statewide or regional market rate to a county with fewer than 50 children in each age group is lower than the county market rate and would inhibit the ability of the county to purchase child care for low-income children, then the county market rate may be applied.
SECTION 9C.4.(e) A market rate shall be calculated for child care centers and homes at each rated license level for each county and for each age group or age category of enrollees and shall be representative of fees charged to parents for each age group of enrollees within the county. The Division of Child Development and Early Education shall also calculate a statewide rate and regional market rate for each rated license level for each age category.

SECTION 9C.4.(f) The Division of Child Development and Early Education shall continue implementing policies that improve the quality of child care for subsidized children, including a policy in which child care subsidies are paid, to the extent possible, for child care in the higher quality centers and homes only. The Division shall define higher quality, and subsidy funds shall not be paid for one- or two-star rated facilities. For those counties with an inadequate number of four- and five-star rated facilities, the Division shall continue a transition period that allows the facilities to continue to receive subsidy funds while the facilities work on the increased star ratings. The Division may allow exemptions in counties where there is an inadequate number of four- and five-star rated facilities for non-star rated programs, such as religious programs.

SECTION 9C.4.(g) Facilities licensed pursuant to Article 7 of Chapter 110 of the General Statutes and facilities operated pursuant to G.S. 110-106 may participate in the program that provides for the purchase of care in child care facilities for minor children of needy families. Except as authorized by subsection (f) of this section, no separate licensing requirements shall be used to select facilities to participate. In addition, child care facilities shall be required to meet any additional applicable requirements of federal law or regulations. Child care arrangements exempt from State regulation pursuant to Article 7 of Chapter 110 of the General Statutes shall meet the requirements established by other State law and by the Social Services Commission.

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

SECTION 9C.4.(h) Payment for subsidized child care services provided with Temporary Assistance for Needy Families Block Grant funds shall comply with all regulations and policies issued by the Division of Child Development and Early Education for the subsidized child care program.

SECTION 9C.4.(i) Noncitizen families who reside in this State legally shall be eligible for child care subsidies if all other conditions of eligibility are met. If all other conditions of eligibility are met, noncitizen families who reside in this State illegally shall be eligible for child care subsidies only if at least one of the following conditions is met:

1. The child for whom a child care subsidy is sought is receiving child protective services or foster care services.
2. The child for whom a child care subsidy is sought is developmentally delayed or at risk of being developmentally delayed.
3. The child for whom a child care subsidy is sought is a citizen of the United States.

SECTION 9C.4.(j) The Department of Health and Human Services, Division of Child Development and Early Education, shall require all county departments of social services to include on any forms used to determine eligibility for child care subsidy whether the family is waiting for subsidy is receiving assistance through the NC Pre-K Program or Head Start.

SECTION 9C.4.(k) Department of Defense-certified child care facilities licensed pursuant to G.S. 110-106.2 may participate in the State-subsidized child care program that provides for the purchase of care in child care facilities for minor children in needy families, provided that funds allocated from the State-subsidized child care program to Department of Defense-certified child care facilities shall supplement and not supplant funds allocated in accordance with G.S. 143B-168.15(g). Payment rates and fees for military families who choose Department of Defense-certified child care facilities and who are eligible to receive subsidized child care shall be as set forth in this section.
CHILD CARE ALLOCATION FORMULA

SECTION 9C.5.(a) The Department of Health and Human Services, Division of Child Development and Early Education (Division), shall allocate child care subsidy voucher funds to pay the costs of necessary child care for minor children of needy families. The mandatory thirty percent (30%) North Carolina Partnership for Children, Inc., subsidy allocation under G.S. 143B-168.15(g) shall constitute the base amount for each county's child care subsidy allocation. The Department of Health and Human Services shall use the following method when allocating federal and State child care funds, not including the aggregate mandatory thirty percent (30%) North Carolina Partnership for Children, Inc., subsidy allocation:

(1) Funds shall be allocated to a county based upon the projected cost of serving children under age 11 in families with all parents working who earn less than the applicable federal poverty level percentage set forth in Section 9C.4(a) of this act.

(2) The Division may withhold up to two percent (2%) of available funds from the allocation formula for (i) preventing termination of services throughout the fiscal year and (ii) repayment of any federal funds identified by counties as overpayments, including overpayments due to fraud. The Division shall allocate to counties any funds withheld before the end of the fiscal year when the Division determines the funds are not needed for the purposes described in this subdivision. The Division shall submit a report to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division, which report shall include each of the following:

a. The amount of funds used for preventing termination of services and the repayment of any federal funds.

b. The date the remaining funds were distributed to counties.

c. As a result of funds withheld under this subdivision and after funds have been distributed, any counties that did not receive at least the amount the counties received the previous year and the amount by which funds were decreased.

The Division shall submit a report in each year of the 2021-2023 fiscal biennium 30 days after the funds withheld pursuant to this subdivision are distributed but no later than April 1 of each respective year.

(3) The Division shall set aside four percent (4%) of child care subsidy allocations for vulnerable populations, which include a child identified as having special needs and a child whose application for assistance indicates that the child and the child's family is experiencing homelessness or is in a temporary living situation. A child identified by this subdivision shall be given priority for receiving services until such time as set-aside allocations for vulnerable populations are exhausted.

SECTION 9C.5.(b) The Division may reallocate unused child care subsidy voucher funds in order to meet the child care needs of low-income families. Any reallocation of funds shall be based upon the expenditures of all child care subsidy voucher funding, including North Carolina Partnership for Children, Inc., funds within a county. Counties shall manage service levels within the funds allocated to the counties. A county with a spending coefficient over one hundred percent (100%) shall submit a plan to the Division for managing the county's allocation before receiving any reallocated funds.

SECTION 9C.5.(c) When implementing the formula under subsection (a) of this section, the Division shall include the market rate increase in the formula process rather than calculating the increases outside of the formula process. Additionally, the Department shall do the following:
Implement the final one-third change in a county's allocation beginning fiscal year 2020-2021. A county's initial allocation shall be the county's expenditure in the previous fiscal year or a prorated share of the county's previous fiscal year expenditures if sufficient funds are not available.

Effective immediately following the next new decennial census data release, implement (i) one-third of the change in a county's allocation in the year following the data release, (ii) an additional one-third of the change in a county's allocation beginning two years after the initial change under this subdivision, and (iii) the final one-third change in a county's allocation beginning the following two years thereafter.

SMART START INITIATIVES

SECTION 9C.6.(a) Policies. – The North Carolina Partnership for Children, Inc., and its Board shall ensure policies focus on the North Carolina Partnership for Children, Inc.'s mission of improving child care quality in North Carolina for children from birth to five years of age. North Carolina Partnership for Children, Inc.-funded activities shall include assisting child care facilities with (i) improving quality, including helping one-, two-, and three-star-rated facilities increase their star ratings, and (ii) implementing prekindergarten programs. State funding for local partnerships shall also be used for evidence-based or evidence-informed programs for children from birth to 5 years of age that do the following:

(1) Increase children's literacy.
(2) Increase the parents' ability to raise healthy, successful children.
(3) Improve children's health.
(4) Assist four- and five-star-rated facilities in improving and maintaining quality.

SECTION 9C.6.(b) Administration. – Administrative costs shall be equivalent to, on an average statewide basis for all local partnerships, not more than eight percent (8%) of the total statewide allocation to all local partnerships. For purposes of this subsection, administrative costs shall include costs associated with partnership oversight, business and financial management, general accounting, human resources, budgeting, purchasing, contracting, and information systems management. The North Carolina Partnership for Children, Inc., shall continue using a single statewide contract management system that incorporates features of the required standard fiscal accountability plan described in G.S. 143B-168.12(a)(4). All local partnerships are required to participate in the contract management system and, directed by the North Carolina Partnership for Children, Inc., to collaborate, to the fullest extent possible, with other local partnerships to increase efficiency and effectiveness.

SECTION 9C.6.(c) Salaries. – The salary schedule developed and implemented by the North Carolina Partnership for Children, Inc., shall set the maximum amount of State funds that may be used for the salary of the Executive Director of the North Carolina Partnership for Children, Inc., and the directors of the local partnerships. The North Carolina Partnership for Children, Inc., shall base the schedule on the following criteria:

(1) The population of the area serviced by a local partnership.
(2) The amount of State funds administered.
(3) The amount of total funds administered.
(4) The professional experience of the individual to be compensated.
(5) Any other relevant factors pertaining to salary, as determined by the North Carolina Partnership for Children, Inc.

The salary schedule shall be used only to determine the maximum amount of State funds that may be used for compensation. Nothing in this subsection shall be construed to prohibit a local partnership from using non-State funds to supplement an individual's salary in excess of the amount set by the salary schedule established under this subsection.
SECTION 9C.6.(d) Match Requirements. – The North Carolina Partnership for Children, Inc., and all local partnerships shall, in the aggregate, be required to match one hundred percent (100%) of the amount budgeted for the program in each fiscal year of the base budget for the 2021-2023 biennium. Of the funds the North Carolina Partnership for Children, Inc., and the local partnerships are required to match, contributions of cash shall be equal to at least thirteen percent (13%) and in-kind donated resources shall be equal to no more than six percent (6%) for a total match requirement of nineteen percent (19%) for each year of the 2021-2023 fiscal biennium. The North Carolina Partnership for Children, Inc., may carry forward any amount in excess of the required match for a fiscal year in order to meet the match requirement of the succeeding fiscal year. Only in-kind contributions that are quantifiable shall be applied to the in-kind match requirement. Volunteer services may be treated as an in-kind contribution for the purpose of the match requirement of this subsection. Volunteer services that qualify as professional services shall be valued at the fair market value of those services. All other volunteer service hours shall be valued at the statewide average wage rate as calculated from data compiled by the Division of Employment Security of the Department of Commerce in the Employment and Wages in North Carolina Annual Report for the most recent period for which data are available. Expenses, including both those paid by cash and in-kind contributions, incurred by other participating non-State entities contracting with the North Carolina Partnership for Children, Inc., or the local partnerships also may be considered resources available to meet the required private match. In order to qualify to meet the required private match, the expenses shall:

(1) Be verifiable from the contractor's records.
(2) If in-kind, other than volunteer services, be quantifiable in accordance with generally accepted accounting principles for nonprofit organizations.
(3) Not include expenses funded by State funds.
(4) Be supplemental to and not supplant preexisting resources for related program activities.
(5) Be incurred as a direct result of the Early Childhood Initiatives Program and be necessary and reasonable for the proper and efficient accomplishment of the Program's objectives.
(6) Be otherwise allowable under federal or State law.
(7) Be required and described in the contractual agreements approved by the North Carolina Partnership for Children, Inc., or the local partnership.
(8) Be reported to the North Carolina Partnership for Children, Inc., or the local partnership by the contractor in the same manner as reimbursable expenses.

Failure to obtain a nineteen-percent (19%) match by June 30 of each year of the 2021-2023 fiscal biennium shall result in a dollar-for-dollar reduction in the appropriation for the Program for a subsequent fiscal year. The North Carolina Partnership for Children, Inc., shall be responsible for compiling information on the private cash and in-kind contributions into a report that is submitted to the Joint Legislative Oversight Committee on Health and Human Services in a format that allows verification by the Department of Revenue. The same match requirements shall apply to any expansion funds appropriated by the General Assembly.

SECTION 9C.6.(e) Bidding. – The North Carolina Partnership for Children, Inc., and all local partnerships shall use competitive bidding practices in contracting for goods and services on contract amounts as follows:

(1) For amounts of five thousand dollars ($5,000) or less, the procedures specified by a written policy as developed by the Board of Directors of the North Carolina Partnership for Children, Inc.
(2) For amounts greater than five thousand dollars ($5,000), but less than fifteen thousand dollars ($15,000), three written quotes.
(3) For amounts of fifteen thousand dollars ($15,000) or more, but less than forty thousand dollars ($40,000), a request for proposal process.
For amounts of forty thousand dollars ($40,000) or more, a request for proposal process and advertising in a major newspaper.

**SECTION 9C.6.(f) Allocations.** – The North Carolina Partnership for Children, Inc., shall not reduce the allocation for counties with less than 35,000 in population below the 2012-2013 funding level.

**SECTION 9C.6.(g) Performance-Based Evaluation.** – The Department of Health and Human Services shall continue to implement the performance-based evaluation system.

**SECTION 9C.6.(h) Expenditure Restrictions.** – Except as provided in subsection (i) of this section, the Department of Health and Human Services and the North Carolina Partnership for Children, Inc., shall ensure that the allocation of funds for Early Childhood Education and Development Initiatives for the 2021-2023 fiscal biennium shall be administered and distributed in the following manner:

1. **Capital expenditures are prohibited for the 2021-2023 fiscal biennium.** For the purposes of this section, "capital expenditures" means expenditures for capital improvements as defined in G.S. 143C-1-1(d)(5).

2. **Expenditures of State funds for advertising and promotional activities are prohibited for the 2021-2023 fiscal biennium.** For the 2021-2023 fiscal biennium, local partnerships shall not spend any State funds on marketing campaigns, advertising, or any associated materials. Local partnerships may spend any private funds the local partnerships receive on those activities.

**SECTION 9C.6.(i) Notwithstanding subsection (h) of this section, the North Carolina Partnership for Children, Inc., and local partnerships may use up to one percent (1%) of State funds for fund raising activities.** The North Carolina Partnership for Children, Inc., shall include in its annual report required under G.S. 143B-168.12(d) a report on the use of State funds for fund-raising. The report shall include the following:

1. The amount of funds expended on fund-raising.
2. Any return on fund-raising investments.
3. Any other information deemed relevant.

**SMART START VISITING PROGRAMS**

**SECTION 9C.7.** Funds allocated to the North Carolina Partnership for Children, Inc., from the Department of Health and Human Services, shall be used for evidence based, family strengthening and home visiting programs and other evidence-based or evidence-informed early childhood initiatives. Funds appropriated under this section shall not be subject to the child care services funding requirements under G.S. 143B-168.15(b), child care subsidy expansion requirements under G.S. 143B-168.15(g), or the match requirements under Section 9C.6(d) of this act.

**EDUCATOR PIPELINE PROGRAM**

**SECTION 9C.8.** Of the funds appropriated in this act to the Department of Health and Human Services, Division of Child Development and Early Education, funds shall be allocated to facilitate the alignment of existing educator workforce programs, and, where necessary, work with partners to build and advance pathways for certification, higher education, and employment for early education educators.

**EARLY CHILDHOOD WORKFORCE RACIAL EQUITY INITIATIVE**

**SECTION 9C.9.(a) The Department of Health and Human Services, Division of Child Development and Early Education shall facilitate the alignment of existing policies and efforts around educator and program bias and reducing or eliminating preschool expulsion and exclusionary practices.** The Division shall then create and appoint a Design Team to (i) study issues related to implicit bias in early education settings and (ii) make recommendations and
implementation plans to reduce educator and program bias and reduce or eliminate preschool expulsion and exclusionary practices.

SECTION 9C.9.(b) Beginning in the 2022-2023 fiscal year, the Department of Health and Human Services, Division of Child Development and Early Education shall begin executing plans resulting from the study conducted under subsection (a) of this section.

PRE-K TEACHER BIRTH-K LICENCE PAY EQUITY

SECTION 9C.10. Of the funds appropriated in this act to the Department of Health and Human Services, Division of Child Development and Early Education, funds shall be allocated to develop and implement a model to gradually increase compensation of licensed birth-kindergarten educators working in private child care settings.

PART IX-D. HEALTH BENEFITS

MEDICAID ANNUAL REPORT

SECTION 9D.1. The Department of Health and Human Services, Division of Health Benefits (Division), shall continue the publication of the Medicaid Annual Report and accompanying tables. The Division shall publish the report and tables on its Web site no later than December 31 following each State fiscal year.

ANNUAL ISSUANCE OF MEDICAID IDENTIFICATION CARDS

SECTION 9D.2. The Department of Health and Human Services (Department) shall issue Medicaid identification cards to recipients on an annual basis with updates as needed.

ADMINISTRATIVE HEARINGS FUNDING

SECTION 9D.3. Of the funds appropriated to the Department of Health and Human Services, Division of Health Benefits, for administrative contracts and interagency transfers, the Department of Health and Human Services (Department) shall transfer the sum of one million dollars ($1,000,000) for the 2021-2022 fiscal year and the sum of one million dollars ($1,000,000) for the 2022-2023 fiscal year to the Office of Administrative Hearings (OAH). These funds shall be allocated by the OAH for mediation services provided for Medicaid applicant and recipient appeals and to contract for other services necessary to conduct the appeals process. The OAH shall continue the Memorandum of Agreement (MOA) with the Department for mediation services provided for Medicaid recipient appeals and contracted services necessary to conduct the appeals process. The MOA will facilitate the Department's ability to draw down federal Medicaid funds to support this administrative function. Upon receipt of invoices from the OAH for covered services rendered in accordance with the MOA, the Department shall transfer the federal share of Medicaid funds drawn down for this purpose.

ACCOUNTING FOR MEDICAID RECEIVABLES AS NONTAX REVENUE

SECTION 9D.4.(a) Receivables reserved at the end of the 2021-2022 and 2022-2023 fiscal years shall, when received, be accounted for as nontax revenue for each of those fiscal years.

SECTION 9D.4.(b) For the 2021-2022 fiscal year, the Department of Health and Human Services shall deposit from its revenues one hundred forty-eight million eight hundred thousand dollars ($148,800,000) with the Department of State Treasurer to be accounted for as nontax revenue. For the 2022-2023 fiscal year, the Department of Health and Human Services shall deposit from its revenues one hundred fifty-five million nine hundred thousand dollars ($155,900,000) with the Department of State Treasurer to be accounted for as nontax revenue. These deposits shall represent the return of General Fund appropriations, nonfederal revenue, fund balances, or other resources from State-owned and State-operated hospitals that are used to
provide indigent and nonindigent care services. The return from State-owned and State-operated
hospitals to the Department of Health and Human Services shall be made from nonfederal
resources as follows:

(1) The University of North Carolina Hospitals at Chapel Hill shall deposit:
   a. For the 2021-22 fiscal year: thirty three million, four hundred thousand
      ($33,400,000).
   b. For the 2022-2023 fiscal year and annually thereafter, an amount equal to
      the 2021-2022 amount adjusted based on the percentage change in
      payments to the University of North Carolina Hospitals at Chapel Hill for
      Medicaid and NC Health Choice enrollees, as demonstrated in data from
      prepaid health plans and the State, as determined by the Department.

(2) All other State-owned and State-operated hospitals specializing in psychiatric
care shall deposit annually an amount equal to the amount of the payments
from the Division of Health Benefits for uncompensated care.

SECTION 9D.4.(c) The treatment of any revenue derived from federal programs
shall be in accordance with the requirements specified in the Code of Federal Regulations, Title
2, Part 225.

VOLUME PURCHASE PLANS AND SINGLE SOURCE PROCUREMENT

SECTION 9D.5. The Department of Health and Human Services, Division of Health
Benefits, may, subject to the approval of a change in the State Medicaid Plan, contract for
services, medical equipment, supplies, and appliances by implementation of volume purchase
plans, single source procurement, or other contracting processes in order to improve cost
containment.

LME/MCO INTERGOVERNMENTAL TRANSFERS

SECTION 9D.6. The local management entities/managed care organizations
(LME/MCOs) shall make intergovernmental transfers to the Department of Health and Human
Services, Division of Health Benefits (DHB), an aggregate amount of eighteen million
twenty-eight thousand two hundred seventeen dollars ($18,028,217) in the 2021-2022 fiscal year.
The due date and frequency of the intergovernmental transfer required by this section shall be
determined by DHB. The amount of the intergovernmental transfer that each individual
LME/MCO is required to make in each fiscal year shall be determined by DHB.
In the event that any county disengages from an LME/MCO and realigns with another
LME/MCO during the 2021-2022 fiscal year, DHB shall have the authority to reallocate the
amount of the intergovernmental transfer that each affected LME/MCO is required to make,
taking into consideration the change in catchment area and covered population, provided that the
aggregate amount of the transfers received from all LME/MCOs is achieved.

EXPAND NORTH CAROLINA INNOVATIONS WAIVER SLOTS

SECTION 9D.7. The Department of Health and Human Services, Division of Health
Benefits, shall amend the North Carolina Innovations waiver to increase the number of slots
available under the waiver. These additional slots shall be made available on October 1, 2021.

USE OF MEDICAID TRANSFORMATION FUND FOR MEDICAID
TRANSFORMATION NEEDS

SECTION 9D.8.(a) Claims Run Out. – Funds from the Medicaid Transformation
Fund may be transferred to the Department of Health and Human Services, Division of Health
Benefits (DHB), as needed for the purpose of paying claims related to services billed under the
fee-for-service payment model for recipients who are being, or have been, transitioned to
managed care, otherwise known as "claims run out." Funds may be transferred to DHB as the
need to pay claims run out arises and need not be transferred in one lump sum. To the extent that
any funds are transferred under this subsection, the funds are appropriated for the purpose set
forth in this subsection.

SECTION 9D.8.(b) Non-Claims Run Out Medicaid Transformation Needs. – Subject to the fulfillment of conditions specified in subsection (c) of this section, the sum of one hundred sixteen million one hundred nine thousand seven hundred fourteen dollars ($116,109,714) in nonrecurring funds for the 2021-2022 fiscal year and the sum of ninety-seven million four thousand eight hundred dollars ($97,904,800) in nonrecurring funds for the 2022-2023 fiscal year from the Medicaid Transformation Fund may be transferred to the Department of Health and Human Services, Division of Health Benefits (DHB), for the sole purpose of providing the State share for nonrecurring qualifying needs directly related to Medicaid transformation, as required by S.L. 2015-241, as amended. Funds may be transferred to DHB as nonrecurring qualifying needs arise during the 2021-2023 fiscal biennium and need not be transferred in one lump sum.

For the purposes of this section, the term "qualifying need" shall be limited to information technology, time-limited staffing, and contracts related to the following Medicaid transformation needs:

(1) Program design.
(2) Beneficiary experience.
(3) NC FAST upgrades related to Medicaid transformation.
(4) Data management tools.
(5) Program integrity.
(6) Technical and operational integration.
(7) Tailored Plan Care Management.
(8) Healthy Opportunities Pilots.
(9) Other nonrecurring needs identified by DHB, as determined in consultation with the Office of State Budget and Management.

SECTION 9D.8.(c) Requests for Transfer of Funds for Qualifying Need. – A request by the Department of Health and Human Services, Division of Health Benefits (DHB), for the transfer of funds pursuant to subsection (b) of this section shall be made to the Office of State Budget and Management (OSBM) and shall include the amount requested and the specific nonrecurring qualifying need for which the funds are to be used. None of the funds identified in subsection (b) of this section shall be transferred to DHB until OSBM verifies the following information:

(1) The amount requested is to be used for a nonrecurring qualifying need in the 2021-2023 fiscal biennium.
(2) The amount requested provides a State share that will not result in total requirements that exceed six hundred ninety-nine million nine hundred fifty-two thousand three hundred sixty-four dollars ($699,952,364) in nonrecurring funds for the 2021-2023 fiscal biennium.

SECTION 9D.8.(d) Federal Fund Receipts. – Any federal funds received in any fiscal year by the Department of Health and Human Services, Division of Health Benefits (DHB), that represent a return of State share already expended on a qualifying need related to the funds received by the DHB under this section shall be deposited into the Medicaid Transformation Fund.

MEDICAID EXPANSION/CLOSING THE COVERAGE GAP

SECTION 9D.9. The Department of Health and Human Services, Division of Health Benefits, shall provide Medicaid coverage to adults ages 19 to 64 at or below 133% of the federal poverty level in accordance with 1902(a)(10)(A)(i)(VIII) of Section 1905 of the Social Security Act.
HOSPITAL UNCOMPENSATED CARE FUND TRANSFER

SECTION 9D.10. Of the funds transferred to the Department of Health and Human Services for Medicaid programs pursuant to G.S. 143C-9-9, there is appropriated from the Hospital Uncompensated Care Fund to the Department of Health and Human Services the sum of forty-three million dollars ($43,000,000) for the 2021-2022 fiscal year and the sum of forty-three million dollars ($43,000,000) for the 2022-2023 fiscal year. These funds shall be allocated as prescribed by G.S. 143C-9-1(b) for Medicaid programs. Notwithstanding the prescription in G.S. 143C-9-1(b) that these funds not reduce State general revenue funding, these funds shall replace the reduction in general revenue funding effected in this act.

MISCELLANEOUS MEDICAID PROVISIONS

SECTION 9D.11. Cost Containment Programs. – The Department of Health and Human Services, Division of Health Benefits, may undertake cost containment programs, including contracting for services, preadmissions to hospitals, and prior approval for certain outpatient surgeries before they may be performed in an inpatient setting.

MOBILE DENTAL PROVIDER ENROLLMENT

SECTION 9D.12. For mobile dental providers seeking enrollment as a Medicaid provider, and upon reenrollment of current Medicaid mobile dental providers, the Department of Health and Human Services, Division of Health Benefits, shall require as a condition of enrollment or reenrollment that the mobile dental provider show proof of a contractual affiliation with a dental practice that is not mobile, and the Department shall require the mobile dental provider to use the National Provider Identifier (NPI) of the nonmobile dental practice for purposes of filing claims.

REDUCTION OF MEDICAID FRAUD, WASTE AND ABUSE THROUGH COST CONTAINMENT

SECTION 9D.13.(a) The Department of Health and Human Services may use up to five million dollars ($2,500,000) in the 2021-22 fiscal year and up to five million dollars ($5,000,000) in the 2022-23 fiscal year in Medicaid funds budgeted for program services to support the cost of program integrity activities when cost effectiveness and documentable savings are demonstrated. The funds shall be used to support program integrity activities that contain the costs of the Medicaid Program through post payment recoveries and activities that prevent payments of fraudulent, wasteful or abusive claiming. Program Integrity will reinvest funding to implement technology solutions and increase investigative and compliance monitoring staffing and throughput. Investments will also include funding to support enhanced case management and reporting capabilities to assist in reporting and targeting the most cost effective approaches in addressing fraud, waste, and abuse. Funds may also be used to add up to 24.00 time-limited FTE to expand prepayment and post-payment solutions within existing Medicaid payment systems and through other prepayment reviews completed by contractors. Expenditures for these activities will be targeted to exceed a minimum return on investment of no less than 2:1 when considering the increased recoupments and reductions in improper payments versus overall costs for the activities as defined in the section.

SECTION 9D.13.(b) The Department shall report annually on the expenditures under this section. The report shall include the methods used to achieve savings and the amount saved by these methods. No later than October 1 of each year, the Department of Health and Human Services, Division of Health Benefits, shall report to the Joint House Appropriations Subcommittee on Health and Human Services, the Senate Appropriations Committee on Health and Human Services, and the Fiscal Research Division on the activities of the previous State fiscal year.
REVISE AND UPDATE HOSPITAL ASSESSMENTS AND SUPPLEMENTAL PAYMENTS

SECTION 9D.14.(a) Section 15.1(b), 15.1(b1), 15.1(c), Section 15.2, and Section 15.3 of S.L. 2020-88 are repealed.

SECTION 9D.14.(b) Chapter 108A of the General Statutes is amended by adding a new Article to read:

"Article 7B.
"Hospital Assessment Act.

This Article shall be known as the "Hospital Assessment Act." This Article does not authorize a political subdivision of the State to license a hospital for revenue or impose a tax or assessment on a hospital.

"§ 108A-145.3. Definitions.
The following definitions apply in this Article:
(1) Acute care hospital. – A hospital licensed in North Carolina that is not a freestanding psychiatric hospital, a freestanding rehabilitation hospital, a long-term care hospital, or a State-owned and State-operated hospital.
(2) Base capitation rate. – A periodic per-enrollee or per-event amount paid by the Department to prepaid health plans for the delivery of Medicaid and NC Health Choice services in accordance with Article 4 of Chapter 108D of the General Statutes applicable to a particular rating group and appearing in a Medicaid managed care capitation rate certification, as adjusted by the Department and allowed by CMS in accordance with Part 438 of Subchapter C of Chapter IV of Title 42 of the Code of Federal Regulations.
(3) Capitated contract plan type. – Any type of capitated prepaid health plan contract defined in G.S. 108D-1.
(4) CMS. – Centers for Medicare and Medicaid Services.
(6) Federal medical assistance percentage (FMAP). – The federal share of North Carolina Medicaid service costs as calculated by the federal Department of Health and Human Services in accordance with Section 1905(b) of the Social Security Act, in effect at the start of the applicable assessment quarter, expressed as a decimal.
(7) Hospital costs. – A hospital’s costs as calculated using the most recent available Hospital Cost Report Information System’s cost report data available through CMS, including both inpatient and outpatient components.
(8) Inpatient hospital financing percentage. – For the 2021-2022 State fiscal year, the inpatient hospital financing percentage is sixty-six and one-tenth percent (66.1%), expressed as a decimal. For each subsequent State fiscal year, the inpatient hospital financing percentage is the sum of the inpatient hospital financing percentage for the previous State fiscal year plus the market basket percentage, divided by the sum of one plus the market basket percentage.
(9) Inpatient hospital services. – As defined in the Medicaid State Plan, excluding payments made under the graduate medical education methodology and the disproportionate share hospital methodology.
(10) Inpatient portion of the statewide capitation rate. – The amount of the statewide capitation rate applicable to a particular rating group that is attributed to inpatient hospital facility health services in the applicable...
Medicaid managed care rate certification, expressed as a statewide weighted average of all PHP regions.

(11) Market basket percentage. — The hospital inpatient prospective payment system market basket minus the multifactor productivity adjustment established in rule by CMS and in effect on March 1 of the previous State fiscal year, expressed as a decimal.

(12) Medicaid managed care capitation rate certification. — A rate certification for any capitated contract plan type that contains the rates paid to prepaid health plans and that has been submitted to CMS under 42 C.F.R. 438.7 and, except as otherwise provided in this subdivision, (i) has been approved by CMS, and (ii) is in effect during the applicable time period. If, on the first day of any assessment quarter, CMS has not approved a rate certification for a particular capitated contract plan type for that quarter, then the Medicaid managed care capitation rate certification for that capitated contract plan type is the rate certification submitted to CMS under 42 C.F.R. 438.7 applicable to that quarter.

(13) Outpatient hospital financing percentage. — Twenty-eight percent (28%), expressed as a decimal.

(14) Outpatient hospital services. — As defined in the Medicaid State Plan.

(15) Outpatient portion of the statewide capitation rate. — The amount of the statewide capitation rate applicable to a particular rating group that is attributed to outpatient hospital facility services and emergency room facility services in the applicable Medicaid managed care capitation rate certifications, expressed as a statewide weighted average of all PHP regions.

(16) Paid capitation. — The total amount of the capitation payments made by the Department to all prepaid health plans for a particular rating group (i) attributable to the base capitation rate in the applicable Medicaid managed care capitation rate certification and (ii) adjusted by the Department as a result of retroactively implementing any base capitation rate adjustment that is approved by CMS or allowed under Part 438 of Subchapter C of Title 42 of the Code of Federal Regulations.

(17) Previous data collection period. — The period beginning on the eleventh day of the month that is four months prior to the start of the applicable assessment quarter and ending on the tenth day of the month prior to the start of applicable assessment quarter.

(18) Private acute care hospital. — An acute care hospital that (i) is not qualified to certify public expenditures as described in 42 C.F.R. § 433.51(b), (ii) is not a critical access hospital, and (iii) is not part of UNC Health Care System.

(19) Private hospital historical assessment share. — Seventy-nine percent (79%), expressed as a decimal.

(20) Public acute care hospital. — An acute care hospital that (i) is qualified to certify public expenditures as described in 42 C.F.R. § 433.51(b), (ii) is not a critical access hospital, (iii) is not part of the UNC Health Care System, and (iv) is not the primary affiliated teaching hospital for the East Carolina Brody School of Medicine.

(21) Public hospital historical assessment share. — Twenty-one percent (21%), expressed as a decimal.

(22) Rating group. — A category of beneficiaries or maternity services for which a periodic per-enrollee or per-event amount appears in a Medicaid managed care capitation rate certification.
(23) State's annual Medicaid payment. – An annual amount equal to one hundred
ten million dollars ($110,000,000) for the period July 1, 2021, through June
30, 2022, increased each year over the prior year’s payment by the market
basket percentage.

(24) Statewide capitation rate. – A periodic per-enrollee or per-event amount paid
by the Department to prepaid health plans for the delivery of Medicaid and
NC Health Choice services in accordance with Article 4 of Chapter 108D of
the General Statutes applicable to a particular rating group, expressed as a
statewide weighted average for the applicable capitated contract plan type for
all PHP regions and appearing in a Medicaid managed care capitation rate
certification, as adjusted by the Department and allowed by CMS in
accordance with Part 438 of Subchapter C of Chapter IV of Title 42 of the
Code of Federal Regulations.

(25) Third-party coverage. – Liability by any individual, entity, or program for the
payment of all or part of the expenditures for medical assistance under the
Medicaid State Plan that has been identified by the Department before making
the medical assistance expenditure.

(26) University of North Carolina Health Care System (UNC Health Care System).
– As established in G.S. 116-37 and including the following hospitals:
a. The University of North Carolina Hospitals at Chapel Hill.
b. Rex Hospital, Inc.
c. Chatham Hospital, Inc.
d. UNC Rockingham Health Care, Inc.
e. Caldwell Memorial Hospital, Inc.

§ 108A-145.5. Due dates and collections.
(a) Assessments under this Article are calculated, imposed, and due quarterly in the time
and manner prescribed by the Secretary and shall be considered delinquent if not paid within
seven calendar days of this due date.
(b) With respect to any hospital owing a past-due assessment amount under this Article,
the Department may withhold the unpaid amount from Medicaid or NC Health Choice payments
otherwise due or impose a late payment penalty. The Secretary may waive a penalty for good
cause shown.
(c) In the event the data necessary to calculate an assessment under this Article is not
available to the Secretary in time to impose the quarterly assessment, the Secretary may defer the
due date for the assessment to a subsequent quarter.

A hospital may appeal a determination of the assessment amount owed through a
reconsideration review. The pendency of an appeal does not relieve a hospital from its obligation
to pay an assessment amount when due.

(a) Assessments paid under this Article may be included as allowable costs of a hospital
for purposes of any applicable Medicaid reimbursement formula, except that assessments paid
under this Article shall be excluded from cost settlement.
(b) Assessments imposed under this Article may not be added as a surtax or assessment
on a patient's bill.

The Secretary may adopt rules to implement this Article.

If CMS determines that an assessment under this Article is impermissible or revokes approval
of an assessment under this Article, then that assessment shall not be imposed and the
Department's authority to collect the assessment is repealed.

§ 108A-146.1. Public Hospital Assessment.
(a) The public hospital assessment imposed under this Part shall apply to all public acute care hospitals.
(b) The public hospital assessment shall be assessed as a percentage of each public acute care hospital’s hospital costs. The assessment percentage shall be calculated quarterly by the Department of Health and Human Services in accordance with this Part. The percentage for each quarter shall equal the aggregate assessment collection amount under G.S. 108A-146.5 multiplied by the public hospital historical assessment share and divided by the total hospital costs for all public acute care hospitals holding a license on the first day of the assessment quarter.

§ 108A-146.3. Private Hospital Assessment.
(a) The private hospital assessment imposed under this Part shall apply to all private acute care hospitals.
(b) The private hospital assessment shall be assessed as a percentage of each private acute care hospital’s hospital costs. The assessment percentage shall be calculated quarterly by the Department of Health and Human Services in accordance with this Part. The percentage for each quarter shall equal the aggregate assessment collection amount under G.S. 108A-146.5 multiplied by the private hospital historical assessment share and divided by the total hospital costs for all private acute care hospitals holding a license on the first day of the assessment quarter.

§ 108A-146.5. Aggregate Assessment Collection Amount.
The aggregate assessment collection amount is an amount of money that is calculated by adding (i) the managed care component under G.S. 108A-146.7, (ii) the fee-for-service component under G.S. 108A-146.9, (iii) the GME component under G.S. 108A-146.11, and (iv) one-fourth of the State’s annual Medicaid payment, and then subtracting the intergovernmental transfer adjustment component under G.S. 108A-146.13.

§ 108A-146.7. Managed Care Component.
(a) The managed care component is an amount of money that is a portion of the total paid capitation for all rating groups in all capitated contracted plan types for the previous data collection period and is calculated in accordance with this section. The managed care component consists of an inpatient subcomponent and an outpatient subcomponent.
(b) The inpatient subcomponent is an amount calculated for each rating group by multiplying the paid capitation for the applicable rating group in the previous data collection period by the percentage that is calculated by (i) multiplying the inpatient portion of the statewide capitation rate for the applicable rating group by the inpatient hospital financing percentage, (ii) multiplying that product by the difference of one minus the FMAP, and (iii) dividing that product by the statewide capitation rate for the applicable rating group.
(c) The outpatient subcomponent is an amount calculated for each rating group by multiplying the paid capitation for the applicable rating group in the previous data collection period by the percentage that is calculated by (i) multiplying the outpatient portion of the statewide capitation rate for the applicable rating group by the outpatient hospital financing percentage, (ii) multiplying that product by the difference of one minus the FMAP, and (iii) dividing that product by the statewide capitation rate for the applicable rating group.
(d) The managed care component is calculated by adding together the aggregate inpatient subcomponents for all rating groups, and the aggregate outpatient subcomponents for all rating groups.

§ 108A-146.9 Fee-For-Service Component.
(a) The fee-for-service component is an amount of money that is a portion of all the Medicaid fee-for-service payments made to acute care hospitals during the previous data collection period for claims with a date of service on or after July 1, 2021. The fee-for-service
component consists of a subcomponent pertaining to claims for which there is no third-party coverage and a subcomponent pertaining to claims for which there is third-party coverage.

(b) The subcomponent pertaining to claims for which there is no third-party coverage is the sum of the inpatient amount and the outpatient amount described in this subsection:

(1) The inpatient amount is the product of the total fee-for-service payments for claims for which there is no third-party coverage made to all acute care hospitals for inpatient hospital services multiplied by the inpatient hospital financing percentage and multiplied by the difference of one minus the FMAP.

(2) The outpatient amount is the product of the total fee-for-service payments for claims for which there is no third-party coverage made to all acute care hospitals for outpatient hospital services multiplied by the outpatient hospital financing percentage and multiplied by the difference of one minus the FMAP.

(c) The subcomponent pertaining to claims for which there is third-party coverage is the product of the total fee-for-service payments for claims for which there is third-party coverage made for inpatient hospital services and outpatient hospital services to (i) public acute care hospitals, (ii) private acute care hospitals, and (iii) critical access hospitals multiplied by the difference of one minus the FMAP.

(d) The fee-for-service component is calculated by adding together the subcomponent pertaining to claims for which there is no third-party coverage and the subcomponent pertaining to claims for which there is third-party coverage.

§ 108A-146.11. Graduate Medical Education Component.

The graduate medical education component is an amount of money that is one-fourth (1/4) of the total amount of payments that will be made by the Department during the current State fiscal year to all public acute care hospitals and private acute care hospitals in accordance with the Medicaid graduate medical education methodology in the Medicaid State Plan multiplied by the difference of one minus the FMAP.

§ 108A-146.13. Intergovernmental Transfer Adjustment Component.

(a) The intergovernmental transfer adjustment component is forty-four million nine hundred twelve thousand five hundred seven dollars ($44,912,507) for each quarter of the 2021-2022 State fiscal year. For each subsequent State fiscal year, the intergovernmental transfer adjustment component shall be increased over the prior year's quarterly payment by the market basket percentage.

(b) If a public acute care hospital closes or becomes a private acute care hospital, then, beginning in the first assessment quarter following the closure or change to a private acute care hospital and for each quarter thereafter, the intergovernmental transfer adjustment component described in subsection (a) of this section, as inflated in accordance with that section, shall be reduced by the amount of the public acute care hospital's intergovernmental transfer to the Department made during its last quarter of operation as a public acute care hospital.

§ 108A-146.15. Use of funds.

The proceeds of the assessments imposed under this Part, and all corresponding matching federal funds, must be used to make the State's annual Medicaid payment to the State, to fund payments to hospitals made directly by the Department, to fund a portion of capitation payments to prepaid health plans attributable to hospital care, and to fund graduate medical education payments. The Office of State Budget and Management shall establish a fund code in the budget for the Department of Health and Human Services for the proceeds of the assessments. Notwithstanding any other provision of law to the contrary the proceeds of the assessments shall not revert but shall remain available for the designated uses.


(a) For purposes of this section, hospital status includes all of the following:
A hospital’s status as a public acute care hospital, a private acute care hospital, or a hospital owned or controlled by the UNC Health Care system.

The operating status of an acute care hospital as open or closed, including new hospitals and hospital closures.

(b) The Department of Health and Human Services shall report to the House Appropriations Committee on Health and Human Services, the Senate Appropriations Committee on Health and Human Services, and the Fiscal Research Division whenever the Department is notified of a possible change of hospital status. The report shall be due 60 days after the Department is notified of the possible change. The report shall include all of the following:

1. The anticipated change of hospital status and the anticipated time frame during which the change of hospital status may occur.
2. Any proposed revisions to Article 7B of Chapter 108A of the General Statutes that would be needed if the change in hospital status occurs, including proposed changes to the public and private hospital historical assessment shares in G.S. 108A-145.3 and the intergovernmental transfer adjustment component in G.S. 108A-146.13, as well as the mathematical calculations supporting the proposed changes.

(c) The Department of Health and Human Services shall report to the House of Representatives Appropriations Committee on Health and Human Services, the Senate Appropriations Committee on Health and Human Services, and the Fiscal Research Division whenever the Department is notified that a change in hospital status has occurred. The report shall be due 60 days after the Department is notified of the change. The report shall include all of the following:

1. The change of hospital status and the date of the change.
2. Any proposed revisions to Article 7B of Chapter 108A of the General Statutes that are needed as a result of the change in hospital status, including proposed changes to the public and private hospital historical assessment shares in G.S. 108A-145.3 and the intergovernmental transfer adjustment component in G.S. 108A-146.13, as well as the mathematical calculations supporting the proposed changes.
3. If the change of hospital status occurred because a public acute care hospital closed or became a private acute care hospital, then the amount of the public acute care hospital’s intergovernmental transfer to the Department made during its last quarter of operation.

SECTION 9D.14.(c) Notwithstanding G.S. 108A-146.1, established in Section 2 of this act, for the assessment quarter beginning July 1, 2021, the public hospital assessment shall be thirty-eight hundredths percent (0.38%) of total hospital costs for all public acute care hospitals.

SECTION 9D.14.(d) Notwithstanding G.S. 108A-146.3, established in Section 2 of this act, for the assessment quarter beginning July 1, 2021, the private hospital assessment shall be eighty-seven hundredths percent (0.87%) of total hospital costs for all private acute care hospitals.

SECTION 9D.14.(e) Notwithstanding G.S. 108A-146.1, established in Section 2 of this act, for the assessment quarter beginning October 1, 2021, the Department of Health and Human Services shall determine the public hospital assessment percentage by, first, either increasing or reducing the aggregate assessment collection amount under G.S. 108A-146.5 by the reconciliation component under subsection (c) of this section, and then multiplying that amount by the public hospital historical assessment share, and lastly dividing by the total hospital costs of all public acute care hospitals.

SECTION 9D.14.(f) Notwithstanding G.S. 108A-146.3, established in Section 2 of this act, for the assessment quarter beginning October 1, 2021, the Department of Health and
Human Services shall determine the private hospital assessment percentage by, first, either increasing or reducing the aggregate assessment collection amount under G.S. 108A-146.5 by the reconciliation component under subsection (c) of this section, and then multiplying that amount by the private hospital historical assessment share, and lastly dividing by the total hospital costs of all private acute care hospitals.

**SECTION 9D.14.(g)** The reconciliation component is a positive or a negative number that results from subtracting the actual amount of public hospital assessment and private hospital assessment collected for the assessment quarter beginning July 1, 2021, from the aggregate assessment collection amount calculated under G.S. 108A-146.5 for the assessment quarter beginning October 1, 2021, with the adjustment required in accordance with subsection (d) of this section. If the reconciliation component is a positive number, then the aggregate assessment collection amount shall be increased by the reconciliation component in accordance with this section. If the reconciliation component is a negative number, then the aggregate assessment collection amount shall be reduced by the reconciliation component in accordance with this section.

**SECTION 9D.14.(h)** Notwithstanding the definition of federal medical assistance percentage (FMAP) in G.S. 108A-145.3, when calculating the aggregate assessment collection amount under G.S. 108A-146.5 for the reconciliation component in subsection (c) of this section, the FMAP used in the calculation shall be the federal share of North Carolina Medicaid service costs as calculated by the federal Department of Health and Human Services in accordance with Section 1905(b) of the Social Security Act that is in effect for the quarter beginning July 1, 2021.

**SECTION 9D.14.(i)** The market basket percentage definition in G.S. 108A-145.3(11) and applied in G.S. 108A-145.3(8) G.S. 108A-145.3(23), and G.S. 108A-146.13 shall remain in effect until June 30, 2026. By January 1st, 2026 the Department of Health and Human Services shall report to the House of Representatives Appropriations Committee on Health and Human Services, the Senate Appropriations Committee on Health and Human Services, and the Fiscal Research Division with a proposed replacement of the market basket percentage inflation factor to take effect July 1, 2026. It is the intent of the General Assembly to enact legislation before the start of the 2026-2027 fiscal year to adjust the inflation factor as needed to reflect changes in the Medicaid reimbursement environment since the start of Medicaid managed care. If the General Assembly takes no action before July 1, 2026, the market basket percentage definition shall be set to zero.

**SECTION 9D.14.(j)** Section 13(b) of S.L. 2020-88 reads as rewritten:

"**SECTION 13.(b)** The limitation on total payments made under the Average Commercial Rate Supplemental and Directed Payment Program for eligible medical professional providers shall apply to the combined amount of payments made as supplemental payments under the State Plan and payments made as directed payments under the managed care system and shall be based on the amount of supplemental payments for services provided during the 2018-2019 fiscal year. For services provided on or after July 1, 2021, the total annual supplemental and directed payments made under the Average Commercial Rate Supplemental and Directed Payment Program shall not exceed one hundred percent (100%) of the gross supplemental payments for services provided by eligible medical providers during the 2018-2019 fiscal year, increased at the start of each State fiscal year by an inflation factor and volume adjustment determined by the Department of Health and Human Services, Division of Health Benefits."

**SECTION 9D.14.(k)** Except as otherwise provided, this section becomes effective July 1, 2021.

**PAYMENT SUSPENSIONS, AUDITS, AND THE COLLECTION OF ASSESSMENTS AND OTHER COLLECTIBLE DEBT**

**SECTION 9D.15.(a)** G.S. 108C-2 reads as rewritten:

"§ 108C-2. Definitions."
The following definitions apply in this Chapter:


(6b) Managed Care Entity – As defined in G.S. 108D-1.

(8a) Medicaid. – The Medical Assistance program authorized by G.S. 108A-54 and as set forth in the North Carolina State Plan of Medical Assistance.

(8b) Negative Remittance Balance- A provider's negative claim balance resulting from administrative activity that adjusted a claim previously paid that causes a final amount owed to the Department by the provider as documented in the provider's remittance statement. For purposes of claim offsetting, the provider's remittance statement serves as the Department's final notice but the provider's right to appeal shall be unabridged.

(8c) Notice of Program Reimbursement. – The written notice reflecting the Department's final determination of the total amount of reimbursement, if any, due to either the provider or the Department following receipt of a provider's annual Medicaid or Health Choice cost report, or amended Medicaid or Health Choice cost report where permitted or required.

SECTION 9D.15.(b) G.S. 108C-5 reads as rewritten:

"§ 108C-5. Payment suspension and audits utilizing extrapolation.

(b) In addition to the procedures for suspending payment set forth at 42 C.F.R. § 455.23, the Department may also suspend payment to any provider that (i) owes a final overpayment, assessment, or fine to the Department or owes any other debt the Department is obligated to collect and has not entered into an approved payment plan with the Department or other applicable State or federal agency; (ii) has a negative remittance balance; or (iii) has had its participation in the Medicaid or Health Choice programs suspended or terminated by the Department. For purposes of this section, a suspension or termination of participation does not become final until all administrative appeal rights have been exhausted and shall not include any agency decision that is being contested at the Department, the Office of Administrative Hearings, or in Superior Court provided that the Superior Court has entered a stay of decision in accordance with G.S. 150B-48.

(b1) Upon written notification from the Department to a managed care entity that a provider in its network owes amounts described in subsection (b)(i) or (b)(ii) of this section, the managed care entity shall do the following:

(1) Notify the provider that the Department has mandated recovery of the funds owed under this section from any reimbursement due to the provider from the managed care entity;

(2) Provide a copy of the written notice from the Department to the managed care entity mandating such recovery to the provider; and

(3) Remit to the Department all reimbursement amounts otherwise due to that provider until the amounts described in subsection (b)(i) or (b)(ii) of this section, including any applicable penalties or interest have been satisfied. If the provider has entered into a payment plan with the Department in accordance with this section or other applicable State or federal agency, the managed care entity shall only collect the agreed upon monthly payment from the reimbursement amounts otherwise due to the provider and shall remit the payment to the Department on behalf of the provider."
The requirements under this subsection shall supersede any contractual obligation on the part of the managed care entity to remit payment to the provider.

(c) For providers who owe a final overpayment, assessment, or fine amounts described in subsection (b)(i) of this section to the Department, the payment suspension shall begin the thirty-first day after the overpayment, assessment, or fine becomes final by virtue of a settlement or final decision of the Department or the Office of Administrative Hearings and the final decision is not timely appealed by the provider; or on the date specified by the State or federal agency in its notification to the Department of an obligation to collect a debt on the State or federal agency's behalf. The payment suspension shall not exceed the amount owed to the Department, including any applicable penalty and interest charges.

(c1) For providers who owe a negative remittance balance to the Department, the amount shall be recovered immediately against subsequent claims by the Department or by the process specified in section (b)(i) of this section by a managed care entity, whichever results in the earliest recovery by the Department of the amount owed by the provider.

(h) All payments suspended in accordance with this Chapter shall be applied toward any final overpayment, assessment, or fine owed to the Department. Amounts described in subsection (b)(i) of this section.

(h1) The Department may collect payments for delinquent provider health care assessments as defined in 42 C.F.R. § 433.55(a). In addition to all other methods of collection allowed by law, the Department may collect such assessments in the same manner as set forth in G.S. 105-242 and G.S. 105-242.1. The collection of delinquent assessments from a managed care entity for money owed by a provider and on behalf of the provider to the State shall not constitute a donation as defined in 42 C.F.R. § 433.52.

(i) Prior to extrapolating the results of any audits, In the notification of an overpayment to the provider, the Department shall demonstrate and inform the provider that (i) the provider failed to substantially comply with the requirements of State or federal law or regulation, including Clinical Coverage Policies adopted or amended by the Department in accordance with G.S. 108A-4.2; or (ii) the Department has a credible allegation of fraud concerning the provider. Nothing in the subsection shall be construed to prohibit the Department from identifying the extrapolated overpayment amount in the same notice that meets the requirements of this subsection.

(j) Audits that result in the extrapolation of results must be performed and reviewed by individuals who shall be credentialed by the Department, as applicable, in the matters to be audited, including, but not limited to, coding or specific clinical issues qualified in the matters to be audited.

(k) The Department, in the initial request for medical records and prior to conducting audits that result in the extrapolation of results shall identify to the provider the matters to be reviewed and specifically list the clinical, including, but not limited to, assessment of medical necessity, coding, authorization, or other matters reviewed and the time periods reviewed.

(n) The results of audits that result in the extrapolation of results may be challenged by a provider within the limited or moderate risk categories, pursuant to G.S. 108C-3.

(1) The provider shall notify the Department within 45-30 days of receipt of the tentative audit results of the provider’s challenge of the Department’s results under this subsection. The provider’s notification shall select the means of challenging the error rate found by the Department.

(2) The provider may challenge the error rate found by the Department by doing one of the following:

...
b. Conducting a second audit upon a sample identified and produced by the Department utilizing the same statistical and sampling methodology to produce a sample twice the size of the original sample to review those matters and time periods identified in subsection (k) of this section. The Department shall provide a new sample to the provider within 30 days from the date of receipt of a provider's request. The provider shall have 60 days from receipt of the new sample to conduct the audit and provide the results to the Department. The failure to provide the results of the second audit within the specified time frame will result in the dismissal of the provider's challenge, and the provider shall have no further right to appeal to the Office of Administrative Hearings or any other court.

…

(4) Nothing in this subsection shall limit a provider from challenging the accuracy of the Department's audit, the statistical methodology of the Department's original sample, or the credentials, qualifications of the individuals who performed and reviewed the audit.

…

(p) If the provider requests a reconsideration review, the provider shall have no less than 30-45 days from the date of the receipt of the Department's notice of tentative audit results to provide additional documentation not provided to the Department during any audit. If the provider elects to appeal the Department's decision to the Office of Administrative Hearings, the provider shall have 45 days from the date that the appeal is filed to submit any additional documentation or records which address or challenge the findings of the audit. The Department shall not review, and the Office of Administrative Hearings shall not admit into evidence, any materials submitted after 45 days from the date the appeal was filed.

(q) Except as required by federal agency, law, or regulation, or instances of credible allegation of fraud, the provider shall be subject to audits which result in the extrapolation of results for a time period of up to 36 months from date of payment of a provider's claim. An audit that results in extrapolation must be initiated via notice of the audit to the provider within 36 months of the date of payment of the provider's claim. No extrapolated audit shall include claims that were paid more than 36 months prior to the date of the notice of audit.

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section shall be required to renew their credentials by a date determined by the Department. The Department shall notify the affected providers at least 90 days in advance of their assigned recredentialing date.

**SECTION 9D.16.(c)** Chapter 108C of the General Statutes is amended by adding a new section to read:

"§ 108C-3.1. Confidentiality of enrollment, re-enrollment, change requests, and revalidation information.

All information required by the Department in connection with the initial screening of applicants for enrollment or providers for re-enrollment, change requests, or revalidation is confidential and not a public record under Chapter 132 of the General Statutes."

**POPULATIONS EXCLUDED FROM MANAGED CARE**

**SECTION 9D.17.(a)** G.S. 108D-40 reads as rewritten:

"§ 108D-40. Populations covered by PHPs.

(a) Capitated PHP contracts shall cover all Medicaid and NC Health Choice program aid categories except for the following categories:

…

(5) Members of federally recognized tribes. Members of federally recognized tribes Individuals who meet the definition of Indian as defined under 42 C.F.R. § 438.14(a), shall have the option to enroll voluntarily in PHPs.

(5a) Eligible recipients who are enrolled in a DHHS-contracted Indian managed care entity, as defined in 42 C.F.R. § 438.14(a).

…

(14) As determined by the Department, recipients who receive Medicaid or NC Health Choice coverage for a limited array of services, or services for a limited duration in response to a public health emergency declared by the United States Department of Health and Human Services or an emergency declared by the President of the United States.

…"

**BH IDD TAILORED PLAN CONTRACTS AND CATCHMENT AREAS**

**SECTION 9D.17.(b)** G.S. 108D-60 reads as rewritten:

"§ 108D-60. Populations covered by PHPs.

BH IDD tailored plans shall be defined as capitated PHP contracts that meet all requirements in this Article pertaining to capitated PHP contracts, except as specifically provided in this section. With regard to BH IDD tailored plans, the following shall occur:

(1) In the event of the discontinuation of the 1915(b)/(c) Waivers, the following essential components of the 1915(b)/(c) Waivers shall be included in the 1115 Waiver:

…

(d) Entities operating BH IDD tailored plans shall maintain closed provider networks for behavioral health, intellectual and developmental disability, and traumatic brain injury services in accordance with G.S. 108D-23 and shall ensure network adequacy.

…

(3) During the contract term of the initial contracts for BH IDD tailored plans to begin one year after the implementation of the first contracts for standard benefit plans and to last four years, BH IDD tailored plans shall be operated only by LME/MCOs that meet certain criteria established by the Department. Any LME/MCO desiring to operate a BH IDD tailored plan will make an application to the Department in response to this set of criteria. Approval to
operate a BH IDD tailored plan will be contingent upon a comprehensive readiness review. The constituent counties of the existing LME/MCOs may change, or existing LME/MCOs may merge or be acquired by another LME/MCO, as allowed under Chapter 122C of the General Statutes, prior to operating a BH IDD tailored plan, provided that the Department ensures every county in the State is covered by an LME/MCO that operates a BH IDD tailored plan. The Department shall issue no more than seven and no fewer than five regional BH IDD tailored plan contracts and shall not issue any statewide BH IDD tailored plan contracts. The Department shall ensure every county in the State is covered by an LME/MCO that operates a BH IDD tailored plan. Notwithstanding any other provision of law to the contrary, to ensure stability of BH IDD tailored plan regions during implementation and initial contract term, for the period beginning July 1, 2021, and ending June 30, 2026, no county or a board of county commissioners shall seek approval from the Secretary to disengage from a LME/MCO and realign with another LME/MCO or establish an area authority. The previous sentence shall not be construed to apply to any requests to disengage from an LME/MCO made by a county or a board of county commissioners, in accordance with Chapter 122C, prior to June 30, 2021.

(11) The Department may contract with entities operating BH IDD tailored plans under a capitated or other arrangement for the management of behavioral health, intellectual/developmental disabilities, or traumatic brain injury services for the recipients described in any of the categories excluded from PHP coverage under G.S. 108D-40(a)."

SECTION 9D.17.(c) G.S. 122C-115 reads as rewritten:

"§ 122C-115. Duties of counties; appropriation and allocation of funds by counties and cities.

(a) A county shall provide mental health, developmental disabilities, and substance abuse services in accordance with rules, policies, and guidelines adopted pursuant to statewide restructuring of the management responsibilities for the delivery of services for individuals with mental illness, intellectual or other developmental disabilities, and substance abuse disorders under a 1915(b)/(c) Medicaid Waiver through an area authority. Beginning July 1, 2012, the catchment area of an area authority shall contain a minimum population of at least 300,000. Beginning July 1, 2013, the catchment area of an area authority shall contain a minimum population of at least 500,000. To the extent this section conflicts with G.S. 153A-77 or G.S. 122C-115.1, the provisions of this section control.

(a1) Effective July 1, 2012, the Department shall reduce the administrative funding for LMEs that do not comply with the minimum population requirement of 300,000 to a rate consistent with the funding rate provided to LMEs with a population of 300,000.

(a2) Effective July 1, 2013, the Department shall reassign management responsibilities for Medicaid funds and State funds away from LMEs that are not in compliance with the minimum population requirement of 500,000 to LMEs that are fully compliant with all catchment area requirements, including the minimum population requirements specified in this section.

(a3) A county that wishes to disengage from a local management entity/managed care organization and realign with another multicounty area authority operating under the 1915(b)/(c) Medicaid Waiver may do so with the approval of the Secretary, except during the time frame set forth in G.S. 108D-60(3). The Secretary shall adopt rules to establish a process for county disengagement that shall ensure, at a minimum, the following:
(e) Beginning on the date that capitated contracts under Article 4 of Chapter 108D of the General Statutes begin, LME/MCOs shall cease managing Medicaid services for all Medicaid recipients other than recipients described in G.S. 108D-40(a)(1), (4), (5), (5a), (6), (7), (10), (11), (12), and (13). Until BH IDD tailored plans become operational, all of the following shall occur:

1. LME/MCOs shall continue to manage the Medicaid services that are covered by the LME/MCOs under the combined 1915(b) and (c) waivers for Medicaid recipients described in G.S. 108D-40(a)(1), (4), (5), (5a), (6), (7), (10), (11), (12), and (13).

When BH IDD tailored plans become operational, entities operating the BH IDD tailored plans may continue to manage the behavioral health, intellectual/developmental disability, or traumatic brain injury services for Medicaid recipients described in G.S. 108D-40(a)(4), (5), (7), (10), (11), (12), and (13), as determined by the Department in accordance with G.S. 108D-60(11).

SECTION 9D.17.(d) Subsections (a), (a1) and (a2) of this section become effective on the date BH IDD Tailored Plans contracts begin. The Department shall notify the Revisor of Statutes of the date the contracts begin. Subsection (a3) and (e) are effective when this act becomes law.

LME/MCO MEDICAID RISK RESERVES AND SOLVENCY RANGES

SECTION 9D.18.(a) G.S. 122C-115.3 reads as rewritten:

"§ 122C-115.3. Dissolution or merger of area authority.

... (e) Any fund balance including the Medicaid Risk Reserve available to an area authority at the time of its dissolution that is not utilized to pay liabilities shall be transferred to one or more area authorities contracted to operate the 1915(b)/(c) Medicaid Waiver in the catchment area of the dissolved area authority. If the fund balance including the Medicaid Risk Reserve transferred from the dissolved area authority is insufficient to constitute fifteen percent (15%) of the anticipated operational expenses arising from assumption of responsibilities from the dissolved area authority, the Secretary shall guarantee the operational reserves for the area authority assuming the responsibilities under the 1915(b)/(c) Medicaid Waiver until the assuming area authority has reestablished fifteen percent (15%) operational reserves.

... (h) Any authority under contract with the Department to operate the 1915(b)/(c) Medicaid Waiver that does not receive an initial contract to operate a BH IDD tailored plan in accordance with G.S. 108D-60(3) shall transfer any fund balance, including the Medicaid Risk Reserve, available to the area authority that is not utilized to pay liabilities to one or more area authorities contracted with the Department to operate the BH IDD tailored plan in the catchment area of the area authority that did not receive a BH IDD tailored plan contract, as directed by the Department.

(i) During the contract term for the initial contracts for BH IDD tailored plans, any fund balance available to the area authority at the time of its dissolution or the termination of its contract with the Department to operate a BH IDD tailored plan that is not utilized to pay liabilities shall be transferred, as directed by the Department, to one or more area authorities under contract with the Department to operate a BH IDD tailored plan in the catchment area of the area authority that was dissolved or whose contract was terminated."

SECTION 9D.18.(b) G.S. 122C-125.2 is repealed in its entirety.

MEDICAID ELIGIBILITY REDETERMINATIONS

SECTION 9D.19. Section 6(b) of S.L. 2020-88 reads as rewritten:

"SECTION 6.(b) In complying with the requirements of this section, county departments of social services shall not terminate benefits for a Medicaid beneficiary if doing so would result in
the State being ineligible for the increased Medicaid funding under Section 6008 of P.L. 116-127.

When a county department of social services identifies a case that would be subject to termination of Medicaid eligibility in the absence of the preceding requirement, the case shall be identified in the NC FAST system utilizing a uniform identifier to be established by the Department of Health and Human Services no later than July 31, 2020. Notices of termination for cases with the identifier shall be sent in accordance with G.S. 108A-79 within 90-180 days after the expiration of the declared nationwide public health emergency as a result of the 2019 novel coronavirus.

MEDICAID TEMPORARILY INCREASED REIMBURSEMENT RATES

SECTION 9D.20. Section 4.6 of S.L. 2020-4, as amended by S.L. 2021-3, reads as rewritten:

"SECTION 4.6. In addition to the five percent (5%) rate increases already requested by the Department of Health and Human Services (DHHS) in the 1135 Medicaid disaster State Plan amendment (SPA) submitted to the Centers for Medicare and Medicaid Services (CMS) on April 8, 2020, for certain provider types, DHHS shall increase the fee-for-service Medicaid rates paid directly by the Division of Health Benefits for all remaining provider types by five percent (5%). The rate increases authorized under this section shall be effective March 1, 2020. Any rate increases authorized under this section shall expire on the earlier of the following dates:

(1) The date the declared nationwide public health emergency as a result of the 2019 novel coronavirus expires.
(2) The date Executive Order No. 116, Declaration of a State of Emergency to Coordinate Response and Protective Actions to Prevent the Spread of COVID-19 expires or is rescinded.

DHHS is authorized to adjust and/or end any of the rate increases directed in this section that will otherwise cause the State to be in violation of federal Medicaid upper payment limit restrictions, as set by CMS."

PART IX-E. HEALTH SERVICE REGULATION [RESERVED]

PART IX-F. MENTAL HEALTH/DEVELOPMENTAL DISABILITIES/ SUBSTANCE ABUSE SERVICES

SINGLE-STREAM FUNDING FOR MH/DD/SAS COMMUNITY SERVICES

SECTION 9F.1.(a) For the purpose of mitigating cash flow problems that many local management entities/managed care organizations (LME/MCOs) experience at the beginning of each fiscal year relative to single-stream funding, the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services (DMH/DD/SAS), shall distribute not less than one-twelfth of each LME/MCO's base budget allocation at the beginning of the fiscal year and subtract the amount of that distribution from the LME/MCO's total reimbursements for the fiscal year. For each month of the fiscal year after July, the DMH/DD/SAS shall distribute, on the third working day of the month, one-eleventh of the amount of each LME/MCO's single-stream allocation that remains after subtracting the amount of the distribution that was made to the LME/MCO in July of the fiscal year.

During each year of the 2021-2023 fiscal biennium, each LME/MCO shall offer at least the same level of service utilization as during the 2014-2015 fiscal year across the LME/MCO's catchment area. This requirement shall not be construed to require LME/MCOs to authorize or maintain the same level of services for any specific individual whose services were paid for with single-stream funding. Further, this requirement shall not be construed to create a private right of action for any person or entity against the State of North Carolina or the
Department of Health and Human Services or any of its divisions, agents, or contractors and shall not be used as authority in any contested case brought pursuant to Chapter 108C or 108D of the General Statutes.

SECTION 9F.1.(b) The Department of Health and Human Services shall continue to use the monthly reporting package submitted by the LME/MCOs to the Department, as modified pursuant to Section 12F.2(c) of S.L. 2015-241, to include revenues and expenditures for the State funding sources for single-stream, intellectual and developmental disability, and substance abuse services on Schedule D2. Additionally, the Department shall continue to use appropriate schedules in the LME/MCO monthly reporting package, as modified pursuant to Section 12F.2(c) of S.L. 2015-241, to include unduplicated recipients and encounters in the same level of detail included in each D schedule for each source of funding for the reporting for the current and previous year's month and year-to-date periods. The Department shall continue to submit these reports to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division on a quarterly basis.

SECTION 9F.1.(c) The Secretary of Health and Human Services may adjust the Single Stream Base allocations and any recurring or non-recurring reductions among the LME/MCOs for the 2021-23 fiscal biennium; provided, however, that the Secretary shall submit a detailed explanation for any such adjustment along with supporting documentation to the Office of State Budget and Management, the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division within 10 business days after making the adjustment.

SECTION 9F.1.(d) If, on or after June 1, 2021, the Office of State Budget and Management (OSBM) certifies a Medicaid budget surplus in funds 1310, 1311, and 1312 and sufficient cash in Budget Code 14445 to meet total obligations for the 2021-2022 fiscal year, then the Department of Health and Human Services, Division of Medical Assistance (DMA), may transfer to the DMH/DD/SAS funds not to exceed the amount of the certified surplus or thirty million dollars ($30,000,000), whichever is less.

If, on or after June 1, 2022, the OSBM certifies a Medicaid budget surplus in funds 1310, 1311, and 1312 and sufficient cash in Budget Code 14445 to meet total obligations for fiscal year 2022-2023, then the DMA may transfer to the DMH/DD/SAS funds not to exceed the amount of the certified surplus or thirty million dollars ($30,000,000), whichever is less.

The DMH/DD/SAS shall allocate funds transferred pursuant to this subsection among the LME/MCOs based on a formula to identify unmet need determined by the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services (DMH/DD/SAS).

SECTION 9F.1.(e) The Department of Health and Human Services shall develop a maintenance of effort (MOE) spending requirement for all mental health and substance abuse services which must be maintained using nonfederal, State appropriations on an annual basis in order to meet MOE requirements for federal block grant awards. LME/MCOs shall ensure the MOE spending requirement is met using State appropriations.

FUNDS FOR LOCAL INPATIENT PSYCHIATRIC BEDS OR BED DAYS

SECTION 9F.2.(a) Use of Funds. – Of the funds appropriated to the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, for crisis services, the sum of forty-one million three hundred fifty-one thousand six hundred forty-four dollars ($41,351,644) in recurring funds for the 2021-2022 fiscal year and the sum of forty-one million three hundred fifty-one thousand six hundred forty-four dollars ($41,351,644) in recurring funds for the 2022-2023 fiscal year shall be used to purchase additional new or existing local inpatient psychiatric beds or bed days not currently funded by or though LME/MCOs. The Department shall continue to implement a two-tiered system of payment for purchasing these local inpatient psychiatric beds or bed days.
Section 9F.2. (b) Distribution and Management of Beds or Bed Days. – Except as provided in this subsection, the Department shall work to ensure that any local inpatient psychiatric beds or bed days purchased in accordance with this section are utilized solely for individuals who are medically indigent, as defined in this subsection. In addition, the Department shall work to ensure that any local inpatient psychiatric beds or bed days purchased in accordance with this section are distributed across the State in LME/MCO catchment areas and according to need as determined by the Department. The Department shall ensure that beds or bed days for individuals with higher acuity levels are distributed across the State in LME catchment areas, including any catchment areas served by managed care organizations, and according to need based on hospital bed utilization data. The Department shall enter into contracts with LME/MCOs and local hospitals for the management of these beds or bed days. The Department shall work to ensure that these contracts are awarded equitably around all regions of the State. LME/MCOs shall manage and control these local inpatient psychiatric beds or bed days, including the determination of the specific local hospital or State psychiatric hospital to which an individual should be admitted pursuant to an involuntary commitment order.

The Department may use up to ten percent (10%) of the funds allocated in this section for each year of the 2021-2023 fiscal biennium to pay for facility-based crisis services and nonhospital detoxification services for individuals in need of these services, regardless if the individuals are medically indigent, defined as uninsured persons who (i) are financially unable to obtain private insurance coverage as determined by the Department and (ii) are not eligible for government-funded health coverage such as Medicare or Medicaid.

Section 9F.2. (c) Funds to Be Held in Statewide Reserve. – Funds appropriated to the Department for the purchase of local inpatient psychiatric beds or bed days shall not be allocated to LME/MCOs but shall be held in a statewide reserve at the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services to pay for services authorized by the LME/MCOs and billed by the hospitals through the LME/MCOs. LME/MCOs shall remit claims for payment to the Department within 15 working days after receipt of a clean claim from the hospital and shall pay the hospital within 30 working days after receipt of payment from the Department.

Section 9F.2. (d) Ineffective LME/MCO Management of Beds or Bed Days. – If the Department determines that (i) an LME/MCO is not effectively managing the beds or bed days for which it has responsibility, as evidenced by beds or bed days in the local hospital not being utilized while demand for services at the State psychiatric hospitals has not decreased, or (ii) the LME/MCO has failed to comply with the prompt payment provisions of subsection (c) of this section, the Department may contract with another LME/MCO to manage the beds or bed days or, notwithstanding any other provision of law to the contrary, may pay the hospital directly.

Section 9F.2. (e) Reporting by LME/MCOs. – The Department shall establish reporting requirements for LME/MCOs regarding the utilization of these beds or bed days.

Section 9F.2. (f) Reporting by Department. – By no later than December 1, 2022, and by no later than December 1, 2023, the Department shall report to the Joint Legislative
Oversight Committee on Health and Human Services and the Fiscal Research Division on all of the following:

(1) A uniform system for beds or bed days purchased during the preceding fiscal year from (i) funds appropriated in this act that are designated for this purpose in subsection (a) of this section, (ii) existing State appropriations, and (iii) local funds.

(2) An explanation of the process used by the Department to ensure that, except as otherwise provided in subsection (a) of this section, local inpatient psychiatric beds or bed days purchased in accordance with this section are utilized solely for individuals who are medically indigent, along with the number of medically indigent individuals served by the purchase of these beds or bed days.

(3) The amount of funds used to pay for facility-based crisis services, along with the number of individuals who received these services and the outcomes for each individual.

(4) The amount of funds used to pay for nonhospital detoxification services, along with the number of individuals who received these services and the outcomes for each individual.

(5) Other Department initiatives funded by State appropriations to reduce State psychiatric hospital use.

CHANGE TO STATUTORY DEFINITION OF TRAUMATIC BRAIN INJURY

SECTION 9F.3. G.S. 122C-3 reads as rewritten:

"§ 122C-3. Definitions. The following definitions apply in this Chapter:

(38a) "Traumatic Brain Injury" (TBI) means an insult to the brain from an outside physical force that may or may not have produced a diminished or altered state of consciousness. The term applies to open or closed head injuries resulting in an impairment of cognitive ability and/or physical functions but not necessarily both. Impairments in one or more areas including but not limited to: cognition; language; memory; attention; reasoning; abstract thinking; judgment; problem-solving; sensory; perceptual, and motor abilities; psychosocial behavior, physical function, information process and speech. Impairments may be either temporary or permanent and may cause partial or total functional disability and/or psychosocial disorientation.

TRAUMATIC BRAIN INJURY FUNDING

SECTION 9F.4. Of the funds appropriated in this act to the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, for traumatic brain injury (TBI) services, the sum of two million three hundred seventy-three thousand eighty-six dollars ($2,373,086) in recurring funds for the 2021-2022 fiscal year and the sum of two million three hundred seventy-three thousand eighty-six dollars ($2,373,086) in recurring funds for the 2022-2023 fiscal year shall be used exclusively to support TBI services as follows:

(1) The sum of three hundred fifty-nine thousand two hundred eighteen dollars ($359,218) shall be used to fund contracts with the Brain Injury Association of North Carolina, Carolinas Rehabilitation, or appropriate service providers to assist families in accessing the continuum of care and to provide educational programs on brain injury prevention, intervention, and care.
(2) The sum of two million thirteen thousand eight hundred sixty-eight dollars ($2,013,868) shall be used to provide services and supports such as, but not limited to, residential day program, transportation, respite and home modification to individuals with TBI statewide. The program will be administered in accordance with the program operating policies established by the Division of Mental Health, Developmental Disabilities and Substance Abuse.

DOROTHEA DIX HOSPITAL PROPERTY FUNDS

SECTION 9F.5. Any funds allocated to the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, from the Dorothea Dix Hospital Property Fund established under G.S. 143C-9-2(b1), pursuant to Section 12F.4 of S.L. 2016-94 and Section 11F.5 of S.L. 2017-57, as amended, that are not expended or encumbered as of June 30, 2021, shall remain in the Dorothea Dix Hospital Property Fund.

USE OF CERTAIN VENDING RECEIPTS

SECTION 9F.6. G.S. 122C-185 reads as rewritten:

"§ 122C-185. Application of funds belonging to State facilities.

... (d1) Notwithstanding G.S. 111-43, the net proceeds from coin-operated vending machines located within a facility as defined in 122C-3(14) are authorized for use by the facility as follows:

(1) At least fifty percent (50%) of revenues generated from coin-operated vending machines at each facility shall be utilized for patient/resident activities, recreational equipment and/or upkeep of the machines.

(2) Up to fifty percent (50%) of revenues generated from coin-operated vending machines at each facility may be used for employee reward and recognition activities. All requests for expenditures for employee reward and recognition shall be pre-approved by the facility director, Division director, and the Division's chief financial officer."

PART IX-G. PUBLIC HEALTH

LOCAL HEALTH DEPARTMENTS/COMPETITIVE GRANT PROCESS TO IMPROVE MATERNAL AND CHILD HEALTH

SECTION 9G.1.(a) Funds appropriated in this act to the Department of Health and Human Services, Division of Public Health, for each year of the 2021-2023 fiscal biennium to award competitive grants to local health departments for the improvement of maternal and child health shall be used to continue administering a competitive grant process for local health departments based on maternal and infant health indicators and the county's detailed proposal to invest in evidence-based programs to achieve the following goals:

(1) Improve North Carolina's birth outcomes.

(2) Improve the overall health status of children in this State from birth to age 5.

(3) Lower the State's infant mortality rate.

SECTION 9G.1.(b) The plan for administering the competitive grant process shall include at least all of the following components:

(1) A request for application (RFA) process to allow local health departments to apply for and receive State funds on a competitive basis. The Department shall require local health departments to include in the application a plan to evaluate the effectiveness, including measurable impact or outcomes, of the activities, services, and programs for which the funds are being requested.
(2) A requirement that the Secretary prioritize grant awards to those local health departments that are able to leverage non-State funds in addition to the grant award.

(3) Ensures that funds received by the Department to implement the plan supplement and do not supplant existing funds for maternal and child health initiatives.

(4) Allows grants to be awarded to local health departments for up to three years.

SECTION 9G.1.(c) No later than July 1 of each year, as applicable, the Secretary shall announce the recipients of the competitive grant awards and allocate funds to the grant recipients for the respective grant period pursuant to the amounts designated under subsection (a) of this section. After awards have been granted, the Secretary shall submit a report to the Joint Legislative Oversight Committee on Health and Human Services on the grant awards that includes at least all of the following:

(1) The identity and a brief description of each grantee and each program or initiative offered by the grantee.

(2) The amount of funding awarded to each grantee.

(3) The number of persons served by each grantee, broken down by program or initiative.

SECTION 9G.1.(d) No later than December 1 of each fiscal year, each local health department receiving funding pursuant to this section in the respective fiscal year shall submit to the Division of Public Health a written report of all activities funded by State appropriations. The report shall include the following information about the fiscal year preceding the year in which the report is due:

(1) A description of the types of programs, services, and activities funded by State appropriations.

(2) Statistical and demographical information on the number of persons served by these programs, services, and activities, including the counties in which services are provided.

(3) Outcome measures that demonstrate the impact and effectiveness of the programs, services, and activities based on the evaluation protocols developed by the Division, in collaboration with the University of North Carolina Gillings School of Global Public Health, pursuant to Section 12E.11(e) of S.L. 2015-241, and reported to the Joint Legislative Oversight Committee on Health and Human Services on April 1, 2016.

(4) A detailed program budget and list of expenditures, including all positions funded, matching expenditures, and funding sources.

MATERNAL MORTALITY REVIEW COMMITTEE

SECTION 9G.2. Part 5 of Article 1B of Chapter 130A of the General Statutes reads as rewritten:

“§ 130A-33.60. Maternal Mortality Review Committee; membership, compensation.

…

(b) The Secretary shall appoint a multidisciplinary committee comprised of nine-twenty members who represent the community, several academic disciplines, and professional specializations essential to reviewing cases of mortality due to complications from pregnancy or childbirth. Committee members shall serve without compensation but may receive travel reimbursement from funds available to the Department.

…”

PART IX-H. SERVICES FOR THE BLIND/DEAF/HARD OF HEARING [RESERVED]
PART IX-I. SOCIAL SERVICES

TANF BENEFIT IMPLEMENTATION

SECTION 9I.1.(a) The General Assembly approves the plan titled "North Carolina Temporary Assistance for Needy Families State Plan FY 2019-2022," prepared by the Department of Health and Human Services and presented to the General Assembly. The North Carolina Temporary Assistance for Needy Families State Plan covers the period October 1, 2019, through September 30, 2022. The Department shall submit the State Plan, as revised in accordance with subsection (b) of this section, to the United States Department of Health and Human Services.

SECTION 9I.1.(b) The counties approved as Electing Counties in the North Carolina Temporary Assistance for Needy Families State Plan FY 2019-2022, as approved by this section, are Beaufort, Caldwell, Catawba, Lenoir, Lincoln, Macon, and Wilson.

SECTION 9I.1.(c) Counties that submitted the letter of intent to remain as an Electing County or to be redesignated as an Electing County and the accompanying county plan for years 2019 through 2022, pursuant to G.S. 108A-27(e), shall operate under the Electing County budget requirements effective July 1, 2021. For programmatic purposes, all counties referred to in this subsection shall remain under their current county designation through September 30, 2022.

SECTION 9I.1.(d) For each year of the 2021-2023 fiscal biennium, Electing Counties shall be held harmless to their Work First Family Assistance allocations for the 2020-2021 fiscal year, provided that remaining funds allocated for Work First Family Assistance and Work First Diversion Assistance are sufficient for payments made by the Department on behalf of Standard Counties pursuant to G.S. 108A-27.11(b).

SECTION 9I.1.(e) In the event that departmental projections of Work First Family Assistance and Work First Diversion Assistance for the 2021-2022 fiscal year or the 2022-2023 fiscal year indicate that remaining funds are insufficient for Work First Family Assistance and Work First Diversion Assistance payments to be made on behalf of Standard Counties, the Department is authorized to deallocate funds, of those allocated to Electing Counties for Work First Family Assistance in excess of the sums set forth in G.S. 108A-27.11, up to the requisite amount for payments in Standard Counties. Prior to deallocation, the Department shall obtain approval by the Office of State Budget and Management. If the Department adjusts the allocation set forth in subsection (d) of this section, then a report shall be made to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division.

INTENSIVE FAMILY PRESERVATION SERVICES FUNDING AND PERFORMANCE ENHANCEMENTS

SECTION 9I.2.(a) Notwithstanding the provisions of G.S. 143B-150.6, the Intensive Family Preservation Services (IFPS) Program shall provide intensive services to children and families in cases of abuse, neglect, and dependency where a child is at imminent risk of removal from the home and to children and families in cases of abuse where a child is not at imminent risk of removal. The Program shall be implemented statewide on a regional basis. The IFPS shall ensure the application of standardized assessment criteria for determining imminent risk and clear criteria for determining out-of-home placement.

SECTION 9I.2.(b) The Department of Health and Human Services shall require that any program or entity that receives State, federal, or other funding for the purpose of IFPS shall provide information and data that allows for the following:

1. An established follow-up system with a minimum of six months of follow-up services.
2. Detailed information on the specific interventions applied, including utilization indicators and performance measurement.
(3) Cost-benefit data.

(4) Data on long-term benefits associated with IFPS. This data shall be obtained by tracking families through the intervention process.

(5) The number of families remaining intact and the associated interventions while in IFPS and 12 months thereafter.

(6) The number and percentage, by race, of children who received IFPS compared to the ratio of their distribution in the general population involved with Child Protective Services.

SECTION 9I.2.(c) The Department shall continue implementing a performance-based funding protocol and shall only provide funding to those programs and entities providing the required information specified in subsection (b) of this section. The amount of funding shall be based on the individual performance of each program.

CHILD CARING INSTITUTIONS

SECTION 9I.3. The maximum reimbursement for each fiscal year of the 2021-2023 biennium for child caring institutions shall not exceed the rate established for the specific child caring institution by the Department of Health and Human Services, Office of the Controller. In determining the maximum reimbursement, the State shall include county and IV-E reimbursements.

USE OF FOSTER CARE BUDGET FOR GUARDIANSHIP ASSISTANCE PROGRAM

SECTION 9I.4. Of the funds available for the provision of foster care services, the Department of Health and Human Services, Division of Social Services, may continue to provide for the financial support of children who are deemed to be (i) in a permanent family placement setting, (ii) eligible for legal guardianship, and (iii) otherwise unlikely to receive permanency.

No additional expenses shall be incurred beyond the funds budgeted for foster care for the Guardianship Assistance Program (GAP). The Guardianship Assistance Program shall include provisions for extending guardianship services for individuals and youth who exited foster care through the Guardianship Assistance Program after 16 years of age or who have attained the age of 18 years and opt to continue to receive guardianship services until reaching 21 years of age if the individual is (i) completing secondary education or a program leading to an equivalent credential, (ii) enrolled in an institution that provides postsecondary or vocational education, (iii) participating in a program or activity designed to promote, or remove barriers to, employment, (iv) employed for at least 80 hours per month, or (v) incapable of completing the educational or employment requirements of this section due to a medical condition or disability. The Guardianship Assistance Program rates shall reimburse the legal guardian for room and board and be set at the same rate as the foster care room and board rates in accordance with rates established under G.S. 108A-49.1.

CHILD WELFARE POSTSECONDARY SUPPORT PROGRAM (NC REACH)

SECTION 9I.5.(a) Funds appropriated from the General Fund to the Department of Health and Human Services for the child welfare postsecondary support program shall be used to continue providing assistance with the "cost of attendance" as that term is defined in 20 U.S.C. § 1087ll for the educational needs of foster youth aging out of the foster care system, youth who exit foster care to a permanent home through the Guardianship Assistance Program (GAP), or special needs children adopted from foster care after age 12. These funds shall be allocated by the State Education Assistance Authority.

SECTION 9I.5.(b) Of the funds appropriated from the General Fund to the Department of Health and Human Services, the sum of fifty thousand dollars ($50,000) for each year of the 2021-2023 fiscal biennium shall be allocated to the North Carolina State Education Assistance Authority (SEAA). The SEAA shall use these funds only to perform administrative
functions necessary to manage and distribute scholarship funds under the child welfare postsecondary support program.

SECTION 9I.5.(c) Of the funds appropriated from the General Fund to the Department of Health and Human Services, the sum of three hundred thirty-nine thousand four hundred ninety-three dollars ($339,493) for each year of the 2021-2023 fiscal biennium shall be used to contract with an entity to administer the child welfare postsecondary support program described under subsection (a) of this section, which administration shall include the performance of case management services.

SECTION 9I.5.(d) Funds appropriated to the Department of Health and Human Services for the child welfare postsecondary support program shall be used only for students attending public institutions of higher education in this State.

FEDERAL CHILD SUPPORT INCENTIVE PAYMENTS

SECTION 9I.6.(a) Centralized Services. – The North Carolina Child Support Services Section (NCCSS) of the Department of Health and Human Services, Division of Social Services, shall retain up to fifteen percent (15%) of the annual federal incentive payments it receives from the federal government to enhance centralized child support services. To accomplish this requirement, NCCSS shall do the following:

(1) In consultation with representatives from county child support services programs, identify how federal incentive funding could improve centralized services.

(2) Use federal incentive funds to improve the effectiveness of the State's centralized child support services by supplementing and not supplanting State expenditures for those services.

(3) Continue to develop and implement rules that explain the State process for calculating and distributing federal incentive funding to county child support services programs.

SECTION 9I.6.(b) County Child Support Services Programs. – NCCSS shall allocate no less than eighty-five percent (85%) of the annual federal incentive payments it receives from the federal government to county child support services programs to improve effectiveness and efficiency using the federal performance measures. To that end, NCCSS shall do the following:

(1) In consultation with representatives from county child support services programs, examine the current methodology for distributing federal incentive funding to the county programs and determine whether an alternative formula would be appropriate. NCCSS shall use its current formula for distributing federal incentive funding until an alternative formula is adopted.

(2) Upon adopting an alternative formula, develop a process to phase in the alternative formula for distributing federal incentive funding over a four-year period.

SECTION 9I.6.(c) Reporting by County Child Support Services Programs. – NCCSS shall continue implementing guidelines that identify appropriate uses for federal incentive funding. To ensure those guidelines are properly followed, NCCSS shall require county child support services programs to comply with each of the following:

(1) Submit an annual plan describing how federal incentive funding would improve program effectiveness and efficiency as a condition of receiving federal incentive funding.

(2) Report annually on the following: (i) how federal incentive funding has improved program effectiveness and efficiency and been reinvested into their programs, (ii) provide documentation that the funds were spent according to their annual plans, and (iii) explain any deviations from their plans.
SECTION 9I.6.(d) Reporting by NCCSS. – NCCSS shall submit a report on federal child support incentive funding to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division by November 1 of each year. The report shall describe how federal incentive funds enhanced centralized child support services to benefit county child support services programs and improved the effectiveness and efficiency of county child support services programs. The report shall further include any changes to the State process the NCCSS used in calculating and distributing federal incentive funding to county child support services programs and any recommendations for further changes.

INCREASE ACCESS TO PUBLIC BENEFITS FOR OLDER DUAL ELIGIBLE SENIORS

SECTION 9I.7.(a) The Department of Health and Human Services, Division of Social Services (Division), shall continue implementing an evidence-based pilot program to increase access to public benefits for seniors aged 65 and older who are dually enrolled in Medicare and Medicaid to (i) improve the health and independence of seniors and (ii) reduce health care costs. The Division shall continue to partner with a not-for-profit firm for the purposes of engaging in a data-driven campaign to help seniors aged 65 and older who are dually enrolled in Medicare and Medicaid meet their basic social needs. The not-for-profit firm shall have demonstrated experience in assisting with these types of services and the partnership shall accomplish each of the following:

(1) Identify, through data sharing, dual eligible seniors aged 65 and older who qualify for the Supplemental Nutrition and Assistance Program (SNAP) but are not currently enrolled.
(2) Conduct an outreach program toward those seniors for the purpose of enrolling them into SNAP.
(3) Provide comprehensive application assistance through outreach specialists to complete public benefits application processes.
(4) Evaluate project effectiveness and explore how data can be utilized to achieve optimal outcomes.
(5) Make recommendations regarding policy options available to the State to streamline access to benefits.

SECTION 9I.7.(b) The Division shall report to the Office of the Governor and the Joint Legislative Oversight Committee on Health and Human Services on its progress in the pilot program by February 1 following each year the pilot program is in place. The report shall, at a minimum, include the following:

(1) The number of seniors age 65 and older who are dual eligibles but are not enrolled in SNAP.
(2) The number of those identified that would be included in the sample population.
(3) Methods of outreach toward those seniors in the sample population.
(4) Number of to date enrollments in SNAP as a direct result of outreach during the pilot program.
(5) Participation rate to date in SNAP of those seniors in the sample population.
(6) Any other findings the Division deems relevant.

SECTION 9I.7.(c) If funding and capacity exist, the Division of Social Services may expand the pilot program to include other public benefits programs.

SUCCESSFUL TRANSITION/FOSTER CARE YOUTH

SECTION 9I.8. The Foster Care Transitional Living Initiative Fund shall continue to fund and support transitional living services that demonstrate positive outcomes for youth, attract significant private sector funding, and lead to the development of evidence-based
programs to serve the at-risk population described in this section. The Fund shall continue to support a demonstration project with services provided by Youth Villages to (i) improve outcomes for youth ages 17-21 years who transition from foster care through implementation of outcome-based Transitional Living Services, (ii) identify cost-savings in social services and juvenile and adult correction services associated with the provision of Transitional Living Services to youth aging out of foster care, and (iii) take necessary steps to establish an evidence-based transitional living program available to all youth aging out of foster care. In continuing to implement these goals, the Foster Care Transitional Living Initiative Fund shall support the following strategies:

1. Transitional Living Services, which is an outcome-based program that follows the Youth Villages Transitional Living Model. Outcomes on more than 7,000 participants have been tracked since the program’s inception. The program has been evaluated through an independent Randomized Controlled Trial. Results indicate that the Youth Villages Transitional Living Model had positive impacts in a variety of areas, including housing stability, earnings, economic hardship, mental health, and intimate partner violence in comparison to the control population.

2. Public-Private Partnership, which is a commitment by private-sector funding partners to match at least twenty-five percent (25%) of the funds appropriated to the Foster Care Transitional Living Initiative Fund for the 2021-2023 fiscal biennium for the purposes of providing Transitional Living Services through the Youth Villages Transitional Living Model to youth aging out of foster care.

3. Impact Measurement and Evaluation, which are services funded through private partners to provide independent measurement and evaluation of the impact the Youth Villages Transitional Living Model has on the youth served, the foster care system, and on other programs and services provided by the State which are utilized by former foster care youth.

4. Advancement of Evidence-Based Process, which is the implementation and ongoing evaluation of the Youth Villages Transitional Living Model for the purposes of establishing the first evidence-based transitional living program in the nation. To establish the evidence-based program, additional randomized controlled trials may be conducted to advance the model.

CHILD ADVOCACY CENTER FUNDING

SECTION 9I.9. Of the funds appropriated in this act to the Department of Health and Human Services, Division of Social Services, for each year of the 2021-2023 fiscal biennium for child advocacy centers, allocations shall be made as follows:

1. Up to one hundred thousand dollars ($100,000) for each child advocacy center in good standing with Children's Advocacy Centers of North Carolina, Inc.

2. One hundred thousand dollars ($100,000) to Children’s Advocacy Centers of North Carolina, Inc., for its operations.

ENHANCE PERMANENCY INNOVATION INITIATIVE

SECTION 9I.10.(a) G.S. 131D-10.9B(a) reads as rewritten:

"(a) There is created the Permanency Innovation Initiative Fund that will support a demonstration project with services provided by Children’s Home Society of North Carolina to (i) improve permanency outcomes for children living in foster care through reunification with parents, providing placement or guardianship with other relatives, or adoption, (ii) improve engagement with biological relatives of children in or at risk of entering foster care, and (iii)
reduce costs associated with maintaining children in foster care. In implementing these goals, the
Permanency Innovation Initiative Fund shall support the following strategies:

   …."

  SECTION 91.10.(b) Funds appropriated to the Department of Health and Human
Services, Division of Social Services, for each year of the 2021-2023 fiscal biennium for the
Permanency Innovation Initiative Fund shall be supplemented, not supplanted, by all available
federal matching funds.

FOOD AND NUTRITION SERVICES – ABLE BODIED ADULTS WITHOUT
DEPENDENTS WAIVER

  SECTION 91.11. Notwithstanding G.S. 108A-51.1, for the 2021-2023 fiscal
biennium, the Department of Health and Human Services may seek a temporary waiver from the
U.S. Department of Agriculture (USDA) for time limits established by federal law for
able-bodied adults without dependents (ABAWD) participating in the Food and Nutrition
Services Program in this State.

FAMILY FIRST PREVENTION SERVICES ACT FUNDS

  SECTION 91.12. Funds appropriated to the Department of Health and Human
Services, Division of Social Services for the Family First Prevention Services Act shall not revert
at the end of the 2021-2022 fiscal year but shall remain available for the 2022-2023 fiscal year.

PART IX-J. VOCATIONAL REHABILITATION SERVICES [RESERVED]

PART IX-K. DHHS BLOCK GRANTS

DHHS BLOCK GRANTS

  SECTION 9K.1.(a) Except as otherwise provided, appropriations from federal block
grant funds are made for each year of the fiscal biennium ending June 30, 2023, according to the
following schedule:

<table>
<thead>
<tr>
<th>Local Program Expenditures</th>
<th>FY 2021-2022</th>
<th>FY 2022-2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>Division of Social Services</td>
<td>$39,891,660</td>
<td>$39,499,512</td>
</tr>
<tr>
<td>01. Work First Family Assistance</td>
<td>$39,891,660</td>
<td>$39,499,512</td>
</tr>
<tr>
<td>02. Work First County Block Grants</td>
<td>80,093,566</td>
<td>80,093,566</td>
</tr>
<tr>
<td>03. Work First Electing Counties</td>
<td>2,378,213</td>
<td>2,378,213</td>
</tr>
<tr>
<td>04. Adoption Services – Special Children Adoption Fund</td>
<td>2,026,877</td>
<td>2,026,877</td>
</tr>
<tr>
<td>05. Child Protective Services – Child Welfare Workers for Local DSS</td>
<td>9,412,391</td>
<td>9,412,391</td>
</tr>
<tr>
<td>06. Child Welfare Program Improvement Plan</td>
<td>775,176</td>
<td>775,176</td>
</tr>
<tr>
<td></td>
<td>Description</td>
<td>Amount (2021)</td>
</tr>
<tr>
<td>---</td>
<td>------------------------------------------------------------------------------</td>
<td>---------------</td>
</tr>
<tr>
<td>1</td>
<td>07. Child Welfare Collaborative</td>
<td>400,000</td>
</tr>
<tr>
<td>2</td>
<td>08. Child Welfare Initiatives</td>
<td>1,400,000</td>
</tr>
<tr>
<td>3</td>
<td><strong>Division of Child Development and Early Education</strong></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>09. Subsidized Child Care Program</td>
<td>45,813,694</td>
</tr>
<tr>
<td>5</td>
<td>10. Swap-Child Care Subsidy</td>
<td>12,600,000</td>
</tr>
<tr>
<td>6</td>
<td>11. NC Pre-K Services</td>
<td>68,300,000</td>
</tr>
<tr>
<td>7</td>
<td><strong>Division of Public Health</strong></td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>12. Teen Pregnancy Prevention Initiatives</td>
<td>3,450,000</td>
</tr>
<tr>
<td>9</td>
<td><strong>DHHS Administration</strong></td>
<td></td>
</tr>
<tr>
<td>10</td>
<td>13. Division of Social Services</td>
<td>2,482,260</td>
</tr>
<tr>
<td>11</td>
<td>14. Office of the Secretary</td>
<td>34,042</td>
</tr>
<tr>
<td>12</td>
<td>15. Eligibility Systems – Operations and Maintenance</td>
<td>792,978</td>
</tr>
<tr>
<td>13</td>
<td>16. NC FAST Implementation</td>
<td>443,940</td>
</tr>
<tr>
<td>14</td>
<td>17. Division of Social Services TANF Modernization</td>
<td>2,000,000</td>
</tr>
<tr>
<td>15</td>
<td><strong>Transfers to Other Block Grants</strong></td>
<td></td>
</tr>
<tr>
<td>16</td>
<td><strong>Division of Child Development and Early Education</strong></td>
<td></td>
</tr>
<tr>
<td>17</td>
<td>18. Transfer to the Child Care and Development Fund</td>
<td>21,773,001</td>
</tr>
<tr>
<td>18</td>
<td><strong>Division of Social Services</strong></td>
<td></td>
</tr>
<tr>
<td>19</td>
<td>19. Transfer to Social Services Block Grant for Child Protective Services</td>
<td>5,040,000</td>
</tr>
<tr>
<td>20</td>
<td>20. Transfer to Social Services Block Grant for Child Protective Services</td>
<td>2,037,067</td>
</tr>
<tr>
<td>21</td>
<td>21. Transfer to Social Services Block Grant for County Departments of Social Services for Children's Services</td>
<td>13,097,783</td>
</tr>
<tr>
<td>22</td>
<td>22. Transfer to Social Services Block Grant – Foster Care Services</td>
<td>1,385,152</td>
</tr>
<tr>
<td></td>
<td></td>
<td>General Assembly Of North Carolina</td>
</tr>
<tr>
<td>---</td>
<td>---</td>
<td>-----------------------------------</td>
</tr>
<tr>
<td>1</td>
<td>23. Transfer to Social Services Block</td>
<td>1,582,000</td>
</tr>
<tr>
<td></td>
<td>Grant – Child Advocacy Centers</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>24. Transfer to Social Services Block</td>
<td>285,612</td>
</tr>
<tr>
<td></td>
<td>Grant – Child Care Training in Counties</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>25. Division of Social Services – Workforce</td>
<td>93,216</td>
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<tr>
<td></td>
<td>Investment Opportunities Act (WIOA)</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>TOTAL TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF) FUNDS</td>
<td>$317,588,628</td>
</tr>
<tr>
<td>5</td>
<td>TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF) EMERGENCY CONTINGENCY FUNDS</td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Local Program Expenditures</td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>Division of Child Development and Early Education</td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>01. Subsidized Child Care</td>
<td>$25,036,470</td>
</tr>
<tr>
<td>9</td>
<td>TOTAL TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF) EMERGENCY CONTINGENCY FUNDS</td>
<td>$25,036,470</td>
</tr>
<tr>
<td>10</td>
<td>SOCIAL SERVICES BLOCK GRANT</td>
<td></td>
</tr>
<tr>
<td>11</td>
<td>Local Program Expenditures</td>
<td></td>
</tr>
<tr>
<td>12</td>
<td>Divisions of Social Services and Aging and Adult Services</td>
<td></td>
</tr>
<tr>
<td>13</td>
<td>01. County Departments of Social Services</td>
<td>$19,905,849</td>
</tr>
<tr>
<td>14</td>
<td>02. County Departments of Social Services</td>
<td>1,300,000</td>
</tr>
<tr>
<td>15</td>
<td>03. County Departments of Social Services (Transfer From TANF)</td>
<td>13,097,783</td>
</tr>
<tr>
<td>16</td>
<td>04. EBCI Tribal Public Health and Human Services</td>
<td>244,740</td>
</tr>
<tr>
<td>17</td>
<td>05. Child Protective Services (Transfer From TANF)</td>
<td>5,040,000</td>
</tr>
<tr>
<td>18</td>
<td>06. Child Protective Services (Transfer From TANF)</td>
<td>2,037,067</td>
</tr>
<tr>
<td>19</td>
<td>07. State In-Home Services Fund</td>
<td>1,943,950</td>
</tr>
<tr>
<td>20</td>
<td>08. Adult Protective Services</td>
<td>2,138,404</td>
</tr>
<tr>
<td>21</td>
<td>09. State Adult Day Care Fund</td>
<td>1,994,084</td>
</tr>
</tbody>
</table>
1. Child Protective Services/CPS
   Investigative Services – Child Medical Evaluation Program 901,868 901,868

2. Special Children Adoption Incentive Fund 462,600 462,600


4. Home and Community Care Block Grant (HCCBG) 2,696,888 2,696,888

5. Child Advocacy Centers (Transfer from TANF) 1,582,000 1,582,000

6. Guardianship – Division of Social Services 1,802,671 1,802,671

7. Foster Care Services (Transfer From TANF) 1,385,152 1,385,152

8. Division of Central Management and Support

9. DHHS Competitive Block Grants for Nonprofits 4,774,525 4,774,525

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

11. Mental Health Services – Adult and Child/Developmental Disabilities Program/ Substance Abuse Services – Adult 4,149,595 4,149,595

12. DHHS Program Expenditures

13. Division of Services for the Blind

14. Independent Living Program 3,603,793 3,603,793

15. Division of Health Service Regulation

16. Adult Care Licensure Program 557,598 557,598

17. Mental Health Licensure and Certification Program 266,158 266,158

18. Division of Aging and Adult Services


20. DHHS Administration
23. Division of Aging and Adult Services  715,422  715,422  
24. Division of Social Services  1,019,764  1,019,764  
25. Office of the Secretary/Controller's Office  636,920  636,920  
26. Legislative Increases/Fringe Benefits  293,655  293,655  
27. Division of Child Development and Early Education  13,878  13,878  
28. Division of Mental Health, Developmental Disabilities, and Substance Abuse Services  27,446  27,446  
29. Division of Health Service Regulation  133,620  133,620  
30. Division of Services for the Blind and Services for the Deaf and Hard of Hearing  127,010  127,010  

**TOTAL SOCIAL SERVICES BLOCK GRANT**  $76,963,495  $76,963,495  

**LOW-INCOME ENERGY ASSISTANCE BLOCK GRANT**  

**Local Program Expenditures**  

**Division of Social Services**  

01. Low-Income Energy Assistance Program (LIEAP)  $49,482,017  $49,157,600  
02. Crisis Intervention Program (CIP)  32,980,981  32,764,751  

**Local Administration**  

**Division of Social Services**  

03. County DSS Administration  6,769,114  6,724,735  

**DHHS Administration**  

**Division of Central Management and Support**  

04. Division of Social Services  10,000  10,000  
05. Division of Social Services – Outreach  100,000  100,000  
06. Office of the Secretary/DIRM  50,000  166,750  
07. Office of the Secretary/DIRM  278,954  278,954  

House Bill 555-First Edition  
Page 97
<table>
<thead>
<tr>
<th>General Assembly Of North Carolina</th>
<th>Session 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>08. Office of the Secretary/Controller's Office</td>
<td>18,378</td>
</tr>
<tr>
<td>09. NC FAST Development</td>
<td>650,388</td>
</tr>
<tr>
<td>10. NC FAST Operations and Maintenance</td>
<td>1,571,780</td>
</tr>
</tbody>
</table>

**Transfers to Other State Agencies**

<table>
<thead>
<tr>
<th>Department of Environmental Quality</th>
</tr>
</thead>
<tbody>
<tr>
<td>11. Weatherization Program</td>
</tr>
<tr>
<td>12. Heating Air Repair and Replacement Program (HARRP)</td>
</tr>
<tr>
<td>13. Local Residential Energy Efficiency Service Providers – Weatherization</td>
</tr>
<tr>
<td>14. Local Residential Energy Efficiency Service Providers – HARRP</td>
</tr>
<tr>
<td>15. DEQ – Weatherization Administration</td>
</tr>
<tr>
<td>16. DEQ – HARRP Administration</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Department of Administration</th>
</tr>
</thead>
<tbody>
<tr>
<td>17. N.C. Commission on Indian Affairs</td>
</tr>
</tbody>
</table>

**TOTAL LOW-INCOME ENERGY ASSISTANCE BLOCK GRANT**

| Child Care and Development Fund Block Grant | $108,205,156 | $108,047,943 |

**Local Program Expenditures**

<table>
<thead>
<tr>
<th>Division of Child Development and Early Education</th>
</tr>
</thead>
<tbody>
<tr>
<td>01. Child Care Services</td>
</tr>
<tr>
<td>02. Smart Start Subsidy</td>
</tr>
<tr>
<td>03. Transfer from TANF Block Grant for Child Care Subsidies</td>
</tr>
<tr>
<td>04. Quality and Availability Initiatives</td>
</tr>
</tbody>
</table>

**DHHS Administration**

<p>| Division of Child Development and Early Education |</p>
<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>05. Direct Deposit for Child Care Payments</td>
<td>$5,000</td>
<td>$5,000</td>
</tr>
<tr>
<td>06. DCDEE Administrative Expenses</td>
<td>9,710,886</td>
<td>9,710,886</td>
</tr>
<tr>
<td>07. Indirect Cost</td>
<td>302,033</td>
<td>302,033</td>
</tr>
<tr>
<td>08. Local Subsidized Child Care Services Support</td>
<td>18,780,355</td>
<td>18,780,355</td>
</tr>
<tr>
<td>09. NC FAST Development</td>
<td>112,908</td>
<td>212,640</td>
</tr>
<tr>
<td>10. NC FAST Operations and Maintenance</td>
<td>2,336,427</td>
<td>2,102,732</td>
</tr>
<tr>
<td>11. DHHS Central Administration – DIRM Technical Services</td>
<td>979,762</td>
<td>979,762</td>
</tr>
<tr>
<td>12. Child Care Health Consultation Contracts</td>
<td>62,205</td>
<td>62,205</td>
</tr>
<tr>
<td>TOTAL CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT</td>
<td>$352,763,419</td>
<td>$352,629,456</td>
</tr>
<tr>
<td>MENTAL HEALTH SERVICES BLOCK GRANT</td>
<td></td>
<td></td>
</tr>
<tr>
<td>01. Mental Health Services – Child</td>
<td>$5,460,328</td>
<td>$4,432,011</td>
</tr>
<tr>
<td>02. Mental Health Services – Adult/Child</td>
<td>26,858,142</td>
<td>17,126,399</td>
</tr>
<tr>
<td>03. Mental Health Services – First Psychotic Symptom Treatment</td>
<td>4,205,369</td>
<td>2,615,497</td>
</tr>
<tr>
<td>04. Crisis Services</td>
<td>1,569,298</td>
<td>1,307,749</td>
</tr>
<tr>
<td>05. Adult/Child Mental Health Services</td>
<td>350,150</td>
<td>350,150</td>
</tr>
<tr>
<td>06. Administration</td>
<td>323,120</td>
<td>323,120</td>
</tr>
<tr>
<td>TOTAL MENTAL HEALTH SERVICES BLOCK GRANT</td>
<td>$38,766,407</td>
<td>$26,154,926</td>
</tr>
</tbody>
</table>
## SUBSTANCE ABUSE PREVENTION AND TREATMENT BLOCK GRANT

### Local Program Expenditures

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

| 01. Substance Abuse – HIV and IV Drug | $2,550,915 | $2,550,915 |
| 02. Substance Abuse Prevention | 16,594,705 | 10,999,983 |
| 03. Substance Abuse Services – Treatment for Children/Adults | 59,676,521 | 37,297,635 |
| 04. Crisis Solutions Initiatives – Collegiate Wellness/Addiction Recovery | 1,085,000 | 1,085,000 |
| 05. Crisis Solutions Initiatives – Community Paramedic Mobile Crisis Management | 20,000 | 20,000 |
| 06. Competitive Block Grant – TROSA | 1,600,000 | 1,600,000 |

#### DHHS Administration

| 07. Administration | 1,320,452 | 1,320,452 |
| 08. Substance Abuse Prevention | 344,390 | 344,390 |
| 09. Substance Abuse Treatment | 703,960 | 703,960 |
| 10. Controlled Substance Reporting System Enhancement | 427,655 | 427,655 |
| 11. Incident Reporting and Improvement System | 121,875 | 121,875 |
| 12. Veteran's Initiatives | 250,000 | 250,000 |

**TOTAL SUBSTANCE ABUSE PREVENTION AND TREATMENT BLOCK GRANT** $84,695,473 $56,721,865

## MATERNAL AND CHILD HEALTH BLOCK GRANT

### Local Program Expenditures

#### Division of Public Health

| 01. Women and Children's Health Services | $14,778,973 | $14,778,973 |
| 02. Oral Health | 48,227 | 48,227 |
### 03. Evidence-Based Programs in Counties With Highest Infant Mortality Rates

<table>
<thead>
<tr>
<th>Program</th>
<th>Expenditures</th>
</tr>
</thead>
<tbody>
<tr>
<td>DHHS Program Expenditures</td>
<td></td>
</tr>
<tr>
<td>04. Children's Health Services</td>
<td>1,427,323</td>
</tr>
<tr>
<td>05. Women's Health – Maternal Health</td>
<td>169,864</td>
</tr>
<tr>
<td>06. Women and Children's Health – Perinatal Strategic Plan Support Position</td>
<td>73,920</td>
</tr>
<tr>
<td>07. State Center for Health Statistics</td>
<td>158,583</td>
</tr>
<tr>
<td>08. Health Promotion – Injury and Violence Prevention</td>
<td>87,271</td>
</tr>
<tr>
<td>DHHS Administration</td>
<td></td>
</tr>
<tr>
<td>09. Division of Public Health Administration</td>
<td>552,571</td>
</tr>
</tbody>
</table>

#### TOTAL MATERNAL AND CHILD HEALTH BLOCK GRANT

- **$18,871,732**

#### PREVENTIVE HEALTH SERVICES BLOCK GRANT

### Local Program Expenditures

<table>
<thead>
<tr>
<th>Program</th>
<th>Expenditures</th>
</tr>
</thead>
<tbody>
<tr>
<td>01. Physical Activity and Prevention</td>
<td>$3,030,116</td>
</tr>
<tr>
<td>02. Injury and Violence Prevention</td>
<td>160,000</td>
</tr>
<tr>
<td>(Services to Rape Victims – Set-Aside)</td>
<td></td>
</tr>
</tbody>
</table>

### DHHS Program Expenditures

### Division of Public Health

<table>
<thead>
<tr>
<th>Program</th>
<th>Expenditures</th>
</tr>
</thead>
<tbody>
<tr>
<td>03. HIV/STD Prevention and Community Planning</td>
<td>137,648</td>
</tr>
<tr>
<td>04. Oral Health Preventive Services</td>
<td>150,000</td>
</tr>
<tr>
<td>05. Laboratory Services – Testing, Training, and Consultation</td>
<td>21,000</td>
</tr>
<tr>
<td>06. Injury and Violence Prevention</td>
<td>53,206</td>
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<tr>
<td>(Services to Rape Victims – Set-Aside)</td>
<td></td>
</tr>
<tr>
<td>07. Performance Improvement and Accountability</td>
<td>592,123</td>
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08. State Center for Health Statistics

<table>
<thead>
<tr>
<th>DHHS Administration</th>
</tr>
</thead>
<tbody>
<tr>
<td>Division of Public Health</td>
</tr>
</tbody>
</table>

| 09. Division of Public Health |

<table>
<thead>
<tr>
<th>TOTAL PREVENTIVE HEALTH SERVICES BLOCK GRANT</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>COMMUNITY SERVICES BLOCK GRANT</th>
</tr>
</thead>
</table>

| 01. Community Action Agencies |

| 02. Limited Purpose Agencies |

| 03. Office of Economic Opportunity |

| 04. Office of the Secretary/DIRM |

| 05. Office of Economic Opportunity – Workforce Investment Opportunities Act (WIOA) |

<table>
<thead>
<tr>
<th>TOTAL COMMUNITY SERVICES BLOCK GRANT</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>GENERAL PROVISIONS</th>
</tr>
</thead>
</table>

| SECTION 9K.1.(b) Information to Be Included in Block Grant Plans. – The Department of Health and Human Services shall submit a separate plan for each Block Grant received and administered by the Department, and each plan shall include the following:

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

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

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

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

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

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

7. The required amount of maintenance of effort and the amount of funds qualifying for maintenance of effort in the previous year delineated by program or activity.

| SECTION 9K.1.(c) Changes in Federal Fund Availability. – If the Congress of the United States increases the federal fund availability for any of the Block Grants or contingency funds and other grants related to existing Block Grants administered by the Department of Health and Human Services from the amounts appropriated in this act, the Department shall allocate the increase proportionally across the program and activity appropriations identified for that Block Grant in this section. In allocating an increase in federal fund availability, the Office of State
Budget and Management shall not approve funding for new programs or activities not appropriated in this act.

If the Congress of the United States decreases the federal fund availability for any of the Block Grants or contingency funds and other grants related to existing Block Grants administered by the Department of Health and Human Services from the amounts appropriated in this act, the Department shall develop a plan to adjust the Block Grants based on reduced federal funding.

Notwithstanding the provisions of this subsection, for fiscal years 2021-2022 and 2022-2023, increases in the federal fund availability for the Temporary Assistance to Needy Families (TANF) Block Grant shall be used only for the North Carolina Child Care Subsidy program to pay for child care in four- or five-star rated facilities for 4-year-old children and shall not be used to supplant State funds.

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

SECTION 9K.1.(d) Except as otherwise provided, appropriations from federal Block Grant funds are made for each year of the fiscal biennium ending June 30, 2023, according to the schedule enacted for State fiscal years 2021-2022 and 2022-2023 or until a new schedule is enacted by the General Assembly.

SECTION 9K.1.(e) All changes to the budgeted allocations to the Block Grants or contingency funds and other grants related to existing Block Grants administered by the Department of Health and Human Services that are not specifically addressed in this section shall be approved by the Office of State Budget and Management. The Office of State Budget and Management shall not approve funding for new programs or activities not appropriated in this section. Additionally, if budgeted allocations are decreased, the Office of State Budget and Management shall not approve any reduction of funds designated for subrecipients in subsection (a) of this section under (i) Item 03 of the Substance Abuse Prevention and Treatment Block Grant or (ii) Item 01 of the Maternal and Child Health Block Grant. The Office of State Budget and Management shall consult with the Joint Legislative Oversight Committee on Health and Human Services for review prior to implementing any changes. In consulting, the report shall include an itemized listing of affected programs, including associated changes in budgeted allocations. All changes to the budgeted allocations to the Block Grants shall be reported immediately to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division. This subsection does not apply to Block Grant changes caused by legislative salary increases and benefit adjustments.

SECTION 9K.1.(f) Except as otherwise provided, the Department of Health and Human Services shall have flexibility to transfer funding between the Temporary Assistance for Needy Families (TANF) Block Grant and the TANF Emergency Contingency Funds Block Grant so long as the total allocation for the line items within those block grants remains the same.

TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF) FUNDS

SECTION 9K.1.(g) The sum of eighty million ninety-three thousand five hundred sixty-six dollars ($80,093,566) for each year of the 2021-2023 fiscal biennium appropriated in this act in TANF funds to the Department of Health and Human Services, Division of Social Services, shall be used for Work First County Block Grants. The Division shall certify these funds in the appropriate State-level services based on prior year actual expenditures. The Division has the authority to realign the authorized budget for these funds among the State-level services based on current year actual expenditures. The Division shall also have the authority to realign appropriated funds from Work First Family Assistance for electing counties to the Work First
County Block Grant for electing counties based on current year expenditures so long as the electing counties meet Maintenance of Effort requirements.

SECTION 9K.1.(h) The sum of nine million four hundred twelve thousand three hundred ninety-one dollars ($9,412,391) appropriated in this act to the Department of Health and Human Services, Division of Social Services, in TANF funds for each fiscal year of the 2021-2023 fiscal biennium for child welfare improvements shall be allocated to the county departments of social services for hiring or contracting staff to investigate and provide services in Child Protective Services cases; to provide foster care and support services; to recruit, train, license, and support prospective foster and adoptive families; and to provide interstate and post-adoption services for eligible families.

Counties shall maintain their level of expenditures in local funds for Child Protective Services workers. Of the Block Grant funds appropriated for Child Protective Services workers, the total expenditures from State and local funds for fiscal years 2021-2022 and 2022-2023 shall not be less than the total expended from State and local funds for the 2012-2013 fiscal year.

SECTION 9K.1.(i) The sum of two million twenty-six thousand eight hundred seventy-seven dollars ($2,026,877) appropriated in this act in TANF funds to the Department of Health and Human Services, Special Children Adoption Fund, for each fiscal year of the 2021-2023 fiscal biennium shall be used in accordance with G.S. 108A-50.2. The Division of Social Services, in consultation with the North Carolina Association of County Directors of Social Services and representatives of licensed private adoption agencies, shall develop guidelines for the awarding of funds to licensed public and private adoption agencies upon the adoption of children described in G.S. 108A-50 and in foster care. Payments received from the Special Children Adoption Fund by participating agencies shall be used exclusively to enhance the adoption services program. No local match shall be required as a condition for receipt of these funds.

SECTION 9K.1.(j) The sum of one million four hundred thousand dollars ($1,400,000) appropriated in this act in TANF funds to the Department of Health and Human Services, Division of Social Services, for each fiscal year of the 2021-2023 fiscal biennium shall be used for child welfare initiatives to (i) enhance the skills of social workers to improve the outcomes for families and children involved in child welfare and (ii) enhance the provision of services to families in their homes in the least restrictive setting.

SECTION 9K.1.(k) Of the three million four hundred fifty thousand dollars ($3,450,000) allocated in this act in TANF funds to the Department of Health and Human Services, Division of Public Health, for each year of the 2021-2023 fiscal biennium for teen pregnancy prevention initiatives, the sum of five hundred thousand dollars ($500,000) in each year of the 2021-2023 fiscal biennium shall be used to provide services for youth in foster care or the juvenile justice system.

SECTION 9K.1.(l) The sum of twelve million six hundred thousand dollars ($12,600,000) in non-recurring funds appropriated in this act in TANF funds to the Department of Health and Human Services, Division of Child Development, for each fiscal year of the 2021-2023 fiscal biennium shall be used for the Child Care Subsidy program.

SOCIAL SERVICES BLOCK GRANT

SECTION 9K.1.(m) The sum of nineteen million nine hundred five thousand eight hundred forty-nine dollars ($21,205,849) for each year of the 2021-2023 fiscal biennium appropriated in this act in the Social Services Block Grant to the Department of Health and Human Services, Division of Social Services, and the sum of thirteen million ninety-seven thousand seven hundred eighty-three dollars ($13,097,783) for each year of the 2021-2023 fiscal biennium transferred from funds appropriated in the TANF Block Grant shall be used for county block grants. The Division shall certify these funds in the appropriate State-level services based on prior year actual expenditures. The Division has the authority to realign the authorized budget
for these funds, as well as State Social Services Block Grant funds, among the State-level services
based on current year actual expenditures.

SECTION 9K.1.(n) The sum of two hundred eighty-five thousand six hundred
dollars ($285,612) appropriated in this act in the Social Services Block Grant to the
Department of Health and Human Services, Division of Social Services, for each fiscal year of
the 2021-2023 fiscal biennium shall be used to support various child welfare training projects as
follows:

(1) Provide a regional training center in southeastern North Carolina.
(2) Provide training for residential child caring facilities.
(3) Provide for various other child welfare training initiatives.

SECTION 9K.1.(o) The Department of Health and Human Services is authorized,
subject to the approval of the Office of State Budget and Management, to transfer Social Services
Block Grant funding allocated for departmental administration between divisions that have
received administrative allocations from the Social Services Block Grant.

SECTION 9K.1.(p) Social Services Block Grant funds appropriated for the Special
Children Adoption Incentive Fund shall require a fifty percent (50%) local match.

SECTION 9K.1.(q) The sum of five million forty thousand dollars ($5,040,000)
appropriated in this act in the Social Services Block Grant for each fiscal year of the 2021-2023
fiscal biennium shall be allocated to the Department of Health and Human Services, Division of
Social Services. The Division shall allocate these funds to local departments of social services to
replace the loss of Child Protective Services State funds that are currently used by county
governments to pay for Child Protective Services staff at the local level. These funds shall be
used to maintain the number of Child Protective Services workers throughout the State. These
Social Services Block Grant funds shall be used to pay for salaries and related expenses only and
are exempt from 10A NCAC 71R .0201(3) requiring a local match of twenty-five percent (25%).

SECTION 9K.1.(r) The sum of four million seven hundred seventy-four thousand
five hundred twenty-five dollars ($4,774,525) for each year of the 2021-2023 fiscal biennium
appropriated in this act in the Social Services Block Grant to the Department of Health and
Human Services (DHHS), Division of Central Management and Support, shall be used for DHHS
competitive block grants pursuant to Section 9B.3 of this act. These funds are exempt from the
provisions of 10A NCAC 71R .0201(3).

SECTION 9K.1.(s) The sum of one million five hundred eighty-two thousand
dollars ($1,582,000) appropriated in this act in the Social Services Block Grant for each fiscal year of the 2021-2023 fiscal biennium to the Department of Health and Human Services, Division of Social Services, shall be used to continue support for the Child Advocacy Centers, and the funds are exempt from the provisions of 10A NCAC 71R .0201(3).

SECTION 9K.1.(t) The sum of three million eight hundred twenty-five thousand
four hundred forty-three dollars ($3,825,443) for each fiscal year of the 2021-2023 fiscal
biennium appropriated in this act in the Social Services Block Grant to the Department of Health and Human Services, Divisions of Social Services and Aging and Adult Services, shall be used for guardianship services pursuant to Chapter 35A of the General Statutes. The Department may expend funds allocated in this section to support existing corporate guardianship contracts during the 2021-2022 and 2022-2023 fiscal years.

SECTION 9K.1.(u) Of the funds appropriated in the Social Services Block Grant to
the Division of Aging and Adult Services for Adult Protective Services, the sum of eight hundred
ninety-three thousand forty-one dollars ($893,041) shall be used to increase the number of Adult
Protective Services workers where these funds can be the most effective. These funds shall be
used to pay for salaries and related expenses and shall not be used to supplant any other source
of funding for staff. These funds are also exempt from 10A NCAC 71R .0201(3) requiring a local
match of twenty-five percent (25%).
LOW-INCOME ENERGY ASSISTANCE BLOCK GRANT

SECTION 9K.1.(v) The Division of Social Services shall have the authority to realign appropriated funds between the State-level services Low Income Energy Assistance Payments and Crisis Assistance Payments without prior consultation with the Joint Legislative Oversight Committee on Health and Human Services to ensure needs are effectively met without exceeding the total amount appropriated for these State-level service items. Additional emergency contingency funds received may be allocated for Energy Assistance Payments or Crisis Intervention Payments without prior consultation with the Joint Legislative Oversight Committee on Health and Human Services. Additional funds received shall be reported to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division upon notification of the award. The Department of Health and Human Services shall not allocate funds for any activities, including increasing administration, other than assistance payments, without prior consultation with the Joint Legislative Oversight Committee on Health and Human Services.

SECTION 9K.1.(w) The sum of thirty-two million nine hundred eighty thousand nine hundred eighty-nine dollars ($32,980,981) for the 2021-2022 fiscal year and the sum of thirty-two million seven hundred sixty-four thousand seven hundred fifty-one dollars ($32,764,751) for 2022-2023 fiscal year appropriated in this act in the Low-Income Energy Assistance Block Grant to the Department of Health and Human Services, Division of Social Services, shall be used for Energy Assistance Payments for the households of (i) elderly persons age 60 and above with income up to one hundred thirty percent (130%) of the federal poverty level and (ii) disabled persons eligible for services funded through the Division of Aging and Adult Services.

County departments of social services shall submit to the Division of Social Services an outreach plan for targeting households with 60-year-old household members no later than August 1 of each year. The outreach plan shall comply with the following:

(1) Ensure that eligible households are made aware of the available assistance, with particular attention paid to the elderly population age 60 and above and disabled persons receiving services through the Division of Aging and Adult Services.

(2) Include efforts by the county department of social services to contact other State and local governmental entities and community-based organizations to (i) offer the opportunity to provide outreach and (ii) receive applications for energy assistance.

(3) Be approved by the local board of social services or human services board prior to submission.

SECTION 9K.1.(x) The Department of Health and Human Services shall develop and implement a centralized system to collect, track, analyze, monitor, and disseminate performance, outputs, and outcome data for the Community Services Block Grant Program and the Department of Environmental Quality (DEQ) Weatherization Assistance Program to replace the current software solution, Accountable Results for Community Action (AR4CA). The project shall not proceed until the business case has been approved by the Office of State Budget and Management and the State Chief Information Officer in the Enterprise Project Management Office’s Touchdown System. Upon approval, amounts not to exceed fifty thousand dollars ($50,000) in Low Income Energy Assistance funds may be budgeted for transfer to Budget Code 24410 for information technology projects for the 2021-2022 fiscal year.

COMMUNITY SERVICES BLOCK GRANT

SECTION 9K.1.(y) Upon development, implementation, and approval of the centralized system described in subsection (w1) of this section, amounts not to exceed three hundred twenty-seven thousand nine hundred forty-four dollars ($327,944) in Community
Service Block Grant funds may be budgeted for transfer to Budget Code 24410 for information technology projects for the 2021-2022 fiscal year.

**CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT**

**SECTION 9K.1.(z)** Payment for subsidized child care services provided with federal TANF funds shall comply with all regulations and policies issued by the Division of Child Development and Early Education for the subsidized child care program.

**SECTION 9K.1.(aa)** If funds appropriated through the Child Care and Development Fund Block Grant for any program cannot be obligated or spent in that program within the obligation or liquidation periods allowed by the federal grants, the Department may move funds to child care subsidies, unless otherwise prohibited by federal requirements of the grant, in order to use the federal funds fully.

**MENTAL HEALTH SERVICES BLOCK GRANT**

**SECTION 9K.1.(bb)** The sum of four million two hundred thousand three hundred sixty-nine dollars ($4,205,369) for state fiscal year 2021-2022 and two million six hundred fifteen thousand four hundred ninety-seven dollars ($2,615,497) for state fiscal year 2022-2023 appropriated in this act in the Mental Health Services Block Grant to the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, is allocated for Mental Health Services – First Psychotic Symptom Treatment.

Of the funds allocated in the Mental Health Services Block Grant to the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, for the 2021-2023 biennium, the sum of three hundred fifty thousand one hundred fifty dollars ($350,150) shall be used to establish three (3) positions and operating costs: two (2) recovering peer advocates to focus on recovery oriented care, and one (1) focused on developing pilot programs and implementing policy to improve services to transition aged youth with significant behavioral health needs.

**SUBSTANCE ABUSE PREVENTION AND TREATMENT BLOCK GRANT**

**SECTION 9K.1.(cc)** The sum of two hundred fifty thousand dollars ($250,000) appropriated in this act in the Substance Abuse Prevention and Treatment Block Grant to the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, for each fiscal year of the 2021-2023 fiscal biennium shall be used to support Veterans initiatives.

**SECTION 9K.1.(dd)** Of the funds allocated in the Substance Abuse Prevention and Treatment Block Grant for the 2021-2023 fiscal biennium to the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, one million forty-eight thousand three hundred fifty dollars ($1,048,350) shall be used to establish nine (9) positions and operating costs to provide oversight, technical support, training, coordination, monitoring and other functions necessary to support substance use services, in the efforts of ensuring strategic planning and development of recovery supports and treatment leading towards a comprehensive recovery system of care.

**MATERNAL AND CHILD HEALTH BLOCK GRANT**

**SECTION 9K.1.(ee)** If federal funds are received under the Maternal and Child Health Block Grant for abstinence education, pursuant to section 912 of Public Law 104-193 (42 U.S.C. § 710), for the 2021-2022 fiscal year or the 2022-2023 fiscal year, then those funds shall be transferred to the State Board of Education to be administered by the Department of Public Instruction. The Department of Public Instruction shall use the funds to establish an abstinence until marriage education program and shall delegate to one or more persons the responsibility of...
implementing the program and G.S. 115C-81(e1)(4) and (4a). The Department of Public Instruction shall carefully and strictly follow federal guidelines in implementing and administering the abstinence education grant funds.

**SECTION 9K.1.(ff)** The sum of one million five hundred seventy-five thousand dollars ($1,575,000) appropriated in this act in the Maternal and Child Health Block Grant to the Department of Health and Human Services, Division of Public Health, for each year of the 2021-2023 fiscal biennium shall be used for evidence-based programs in counties with the highest infant mortality rates. The Division shall report on (i) the counties selected to receive the allocation, (ii) the specific evidence-based services provided, (iii) the number of women served, and (iv) any impact on the counties' infant mortality rate. The Division shall report its findings to the House of Representatives Appropriations Committee on Health and Human Services, the Senate Appropriations Committee on Health and Human Services, and the Fiscal Research Division no later than December 31 of each year.

**SECTION 9K.1.(gg)** The sum of seventy-three thousand nine hundred twenty dollars ($73,920) allocated in this section in the Maternal and Child Health Block Grant to the Department of Health and Human Services, Division of Public Health, Women and Children's Health Section, for each fiscal year of the 2021-2023 fiscal biennium shall not be used to supplant existing State or federal funds. This allocation shall be used for a Public Health Program Consultant position assigned full-time to manage the North Carolina Perinatal Health Strategic Plan and provide staff support for the stakeholder work group.

**PART X. AGRICULTURE AND CONSUMER SERVICES**

**TOBACCO TRUST FUND ADMINISTRATIVE EXPENSES**

**SECTION 10.1.** G.S. 143-717(i) reads as rewritten:

"(i) Limit on Operating and Administrative Expenses. – All administrative expenses of the Commission shall be paid from the Fund. No more than three hundred fifty thousand dollars ($350,000) – three hundred seventy-five thousand dollars may be used each fiscal year for administrative and operating expenses of the Commission and its staff, provided that the Commission may annually adjust the administrative expense cap imposed by this subsection, so long as that any cap increase does not exceed the amount necessary to provide for statewide salary and benefit adjustments enacted by the General Assembly."

**PLANT CONSERVATION PROGRAM TRANSFER**

**SECTION 10.2.** From funds deposited with the State Treasurer in a capital improvement account to the credit of the Department of Agriculture and Consumer Services pursuant to G.S. 146-30, the sum of seventy-five thousand dollars ($75,000) for the 2021-2022 fiscal year and the sum of seventy-five thousand dollars ($75,000) for the 2022-2023 fiscal year shall be transferred to the Department of Agriculture and Consumer Services to be used, notwithstanding G.S. 146-30, by the Department for its plant conservation program under Article 19B of Chapter 106 of the General Statutes for costs incidental to the acquisition of land, such as land appraisals, land surveys, title searches, and environmental studies, and for the management of the plant conservation program preserves owned by the Department.

**PART XI. COMMERCE**

**NER BLOCK GRANTS FOR 2021 AND 2022 PROGRAM YEARS/USE OF DEOBLIGATED FUNDS**

**SECTION 11.1.(a)** Appropriations from federal block grant funds are made for the fiscal years ending June 30, 2022, and June 30, 2023, according to the following schedule:
COMMUNITY DEVELOPMENT BLOCK GRANT

01. State Administration $1,560,286
02. Neighborhood Revitalization 15,419,796
03. Economic Development 11,332,585
04. Rural Community Development 20,363,524

TOTAL COMMUNITY DEVELOPMENT BLOCK GRANT – 2021 Program Year $48,676,191
2022 Program Year $48,676,191

SECTION 11.1.(b) If federal funds are reduced below the amounts specified in this section after the effective date of this act, then every program in each of these federal block grants shall be reduced by the same percentage as the reduction in federal funds.

SECTION 11.1.(c) Any block grant funds appropriated by the Congress of the United States in addition to the funds specified in this section shall be expended as follows: each program category under the Community Development Block Grant shall be increased by the same percentage as the increase in federal funds.

SECTION 11.1.(d) Of the funds appropriated in this section for the Community Development Block Grant, the following shall be allocated in each category for each program year: up to one million five hundred sixty thousand two hundred eighty six dollars ($1,560,286) may be used for State Administration, up to fifteen million four hundred nineteen thousand seven hundred ninety six dollars ($15,419,796) may be used for Neighborhood Revitalization, up to eleven million three hundred thirty-two thousand five hundred eighty five dollars ($11,332,585) may be used for Economic Development, and up to twenty million three hundred sixty three thousand one hundred ninety one dollars ($20,363,191) may be used for community development. If federal block grant funds are reduced or increased by the Congress of the United States after the effective date of this act, then these reductions or increases shall be allocated in accordance with subsection (b) or (c) of this section, as applicable.

SECTION 11.1.(e) The Department of Commerce shall consult with the Joint Legislative Commission on Governmental Operations prior to reallocating Community Development Block Grant Funds. Notwithstanding the provisions of this subsection, whenever the Director of the Budget finds that:

(1) A reallocation is required because of an emergency that poses an imminent threat to public health or public safety, the Director of the Budget may authorize the reallocation without consulting the Commission. The Department of Commerce shall report to the Commission on the reallocation no later than 30 days after it was authorized and shall identify in the report the emergency, the type of action taken, and how it was related to the emergency.

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

SECTION 11.1.(f) By September 1, 2021, and September 1, 2022, the Department of Commerce shall report to the chairs of the House of Representatives Appropriations
Committee on Agriculture and Natural and Economic Resources, the chairs of the Senate Appropriations Committee on Agriculture, Natural, and Economic Resources, the Joint Legislative Economic Development and Global Engagement Oversight Committee, and the Fiscal Research Division on the use of Community Development Block Grant Funds appropriated in the prior fiscal year. The report shall include the following:

1. A discussion of each of the categories of funding and how the categories were selected, including information on how a determination was made that there was a statewide need in each of the categories.
2. Information on the number of applications that were received in each category and the total dollar amount requested in each category.
3. A list of grantees, including the grantee's name, county, category under which the grant was funded, the amount awarded, and a narrative description of the project.

SECTION 11.1.(g) For purposes of this section, eligible activities are expanded to include rural community development. Of the funds appropriated in subsection (a) for the Community Development Block Grant, $20,363,191 will be directed for Rural Community Development to provide grants that support community development, comprehensive growth, and housing related projects to be awarded by the North Carolina Department of Commerce. The Rural Community Development Category will provide grants to units of local government in Tier 1 and Tier 2 counties and rural census tracts of Tier 3 counties in support of projects that promote broad-based community development activities, increased local investment and economic growth, expanded access to equitable and affordable housing opportunities, and stronger and more viable rural neighborhoods. The funds available for grants under this category may be used in support of, but not limited to the following:

1. Projects that enhance community viability.
2. Projects that increase community competitiveness.
3. Projects that broaden opportunities for economic investment and growth.
4. Projects that support the construction and development of new single family or multi-family housing units.
5. Acquisition of real property.
6. Relocation and demolition projects.
7. Rehabilitation of residential and non-residential structures.
8. Construction of public facilities and improvements, such as water and sewer facilities, streets, neighborhood centers, and the conversion of school buildings for eligible purposes.
9. Public services, within certain limits.
10. Activities relating to energy conservation and renewable energy resources.
11. Provision of assistance to profit-motivated small businesses and micro-enterprises to carry out economic development and job creation/retention activities.
12. In awarding grants under this Part, preference shall be given to projects in the 40 most distressed counties under G.S. 143B-437.08.

SECTION 11.1.(h) Throughout each year, deobligated funds arise in the various funding categories and program years of the Community Development Block Grant (CDBG) program as a result of (i) projects coming in under budget, (ii) projects being cancelled, or (iii) projects being required to repay funds. Surplus federal administrative funds in the CDBG program may vary from year to year based upon the amount of State-appropriated funds allocated and the amount of eligible in-kind funds identified.

SECTION 11.1.(i) To allow the Department of Commerce to quickly deploy deobligated and surplus federal administrative funds as they are identified throughout the
program year, the following shall apply to the use of deobligated CDBG funds and surplus federal
administrative funds:

   (1) All deobligated funds allocated to the Department of Commerce and any
surplus federal administrative funds, as provided for in subdivision (1) of this
subsection, may be used by the Department for all of the following:

      a. To issue grants in the CDBG economic development, neighborhood
revitalization, or rural community development program category.

      b. For providing training and guidance to local governments relative to
the CDBG program, its management, and administrative requirements.

      c. For additional assistance for pilot broadband projects.

      d. For any other purpose consistent with the Department's administration
of the CDBG program if an equal amount of State matching funds is
available.

INNOVATION ASSISTANCE FOR INDUSTRY DIVERSIFICATION & EXTENSION
(INNOVATION AIDE) PROGRAM

SECTION 11.2.(a) Program. – The Innovation AIDE Program (Program) is
established as a special revenue fund in the Department of Commerce (Department). The Board
of Science, Technology, and Innovation (Board) within the Department shall be responsible for
administering the Program.

SECTION 11.2.(b) Purposes. – The Board shall be authorized to make grants from
the Program for the benefit of communities in the 80 most economically distressed counties,
micropolitan communities, and communities in other areas of the state that demonstrate a need
to reorient their economic competitive advantages and enhance their innovation ecosystems or
help them transition to a knowledge-based economy by fostering vibrant local innovation
ecosystems rooted in globally competitive industries or industry clusters that stimulate business
creation, economic resilience, growth, or diversification of entrepreneurs.

SECTION 11.2.(c) Definitions. – The following definitions apply in this section:

   (1) Innovation. – The creation and adoption of new products, services, and
business models to yield value.

   (2) Economically Distressed Counties. – As determined by the methodology
prescribed by §143B-437.08 Development tier designation and updated
annually by the North Carolina Department of Commerce.

   (3) Micropolitan Community. – One or more adjacent counties that have at least
one urban core area that has a population of at least 10,000 but less than
50,000, plus outlying counties having a high degree of social and economic
integration with the central county or counties as measured through
commuting, as defined by 75 FR 37245 – 2010 Standards for Delineating
Metropolitan and Micropolitan Statistical Areas.

   (4) Innovation Ecosystem. – A collection of people, organizations, cultures,
policies, and programs that creates innovative ideas and discoveries and
translates them into innovative products, services, and business models to
create new companies and industries, makes existing ones globally
competitive, and drives future economic growth, resilience, and well-being.

   (5) Globally competitive industries or industry clusters. – Industries meeting the
following criteria in a community, as supported with data and analysis: (a)
Assets in place that could be leveraged for growth, (b) Potential for, or
emerging signals of, growth and innovation, such as research & development,
patents and other intellectual property, or investment or job or wage growth,
(c) Potential to have extended reach across larger tech-focused cities,
medium-sized cities, and rural areas, and (d) Global market potential.
Eligible Grantees. – Private businesses, nonprofit organizations, councils of government, and local governments.

SECTION 11.2.(d) Use of Funds. – Moneys in the Program shall promote the extension and diversification of globally competitive industries or industry clusters throughout North Carolina by supporting projects that:

(1) Provide outreach and technical or other assistance to the targeted communities to aid them in identifying, developing, and growing globally competitive industries or industry clusters;
(2) Strengthen internal and external networks among local entrepreneurs and innovators and the broader business community, as well as the connection between the local innovation ecosystem and other innovation ecosystems;
(3) Attract more capital investment into the local innovation ecosystem;
(4) Start and grow the number of locally owned businesses in the communities;
(5) Increase employment opportunities within the communities;
(6) Foster more enterprises led and owned by rural entrepreneurs, women, and entrepreneurs of color;
(7) Contribute to increased business activity, density, and local ownership in under-developed commercial corridors;
(8) Increase media visibility for these efforts locally, statewide and, ultimately, nationally; and
(9) Create statewide or regionwide innovation networks that strengthen opportunities for shared learning and collaboration.

SECTION 11.2.(e) Cap and Matching Funds. – The Department may require a grantee to provide matching funds.

SECTION 11.2.(f) Administrative Expenses. – Of the funds appropriated to the Program, the Department may use up to one-hundred thousand dollars ($100,000) or five percent (5%) annually, whichever is greater, to administer the Program.

SECTION 11.2.(g) Agreements Required. – Funds may be disbursed from the Program only in accordance with agreements entered into between the Department and an eligible grantee.

SECTION 11.2.(h) Program Guidelines. – The Board shall develop guidelines related to the administration of this Program. At least 20 days before the effective date of any guidelines or nontechnical amendments to the guidelines, the Department shall publish the proposed guidelines on the Department’s website and provide notice to persons who have requested notice of proposed guidelines. In addition, the Department must accept oral and written comments on the proposed guidelines, and shall in its discretion consider such comments before finalizing the guidelines, during the 15 business days beginning on the first day that the Department has completed these notifications. Guidelines adopted under this section shall not be subject to the requirements of Article 2A of Chapter 150B of the North Carolina General Statutes.

ONE NC SMALL BUSINESS PROGRAM CHANGES

SECTION 11.3.(a) G.S. 143B-437.80 reads as rewritten:

§ 143B-437.80. North Carolina SBIR/STTR Incentive Program.

(a) Program. – There is established the North Carolina SBIR/STTR Incentive Program to be administered by the North Carolina Board of Science, Technology, and Innovation. In order to foster job creation and economic development throughout the State, the Board may provide grants to eligible businesses to offset costs associated with applying to the United States Small Business Administration for federal Small Business Innovative Research (SBIR) grants or Small Business Technology Transfer Research (STTR) grants. The grants shall be paid from the One North Carolina Small Business Account established in G.S. 143B-437.71.

...
Grant. – The North Carolina Board of Science, Technology, and Innovation may award grants to reimburse a business an eligible business in the state's more distressed counties for up to one hundred percent (100%) of the costs of preparing and submitting a SBIR/STTR Phase I proposal, and an eligible business in the state's less distressed counties for up to fifty percent (50%) of the costs of preparing and submitting a SBIR/STTR Phase I proposal, up to a maximum of three thousand dollars ($3,000)–twelve thousand dollars ($12,000). A business may receive only one grant under this section per year. A business may receive only one grant under this section with respect to each federal proposal submission. Costs that may be reimbursed include costs incurred directly related to preparation and submission of the grant such as word processing services, proposal consulting fees, project-related supplies, literature searches, rental of space or equipment related to the proposal preparation, educational programs, and salaries of individuals involved with the preparation of the proposals. Costs that shall not be reimbursed include travel expenses, large equipment purchases, facility or leasehold improvements, and legal fees.

Education & Outreach. – The North Carolina Board of Science, Technology, and Innovation can use up to ten percent of appropriated funding for the North Carolina SBIR/STTR Incentive Program to provide education and outreach to aid in the awareness and successful completion of Phase I SBIR/STTR proposals. Appropriate expenses associated with these efforts include training, materials, location costs, and other-associated expenses.”

SECTION 11.3(b) G.S. 143B-437.81 reads as rewritten:

§ 143B-437.81. North Carolina SBIR/STTR Matching Funds Program.

(c) Grant. – The North Carolina Board of Science, Technology, and Innovation may award grants to match the funds received by a business through a SBIR/STTR Phase I proposal up to a maximum of one–two hundred thousand dollars ($100,000)–($200,000). Seventy-five percent (75%) of the total grant shall be remitted to the business upon receipt of the SBIR/STTR Phase I award and application for funds under this section. Twenty-five percent (25%) of the total grant shall be remitted to the business upon submission by the business of the Phase II application to the funding agency and acceptance of the Phase I report by the funding agency. A business may receive only one grant under this section per year. A business may receive only one grant under this section with respect to each federal proposal award. Over its lifetime, a business may receive a maximum of five–ten awards under this section.”

CLEAN ENERGY INNOVATION AND RESEARCH GRANTS

SECTION 11.4 G.S. 143B-437.9 is amended by adding a new Part to read:

"Part 2BA. Clean Energy Innovation and Research Fund.

§ 143B-437.9. NC Clean Energy Innovation and Research (CLEIR) Fund and grant program.

(a) Fund. – The NC Clean Energy Innovation and Research Fund is established as a special revenue fund in the Department of Commerce, and the Office of Science, Technology and Innovation in the Department shall be responsible for administering the Fund.

(b) Purposes. – Moneys in the NC Clean Energy Innovation and Research Fund shall be allocated pursuant to this subsection. The Department of Commerce shall make grants from the Fund to private businesses with less than 100 employees, nonprofit organizations, local governments, and State agencies to encourage the expansion of small to medium size businesses with less than 100 employees to help grow a green economy in the State. Moneys in the NC Clean Energy Innovation and Research Fund shall be used for clean energy and energy efficiency innovations and research for to encourage innovation, entrepreneurship, and the development of small business in this area.

The priority areas are:
To encourage the development and deployment of renewable energy, energy efficient, and environmentally conscious clean technologies and products in the State. The Department of Commerce may make grants available to maximize development, production, distribution, retail infrastructure, deployment, and consumer purchase of such technologies and products in North Carolina, including grants to enhance related workforce development.

To encourage the development of the clean energy industry in the State. The Department of Commerce may make grants available to assist in the development and growth of a market for environmentally conscious and energy efficient green building processes.

To attract and leverage private-sector investments and entrepreneurial growth in renewable energy, energy efficient, and environmentally conscious clean technologies, products and businesses, including grants to enhance workforce development in such businesses.

Cap and Matching Funds. – The Department of Commerce, Office of Science, Technology and Innovation may set a cap on a grant from the NC Clean Energy Innovation and Research Fund and may require a private business to provide matching funds for a grant from the Fund.

Administrative Expenses. – Of the funds appropriated to the Fund, the Department may use up to one hundred thousand dollars ($100,000) or five percent (5%) annually, whichever is greater, to administer the Fund.

PART XII. ENVIRONMENTAL QUALITY

WATER INFRASTRUCTURE FUND ENHANCEMENT

SECTION 12.1.(a) G.S. 159G-22 is amended by adding a new subsection to read:


…

(i) Unused CWSRF and DWSRF State Match. – Funds appropriated to the Division of Water Infrastructure for the Clean Water State Revolving Fund or the Drinking Water State Revolving Fund to provide State matching funds that are in excess of the amount required to draw down the maximum amount of federal capitalization grant funds may be used for State water and wastewater infrastructure grants awarded from the Wastewater Reserve, the Drinking Water Reserve, or the Viable Utility Reserve that benefit rural and economically distressed areas of the State."

SECTION 12.1.(b) G.S. 159G-34.5 is amended by adding a new subsection to read:

"§ 159G-34.5. Grant types available from Viable Utility Reserve.

…

(d) Interaccount Transfer. – The Division may use revenue from the Drinking Water Reserve or Wastewater Reserve grant accounts to provide funds to the Viable Utility Reserve for projects made eligible for funding by the Authority."

SECTION 12.1.(c) G.S. 159G-39 is amended by adding a new subsection to read:

"§ 159G-39. Review of applications and award of loan or grant.

…

(f) Grant Terms. – The Department may impose specific performance measures or conditions on any grant awarded from the Drinking Water Reserve or Wastewater Reserve to ensure an adequate, funded program for the repair, maintenance, and management of the water infrastructure."

SECTION 12.1.(d) G.S. 159G-40.5 is amended by adding a new section to read:

"§ 159G-40.5. Terms of grants and execution of grant documents.
(a) Viable Utility Reserve Terms. – The Department shall not award a grant from the Viable Utility Reserve Fund unless the Local Government Commission approves the award of the grant and the terms of the grant. Any emergency grant application submitted under G.S. 159G-31(e) shall be deemed approved by the Local Government Commission upon submission. The Department and the Local Government Commission may, in their discretion, impose specific performance measures or conditions on any grant awarded from the Viable Utility Reserve, including any grant submitted under G.S. 159G-31(e).

SECTION 12.1.(e) G.S. 159-45 reads as rewritten:

§ 159-45. Assessment of local government units; assistance.

(d) The Authority and the Local Government Commission shall establish the frequency of the cycle for assessment and review of local government units under this section, which shall be no less than every two years. Assessments shall take place at least once every two years.

CERTAIN TIMBER SALES/NONREVERT

SECTION 12.2. The Department of Environmental Quality’s Stewardship Program may retain revenue generated from timber harvesting on the Great Coharie property in the Conservation Grant Endowment Interest Fund (Fund Code 64307-6705) for the purpose of restoration and stewardship of that property and these funds are hereby appropriated for that purpose.

NONREVERSION OF WATER TREATMENT OPERATOR FEES

SECTION 12.3. G.S. 90A-27 reads as rewritten:

§ 90A-27. Application fee.

(a) The Board may establish a schedule of fees for the issuance or renewal of a certificate to cover the costs of administering the certification programs. The fee for issuing or renewing a certificate may not exceed fifty dollars ($50.00). The Board may impose a penalty not to exceed thirty dollars ($30.00) for the late renewal of a certificate.

(b) The Water Treatment Facility Operator Account is established as a non-reverting account within the Department. Fees collected under this section shall be credited to the Account and applied to the costs of administering this Article.

COMMERCIAL LEAKING PETROLEUM UNDERGROUND STORAGE TANK CLEANUP FUND CHANGES

SECTION 12.4. G.S. 143-215.94B reads as rewritten:


(g) The Commercial Fund may be used to support the administrative functions of the program for underground storage tanks under this Part and Part 2B of this Article up to the amounts allowed by law, which amounts may be changed from time to time. Administrative support provided from the Commercial Fund shall be:

(1) For Fiscal Year 2021, total administrative funding allowed from the Commercial Fund shall be a fixed rate of not more than eighteen percent (18.0%) of total revenues from the prior year.

(2) For a period of ten succeeding years, the maximum percentage of allowed total administrative funding from the Commercial Fund shall increase by three/tenths percent (0.3%) per annum. In the case of a legislated increase or decrease in salaries and benefits, the administrative allowance existing at the time of the increase or decrease shall be correspondingly increased or
decreased an amount equal to the legislated increase or decrease in salaries and benefits.

(i) During each fiscal year, the Department shall use up to one two million dollars, ($1,000,000) ($2,000,000) of the funds in the Commercial Fund to fund necessary assessment and cleanup to be conducted by the Department of discharges or releases for which a responsible party has been identified but for which the responsible party can demonstrate that undertaking the costs of assessment and cleanup will impose a severe financial hardship. Any portion of the ($1,000,000) ($2,000,000) designated each fiscal year, funding which is not used during that fiscal year to address situations of severe financial hardship, shall revert to the Commercial Fund for the uses otherwise provided by this section. The Commission shall adopt rules to define severe financial hardship; establish criteria for assistance due to severe financial hardship pursuant to this section; and establish a process for evaluation and determinations of eligibility with respect to applications for assistance due to severe financial hardship. The Commission shall create a subcommittee of the Commission's Committee on Civil Penalty Remissions as established by G.S. 143B-282.1 to render determinations of eligibility under this subsection."

BERNARD ALLEN MEMORIAL EMERGENCY DRINKING WATER FUND CLARIFICATION

SECTION 12.5. G.S. 87-98(c) reads as rewritten: "§ 87-98. Bernard Allen Memorial Emergency Drinking Water Fund

... 

(c) The Department shall disburse monies from the Fund based on financial need and on the risk to public health posed by groundwater contamination and shall give priority to the provision of services under this section to instances when an alternative source of funds is not available. The Fund shall not be used to provide alternative water supply to households with incomes greater than three hundred percent (300%) of the current federal poverty level level except that this income limitation shall not apply in cases where perfluoroalkyl substances or polyfluoroalkyl substances are present. The Fund may be used to provide alternative drinking water supplies if the Department determines that the concentration of one or more contaminants contaminants, or emerging contaminants such as polyfluoroalkyl substances and perfluoroalkyl substances, in the private drinking water well or improved spring exceeds the federal maximum contaminant level, or the federal drinking water action level as defined in 40 Code of Federal Regulations § 141.1 through § 141.571 (1 July 2007) and 40 Code of Federal Regulations § 143.3 (1 July 2007). For a contaminant for which a federal maximum contaminant level or drinking water action level has not been established, the State groundwater standard established by the Environmental Management Commission for the concentration of that contaminant shall be used to determine whether the Fund may be used to provide alternative drinking water supplies. The Fund may also be used to provide alternative drinking water supplies as provided in this section if the Department determines that the concentration of one or more contaminants in a private drinking water well is increasing over time and that there is a significant risk that the concentration of a contaminant will exceed the federal maximum contaminant level or drinking water action level, or the State groundwater standard. A determination of the concentration of a contaminant shall be based on a sample of water collected from the private drinking water well within the past 12 months.

... 

(c4) The Department may use up to one hundred thousand dollars ($100,000) annually of the monies in the Fund to pay the personnel and other direct costs associated with the implementation of this section."
SECTION 12.6 The remaining balance ($35,676) of funds appropriated by S.L. 2018-5 for acquisition of the Sunset Beach West tract for inclusion into the Bird Island Coastal Reserve and approved as carried forward from the 2019-2020 fiscal year, shall not revert but shall remain available until the end of the 2021-2023 fiscal biennium. DEQ shall use these funds to complete various acquisition-related activities to support stewardship, education, and to fully incorporate the tract into the reserve including but not limited to the purchase/installation of signage; updated brochures; invasive species removal supplies; outreach supplies to support volunteer-led summer public activities; plan/implement walking and kayak trails; and temporary staff to conduct these activities.

COAL ASH IMPLEMENTATION CHANGES

SECTION 12.7 G.S. 62-302.1 reads as rewritten:


…

(b) Rate. – The combustion residuals surface impoundment fee shall be twenty-two thousandths of one percent (0.022%) three-hundredths of one percent (0.03%) of the North Carolina jurisdictional revenues of each public utility with a coal combustion residuals surface impoundment. For the purposes of this section, the term "North Carolina jurisdictional revenues" has the same meaning as in G.S. 62-302."

DAM SAFETY EMERGENCY FUND

SECTION 12.8 G.S. 143-215.32 is amended by adding a new subsection to read:

"§ 143-215.32. Inspection of dams.

…

(e) There is established a Dam Safety Emergency Fund which shall be a non-reverting, interest-bearing fund within the Department pursuant to this Article. The Dam Safety Emergency Fund shall be used to defray expenses incurred by the Department in developing and implementing an emergency dam safety remedial plan including any agent or contractor for expenses incurred in developing and implementing such a plan that has been approved by the Department. These funds shall be used upon the Department's determination that sufficient funds or corrective action cannot be obtained from other sources without incurring a delay that would significantly increase the threat to life or risk of damage to property or the environment. Costs of site investigation and the development and implementation of an emergency dam safety remedial plan, including attorney's fees and other expenses of bringing the cost recovery action may be recovered from the owner(s) of the dam by appropriate legal action by the Commission. Recovered monies pursuant to this part shall be used to reimburse the Dam Safety Emergency Fund. The standards used for developing and implementing the emergency dam safety remedial plan shall be those standards listed under GS 143-215.29."

EROSION AND SEDIMENTATION FEE CHANGES

SECTION 12.9. G.S. 113A-54.2 reads as rewritten:

"§ 113A-54.2. Approval Fees.

(a) An application and compliance fee of sixty-five ninety dollars ($65.00) ($90.00) per acre of disturbed land shown on an erosion and sedimentation control plan or of land actually disturbed during the life of the project shall be charged for the review of an erosion and sedimentation control plan and compliance activities under this Article. Effective immediately upon enactment of this Section. The fee shall subsequently increase in the following two years to an amount determined by the Department based upon program need but not to exceed one hundred-seventy dollars ($170.00) per acre of disturbed land shown on an erosion and sedimentation control plan or of land actually disturbed during the life of the project. Effective on the third anniversary of the enactment of this Section, the fee shall be set at one
hundred-seventy dollars ($170.00) per acre of disturbed land shown on an erosion and sedimentation control plan or of land actually disturbed during the life of the project to be charged for the review of an erosion and sedimentation control plan and compliance activities under this Article."

DAM SAFETY FEE AMENDMENT

SECTION 12.10. G.S. 143-215.28A reads as rewritten:

"§ 143-215.28A. Application fees.

(a) In accordance with G.S. 143-215.3(a)(1a), the Commission may establish a fee schedule for processing applications for approvals of construction or removal of dams issued under this Part. In establishing the fee schedule, the Commission shall consider the administrative and personnel costs incurred by the Department for processing the applications and for related compliance activities. The total amount of fees collected in any fiscal year may not exceed one third of the total personnel and administrative costs incurred by the Department for processing the applications and for related compliance activities in the prior fiscal year. An approval fee may not exceed the larger of two hundred dollars ($200.00) or two percent (2%) of the actual cost of construction or removal of the applicable dam. The fee for notification of a professionally supervised dam removal under G.S. 143-215.27(c)(1) shall be five hundred dollars ($500.00) and shall be paid to the Department. The Provisions of G.S. 143-215.3(a)(1b) do not apply to these fees. A nonrefundable application processing and compliance fee, in the amount of two and one quarter (2.25%) percent of the actual cost of construction, alteration, repair, or removal of the applicable dam shall be paid for the processing of applications for approvals of construction, repair, or removal of dams issued under this Part. An initial fee of two hundred twenty-five dollars ($225) or one half of the processing and compliance fee based on the engineer's estimated cost of the construction, alteration, repair, or removal of a dam, whichever amount is greater, shall be submitted with the application and the remainder of the processing and compliance fee based on the actual cost of construction, alteration, repair, or removal of the applicable dam shall be paid when the as-built plans are submitted to the Director. The maximum fee shall not exceed one hundred and twenty-five thousand dollars ($125,000) for the construction, alteration, repair or removal of a dam.

... 

(c) Each application for construction, alteration, repair or removal of a dam shall be deemed incomplete and shall not be reviewed until the initial application processing and compliance fee is paid. In addition, if the Department's review of the initial application in accordance with applicable statutes and rules identifies deficiencies, an additional flat fee of two hundred twenty-five dollars ($225) shall be paid with each resubmittal of all or parts of the application until the information requested by the Department has been satisfactorily addressed.

(d) Final approval to impound shall not be granted until the owner's certification and the accompanying documentation are filed in accordance with Paragraph (e) of this Part, and the balance of the processing fee has been paid.

(e) The application processing and compliance fee for the construction, alteration, repair or removal of a dam shall be based on the cost of construction, alteration, repair or removal of the applicable dam. In no case, however, shall the application and compliance fee be more than one hundred and twenty-five thousand dollars ($125,000).

(1) The cost of construction, alteration, repair or removal of a dam shall include all labor and materials costs associated with the construction, alteration, repair or removal of the dam and appurtenances.

(2) The cost of construction, alteration, repair or removal of a dam shall not include the costs associated with acquisition of land or right of way, design, quality control, electrical generating machinery, or constructing a roadway across the dam.
Immediately upon completion of construction, alteration, repair or removal of a dam, the owner shall file with the Director a certification, on a form prescribed by the Department, and accompanying documentation, which shows actual cost incurred by the owner for construction alteration, repair or removal of the applicable dam.

(1) The owner's certification and accompanying documentation shall be filed with the as-built plans and the engineer's certification.

(2) If the Director finds that the owner's certification and accompanying documentation contain inaccurate cost information, the Director shall either withhold final impoundment approval, or revoke final impoundment approval, until the owner provides the accurate documentation and that documentation has been verified by the Department."

NPDES FEE CHANGES

SECTION 12.11 G.S. 143-215.3D. reads as rewritten:

"§ 143-215.3D. Fee schedule for water quality permits.

(a) Annual fees for discharge and nondischarge permits under G.S. 143-215.1. –

(1) Major Individual NPDES Permits. – The annual fee for an individual permit for an industrial point source discharge not flow limited is seven thousand dollars ($7,000). The annual fee for an individual permit for a water treatment plant point source discharge not flow limited is one thousand dollars ($1,000).

The annual fee for an individual permit for a point source discharge of 1,000,000-10,000,000 or more gallons per day, a publicly owned treatment works (POTW) that administers a POTW pretreatment program, as defined in 40 Code of Federal Regulations §403.3 (1 July 1996 Edition), or an industrial waste treatment works that has a high toxic pollutant potential is three-six thousand four hundred forty dollars ($3,440) ($6,000). The annual fee for an individual permit for a point source discharge of between 5,000,000 and 9,999,999 gallons per day is five thousand dollars ($5,000). The annual fee for an individual permit for a point source discharge of between 100,000 and 999,999 gallons per day is one thousand five hundred dollars ($1,500). The annual fee for an individual permit for a point source discharge of 99,999 gallons per day and lower is one thousand dollars ($1,000). Any other major individual NPDES permit is one thousand dollars ($1,000).

(2) Minor Individual NPDES Permits. – The annual fee for an individual permit for an industrial point source discharge not flow limited is four thousand five hundred dollars ($4,500). The annual fee for an individual permit for a water treatment plant point source discharge not flow limited is one thousand dollars ($1,000). The annual fee for an individual permit for a point source discharge of between 100,000 and 999,999 gallons per day is one thousand five hundred dollars ($1,500). The annual fee for an individual permit for a point source discharge of 99,999 gallons per day and lower is one thousand dollars ($1,000). Any other minor individual NPDES permit is one thousand dollars ($1,000).

(3) Single-Family Residence—Residence and Other 100% Domestic Discharges Less Than 10,000 Gallons Per Day. – The annual fee for an individual nondischarge permit from a single-family residence is sixty dollars ($60.00).
The annual fee for a certificate of coverage under a general permit for a point source discharge or an individual nondischarge permit from a single-family residence is sixty-one hundred twenty dollars ($612,000.00), of wastewater and other 100% domestic discharges less than 1000 gallons per day is one hundred and twenty dollars ($120.00). The annual fee for a certificate of coverage under a general permit for a point source discharge of 100% domestic wastewater of equal to or greater than 1,000 gallons per day but less than 10,000 gallons per day is eight hundred and sixty dollars ($860.00).

(4) Stormwater and Wastewater Discharge General Permits. – The annual fee for a certificate of coverage under a general permit for a point source discharge of stormwater or wastewater is one hundred dollars ($100.00). The annual fee for a certificate of coverage under a general permit for a point source discharge of wastewater that requires submittal of a discharge monitoring report is five hundred dollars ($500.00). The annual fee for a certificate of coverage under a general permit of wastewater not covered in G.S. 143-215.3D (a)(3) that does not require a discharge monitoring report is one hundred and fifty dollars ($150.00).

(d) Fee for major permit modifications. – A major modification is any permit modification that does not qualify as a minor modification in accordance with NPDES regulations. An application for a major modification of a permit of the type set out in subsection (a) of this section shall be accompanied by an application fee equal to thirty percent (30%) of the annual fee applicable to that permit. A major modification of a permit is any modification that would allow an increase in the volume or pollutant load of the discharge or nondischarge or that would result in a significant relocation of the point of discharge, as determined by the Commission. This fee is in addition to the fees due under subsections (a) and (c) of this section. If the application is denied, the application fee shall not be refunded.

(g) Authorizations to Construct – An Authorization to Construct (A to C) required for constructions activities for domestic wastewater treatments facilities with NPDES permits (15A NCAC 02H .0138) shall pay a fee for plan reviews based on the following:

(1) A to C plans for a new domestic wastewater discharge from zero (0) to less than one million (1,000,000) gallons per day shall pay a fee of one thousand two hundred eighty dollars ($1,280.00); A to C plans for expanding a domestic wastewater discharge from zero (0) to less than one million (1,000,000) gallons per day shall pay a fee of one thousand sixty dollars ($1,060.00); and A to C plans to modify a domestic wastewater discharge treatment facility, with no increase in flow, having a discharge from zero (0) to less than one million (1,000,000) gallons per day shall pay a fee of five hundred sixty dollars ($560.00).

(2) A to C plans for a new domestic wastewater discharge greater than or equal to one million (1,000,000) gallons per day shall pay a fee of one thousand six hundred dollars ($1,600.00); A to C plans for expanding a domestic discharge to increase flow to greater than or equal to one million (1,000,000) gallons per day shall pay a fee of one thousand two hundred eighty dollars ($1,280.00); and A to C plans to modify a domestic wastewater discharge treatment facility, with no increase in flow, having a discharge greater than or equal to one million (1,000,000) gallons per day shall pay a fee of eight hundred dollars ($800.00)."

WATER RESOURCE DEVELOPMENT PROJECTS
SECTION 12.12.(a) G.S. 143-215.73 is amended by adding a new section to read:

§ 143-215.73B. Water Resources Development Grants Administration.

(a) Fund Creation – There is established a new special fund budget code within the Department of Environment Quality for Water Resource Development Grants.

(b) Fund Uses and Flexibility – Water Resources Development Projects within this special fund are committed and designated solely to Water Resources Development Projects, and may not be redirected outside the special fund budget code for any other purpose. Where the actual costs are different from the estimated costs, the Department may adjust the allocations among projects as needed. If any projects funded are delayed and the budgeted State funds cannot be used during any given fiscal year, or if the projects are accomplished at a lower cost, the Department may use the resulting fund availability to fund any of the following:

(1) U.S. Army Corps of Engineers project feasibility studies.
(2) U.S. Army Corps of Engineers projects whose schedules have advanced and require State matching funds in the current fiscal year.
(3) State-local water resources development projects.
(4) NRCS-EQIP stream restoration projects.

(c) Reports – The Department shall submit semiannual reports on the use of these funds to the Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources, the Fiscal Research Division, and the Office of State Budget and Management on or before March 1 and September 1. Each report shall include all of the following:

(1) The project name.
(2) The estimated cost of each project.
(3) The date that work on each project began or is expected to begin.
(4) The date that work on each project was completed or is expected to be completed.
(5) The actual cost of the project.

The semiannual reports also shall show those projects advanced in schedule and those projects delayed in schedule.

(d) Maximum Share – Notwithstanding any provision of law to the contrary, funds appropriated for a water resources development project shall be used to provide no more than fifty percent (50%) of the nonfederal portion of funds for the project. The limitation on fund usage applies only to projects in which a local government or local governments participate. This subsection shall not apply to, and there shall be no local match required for, the Environmental Quality Incentives Program (EQIP). Furthermore, Section 36.3(e) of S.L. 2013-360, Section 36.2(e) of S.L. 2014-100, and Section 31.3(e) of S.L. 2015-241 shall not apply to funds made available as part of EQIP in any fiscal year, including prior years. For purposes of this subsection, a single project shall consist of all the landowners and other participants under a project design contract approved by the Natural Resource Conservation Service under the EQIP program along a contiguous stretch of stream.

SECTION 12.12.(b) The Department of Environmental Quality shall allocate funds for water resources development projects in accordance with the schedule that follows. The amounts set forth in the schedule include funds appropriated in this act for water resources development projects and funds carried forward from previous fiscal years. These funds will provide a State match for an estimated two hundred twenty million five hundred twenty-six thousand dollars ($220,526,000) in federal funds.

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<th>Name of Project</th>
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<tr>
<td>(1) Princeville Flood Damage Reduction</td>
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<tr>
<td>(2) Carolina Beach Coastal Storm Damage Reduction</td>
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<td>(3) Wilmington Harbor DA Maintenance</td>
<td>$3,663,642</td>
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(4) Kure Beach Coastal Storm Damage Reduction 4,889,423
(5) Surf City/North Topsail Beach Coastal Storm Damage Reduction 14,537,000
(6) Ocean Isle Coastal Storm Damage Reduction 494,599
(7) Water Resources Development Grant Program – State & Local Projects 2,750,000
(8) Water Resources Development Grant Program – NRCS-EQIP Projects 2,000,000
(9) Manteo Old House Channel, Section 204, CAP 2,700,000
(10) Wrightsville Beach Coastal Storm Damage Reduction 3,487,500

TOTALS $44,469,663

SECTION 12.12.(c) The Department of Environmental Quality is granted the authority to repurpose the following Capital Improvement funds into the new special fund established in G.S. 143-215.73B(a):

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<thead>
<tr>
<th>Fund Number</th>
<th>Project Title</th>
<th>Allotment Balance</th>
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<td>DWR – State &amp; Local Projects</td>
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<td>DWR – State &amp; Local Water Res Develop Grant</td>
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<td>4U08</td>
<td>DWR – Cape Fear Lock &amp; Dam # Fish Ramp</td>
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<td>DWR – Environmental Qual Incent Prog</td>
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<td>DWR – NRCS EQUIP</td>
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<td>DWR – State &amp; Local Projects</td>
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<td>DWR – NRCS EQUIP</td>
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<td>DWR – Lindsey Bridge Dam Restoration</td>
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<td>DWR – Ararat River Greenway Stream Restoration</td>
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CLEAN ENERGY COMMUNITIES

SECTION 12.13.(a) Fund Creation and Purpose – The Clean Energy Communities Fund is established as a special revenue fund within the Department of Environmental Quality's State Energy Office. The Fund provides grants to local governments statewide to help them achieve their sustainability goals through planning and implementation of clean energy and clean transportation projects that equitably advance energy efficiency, renewable energy, vehicle electrification, and related priorities.

SECTION 12.13.(b) Uses of Funds – Funds may be used to help communities with projects, including but not limited to, energy efficiency assessments and improvements; planning and installation of renewable energy projects (e.g., solar PV, rooftop solar, battery storage, and microgrids); purchase of zero-emission vehicles; purchase, planning and installation of electric vehicle infrastructure short- and long-term sustainability analysis and planning; improved procurement practices; stakeholder engagement with underrepresented communities; and clean energy financing strategies.

SECTION 12.13.(c) Basis of Distribution – Funds will be distributed through an application process which may include the following eligibility criteria:

1. The economic, social, and environmental benefits to be provided by the projects;
2. The viability and expected useful life of the proposed project;
3. Project Efficiency/long term management plan;
4. Regional benefits of the project to an underserved area;
5. The financial resources of the local government; and
6. The cost savings, healthy community living, and energy burden relief provided.
7. Ability to leverage funds from federal, private, and other sources.

SECTION 12.13.(d) Planning and Administration – At least fifteen percent (15%) will be allocated to planning and capacity building grants for communities to create and implement sustainability plans and up to two and one half percent (2.5%) of funds or two-hundred fifty thousand dollars ($250,000), whichever is greater in each fiscal year of the revenues credited to the Fund, to support temporary staff, time limited positions, planning, technical assistance, and program administrative functions.

CLEAN ENERGY SCHOOLS

SECTION 12.14.(a) Fund Creation and Purpose – The Clean Energy Schools Fund is established as a special revenue fund within the Department of Environmental Quality's State Energy Office. The fund provides for a grant program for school districts to implement energy efficiency and clean energy projects that provide a healthier, safer, and more cost-effective learning environment. A portion of funds may be used to support a statewide transition to clean, zero-emission school buses. The Department of Environmental Quality shall consult with the Department of Public Instruction on the use of a portion of funds for clean, zero-emissions school buses.

SECTION 12.14.(b) Uses of Funds – Funds may be used to support projects at schools, including but not limited to, energy efficiency assessments and improvements, planning and installation of renewable energy projects (e.g., solar PV, rooftop solar, battery storage, and microgrids); purchase and maintenance of zero-emission school buses; purchase, planning and installation of infrastructure for zero-emission buses; improved procurement practices; and clean energy financing strategies.

SECTION 12.14.(c) Basis of Distribution – Funds will be distributed through an application process which may include the following eligibility criteria:
(1) The economic, health, social, and environmental benefits to be provided by the projects;
(2) The viability of the proposed project;
(3) Regional benefits of the project to an underserved area;
(4) The financial resources of the school district;
(5) The cost savings/energy burden relief provided; and
(6) Ability to leverage funds from federal, private, and other sources.

SECTION 12.14.(d) Planning and Administration – The Department of Environmental Quality may utilize up to two and one-half percent (2.5%) or two-hundred fifty thousand dollars ($250,000), whichever is greater in each fiscal year of the revenues credited to the Fund, for support temporary staff, time limited positions planning, technical assistance, and program administrative functions.

LOW-INCOME CLEAN ENERGY PROGRAM

SECTION 12.15. G.S. 143B-344.51 is amended to adding a new section to read:

"§ 143B-344.51. Low-Income Clean Energy Program.

(a) Fund Creation and Purpose – The Low-Income Clean Energy Program is established as a special revenue fund within the Department of Environmental Quality's State Energy Office. Funds may be used through equity focused program policies to implement energy efficiency measures, weatherize homes with energy efficient improvements, install systems to improve indoor air quality, provide access to community solar, electric vehicle charging, and other renewable energy systems, and provide high efficiency lighting, appliances, heating, and cooling systems. The funds may also be used for roof repairs, foundation improvements, other major structural changes needed to qualify to receive weatherization services, and any other project that reduces energy burden to low-income households. Additional partner organizations may be utilized by the program to expedite widespread, equitable distribution to eligible recipients.

(b) Funds for the Low-Income Clean Energy Program will be distributed through an application process that could include the following eligibility criteria:

(1) Client eligibility based on last available Weatherization State Plan;
(2) The viability of the proposed project;
(3) The cost savings/energy burden relief provided.

(c) The Department may utilize up to two and one-half percent (2.5%) or one-hundred fifty thousand dollars ($150,000), whichever is greater, in each fiscal year of the revenues credited to the Fund, for support temporary staff, time limited positions planning, technical assistance, and program administrative functions."

STATE ENERGY CENTERS OPERATIONS, RESEARCH & STUDENT FELLOWSHIPS

SECTION 12.16. Of the funds appropriated in this act for University Energy Centers, the sum shall be allocated equally to the energy center at Appalachian State University, the energy center at North Carolina Agricultural and Technical University, and the energy center at North Carolina State University. Funds can be used to support center operations, workforce training, innovative research, technical assistance, and work-based student fellowships to help advance North Carolina's transition to a clean energy economy.

PART XIII. LABOR

FEES NOT YET EXPENDED OR ENCUMBERED AT THE END OF EACH FISCAL YEAR SHALL NOT REVERT

SECTION 13. G.S. 95-108 reads as rewritten:

"§ 95-108. Disposition of fees.
All fees collected by the Department of Labor pursuant to G.S. 95-69.11, 95-110.5, 95-111.4 and 95-120 shall be deposited with the State Treasurer and shall be used exclusively for inspection and certification purposes. All fees collected pursuant to this section that have not yet been expended or encumbered at the end of each fiscal year shall not revert but shall remain available for expenditure in the subsequent fiscal year.

PART XIV. NATURAL AND CULTURAL RESOURCES

SYMPHONY CHALLENGE GRANT

SECTION 14.1. For the 2021-22 and 2022-23 fiscal years, the Office of State Budget and Management shall release the allocation authorized under Section 26.2 of S.L. 2017-57 as follows:

(1) Upon raising an additional sum of two million dollars ($2,000,000) in non-State funding, the North Carolina Symphony shall receive the sum of six hundred thousand dollars ($600,000).

(2) Upon raising an additional sum of two million dollars ($2,000,000) in non-State funding for a total amount of four million dollars ($4,000,000) in non-State funds, the North Carolina Symphony shall receive the sum of seven hundred thousand dollars ($700,000).

(3) Upon raising an additional sum of one million dollars ($1,000,000) in non-State funding for a total amount of five million dollars ($5,000,000) in non-State funds, the North Carolina Symphony shall receive the final sum of seven hundred thousand dollars ($700,000) in each fiscal year.

ARCHIVES & HISTORY – EXTEND SUNSET OF ARTICLE 3H MILL TAX CREDIT PROGRAM

SECTION 14.2. G.S. 105-129.75(a) reads as rewritten:

§ 105-129.75. Sunset and applicable expenditures.
(a) Sunset. – Except for credits allowed under G.S. 105-129.71(a1), this Article expires January 1, 2015, for rehabilitation projects for which an application for an eligibility certification is submitted on or after that date. Eligibility certifications under this Article expire January 1, 2024.

AQUARIUMS – INCREASE AQUARIUM FUND PROJECT SPENDING CAP

SECTION 14.3. G.S. 143B-135.188 reads as rewritten:

§ 143B-135.188. North Carolina Aquariums; fees; fund.

... (b) Fund. – The North Carolina Aquariums Fund is hereby created as a special fund. The North Carolina Aquariums Fund shall be used for the following purposes with respect to the aquariums and the pier operated by the Division of North Carolina Aquariums:

(1) Repair, renovation, expansion, maintenance, and educational exhibit construction. Funds used for repair, renovation, and expansion projects may be transferred to a capital projects fund to account for use of the funds for each project.

(2) Payment of the debt service and lease payments related to the financing of facility expansions, subject to G.S. 143B-135.190.

(3) Matching of private funds that are raised for these purposes.

(4) Marketing the North Carolina Aquariums.

...
(d) Approval. – The Secretary may approve the use of the North Carolina Aquariums Fund for repair and renovation projects at the aquariums-related facilities that comply with the following:

(1) The total project cost is less than three hundred thousand dollars ($300,000) or equal to what is allowable under G.S. 143-64.34.
(2) The project meets the requirements of G.S. 143C-8-13(a).
(3) The project is paid for from funds appropriated to the Fund.
(4) The project does not obligate the State to provide increased recurring funding for operations."

ZOO – INCREASE ZOO FUND PROJECT SPENDING CAP

SECTION 14.4. G.S. 143B-135.209 reads as rewritten:

"§ 143B-135.209 North Carolina Zoo Fund.

(a) Fund. – The North Carolina Zoo Fund is created as a special fund. The North Carolina Zoo Fund shall be used for the following types of projects at the North Carolina Zoological Park and to match private funds raised for these types of projects:

(1) Repair, renovation, expansion, maintenance, and educational exhibit construction. Funds used for repair, renovation, and expansion projects may be transferred to a capital projects fund to account for use of the funds for each project.
(2) Renovations of exhibits in habitat clusters, visitor services facilities, and support facilities (including greenhouses and temporary animal holding areas).
(3) The acquisition, maintenance, or replacement of tram equipment as required to maintain adequate service to the public.
(4) Marketing the North Carolina Zoo.

(b) Disposition of Receipts. – All receipts derived from the collection of admissions charges and other fees, the lease or rental of property or facilities, and the disposition of products of the land or structures shall be credited to the North Carolina Zoological Park's General Fund operating budget. At the end of each fiscal year, the Secretary may transfer from the North Carolina Zoological Park's General Fund operating budget to the North Carolina Zoo Fund an amount not to exceed the sum of one million five hundred thousand dollars ($1,500,000) and any donations, gifts, and devises received by the North Carolina Zoological Park.

(c) Approval. – The Secretary may approve the use of the North Carolina Zoo Fund for repair and renovation projects at the North Carolina Zoological Park recommended by the Council that comply with the following:

(1) The total project cost is less than three hundred thousand dollars ($300,000) or equal to what is allowed under G.S. 143-64.34.
(2) The project meets the requirements of G.S. 143C-8-13(a).
(3) The project is paid for from funds appropriated to the Fund.
(4) The project does not obligate the State to provide increased recurring funding for operations.

(d) Report. – The Department shall submit to the Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources and the Fiscal Research Division by September 30 of each year a report on the North Carolina Zoo Fund that shall include the source and amounts of all funds credited to the Fund and the purpose and amount of all expenditures from the Fund during the prior fiscal year."

TRYON PALACE SPECIAL FUND

SECTION 14.5. G.S. 121-21.1 reads as rewritten:

"§ 121-21.1. Tryon Palace Historic Sites and Gardens Fund."
General Assembly Of North Carolina  
Session 2021  

(a) Fund. — The Tryon Palace Historic Sites and Gardens Fund is hereby created as a special, interest-bearing, and nonreverting fund in the Division of Tryon Palace Historic Sites and Gardens. The Fund shall be treated as a special trust fund and shall be credited with interest by the State Treasurer pursuant to G.S. 147-69.2 and G.S. 147-69.3. The Fund shall be used for operation, interpretation, repair, renovation, expansion, and maintenance at Tryon Palace Historic Sites and Gardens.

(b) Disposition of Fees. — All entrance fee receipts shall be credited to the Tryon Peace Historic Sites and Gardens Fund. The Fund consists of all receipts derived from donations, gifts, devises, grants, and admissions and fees collected at the Tryon Palace Historic Sites and Gardens.

NATURAL HERITAGE PROGRAM – REDUCE OR WAIVE FEES FLEXIBILITY

SECTION 14.6. G.S. 143B-135.272 reads as rewritten:

"§ 143B-135.272. Access to information; fees.  
(a) The Secretary may establish fees to defray the costs associated with any of the following:

(1) Responding to inquiries requiring customized environmental review services or the costs associated with developing, improving, or maintaining technology that supports an online interface for external users to access Natural Heritage Program data. The Secretary may reduce or waive the fee established under this subsection if the Secretary determines that a waiver of reduction of the fee is in the public interest.

(2) Any activity authorized under G.S. 143B-135.234(10), including an inventory of natural areas conducted under the Natural Heritage Program, conservation and protection planning, and informational programs for owners of natural areas, as defined in G.S. 143B-135.254.

(b) The Secretary may reduce or waive fees established under this section if the Secretary determines that a reduction or waiver of the fees is in the public interest or serves the intended purposes declared in the Nature Preserves Act, G.S. 143B-135.252."

PAVED TRAILS PLANNING AND DEVELOPMENT

SECTION 14.7.(a) Fund Creation and Purpose – The Paved Trails Planning and Development Fund is established as a special, interest-bearing revenue fund within the Department of Natural and Cultural Resources, Division of Parks and Recreation. The Fund provides for a grant program to support planning and development of paved multiuse paths in North Carolina.

SECTION 14.7.(b) Uses of Funds – Funds may be used to enable local governments and non-profits to acquire real property or other property interests, develop, and construct shared-use paths and greenway trails. Up to twenty percent (20%) of these funds shall be used for feasibility studies for shared-use paths in Tier 1 and 2 counties.

SECTION 14.7.(c) Basis of Distribution – Funds will be distributed to state agencies, local government units, and nonprofit corporations through an application process which may the following eligibility criteria:

(1) Designation as an authorized national scenic or historic trail, authorized state trail, or national recreation trail/water trail;

(2) Location on public lands;

(3) Economic need;

(4) Management and maintenance;

(5) Trail connectivity;

(6) Trail design standard;

(7) Public engagement;
Matching support;

ADA compliance/accommodations.

SECTION 14.7.(d) Planning and Administration – The Department of Natural and Cultural Resources may utilize up to three percent (3%) in each fiscal year of the revenues credited to the Fund to support program administrative functions.

NATURAL SURFACE TRAILS PLANNING AND DEVELOPMENT

SECTION 14.8.(a) Fund Creation and Purpose – The Natural Surface Trails Planning and Development Fund is established as a special, interest-bearing revenue fund within the Department of Natural and Cultural Resources, Division of Parks and Recreation. The Fund provides for a grant program to support the planning and construction of a network of natural surface trails throughout North Carolina.

SECTION 14.8.(b) Uses of Funds – Funds may be used to enable local governments and non-profits to acquire real property or other property interests, develop, and construct natural surface trails that better connect rural and urban areas. Up to twenty percent (20%) of these funds shall be used for feasibility studies for shared-use paths in Tier 1 and 2 counties.

SECTION 14.8.(c) Basis of Distribution – Funds will be distributed to state agencies, local government units, and nonprofit corporations through an application process which may include the following eligibility criteria:

(1) Designation as an authorized national scenic or historic trail, authorized state trail, or national recreation trail/water trail;
(2) Location on public lands;
(3) Economic need;
(4) Management and maintenance;
(5) Trail connectivity;
(6) Trail design standard;
(7) Public engagement;
(8) Matching support;
(9) ADA compliance/accommodations.

SECTION 14.8.(d) Planning and Administration – The Department of Natural and Cultural Resources may utilize up to three percent (3%) in each fiscal year of the revenues credited to the Fund to support program administrative functions.

BATH HIGH SCHOOL PRESERVATION GRANT

SECTION 14.9. The funds appropriated to the Department for Bath High School Preservation shall be matched one dollar ($1.00) in non-State funds for every one dollar ($1.00) in State funds. Funds shall remain available for the 2021-2023 fiscal biennium and shall not revert before June 30, 2023.

PART XV. ADMINISTRATIVE OFFICE OF THE COURTS [RESERVED]

PART XVI. INDIGENT DEFENSE SERVICES

IDS MATCH FOR GRANTS

SECTION 16.1. Notwithstanding G.S. 143C-6-9, during the 2021-2023 fiscal biennium, Indigent Defense Services may use the sum of up to seventy-five thousand dollars ($75,000) from funds available to provide the State matching funds needed to receive grant funds. Prior to using funds for this purpose, the Office of Indigent Defense Services shall report to the chairs of the House of Representatives Appropriations Committee on Justice and Public Safety and the Senate Appropriations Committee on Justice and Public Safety on the grants to be matched using these funds.
OFFICE OF INDIGENT DEFENSE SERVICES POSITIONS

SECTION 16.2. The Office of Indigent Defense Services, may use appropriated funds in each fiscal year of the 2021-2023 fiscal biennium for the expansion of existing offices currently providing legal services to the indigent population under the oversight of the Office of Indigent Defense Services, considering changing caseloads, cost effectiveness, implementation of new initiatives, response to statutory changes, and reduced availability of experienced private counsel in specific case types. Funds may be used for the creation of new positions or offices within existing public defender programs, including satellite offices of the Office of Capital Defender, for the establishment of regional public defender programs, or for positions providing support to private assigned counsel. Notwithstanding the defender districts established by G.S. 7A498.7, the Office of Indigent Defense Services may use a portion of these funds to create positions within existing public defender programs to handle cases in adjacent counties or districts. These funds may be used for the salaries, benefits, equipment, and related expenses for up to 10 attorney positions and six non-attorney positions during the fiscal year with the total annualized cost of these positions no more than one million seven hundred thousand dollars ($1,700,000). Prior to using funds for this purpose, the Office of Indigent Defense Services shall report to the Chairs of the House of Representatives and the Senate Appropriations Subcommittees on Justice and Public Safety on the proposed expansion.

OFFICE OF INDIGENT DEFENSE SERVICES TITLE IV-E REIMBURSEMENT FUNDS

SECTION 16.3. Funds received by the Office of Indigent Defense Services, as reimbursement for eligible expenses necessary to support an attorney providing legal representation of parents with children in the custody of the Department of Social Services are authorized to be used for these purposes and shall not revert. Unencumbered funds at the end of the fiscal year may be carried over for purposes allowed under the memorandum of agreement between the NC Department of Health and Human Services and the Office of Indigent Defense Services.

PART XVII. JUSTICE

CRIMINAL JUSTICE FELLOWS PROGRAM

SECTION 17.1. G.S. 17C-20(5) reads as rewritten:

"§ 17C-20. Definitions.
As used in this Article, the following definitions apply:

…
(5) Eligible County. – A county with a population of less than 125,000 according to the latest federal decennial census or a county designated as a development tier one area pursuant to G.S. 143B-437.08, or both. Any county located in the State of North Carolina.

…"

NO HIRING OF SWORN STAFF POSITIONS FOR NC STATE CRIME LAB

SECTION 17.2. The Department of Justice shall not hire sworn personnel to fill vacant positions in the North Carolina State Crime Laboratory. Nothing in this section shall be construed to require the termination of sworn personnel or to affect North Carolina State Crime Laboratory personnel who are sworn and employed by the Laboratory as of the effective date of this section and who continue to meet the sworn status retention standards mandated by the North Carolina Criminal Justice Education and Standards Commission.
PART XVIII. PUBLIC SAFETY

GRANT REPORTING AND MATCHING FUNDS

SECTION 18.1. Notwithstanding the provisions of G.S. 143C-6-9, the Department of Public Safety may use up to the sum of two million dollars ($2,000,000) during the 2021-2022 fiscal year and up to the sum of two million dollars ($2,000,000) during the 2022-2023 fiscal year from funds available to the Department to provide the State match needed in order to receive grant funds. Prior to using funds for this purpose, the Department shall report to the chairs of the House of Representatives Appropriations Committee on Justice and Public Safety and the Senate Appropriations Committee on Justice and Public Safety on the grants to be matched using these funds.

CODIFY USE OF SEIZED AND FORFEITED PROPERTY

SECTION 18.2. G.S. 14-2.3 reads as rewritten:

"§ 14-2.3. Forfeiture of gain acquired through criminal activity.

... 
(d) Seized and forfeited assets transferred to the Department of Justice or to the Department of Public Safety pursuant to applicable federal law shall be credited to the budget of the recipient department and shall result in an increase of law enforcement resources for that department. The Department of Public Safety and the Department of Justice shall each make the following reports to the chairs of House of Representatives Appropriations Committee on Justice and Public Safety and the Senate Appropriations Committee on Justice and Public Safety:

(1) A report upon receipt of any assets.
(2) A report that shall be made prior to use of the assets on their intended use and the departmental priorities on which the assets may be expended.
(3) A report on receipts, expenditures, encumbrances, and availability of these assets for the previous fiscal year, which shall be made no later than September 1 of each year.

(e) The General Assembly finds that the use of seized and forfeited assets transferred pursuant to federal law for new personnel positions, new projects, acquisition of real property, repair of buildings where the repair includes structural change, and construction of or additions to buildings may result in additional expenses for the State in future fiscal periods. Therefore, the Department of Justice and the Department of Public Safety are prohibited from using these assets for such purposes without the prior approval of the General Assembly.

(f) Nothing in this section prohibits State law enforcement agencies from receiving funds from the United States Department of Justice, the United States Department of the Treasury, and the United States Department of Health and Human Services."

REPEAL STATE CAPITOL POLICE/CREATION OF RECEIPT-SUPPORTED POSITIONS

SECTION 18.3. Section 16B.1 of S.L. 2017-57 is repealed.

USE OF CLOSED FACILITIES

SECTION 18.4.(a) In conjunction with the closing of prison facilities, youth detention centers, and youth development centers, the Department of Public Safety shall consult with the county or municipality in which the facility is located, with elected State and local officials, and with State and federal agencies about the possibility of converting that facility to other use. The Department may also consult with any private for-profit or nonprofit firm about the possibility of converting the facility to other use. In developing a proposal for future use of each facility, the Department shall give priority to converting the facility to other criminal justice use. Consistent with existing law and the future needs of the Department of Public Safety, the
State may provide for the transfer or the lease of any of these facilities to counties, municipalities, State agencies, federal agencies, or private firms wishing to convert them to other use. G.S. 146-29.1(f) through (g) shall not apply to a transfer made pursuant to this section. The Department of Public Safety may also consider converting some of the facilities recommended for closing from one security custody level to another, where that conversion would be cost-effective. A prison unit under lease to a county pursuant to the provisions of this section for use as a jail is exempt for the period of the lease from any of the minimum standards adopted by the Secretary of Health and Human Services pursuant to G.S. 153A-221 for the housing of adult prisoners that would subject the unit to greater standards than those required of a unit of the State prison system.

SECTION 18.4. (b) The Department may convert closed facilities for the following purposes:

(1) Training needs.
(2) Population Management.
(3) Transitional housing.

Sixty days prior to converting facilities to these purposes, the Department shall report to the Joint Legislative Oversight Committee on Justice and Public Safety. The report shall include the justification for the conversion, operational requirements for the facility, and available resources for staffing and operating the facility. If the proposed facility will require additional funding in the future, the report shall provide a five-year projection of those funding needs.

REIMBURSE COUNTIES FOR HOUSING AND EXTRAORDINARY MEDICAL EXPENSES

SECTION 18.5. Notwithstanding G.S. 143C-6-9, the Department of Public Safety may use funds available to the Department for the 2021-2023 fiscal biennium to reimburse counties for the cost of housing convicted inmates, parolees, and post-release supervisees awaiting transfer to the State prison system, as provided in G.S. 148-29. The reimbursement may not exceed forty dollars ($40.00) per day per prisoner awaiting transfer. The Department shall report annually by February 1 of each year to the chairs of the Joint Legislative Oversight Committee on Justice and Public Safety and the chairs of the House of Representatives Appropriations Committee on Justice and Public Safety and the Senate Appropriations Committee on Justice and Public Safety on the expenditure of funds to reimburse counties for prisoners awaiting transfer.

INTERSTATE COMPACT FEES TO SUPPORT TRAINING PROGRAMS AND EQUIPMENT PURCHASES SECTIONS

SECTION 18.6. Notwithstanding the provisions of G.S. 148-65.7, fees collected for the Interstate Compact Fund during the 2021-2023 fiscal biennium may be used by the Division of Adult Correction of the Department of Public Safety during the 2021-2023 fiscal biennium to provide training programs and equipment purchases for the Section of Community Corrections, but only to the extent sufficient funds remain available in the Fund to support the mission of the Interstate Compact Program.

VICTIMS COMPENSATION

SECTION 18.7. G.S. 15B-2 reads as rewritten:

"§ 15B-2. Definitions.

As used in this Article, the following definitions apply, unless the context requires otherwise:

(1) Allowable expense. – Reasonable charges incurred for reasonably needed products, services, and accommodations, including those for medical care, rehabilitation, medically-related property, and other remedial treatment and
care. Reasonably needed services include (i) counseling for immediate family members of children under the age of 18 who are victims of rape, sexual assault, or domestic violence and (ii) family counseling and grief counseling for immediate family members of homicide victims. The cumulative total for counseling services provided to immediate family members shall not exceed three thousand dollars ($3,000) per family.

Allowable expense includes a total charge not in excess of five thousand dollars ($5,000) for expenses related to funeral, cremation, and burial, including transportation of a body, but excluding expenses for flowers, gravestone, and other items not directly related to the funeral service.

Allowable expense for medical care, counseling, rehabilitation, medically-related property, and other remedial treatment and care of a victim shall be limited to sixty-six and two-thirds percent (66 2/3%) of the amount usually charged by the provider for the treatment or care. By accepting the compensation paid as allowable expense pursuant to this subdivision, the provider agrees that the compensation is payment in full for the treatment or care and shall not charge or otherwise hold a claimant financially responsible for the cost of services in addition to the amount of allowable expense.

..."

**CREATION OF DIVISION OF JUVENILE JUSTICE**

**SECTION 18.8.** (a) The Juvenile Justice Section of the Division of Adult Correction and Juvenile Justice shall be relocated as a division of the Department of Public Safety, with the organization, powers, and duties as set forth in Article 13 of Chapter 143B of the General Statutes or as prescribed by the Secretary of the Department of Public Safety.

**SECTION 18.8.** (b) The following statutes are amended by deleting the language "Division of Adult Correction and Juvenile Justice" wherever it appears and substituting "Division of Juvenile Justice": G.S. 7B-1501, 7B-2204, 115C-106.3, 115C-107.6, 115C-108.1, 115C-296.2, 115C-325.10, and 153A-218.


In all other instances in which the term "Juvenile Justice Section of the Division of Adult Correction and Juvenile Justice" appears in the General Statutes, the Revisor of Statutes shall replace "Juvenile Justice Section of the Division of Adult Correction and Juvenile Justice" with "Division of Juvenile Justice" and in all other instances in which the word "Section" is used to refer to the Juvenile Justice Section of the Division of Adult Correction and Juvenile Justice, the Revisor of Statutes shall delete the word "Section" and substitute the word "Division", or make other appropriate changes to the General Statutes to reference the Division rather than the Section.

**STATE FUNDS MAY BE USED AS FEDERAL MATCHING FUNDS**

**SECTION 18.9.** Funds appropriated in this act to the Department of Public Safety for each fiscal year of the 2021-2023 fiscal biennium may be used as matching funds for the Juvenile Accountability Incentive Block Grants. If North Carolina receives Juvenile Accountability Incentive Block Grants or a notice of funds to be awarded, the Office of State Budget and Management and the Governor's Crime Commission shall consult with the...
Department of Public Safety regarding the criteria for awarding federal funds. The Office of State Budget and Management, the Governor's Crime Commission, and the Department of Public Safety shall report to the chairs of the House of Representatives Appropriations Committee on Justice and Public Safety and the Senate Appropriations Committee on Justice and Public Safety and the Joint Legislative Oversight Committee on Justice and Public Safety prior to allocation of the federal funds. The report shall identify the amount of funds to be received for the 2021-2022 fiscal year, the amount of funds anticipated for the 2022-2023 fiscal year, and the allocation of funds by program and purpose.

LIMIT USE OF COMMUNITY PROGRAM FUNDS

**SECTION 18.10.(a)** Funds appropriated in this act to the Department of Public Safety for the 2021-2023 fiscal biennium for community program contracts, that are not required for or used for community program contracts, may be used only for the following:

1. Other statewide residential programs that provide Level 2 intermediate dispositional alternatives for juveniles.
2. Statewide community programs that provide Level 2 intermediate dispositional alternatives for juveniles.
3. Regional programs that are collaboratives of two or more Juvenile Crime Prevention Councils which provide Level 2 intermediate dispositional alternatives for juveniles.
4. The Juvenile Crime Prevention Council funds to be used for the Level 2 intermediate dispositional alternatives for juveniles listed in G.S. 7B-2506(13) through (23).

**SECTION 18.10.(b)** Funds appropriated by this act to the Department of Public Safety for the 2021-2023 fiscal biennium for community programs may not be used for staffing, operations, maintenance, or any other expenses of youth development centers or detention facilities.

**SECTION 18.10.(c)** The Department of Public Safety shall submit an electronic report by October 1 of each year of the 2021-2023 fiscal biennium on all expenditures made in the preceding fiscal year from the miscellaneous contract line in Fund Code 1230 to the chairs of the House of Representatives Appropriations Committee on Justice and Public Safety and the Senate Appropriations Committee on Justice and Public Safety and the Fiscal Research Division. The report shall include all of the following: an itemized list of the contracts that have been executed, the amount of each contract, the date the contract was executed, the purpose of the contract, the number of juveniles that will be served and the manner in which they will be served, the amount of money transferred to the Juvenile Crime Prevention Council fund, and an itemized list of grants allocated from the funds transferred to the Juvenile Crime Prevention Council fund.

CREATE HAZARDOUS MATERIALS FACILITY FUND

**SECTION 18.11.** G.S. 166A-29.1 reads as rewritten:

"§ 166A-29.1. Hazardous materials facility fee.

..."

(b) Annual Fee Shall Be Charged. – A person or business required under Section 302 or 312 of EPCRA to submit a notification or an annual inventory form to the Division shall be required to pay to the Department an annual fee in the amount set forth in subsection (c) of this section.

(b1) The Hazardous Materials Facility Fund is established as a special fund within the Department. All fees collected under this section shall be credited to the fund and shall be used to support the hazardous materials response programs established pursuant to subsection (f) of this section.

...
(f) Use of Fee Proceeds. – The proceeds of fees assessed pursuant to this section shall be used for the following:

1. To offset costs associated with the establishment and maintenance of a hazardous materials database and a hazardous materials response application.
2. To offset costs associated with the operations of the regional response program for hazardous materials emergencies and terrorist incidents.
3. To provide grants to counties for hazardous materials emergency response planning, training, equipment, and related exercises.
4. To offset Division costs that directly support hazardous materials emergency preparedness and response.”

CONTINUOUSLY OPERATING REFERENCE STATION FUND

SECTION 18.12.(a) The Continuously Operating Reference Station (CORS) Fund is established as a special revenue fund. The Fund consists of General Fund appropriations, gifts, donations, grants, devises, fees, and monies contributed by state and non-State entities for operation, maintenance, and expansion of the North Carolina CORS/Real Time Network (RTN) operated and maintained by the North Carolina Geodetic Survey, and any other revenues specifically allocated to the Fund by an act of the General Assembly.

SECTION 18.12.(b) Uses of the Fund. Revenue credited to the Fund may only be used for costs associated with CORS/RTN operations, maintenance, and expansion.

PART XIX. ADMINISTRATION

STREAMLINE DOMESTIC VIOLENCE GRANTS ADMINISTRATION

SECTION 19. G.S. 50B-9 reads as rewritten:

(a) The Domestic Violence Center Fund is established within the State Treasury. The fund shall be administered by the Department of Administration, North Carolina Council for Women, and shall be used to make grants to centers for victims of domestic violence and to The North Carolina Coalition Against Domestic Violence, Inc. This fund shall be administered in accordance with the provisions of the Executive Budget Act. The Department of Administration shall make quarterly grants to each eligible domestic violence center and The North Carolina Coalition Against Domestic Violence, Inc. Effective July 1, 2017, and each fiscal year thereafter, The Department of Administration shall coordinate and maintain contracts to grantees within 10 business days of the date the Current Operations Appropriations Act is certified for that fiscal year.

PART XX. ADMINISTRATIVE HEARINGS [RESERVED]

PART XXI. AUDITOR [RESERVED]

PART XXII. BUDGET AND MANAGEMENT

EVIDENCE-BASED EVALUATION GRANTS

SECTION 22.1. Of the funds appropriated in this act to the Office of State Budget and Management, one million dollars ($1,000,000) in recurring funds is allocated to provide grants to state agencies to conduct evaluations of state programs. The Office of State Budget and Management shall develop guidelines and procedures for the administration and distribution of these funds to state agencies through a competitive process. The Office of State Budget and Management shall establish selection criteria that ensure funded evaluations meet rigorous national standards that will enable the state to build evidence to determine whether a program is
effective and to determine the program's return on investment. These funds shall not revert and
remain available for this purpose until expended.

**UPDATED REPORTING REQUIREMENTS**

**SECTION 22.2.(a)** G.S. 143C623(h) is repealed.

**SECTION 22.2.(b)** Article 17 of Chapter 143 of the General Statutes is repealed.

**SECTION 22.2.(c)** G.S. 207(i1) reads as rewritten:

"(i1) Restoration Fee. – Any person whose driver's license has been revoked pursuant to
the provisions of this Chapter, other than G.S. 20-17(a)(2) shall pay a restoration fee of sixty-five
dollars ($65.00). A person whose driver's license has been revoked under G.S. 20-17(a)(2) shall
pay a restoration fee of one hundred thirty dollars ($130.00). The fee shall be paid to the Division
prior to the issuance to such person of a new driver's license or the restoration of the driver's
license. The restoration fee shall be paid to the Division in addition to any and all fees which may
be provided by law. This restoration fee shall not be required from any licensee whose license
was revoked or voluntarily surrendered for medical or health reasons whether or not a medical
evaluation was conducted pursuant to this Chapter. The sixty-five-dollar ($65.00) fee, and the
first one hundred five dollars ($105.00) of the one-hundred-thirty-dollar ($130.00) fee, shall be
deposited in the Highway Fund. Twenty-five dollars ($25.00) of the one-hundred-thirty-dollar
($130.00) fee shall be used to fund a statewide chemical alcohol testing program administered
by the Forensic Tests for Alcohol Branch of the Chronic Disease and Injury Section of the
Department of Health and Human Services. The Office of State Budget and Management shall
annually report to the General Assembly the amount of fees deposited in the General Fund and
transferred to the Forensic Tests for Alcohol Branch of the Chronic Disease and Injury Section
of the Department of Health and Human Services include this information in the biennial fee
report under this subsection."

**SECTION 22.2.(d)** G.S. 143C85(a) reads as rewritten:

"(a) General. – The State capital improvement plan shall address the long-term capital
improvement needs of all State government agencies and shall incorporate all capital projects,
however financed, proposed to meet those needs, except that transportation infrastructure
projects shall be excluded. On or before December 31 of each even-numbered year, Coinciding
with the Governor's Budget, the Director of the Budget shall prepare and transmit to the General
Assembly a six-year capital improvement plan. When preparing the plan, the Director of the
Budget shall consider the capital improvement needs estimates submitted by State agencies as
required in G.S. 143C-8-4. The plan shall be prepared in two parts."
PART XXXI. LIEUTENANT GOVERNOR [RESERVED]

PART XXXII. MILITARY AND VETERANS AFFAIRS

KERNERSVILLE STATE VETERANS HOME

SECTION 32.1. Three million six hundred ninety-eight thousand two hundred and six dollars ($3,698,206) of the funds available to the State Veterans Home Trust Fund for the 2021-2022 fiscal year, and eleven million one hundred thousand one hundred and fifty-two dollars ($11,100,152) of recurring funds available to the State Veterans Home Trust Fund for the 2022-2023 fiscal year shall be used for the operation of the state veterans home in Kernersville.

VETERANS SUICIDE PREVENTION TASK FORCE

SECTION 32.2.(a) Of the funds appropriated in this act to the Department of Military and Veterans Affairs, one hundred thousand dollars ($100,000) in recurring funds each year of the biennium may be used to support the Governor's Task Force to Prevent Suicide Among Service Members, Veterans, and Their Families (SMVF).

SECTION 32.2.(b) The task force will include both a military and civilian team of state leaders to include policy makers, behavioral and mental healthcare providers, primary care providers, and additional stakeholders.

SECTION 32.2(c) The Department of Military and veterans' affairs shall direct the task force in its efforts to develop the action plan and implement the Governor's challenge to Prevent suicide among service members, veterans, and their families (SMVF). This program will be implemented under the guidance of the Veterans Healthcare Administration (VHA), the Substance Abuse Mental Health Services Administration Technical Assistance Center (SAMHSA TAC) and the RAND corporation.

PART XXXIII. REVENUE

DOR TAX FRAUD ANALYTICS

SECTION 33.1.(a) Of the funds appropriated in this act to the Department of Revenue, the sum of four million four hundred thousand dollars ($4,400,000) in nonrecurring funds for each year of the 2021-23 fiscal biennium shall be used to continue and expand the Department's tax fraud analysis contract. These funds shall be used in each fiscal year as follows:

(1) Three million three hundred thousand dollars ($3,300,000) to pay for fraud detection analytics and information reporting.

(2) One million one hundred thousand dollars ($1,100,000) for hosting infrastructure.

SECTION 33.1.(b) The Department of Revenue shall continue to coordinate with the Government Data Analytics Center (GDAC) and utilize the subject matter expertise and technical infrastructure available through existing GDAC public-private partnerships for fraud detection analytics and infrastructure.

PART XXXIV. SECRETARY OF STATE [RESERVED]

PART XXXV. TREASURER [RESERVED]

PART XXXVI. GENERAL GOVERNMENT [RESERVED]

PART XXXVII. INFORMATION TECHNOLOGY
BASE BUDGET REQUIREMENTS FOR IT RATES

SECTION 37.1. For the 2023-2025 fiscal biennium, the Office of State Budget and Management shall include in the base budget for all departments adequate funds for critical information technology operations pursuant to DIT rate changes.

INTERNAL SERVICE FUND RATES SUBMISSION DEADLINE CHANGE

SECTION 37.2. G.S. 143B-1333 (a) reads as rewritten:
"(a) The Internal Service Fund is established within the Department as a fund to provide goods and services to State agencies on a cost-recovery basis. The Department shall establish fees for subscriptions and chargebacks for consumption-based services. The Information Technology Strategic Sourcing Office shall be funded through a combination of administrative fees as part of the IT Supplemental Staffing contract, as well as fees charged to agencies using their services. The State CIO shall establish and annually update consistent, fully transparent, easily understandable fees and rates that reflect industry standards for any good or service for which an agency is charged. These fees and rates shall be prepared by October 1 and shall be approved by the Office of State Budget and Management. These fees and rates shall be prepared and submitted by the Department to the Office of State Budget and Management on a date agreed upon by the Chief Financial Officer of the Department and the State Budget Director. Rates shall be approved by the Office of State Budget and Management. The Office of State Budget and Management shall ensure that State agencies have the opportunity to adjust their budgets based on any rate or fee changes prior to submission of those budget recommendations to the General Assembly. The approved Information Technology Internal Service Fund budget and associated rates shall be included in the Governor's budget recommendations to the General Assembly."

PART XXXVIII. SALARIES AND BENEFITS

ELIGIBLE STATE-FUNDED EMPLOYEES AWARDED COST-OF-LIVING ADJUSTMENT/ LEGISLATIVE INCREASES

SECTION 38.1.(a) Except as provided by subsection (e) of this section, a person (i) whose salary is set by this part, pursuant to the North Carolina Human Resources Act or as otherwise authorized in this act and (ii) who is employed in a State-funded position on June 30, 2021, is awarded a compensation adjustment as follows:
(1) Two and one-half percent (2.5%) recurring cost of living increase effective July 1, 2021.
(2) As otherwise allowed or provided by law.

SECTION 38.1.(b) Except as provided by subsection (e) of this section, a person (i) whose salary is set by this part, pursuant to the North Carolina Human Resources Act or as otherwise authorized in this act and (ii) who is employed in a State-funded position on June 30, 2022, is awarded a cost-of-living adjustment as follows:
(1) Two and one-half percent (2.5%) effective July 1, 2022.
(2) As otherwise allowed or provided by law.

SECTION 38.1.(c) Except as provided by subsection (e), employees of the University of North Carolina and local community college employees employed in a State-funded position on June 30, 2021, are awarded a cost of living adjustment as follows:
(1) Five percent (5%) effective July 1, 2021.
(2) As otherwise allowed or provided by law.

SECTION 38.1.(d) Except as provided by subsection (e), employees of the University of North Carolina and local community college employees employed in a State-funded position on June 30, 2021, are awarded a cost of living adjustment as follows:
(1) Two and one-half percent (2.5%) effective July 1, 2022.
(2) As otherwise allowed or provided by law.
SECTION 38.1.(e) Teachers, principals, and assistant principals paid pursuant to a salary schedule or pay plan enacted in this act are not eligible to receive the legislative salary increases provided by this section.

SECTION 38.1.(f) Permanent part-time employees shall receive the increases authorized by this section on a prorated and equitable basis.

SECTION 38.1.(g) No eligible State-funded employee shall be prohibited from receiving the full salary increase provided in this section solely because the employee's salary after applying the legislative increase is above the maximum of the salary range prescribed by the State Human Resources Commission.

COMPENSATION BONUS AWARDED FOR FISCAL BIENNium

SECTION 38.2.(a) Any person (i) whose salary is set by this act in Part 7A or this Part, pursuant to the North Carolina Human Resources Act, or as otherwise authorized in this act and (ii) who is employed in a State-funded position on September 1, 2021, shall be awarded a one-time, lump-sum compensation bonus for the 2021-22 fiscal year in the amount of one thousand dollars ($1,000.00), payable during the month of October 2021.

SECTION 38.2.(b) Any person (i) whose salary is set by this act in Part 7A or this Part, pursuant to the North Carolina Human Resources Act, or as otherwise authorized in this act and (ii) who is employed in a State-funded position on September 1, 2022, shall be awarded a one-time, lump-sum compensation bonus for the 2021-22 fiscal year in the amount of one thousand dollars ($1,000.00), payable during the month of October 2022.

SECTION 38.2.(c) Notwithstanding G.S. 135-1(7a), the compensation bonuses awarded by this section is not compensation under Article 1 of Chapter 135 of the General Statutes, the Teachers' and State Employees' Retirement System.

SECTION 38.2.(d) The compensation bonuses awarded by this section are not part of annual salary and shall be paid out separately. The compensation bonus shall be awarded to eligible permanent employees without regard to an employee's placement within the salary range, including employees at the top of the salary range. The compensation bonus shall be adjusted pro rata for permanent part-time employees.

GOVERNOR AND COUNCIL OF STATE

SECTION 38.3.(a) The salary of the Governor, as provided by G.S. 147-11(a), shall remain unchanged.

SECTION 38.3.(b) The annual salaries for members of the Council of State, payable monthly, for the 2021-2023 fiscal biennium are as follows:

<table>
<thead>
<tr>
<th>Council of State</th>
<th>FY 2021-2022</th>
<th>FY 2022-2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lieutenant Governor</td>
<td>$140,116</td>
<td>$143,619</td>
</tr>
<tr>
<td>Attorney General</td>
<td>140,116</td>
<td>143,619</td>
</tr>
<tr>
<td>Secretary of State</td>
<td>140,116</td>
<td>143,619</td>
</tr>
<tr>
<td>State Treasurer</td>
<td>140,116</td>
<td>143,619</td>
</tr>
<tr>
<td>State Auditor</td>
<td>140,116</td>
<td>143,619</td>
</tr>
<tr>
<td>Superintendent of Public Instruction</td>
<td>140,116</td>
<td>143,619</td>
</tr>
<tr>
<td>Agriculture Commissioner</td>
<td>140,116</td>
<td>143,619</td>
</tr>
<tr>
<td>Insurance Commissioner</td>
<td>140,116</td>
<td>143,619</td>
</tr>
<tr>
<td>Labor Commissioner</td>
<td>140,116</td>
<td>143,619</td>
</tr>
</tbody>
</table>

CERTAIN EXECUTIVE BRANCH OFFICIALS

SECTION 38.4. The annual salaries, payable monthly, for the following executive branch officials for the 2021-2023 fiscal biennium are as follows:
<table>
<thead>
<tr>
<th>Executive Branch Officials</th>
<th>FY 2021-2022</th>
<th>FY 2022-2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chairman, Alcoholic Beverage Control Commission</td>
<td>$125,821</td>
<td>$128,967</td>
</tr>
<tr>
<td>State Controller</td>
<td>175,200</td>
<td>179,580</td>
</tr>
<tr>
<td>Commissioner of Banks</td>
<td>141,214</td>
<td>144,744</td>
</tr>
<tr>
<td>Chair, Board of Review,</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Division of Employment Security Members, Board of Review</td>
<td>138,516</td>
<td>141,979</td>
</tr>
<tr>
<td>Division of Employment Security</td>
<td>136,823</td>
<td>140,244</td>
</tr>
<tr>
<td>Chairman, Parole Commission</td>
<td>138,516</td>
<td>141,979</td>
</tr>
<tr>
<td>Full-Time Member, Parole Commission</td>
<td>128,072</td>
<td>131,274</td>
</tr>
<tr>
<td>Commissioner of Banks</td>
<td>138,516</td>
<td>141,979</td>
</tr>
<tr>
<td>Member, Utilities Commission</td>
<td>128,072</td>
<td>131,274</td>
</tr>
<tr>
<td>Executive Director, North Carolina</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Agricultural Finance Authority</td>
<td>122,530</td>
<td>125,593</td>
</tr>
</tbody>
</table>

**JUDICIAL BRANCH**

**SECTION 38.5.(a)** The annual salaries, payable monthly, for the following judicial branch officials for the 2021-2023 fiscal biennium are as follows:

<table>
<thead>
<tr>
<th>Judicial Branch Officials</th>
<th>FY 2021-2022</th>
<th>FY 2022-2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chief Justice, Supreme Court</td>
<td>$164,859</td>
<td>$168,980</td>
</tr>
<tr>
<td>Associate Justice, Supreme Court</td>
<td>160,581</td>
<td>164,596</td>
</tr>
<tr>
<td>Chief Judge, Court of Appeals</td>
<td>158,041</td>
<td>161,992</td>
</tr>
<tr>
<td>Judge, Court of Appeals</td>
<td>153,939</td>
<td>157,787</td>
</tr>
<tr>
<td>Judge, Senior Regular Resident Superior Court</td>
<td>149,785</td>
<td>153,530</td>
</tr>
<tr>
<td>Judge, Superior Court</td>
<td>145,634</td>
<td>149,275</td>
</tr>
<tr>
<td>Chief Judge, District Court</td>
<td>132,350</td>
<td>135,659</td>
</tr>
<tr>
<td>Judge, District Court</td>
<td>128,198</td>
<td>131,403</td>
</tr>
<tr>
<td>Chief Administrative Law Judge</td>
<td>129,297</td>
<td>132,529</td>
</tr>
<tr>
<td>District Attorney</td>
<td>140,834</td>
<td>144,355</td>
</tr>
<tr>
<td>Assistant, Administrative Office of the Courts</td>
<td>135,621</td>
<td>139,012</td>
</tr>
<tr>
<td>Public Defender</td>
<td>140,834</td>
<td>144,355</td>
</tr>
<tr>
<td>Director of Indigent Defense Services</td>
<td>145,152</td>
<td>148,781</td>
</tr>
</tbody>
</table>

**SECTION 38.5.(b)** The district attorney or public defender of a judicial district, with the approval of the Administrative Officer of the Courts or the Commission on Indigent Defense Services, respectively, shall set the salaries of assistant district attorneys or assistant public defenders, respectively, in that district such that the average salaries of assistant district attorneys or assistant public defenders in that district, for the 2021-2022 fiscal year, do not exceed eighty-four thousand six hundred forty-eight dollars ($84,658) and the minimum salary of any assistant district attorney or assistant public defender is at least forty-five thousand four hundred thirty-seven dollars ($45,437), effective July 1, 2021.

**SECTION 38.5.(c)** The district attorney or public defender of a judicial district, with the approval of the Administrative Officer of the Courts or the Commission on Indigent Defense Services, respectively, shall set the salaries of assistant district attorneys or assistant public defenders, respectively, in that district such that the average salaries of assistant district attorneys or assistant public defenders in that district, for the 2022-2023 fiscal year, do not exceed eighty-six thousand seven hundred seventy-four dollars ($86,774) and the minimum salary of any assistant district attorney or assistant public defender is at least forty-six thousand five hundred seventy-three dollars ($46,573), effective July 1, 2022.
CLERKS OF SUPERIOR COURT

SECTION 38.5A.(a) Effective July 1, 2021, G.S. 7A-101(a) reads as rewritten:

"(a) The clerk of superior court is a full-time employee of the State and shall receive an annual salary, payable in equal monthly installments, based on the number of State-funded assistant and deputy clerks of court as determined by the Administrative Office of Court's workload formula, according to the following schedule:

<table>
<thead>
<tr>
<th>Assistants and Deputies</th>
<th>Annual Salary</th>
</tr>
</thead>
<tbody>
<tr>
<td>0-19</td>
<td>$97,375-99,809</td>
</tr>
<tr>
<td>20-29</td>
<td>107,625-110,316</td>
</tr>
<tr>
<td>30-49</td>
<td>117,875-120,822</td>
</tr>
<tr>
<td>50-99</td>
<td>128,125-131,328</td>
</tr>
<tr>
<td>100 and above</td>
<td>130,688-133,955</td>
</tr>
</tbody>
</table>

SECTION 38.5A.(b) Effective July 1, 2022, G.S. 7A-101(a), as amended by subsection (a) of this section, reads as rewritten:

"(a) The clerk of superior court is a full-time employee of the State and shall receive an annual salary, payable in equal monthly installments, based on the number of State-funded assistant and deputy clerks of court as determined by the Administrative Office of Court's workload formula, according to the following schedule:

<table>
<thead>
<tr>
<th>Assistants and Deputies</th>
<th>Annual Salary</th>
</tr>
</thead>
<tbody>
<tr>
<td>0-19</td>
<td>$99,809-102,304</td>
</tr>
<tr>
<td>20-29</td>
<td>110,316-113,074</td>
</tr>
<tr>
<td>30-49</td>
<td>120,822-123,843</td>
</tr>
<tr>
<td>50-99</td>
<td>131,328-134,611</td>
</tr>
<tr>
<td>100 and above</td>
<td>133,955-137,304</td>
</tr>
</tbody>
</table>

ASSISTANT AND DEPUTY CLERKS OF SUPERIOR COURT

SECTION 38.5B.(a) Effective July 1, 2021, G.S. 7A-102(c1) reads as rewritten:

"(c1) A full-time assistant clerk or a full-time deputy clerk, and up to one full-time deputy clerk serving as head bookkeeper per county, shall be paid an annual salary subject to the following minimum and maximum rates:

<table>
<thead>
<tr>
<th>Assistant Clerks and Head Bookkeeper</th>
<th>Annual Salary</th>
</tr>
</thead>
<tbody>
<tr>
<td>Minimum</td>
<td>$34,780</td>
</tr>
<tr>
<td>Maximum</td>
<td>64,258-65,864</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Deputy Clerks</th>
<th>Annual Salary</th>
</tr>
</thead>
<tbody>
<tr>
<td>Minimum</td>
<td>$31,200</td>
</tr>
<tr>
<td>Maximum</td>
<td>50,466-51,728</td>
</tr>
</tbody>
</table>

SECTION 38.5B.(b) Effective July 1, 2022, G.S. 7A-102(c1), as amended by subsection (a) of this section, reads as rewritten:

"(c1) A full-time assistant clerk or a full-time deputy clerk, and up to one full-time deputy clerk serving as head bookkeeper per county, shall be paid an annual salary subject to the following minimum and maximum rates:

<table>
<thead>
<tr>
<th>Assistant Clerks and Head Bookkeeper</th>
<th>Annual Salary</th>
</tr>
</thead>
<tbody>
<tr>
<td>Minimum</td>
<td>$34,780</td>
</tr>
<tr>
<td>Maximum</td>
<td>65,864-67,511</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Deputy Clerks</th>
<th>Annual Salary</th>
</tr>
</thead>
<tbody>
<tr>
<td>Minimum</td>
<td>$31,200</td>
</tr>
<tr>
<td>Maximum</td>
<td>50,466-51,728</td>
</tr>
</tbody>
</table>
MAGISTRATES

SECTION 38.5C.(a) Effective July 1, 2021, G.S. 7A-171.1 reads as rewritten:

"§ 7A-171.1. Duty hours, salary, and travel expenses within county.

(a) The Administrative Officer of the Courts, after consultation with the chief district judge and pursuant to the following provisions, shall set an annual salary for each magistrate:

(1) A full-time magistrate shall be paid the annual salary indicated in the table set out in this subdivision. A full-time magistrate is a magistrate who is assigned to work an average of not less than 40 hours a week during the term of office. The Administrative Officer of the Courts shall designate whether a magistrate is full-time. Initial appointment shall be at the entry rate. A magistrate's salary shall increase to the next step every two years on the anniversary of the date the magistrate was originally appointed for increases to Steps 1 through 3, and every four years on the anniversary of the date the magistrate was originally appointed for increases to Steps 4 through 6.

Table of Salaries of Full-Time Magistrates

<table>
<thead>
<tr>
<th>Step Level</th>
<th>Annual Salary</th>
</tr>
</thead>
<tbody>
<tr>
<td>Entry Rate</td>
<td>$40,576-41,590</td>
</tr>
<tr>
<td>Step 1</td>
<td>43,571-44,660</td>
</tr>
<tr>
<td>Step 2</td>
<td>46,802-47,972</td>
</tr>
<tr>
<td>Step 3</td>
<td>50,225-51,478</td>
</tr>
<tr>
<td>Step 4</td>
<td>54,322-55,680</td>
</tr>
<tr>
<td>Step 5</td>
<td>59,259-60,740</td>
</tr>
<tr>
<td>Step 6</td>
<td>64,792-66,412</td>
</tr>
</tbody>
</table>

SECTION 38.5C.(b) Effective July 1, 2022, G.S. 7A-171.1, as amended by subsection (a) of this section, reads as rewritten:

"§ 7A-171.1. Duty hours, salary, and travel expenses within county.

(a) The Administrative Officer of the Courts, after consultation with the chief district judge and pursuant to the following provisions, shall set an annual salary for each magistrate:

(1) A full-time magistrate shall be paid the annual salary indicated in the table set out in this subdivision. A full-time magistrate is a magistrate who is assigned to work an average of not less than 40 hours a week during the term of office. The Administrative Officer of the Courts shall designate whether a magistrate is full-time. Initial appointment shall be at the entry rate. A magistrate's salary shall increase to the next step every two years on the anniversary of the date the magistrate was originally appointed for increases to Steps 1 through 3, and every four years on the anniversary of the date the magistrate was originally appointed for increases to Steps 4 through 6.

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<tr>
<th>Step Level</th>
<th>Annual Salary</th>
</tr>
</thead>
<tbody>
<tr>
<td>Entry Rate</td>
<td>$41,590-42,630</td>
</tr>
<tr>
<td>Step 1</td>
<td>44,669-45,777</td>
</tr>
<tr>
<td>Step 2</td>
<td>47,972-49,171</td>
</tr>
<tr>
<td>Step 3</td>
<td>51,478-52,765</td>
</tr>
<tr>
<td>Step 4</td>
<td>55,680-57,072</td>
</tr>
<tr>
<td>Step 5</td>
<td>60,740-62,259</td>
</tr>
<tr>
<td>Step 6</td>
<td>66,412-68,072</td>
</tr>
</tbody>
</table>

LEGISLATIVE EMPLOYEES
SECTION 38.6.(a) Effective July 1, 2021, the annual salaries of the Legislative Services Officer and of nonelected employees of the General Assembly in effect on June 30, 2021, shall be legislatively increased by two percent (2.5%).

SECTION 38.6.(b) Effective July 1, 2022, the annual salaries of the Legislative Services Officer and of nonelected employees of the General Assembly in effect on June 30, 2022, shall be legislatively increased two percent (2.5%).

SECTION 38.6.(c) Nothing in this act limits any of the provisions of G.S. 120-32.

SECTION 38.6.(d) Legislative employees paid pursuant to this section shall receive the compensation bonuses awarded by Section 38.1.

GENERAL ASSEMBLY PRINCIPAL CLERKS

SECTION 38.7.(a) Effective July 1, 2021, G.S. 120-37(c) reads as rewritten:

"(c) The principal clerks shall be full-time officers. Each principal clerk shall be entitled to other benefits available to permanent legislative employees and shall be paid an annual salary of one hundred sixteen thousand seven hundred thirty-two dollars ($116,732), one hundred nineteen thousand six hundred fifty dollars ($119,650), payable monthly. Each principal clerk shall also receive such additional compensation as approved by the Speaker of the House of Representatives or the President Pro Tempore of the Senate, respectively, for additional employment duties beyond those provided by the rules of their House. The Legislative Services Commission shall review the salary of the principal clerks prior to submission of the proposed operating budget of the General Assembly to the Governor and shall make appropriate recommendations for changes in those salaries. Any changes enacted by the General Assembly shall be by amendment to this paragraph."

SECTION 38.7.(b) Effective July 1, 2022, G.S. 120-37(c), as amended by subsection (a) of this section, reads as rewritten:

"(c) The principal clerks shall be full-time officers. Each principal clerk shall be entitled to other benefits available to permanent legislative employees and shall be paid an annual salary of one hundred nineteen thousand six hundred fifty dollars ($119,650), one hundred twenty-two thousand six hundred forty-two dollars ($122,642), payable monthly. Each principal clerk shall also receive such additional compensation as approved by the Speaker of the House of Representatives or the President Pro Tempore of the Senate, respectively, for additional employment duties beyond those provided by the rules of their House. The Legislative Services Commission shall review the salary of the principal clerks prior to submission of the proposed operating budget of the General Assembly to the Governor and shall make appropriate recommendations for changes in those salaries. Any changes enacted by the General Assembly shall be by amendment to this paragraph."

SERGEANTS-AT-ARMS AND READING CLERKS

SECTION 38.8.(a) Effective July 1, 2021, G.S. 120-37(b) reads as rewritten:

"(b) The sergeant-at-arms and the reading clerk in each house shall be paid a salary of four hundred sixty dollars ($460.00) four hundred seventy-two dollars ($472.00) per week plus subsistence at the same daily rate provided for members of the General Assembly, plus mileage at the rate provided for members of the General Assembly for one round trip only from their homes to Raleigh and return. The sergeants-at-arms shall serve during sessions of the General Assembly and at such time prior to the convening of, and subsequent to adjournment or recess of, sessions as may be authorized by the Legislative Services Commission. The reading clerks shall serve during sessions only."

SECTION 38.8.(b) Effective July 1, 2022, G.S. 120-37(b), as amended by subsection (a) of this section, reads as rewritten:

"(b) The sergeant-at-arms and the reading clerk in each house shall be paid a salary of a salary of four hundred seventy-two dollars ($472.00) four hundred eighty-three dollars ($483.00)
per week plus subsistence at the same daily rate provided for members of the General Assembly, plus mileage at the rate provided for members of the General Assembly for one round trip only from their homes to Raleigh and return. The sergeants-at-arms shall serve during sessions of the General Assembly and at such time prior to the convening of, and subsequent to adjournment or recess of, sessions as may be authorized by the Legislative Services Commission. The reading clerks shall serve during sessions only."

COMMUNITY COLLEGES

SECTION 38.9.(a) Effective for the 2021-2023 fiscal biennium:
(1) The State Board of Community Colleges may provide community college personnel salary increases in accordance with policies adopted by the Board. Funds appropriated for these compensation increases under Section 38.1 of this act may be used for any one or more of the following purposes: (i) merit pay, (ii) across-the-board increases, (iii) recruitment bonuses, (iv) retention increases, and (v) any other compensation increase pursuant to those policies.
(2) Funds appropriated for community college faculty bonuses shall be awarded pursuant to policies adopted by the State Board of Community Colleges. Notwithstanding G.S. 135-1(7a), the bonus awarded under this section is not compensation under Article 1 of Chapter 135 of the General Statutes.
(3) The State Board of Community Colleges shall make a report on the use of compensation increase and faculty bonus funds to the Fiscal Research Division no later than March 1 of each year of the biennium.

SECTION 38.9.(b) The minimum salaries for nine-month, full-time curriculum community college faculty for the 2021-2023 fiscal biennium are as follows:

<table>
<thead>
<tr>
<th>Education Level</th>
<th>FY 2021-2022</th>
<th>FY 2022-2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vocational Diploma/Certificate or Less</td>
<td>$39,460</td>
<td>$40,447</td>
</tr>
<tr>
<td>Associate Degree or Equivalent</td>
<td>40,008</td>
<td>41,008</td>
</tr>
<tr>
<td>Bachelor's Degree</td>
<td>42,389</td>
<td>43,449</td>
</tr>
<tr>
<td>Master's Degree or Education Specialist</td>
<td>44,501</td>
<td>45,614</td>
</tr>
<tr>
<td>Doctoral Degree</td>
<td>47,546</td>
<td>48,735</td>
</tr>
</tbody>
</table>

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

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

UNIVERSITY OF NORTH CAROLINA SYSTEM

SECTION 38.10.(a) Effective for the 2021-2023 fiscal biennium, the annual salaries of University of North Carolina SHRA employees shall be increased as provided by Section 38.1(c) and Section 38.1(d) of this act.

SECTION 38.10.(b) For the 2021-2023 fiscal biennium, the Board of Governors of The University of North Carolina may provide EHRA employees a salary increase pursuant to the policies adopted by the Board. Funds for EHRA compensation increases may be used for any one or more of the following purposes: (i) merit pay, (ii) across the board increases, (iii) recruitment bonuses, (iv) retention increases, and (v) any other compensation increase pursuant to those policies.

SECTION 38.10.(c) The Board of Governors of The University of North Carolina shall make a report on the use of compensation increase and bonus funds to the General Assembly by no later than March 1 of each year of the biennium.
SECTION 38.11.(a) Employees of schools operated by the Department of Health and Human Services, the Department of Public Safety, and the State Board of Education who are paid on the Teacher Salary Schedule shall be paid as authorized by Section 7A.1 of this act.

SECTION 38.11.(b) Employees of the School of Science and Mathematics of The University of North Carolina who are paid pursuant to a salary schedule adopted by the North Carolina School of Science and Math Board of Trustees shall be paid in accordance with the schedule adopted by the Board.

ALL STATE-SUPPORTED PERSONNEL

SECTION 38.12.(a) The legislative salary increases and compensation bonuses provided in this act in each year of the 2021-2023 fiscal biennium do not apply to persons separated from service due to resignation, dismissal, reduction in force, death, or retirement or whose last workday is prior to July 1, 2021, for the 2021-2022 fiscal year or June 30, 2021, for the 2022-2023 fiscal year. For the 2021-2023 fiscal biennium, payroll checks issued to employees after July 1, 2021 and July 1, 2022, respectively, that represent payment of services provided prior to July 1 of each year shall not be eligible for salary increases provided for in this act.

SECTION 38.12.(b) This section applies to all employees paid from State funds, whether or not subject to or exempt from the North Carolina Human Resources Act, including employees of public schools, community colleges, and The University of North Carolina.

MOST STATE EMPLOYEES

SECTION 38.13.(a) Unless otherwise expressly provided by this part, the annual salaries in effect for the following persons on June 30, 2021, shall be legislatively increased as provided by Section 38.1 of this act:

(1) Permanent, full-time State officials and persons whose salaries are set in accordance with the State Human Resources Act.
(2) Permanent, full-time State officials and persons in positions exempt from the State Human Resources Act.
(3) Permanent, part-time State employees.
(4) Temporary and permanent hourly State employees.

SECTION 38.13.(b) Unless otherwise expressly provided by this part, the annual salaries in effect for the following persons on June 30, 2022, shall be legislatively increased as provided by Section 38.1 of this act:

(1) Permanent, full-time State officials and persons whose salaries are set in accordance with the State Human Resources Act.
(2) Permanent, full-time State officials and persons in positions exempt from the State Human Resources Act.
(3) Permanent, part-time State employees.
(4) Temporary and permanent hourly State employees.

ESTABLISH PAY PLANS FOR CERTIFIED ADULT CORRECTION EMPLOYEES

SECTION 38.14. The Department of Public Safety shall use the funds appropriated in this Act to establish a pay schedule with a stepped progression for certified Adult Correction employees of the Division of Adult Correction and Juvenile Justice. These funds shall not be used to adjust the pay of other employees of the Division. The pay schedule shall be adjusted to effectuate any future across-the-board legislative or other authorized salary increases. The State Human Resources Commission shall provide technical assistance to the Secretary of Public Safety upon request.

REPEAL CORRECTIONAL OFFICERS/CUSTODY-BASED PAY DIFFERENTIAL

SECTION 38.15.(a) Part V of S.L. 2019-208 is repealed.
SECTION 38.15.(b) Of the funds appropriated in S.L. 2018-5, the fifteen million dollars ($15,000,000) appropriated for Correctional Officer custody-based pay differentials shall be re-allocated to the pay plan established pursuant to Section 38.14 of this Act.

ESTABLISH STATE CAPITOL POLICE PAY PLAN

SECTION 38.16. Of the funds appropriated to the Department of Public Safety for the 2021-2023 fiscal biennium, the sum of seventy-five thousand dollars ($75,000) shall be allocated to establish a pay schedule for the State Capitol Police with a stepped progression from State Capitol Police Officer to First Class Officer to Master Officer over a period of eight years by providing increases of five percent (5%) after three years and another five percent (5%) after eight years of service with the State Capitol Police. These funds shall not be used to adjust the pay of other employees of the State Capitol Police. The pay schedule shall be adjusted to effectuate any future across-the-board legislative or other authorized salary increases. The State Human Resources Commission shall provide technical assistance to the Secretary of Public Safety upon request.

AMEND PAY PLAN RESERVE

SECTION 38.17. G.S. 143C-4-9 reads as rewritten:

"§ 143C-4-9. Pay Plan Reserve.
(a) Creation. – The Pay Plan Reserve is established within the General Fund. The General Assembly shall appropriate in the Current Operations Appropriations Act (Act) or other appropriations a specific amount to this reserve for allocation, on an as-needed basis only, to fund statutory and scheduled pay expenses authorized by:
   (1) G.S. 20-187.3, for troopers of the State Highway Patrol compensated pursuant to an experience-based salary schedule.
   …
   (6) This Act, S.L.2019-211 for law enforcement officers of the State Bureau of Investigation and Alcohol Law Enforcement
   (7) This Act, for law enforcement officers of the State Capital Police and certified employees of the Division of Adult Correction and the Division of Juvenile Justice."

USE OF FUNDS Appropriated FOR COST-OF-LIVING ADJUSTMENT/LEGISLATIVE INCREASES, COMPENSATION BONUSES, AND EMPLOYEE BENEFITS

SECTION 38.18.(a) The appropriations set forth in Section 2.1 of this act include appropriations for cost-of-living adjustments, compensation bonuses, and legislatively mandated employee benefit increases. The Office of State Budget and Management shall ensure that those funds are used only for the purposes of salary increases and employee benefits.

SECTION 38.18.(b) If the Director of the Budget determines that funds appropriated to a State agency for legislatively mandated salary increases and employee benefits exceed the amount required by that agency for those purposes, the Director may reallocate those funds to other State agencies that received insufficient funds for required cost-of-living and benefit increases.

SECTION 38.18.(c) Funds appropriated for legislatively mandated salary and employee benefit increases and compensation bonuses may not be used to adjust the budgeted salaries of vacant positions, to provide salary increases in excess of those required by the General Assembly, or to increase the budgeted salary of filled positions to the minimum of the position's respective salary range.
SECTION 38.18.(d) Any funds appropriated for legislatively mandated salary and benefits increases and compensation bonuses in excess of the amounts required to implement the increases shall be credited to the Pay Plan Reserve.

SECTION 38.18.(e) No later than March 1 of each year of the biennium, the Office of State Budget and Management shall report to the Joint Legislative Commission on Governmental Operations on the expenditure of funds for legislatively mandated salary increases, compensation bonuses, and employee benefits. This report shall include at least the following information for each State agency:

1. The total amount of funds that the agency received for legislatively mandated salary increases and employee benefits.
2. The total amount of funds transferred from the agency to other State agencies pursuant to subsection (b) of this section. This section of the report shall identify the amounts transferred to each recipient State agency.
3. The total amount of funds used by the agency for legislatively mandated salary increases and employee benefits.
4. The amount of funds used pursuant so subsection (c) of this section.

SALARY ADJUSTMENT FUNDS AND RESERVES FOR TURNOVER, COMPRESSION AND EQUITY

SECTION 38.19.(a) The funds appropriated for salary adjustments and to address turnover, compression, and equity in this Act shall be used to provide salary adjustments using allowable human resource practices, including in-range adjustments, salary range revisions, allowances/geographic site differentials, and reclassifications, as follows:

1. To address recruitment and retention of hard-to-staff, high-turnover positions.
2. To address salaries relative to market rates.
3. To promote pay equity, including but not limited to gender and racial equity.
4. To address salary compression.
5. To provide adjustments for employees with qualifications, including specialized skills, certifications, education, or experience that significantly exceed minimum qualifications.

Adjustments must be documented through data collection and analysis according to accepted human resource professional practices and standards. Further, funds may only be used for salary adjustments for the stated purposes that comply with the laws and adopted policies of the appropriate governing entity.

SECTION 38.19.(b) Funds appropriated for salary adjustments by this act shall not be used for other purposes, including in-range adjustments, career progression adjustments, or other adjustments as these terms may be defined by State human resources policy.

MITIGATE BONUS LEAVE

SECTION 38.20. During the 2021-2023 fiscal biennium, State agencies, departments, institutions, the North Carolina Community College System, and The University of North Carolina may offer State employees the opportunity to use or to cash in special bonus leave benefits that have accrued pursuant to Section 28.3A of S.L. 2002-126, Section 30.12B(a) of S.L. 2003-284, Section 29.14A of S.L. 2005-276, Section 35.10A of S.L. 2014-100, Section 35.25 of S.L. 2018-5, Section 5.1 of S.L. 2019-208, Section 3.14 of S.L. 20219-209, Section 5.1 of S.L. 2019-210, Section 6.1 of S.L. 2019-211, but only if all of the following requirements are met:

1. Employee participation in the program must be voluntary.
2. Special leave that is liquidated for cash payment to an employee must be valued at the amount based on the employee's current annual salary rate.
(3) By September 1, 2022 and September 1, 2023, a report on the demographic information shall be submitted to the respective agency head or employing agency and to the Fiscal Research Division.

SPECIAL ANNUAL LEAVE BONUS

SECTION 38.21.(a) Any person who is (i) a full-time permanent employee of the State, a community college institution, or a local board of education on July 1, 2021, and (ii) eligible to earn annual leave shall have a one-time additional five days of annual leave credited on July 1, 2021.

SECTION 38.21.(b) Except as provided by subsection (c) of this section, the additional leave shall be accounted for together with the leave provided by Section 35.25 of S.L. 2018-5 and shall remain available during the length of the employee's employment, notwithstanding any other limitation on the total number of days of annual leave that may be carried forward. Part-time permanent employees shall receive a pro rata amount of the five days awarded by this section.

SECTION 38.21.(c) The additional leave awarded under this section has no cash value and is not eligible for cash in. If not used prior to the time of separation or retirement, the bonus leave cannot be paid out and is lost.

SECTION 38.21.(d) Notwithstanding any provision of G.S. 126-8 to the contrary, any vacation leave remaining on December 31 of each year in excess of 30 days shall be reduced by the number of days awarded in this section that were actually used by the employee during the year such that the calculation of vacation leave days that would convert to sick leave shall reflect a deduction of those days of special annual leave awarded in this section that were used by the employee during the year.

SECTION 38.21.(e) The number of days awarded by this section that carry forward to each following year shall equal the number of days awarded in this section remaining on December 31 of each year plus the number of days awarded in this section that were deducted from vacation leave in excess of 30 days for the calculation of sick leave.

SECTION 38.21.(f) No employee may be required to take the additional leave awarded by this section.

EXPERIENCE IN CERTIFIED POSITION/ INTEGRATED PAYROLL/HR SYSTEM

SECTION 38.22. The Office of the State Controller, Department of Public Safety, and the Criminal Justice Education and Training Standards Commission within the Department of Justice shall work together to update the Integrated HR/Payroll system to track length of service in a certified position. This update shall be completed prior to June 30, 2022.

SALARY-RELATED CONTRIBUTIONS

SECTION 38.23.(a) Effective July 1, 2021, the State's employer contribution rates budgeted for retirement and related benefits as a percentage of covered salaries for the 2021-2022 fiscal year for teachers and State employees, State law enforcement officers (LEOs), the University and Community Colleges Optional Retirement Programs (ORPs), the Consolidated Judicial Retirement System (CJRS), and the Legislative Retirement System (LRS) are as set forth below:

<table>
<thead>
<tr>
<th></th>
<th>Teachers and State Employees</th>
<th>State LEOs</th>
<th>ORPs</th>
<th>CJRS</th>
<th>LRS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retirement</td>
<td>17.20%</td>
<td>17.20%</td>
<td>6.84%</td>
<td>41.70%</td>
<td>30.06%</td>
</tr>
<tr>
<td>Disability</td>
<td>0.09%</td>
<td>0.09%</td>
<td>0.09%</td>
<td>0.00%</td>
<td>0.00%</td>
</tr>
<tr>
<td>Death</td>
<td>0.13%</td>
<td>0.13%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
</tr>
<tr>
<td>Retiree Health</td>
<td>6.95%</td>
<td>6.95%</td>
<td>6.95%</td>
<td>6.95%</td>
<td>6.95%</td>
</tr>
</tbody>
</table>
SECTION 38.23.(b) Effective July 1, 2022, the State's employer contribution rates budgeted for retirement and related benefits as a percentage of covered salaries for the 2022-2023 fiscal year for teachers and State employees, State law enforcement officers (LEOs), the University and Community Colleges Optional Retirement Programs (ORPs), the Consolidated Judicial Retirement System (CJRS), and the Legislative Retirement System (LRS) are as set forth below:

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<td>6.84%</td>
<td>41.70%</td>
</tr>
<tr>
<td>Disability</td>
<td>0.09%</td>
<td>0.09%</td>
<td>0.09%</td>
<td>0.00%</td>
</tr>
<tr>
<td>Death</td>
<td>0.13%</td>
<td>0.13%</td>
<td>0.00%</td>
<td>0.00%</td>
</tr>
<tr>
<td>Retiree Health</td>
<td>7.23%</td>
<td>7.23%</td>
<td>7.23%</td>
<td>7.23%</td>
</tr>
<tr>
<td>NC 401(k)</td>
<td>0.00%</td>
<td>5.00%</td>
<td>0.00%</td>
<td>0.00%</td>
</tr>
</tbody>
</table>

Total Contribution Rate 24.65% 29.65% 14.16% 48.93% 37.29%

The rate for teachers and State employees and State law enforcement officers includes one one-hundredth percent (0.01%) for the Qualified Excess Benefit Arrangement.

SECTION 38.23.(c) Effective July 1, 2021, the maximum annual employer contributions, payable monthly, by the State for each covered employee or retiree for the 2021-2022 fiscal year to the State Health Plan for Teachers and State Employees are (i) Medicare-eligible employees and retirees – five thousand one hundred thirteen dollars ($5,113) and (ii) non-Medicare-eligible employees and retirees – six thousand five hundred eighty dollars ($6,580).

SECTION 38.23.(d) Effective July 1, 2022, the maximum annual employer contributions, payable monthly, by the State for each covered employee or retiree for the 2022-2023 fiscal year to the State Health Plan for Teachers and State Employees are (i) Medicare-eligible employees and retirees – five thousand three hundred eighteen dollars ($5,318) and (ii) non-Medicare-eligible employees and retirees – six thousand eight hundred forty-four dollars ($6,844).


SECTION 38.24.(a) G.S. 135-5 is amended by adding a new subsection to read:

"(xxx) From and after July 1, 2021, the retirement allowance to or on account of beneficiaries whose retirement commenced on or before July 1, 2020, shall be increased by two percent (2%) of the allowance payable on June 1, 2021, in accordance with G.S. 135-5(o). Furthermore, from and after July 1, 2021, the retirement allowance to or on account of beneficiaries whose retirement commenced after July 1, 2020, but before June 30, 2021, shall be increased by a prorated amount of two percent (2%) of the allowance payable as determined by the Board of Trustees based upon the number of months that a retirement allowance was paid between July 1, 2020, and June 30, 2021."
SECTION 38.24.(b) G.S. 135-5 is amended by adding a new subsection to read:

"(yyy) On or before October 31, 2021, a one-time cost-of-living supplement payment shall be made to or on account of beneficiaries who are living as of September 1, 2021, and whose retirement commenced on or before September 1, 2021. The payment shall be two percent (2%) of the beneficiary's annual retirement allowance payable as of September 1, 2021, and shall not be prorated for date of retirement commencement. If the beneficiary dies before the payment is made, then the payment shall be payable to the member's legal representative. No beneficiary shall be deemed to have acquired a vested right to any future supplemental payments."

SECTION 38.24.(c) G.S. 135-5 is amended by adding a new subsection to read:

"(zzz) On or before October 31, 2022, a one-time cost-of-living supplement payment shall be made to or on account of beneficiaries who are living as of September 1, 2022, and whose retirement commenced on or before September 1, 2022. The payment shall be two percent (2%) of the beneficiary's annual retirement allowance payable as of September 1, 2022, and shall not be prorated for date of retirement commencement. If the beneficiary dies before the payment is made, then the payment shall be payable to the member's legal representative. No beneficiary shall be deemed to have acquired a vested right to any future supplemental payments."

SECTION 38.24.(d) G.S. 135-65 is amended by adding a new subsection to read:

"(ii) From and after July 1, 2021, the retirement allowance to or on account of beneficiaries whose retirement commenced on or before July 1, 2020, shall be increased by two percent (2%) of the allowance payable on June 1, 2021. Furthermore, from and after July 1, 2021, the retirement allowance to or on account of beneficiaries whose retirement commenced after July 1, 2020, but before June 30, 2021, shall be increased by a prorated amount of two percent (2%) of the allowance payable as determined by the Board of Trustees based upon the number of months that a retirement allowance was paid between July 1, 2020, and June 30, 2021."

SECTION 38.24.(e) G.S. 135-65 is amended by adding a new subsection to read:

"(jj) On or before October 31, 2021, a one-time cost-of-living supplement payment shall be made to or on account of beneficiaries who are living as of September 1, 2021, and whose retirement commenced on or before September 1, 2021. The payment shall be two percent (2%) of the beneficiary's annual retirement allowance payable as of September 1, 2021, and shall not be prorated for date of retirement commencement. If the beneficiary dies before the payment is made, then the payment shall be payable to the member's legal representative. No beneficiary shall be deemed to have acquired a vested right to any future supplemental payments."

SECTION 38.24.(f) G.S. 135-65 is amended by adding a new subsection to read:

"(kk) On or before October 31, 2022, a one-time cost-of-living supplement payment shall be made to or on account of beneficiaries who are living as of September 1, 2022, and whose retirement commenced on or before September 1, 2022. The payment shall be two percent (2%) of the beneficiary's annual retirement allowance payable as of September 1, 2022, and shall not be prorated for date of retirement commencement. If the beneficiary dies before the payment is made, then the payment shall be payable to the member's legal representative. No beneficiary shall be deemed to have acquired a vested right to any future supplemental payments."

SECTION 38.24.(g) G.S. 120-4.22A is amended by adding a new subsection to read:

"(cc) In accordance with subsection (a) of this section, from and after July 1, 2021, the retirement allowance to or on account of beneficiaries whose retirement commenced on or before January 1, 2021, shall be increased by two percent (2%) of the allowance payable on June 1, 2021. Furthermore, from and after July 1, 2021, the retirement allowance to or on account of beneficiaries whose retirement commenced after January 1, 2021, but before June 30, 2021, shall be increased by a prorated amount of two percent (2%) of the allowance payable as determined by the Board of Trustees based upon the number of months that a retirement allowance was paid between January 1, 2021, and June 30, 2021."

SECTION 38.24.(h) G.S. 120-4.22A is amended by adding a new subsection to read:
"(dd) In accordance with subsection (a) of this section, on or before October 31, 2021, a
one-time cost-of-living supplement payment shall be made to or on account of beneficiaries who
are living as of September 1, 2021, and whose retirement commenced on or before September 1,
2021. The payment shall be two percent (2%) of the beneficiary's annual retirement allowance
payable as of September 1, 2021, and shall not be prorated for date of retirement commencement.
If the beneficiary dies before the payment is made, then the payment shall be payable to the
member's legal representative. No beneficiary shall be deemed to have acquired a vested right to
any future supplemental payments."

SECTION 38.24.(i) G.S. 120-4.22A is amended by adding a new subsection to read:
"(ee) In accordance with subsection (a) of this section, on or before October 31, 2022, a
one-time cost-of-living supplement payment shall be made to or on account of beneficiaries who
are living as of September 1, 2022, and whose retirement commenced on or before September 1,
2022. The payment shall be two percent (2%) of the beneficiary's annual retirement allowance
payable as of September 1, 2022, and shall not be prorated for date of retirement commencement.
If the beneficiary dies before the payment is made, then the payment shall be payable to the
member's legal representative. No beneficiary shall be deemed to have acquired a vested right to
any future supplemental payments."

SECTION 38.24.(j) Notwithstanding any other provision of law to the contrary, in
order to administer the cost of living adjustments and supplements for retirees provided for in
this section, the Retirement Systems Division of the Department of State Treasurer may increase
receipts from the retirement assets of the corresponding retirement system or pay costs associated
with the administration of the payment directly from the retirement assets.

PART XXXIX. CAPITAL

GENERAL FUND CAPITAL APPROPRIATIONS/INTRODUCTION

SECTION 39.1. The appropriations made by the 2021 General Assembly for capital
improvements are for constructing, repairing, or renovating State buildings, utilities, and other
capital facilities, for acquiring sites for them where necessary, and for acquiring buildings and
land for State government purposes.

CAPITAL APPROPRIATIONS/PROJECT RESERVE

SECTION 39.2. Notwithstanding G.S. 143C-8-10, there is appropriated from the
Project Reserve Account, established pursuant to G.S. 143C-8-10, for the 2021-2022 fiscal year,
the following amounts for capital improvements:

Capital Improvements – Projects Reserve 2021-2022

Department of Administration
New Central Chiller $21,875,000
Jones St. Lighting and Enhancements $5,071,000
HHS Relocation – Move utilities/Mail Service warehouse $13,700,000
Funding for COVID-related building improvements $4,200,000

Department of Agriculture and Consumer Services
Eaddy Building Renovation and Expansion $1,632,000
NCFS Region 1 Headquarters $8,000,000
Tidewater Research Station Swine Unit Replacements $3,518,000

Department of Environmental Quality
Reedy Creek Lab $5,000,000

Department of Health and Human Services
<table>
<thead>
<tr>
<th></th>
<th>Project Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>New Maintenance Facility New Broughton Hospital</td>
<td>$1,600,000</td>
</tr>
<tr>
<td>2</td>
<td>J. Iverson Riddle Development Center</td>
<td>$6,697,300</td>
</tr>
<tr>
<td>3</td>
<td>Black Mountain Neuro-medical Center</td>
<td>$2,312,000</td>
</tr>
<tr>
<td>4</td>
<td>Murdoch Development Center</td>
<td>$5,656,000</td>
</tr>
<tr>
<td>5</td>
<td>O'Berry Neuro-medical Center</td>
<td>$2,648,200</td>
</tr>
<tr>
<td>6</td>
<td>TROSA Expansion</td>
<td>$9,000,000</td>
</tr>
<tr>
<td>7</td>
<td>Department of Information Technology</td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>Eastern Data Center Renovation</td>
<td>$11,000,000</td>
</tr>
<tr>
<td>9</td>
<td>Department of Justice</td>
<td></td>
</tr>
<tr>
<td>10</td>
<td>NCJA-W Residence Hall Water Intrusion</td>
<td>$1,722,000</td>
</tr>
<tr>
<td>11</td>
<td>NCJA-E Residence Hall B Renovation</td>
<td>$2,739,484</td>
</tr>
<tr>
<td>12</td>
<td>NCJA- Fallen Officer Monument</td>
<td>$85,000</td>
</tr>
<tr>
<td>13</td>
<td>NCJA-E Campus Repaving</td>
<td>$425,000</td>
</tr>
<tr>
<td>14</td>
<td>NCJA-W Campus Repaving</td>
<td>$314,000</td>
</tr>
<tr>
<td>15</td>
<td>Old Education Building Window Replacement</td>
<td>$1,137,000</td>
</tr>
<tr>
<td>16</td>
<td>Department of Natural and Cultural Resources</td>
<td></td>
</tr>
<tr>
<td>17</td>
<td>Fort Fisher Historical Site Visitor Center</td>
<td>$8,000,000</td>
</tr>
<tr>
<td>18</td>
<td>State Capital African American Monument</td>
<td>$2,500,000</td>
</tr>
<tr>
<td>19</td>
<td>Graveyard of the Atlantic Renovation and Exhibits</td>
<td>$4,200,000</td>
</tr>
<tr>
<td>20</td>
<td>Thomas Day House</td>
<td>$800,000</td>
</tr>
<tr>
<td>21</td>
<td>Art Museum Light Control</td>
<td>$1,000,000</td>
</tr>
<tr>
<td>22</td>
<td>Fort Fisher Aquarium Expansion</td>
<td>$20,000,000</td>
</tr>
<tr>
<td>23</td>
<td>Museum of Natural Sciences Dueling Dinosaurs Lab</td>
<td>$784,000</td>
</tr>
<tr>
<td>24</td>
<td>Art Amphitheater Restoration</td>
<td>$2,448,102</td>
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<tr>
<td>25</td>
<td>Transportation Museum (Power House)</td>
<td>$2,250,000</td>
</tr>
<tr>
<td>26</td>
<td>North Carolina Zoo</td>
<td>$5,000,000</td>
</tr>
<tr>
<td>27</td>
<td>North Carolina Museum of History</td>
<td>$6,000,000</td>
</tr>
<tr>
<td>28</td>
<td>North Carolina Colonial and Revolutionary Historic Sites</td>
<td>$5,000,000</td>
</tr>
<tr>
<td>29</td>
<td>North Carolina Maritime Museum Beaufort</td>
<td>$1,500,000</td>
</tr>
<tr>
<td>30</td>
<td>Department of Public Safety</td>
<td></td>
</tr>
<tr>
<td>31</td>
<td>Samarcand Cochran Land Purchase</td>
<td>$127,000</td>
</tr>
<tr>
<td>32</td>
<td>ACDP – Arledge Building Modifications</td>
<td>$6,422,000</td>
</tr>
<tr>
<td>33</td>
<td>DJJ Richmond Regional JDC Raise the Age Renovations</td>
<td>$10,702,952</td>
</tr>
<tr>
<td>34</td>
<td>NCCIW HVAC</td>
<td>$2,667,000</td>
</tr>
<tr>
<td>35</td>
<td>NSHP Troop B Elizabethtown</td>
<td>$2,360,000</td>
</tr>
<tr>
<td>36</td>
<td>National Guard Armory and Facility Projects</td>
<td>$3,569,696</td>
</tr>
<tr>
<td>37</td>
<td>University of North Carolina</td>
<td></td>
</tr>
<tr>
<td>38</td>
<td>Appalachian State</td>
<td></td>
</tr>
<tr>
<td>39</td>
<td>Duncan Hall Renovation Planning Funds</td>
<td>$2,000,000</td>
</tr>
<tr>
<td>40</td>
<td>East Carolina University</td>
<td></td>
</tr>
<tr>
<td>41</td>
<td>Brody School of Medicine – Planning</td>
<td>$28,000,000</td>
</tr>
<tr>
<td>42</td>
<td>Howell Science Building South – Planning</td>
<td>$3,000,000</td>
</tr>
<tr>
<td>43</td>
<td>Fayetteville State University</td>
<td></td>
</tr>
<tr>
<td>44</td>
<td>H.T. Chick Targeted Renovations</td>
<td>$9,500,000</td>
</tr>
</tbody>
</table>

House Bill 555-First Edition
<table>
<thead>
<tr>
<th>Institution Name</th>
<th>Project Description</th>
<th>Amount Requested</th>
<th>Amount Appropriated</th>
</tr>
</thead>
<tbody>
<tr>
<td>Elizabeth City State University</td>
<td>Infrastructure Upgrades – Water &amp; Electrical, Phase II Planning Funds</td>
<td>$3,000,000</td>
<td>$0</td>
</tr>
<tr>
<td>North Carolina Agriculture and Technical State University</td>
<td>Lab Animal Science Research</td>
<td>$0</td>
<td>$15,000,000</td>
</tr>
<tr>
<td></td>
<td>Carver Hall Comprehensive</td>
<td>$0</td>
<td>$10,400,000</td>
</tr>
<tr>
<td></td>
<td>Price Hall Renovations Phase II</td>
<td>$0</td>
<td>$8,500,000</td>
</tr>
<tr>
<td>North Carolina Central University</td>
<td>Taylor Education Building Renovations</td>
<td>$0</td>
<td>$13,750,000</td>
</tr>
<tr>
<td>North Carolina School of Science and Mathematics</td>
<td>Academic Commons and Dining Hall Renovations</td>
<td>$0</td>
<td>$12,400,000</td>
</tr>
<tr>
<td>NC State University</td>
<td>Renovation Planning – 111 Lampe Drive</td>
<td>$4,200,000</td>
<td>$0</td>
</tr>
<tr>
<td>UNC Asheville</td>
<td>Lipinsky Renovations</td>
<td>$0</td>
<td>$10,000,000</td>
</tr>
<tr>
<td>UNC Chapel Hill</td>
<td>Comprehensive Renovations</td>
<td>$0</td>
<td>$12,400,000</td>
</tr>
<tr>
<td>UNC Charlotte</td>
<td>Cameron Second Floor Renovation – Planning</td>
<td>$1,910,000</td>
<td>$0</td>
</tr>
<tr>
<td></td>
<td>Burson Renovation – Planning</td>
<td>$2,590,000</td>
<td>$0</td>
</tr>
<tr>
<td>UNC Greensboro</td>
<td>Jackson Library Renovation/Addition – Planning</td>
<td>$7,000,000</td>
<td>$0</td>
</tr>
<tr>
<td>UNC Pembroke</td>
<td>New School of Health Sciences</td>
<td>$6,750,000</td>
<td>$0</td>
</tr>
<tr>
<td></td>
<td>Business Administration Renovations</td>
<td>$0</td>
<td>$12,500,000</td>
</tr>
<tr>
<td>UNC School of the Arts</td>
<td>Stevens Center Renovation Phase I – Planning</td>
<td>$2,500,000</td>
<td>$0</td>
</tr>
<tr>
<td>Western Carolina University</td>
<td>Moore Building Renovations</td>
<td>$0</td>
<td>$15,000,000</td>
</tr>
<tr>
<td>Winston Salem State University</td>
<td>Hauser Hall Renovations Phase II</td>
<td>$0</td>
<td>$7,500,000</td>
</tr>
</tbody>
</table>
1. NC Center for Advanced Teaching (NCCAT)
   - Residence Hall and Renovated Professional Development Center – Planning: $2,300,000 \hspace{1cm} 0
2. UNC Comprehensive Renovation Projects: $0 \hspace{1cm} 347,620,000
3. UNC Specified Repairs and Renovation Projects: $143,555,000 \hspace{1cm} 0

**TOTAL CAPITAL IMPROVEMENTS**

<table>
<thead>
<tr>
<th>Year 2021-2022</th>
<th>Year 2022-2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>Projects Reserve Fund</td>
<td>$423,559,734 \hspace{1cm} $462,170,000</td>
</tr>
</tbody>
</table>

**NON-GENERAL FUND CAPITAL IMPROVEMENT AUTHORIZATIONS**

**SECTION 39.3.(a)** The General Assembly authorizes the following capital projects to be funded with receipts or from other Non–General Fund sources available to the appropriate department:

<table>
<thead>
<tr>
<th>Name of Project</th>
<th>Amount of Non-General Fund Funding Authorized</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Department of Agriculture and Consumer Services</strong></td>
<td></td>
</tr>
<tr>
<td>NC State Fair Improvements</td>
<td>$0 \hspace{1cm} 4,000,000</td>
</tr>
<tr>
<td>Research Stations- Demolition</td>
<td>$0 \hspace{1cm} 100,000</td>
</tr>
<tr>
<td>Research Stations- Irrigation Improvements</td>
<td>$0 \hspace{1cm} 500,000</td>
</tr>
<tr>
<td>Research Stations Livestock Buildings</td>
<td>$0 \hspace{1cm} 700,000</td>
</tr>
<tr>
<td>Research Stations- Storage Buildings</td>
<td>$0 \hspace{1cm} 500,000</td>
</tr>
<tr>
<td>NC Forest Service Observation Platforms</td>
<td>$0 \hspace{1cm} 825,000</td>
</tr>
<tr>
<td>NC Forest Service Storage Buildings</td>
<td>$0 \hspace{1cm} 125,000</td>
</tr>
<tr>
<td>NC Forest Service Restrooms</td>
<td>$0 \hspace{1cm} 580,000</td>
</tr>
<tr>
<td>NC Forest Service Picnic Shelters</td>
<td>$0 \hspace{1cm} 150,000</td>
</tr>
<tr>
<td>NC Forest Service Parking Improvements</td>
<td>$0 \hspace{1cm} 2,325,000</td>
</tr>
<tr>
<td>NC Forest Services Equipment Shelters</td>
<td>$0 \hspace{1cm} 1,460,000</td>
</tr>
<tr>
<td>NC Forest Service Bridge Construction</td>
<td>$0 \hspace{1cm} 500,000</td>
</tr>
<tr>
<td><strong>Department of Military and Veterans Affairs</strong></td>
<td></td>
</tr>
<tr>
<td>Wake County Veterans Home</td>
<td>$29,995,000 \hspace{1cm} 0</td>
</tr>
<tr>
<td><strong>Wildlife Resources Commission</strong></td>
<td></td>
</tr>
<tr>
<td>Agency Land Acquisition</td>
<td>$10,000,000 \hspace{1cm} 6,000,000</td>
</tr>
<tr>
<td>Setzer Fish Hatchery</td>
<td>$18,500,000 \hspace{1cm} 0</td>
</tr>
<tr>
<td>Samarcand Training Facility</td>
<td>$7,500,000 \hspace{1cm} 0</td>
</tr>
<tr>
<td>New Bern Depot Boat Storage Facility</td>
<td>$275,000 \hspace{1cm} 0</td>
</tr>
<tr>
<td>Marion Aquaculture Building</td>
<td>$360,000 \hspace{1cm} 0</td>
</tr>
<tr>
<td>Elizabethtown Depot Storage Shed</td>
<td>$200,000 \hspace{1cm} 0</td>
</tr>
<tr>
<td>McKinney Lake Residence</td>
<td>$300,000 \hspace{1cm} 0</td>
</tr>
<tr>
<td>Sandhills Depot Pole Shed</td>
<td>$200,000 \hspace{1cm} 0</td>
</tr>
<tr>
<td>District 7 Storage Building – Wilkesboro</td>
<td>$140,000 \hspace{1cm} 0</td>
</tr>
<tr>
<td>Burnsville Depot</td>
<td>$500,000 \hspace{1cm} 0</td>
</tr>
<tr>
<td>Balsam Depot</td>
<td>$400,000 \hspace{1cm} 0</td>
</tr>
<tr>
<td>Game Land Improvements</td>
<td>$1,000,000 \hspace{1cm} 0</td>
</tr>
<tr>
<td>Morganton Depot Pole Shed</td>
<td>$0 \hspace{1cm} 130,000</td>
</tr>
<tr>
<td>Mills River Depot Pole Shed</td>
<td>$0 \hspace{1cm} 150,000</td>
</tr>
<tr>
<td>Name of Project</td>
<td>Total Project Cost</td>
</tr>
<tr>
<td>-----------------------------------------------------</td>
<td>--------------------</td>
</tr>
<tr>
<td>Rhems Depot Storage Building</td>
<td>$0</td>
</tr>
<tr>
<td>Caswell Depot Storage Building</td>
<td>$0</td>
</tr>
<tr>
<td>ABC Warehouse Storage</td>
<td>$313,000</td>
</tr>
<tr>
<td>ABC Office Modifications</td>
<td>$480,000</td>
</tr>
<tr>
<td>Department of Public Safety</td>
<td></td>
</tr>
<tr>
<td>Edenton State Historic Site</td>
<td>$291,940</td>
</tr>
<tr>
<td>Charlotte Hawkins Brown Tea House</td>
<td>$425,000</td>
</tr>
<tr>
<td>USS NC Battleship – Living with Water</td>
<td>$2,335,451</td>
</tr>
<tr>
<td>Transportation Museum – Southern Railway Car Exhibit</td>
<td>$287,442</td>
</tr>
<tr>
<td>USS NC Battleship – Mast Repairs</td>
<td>$1,000,000</td>
</tr>
<tr>
<td>Bentonville State Historic Site – Harper House Renovations</td>
<td>$100,000</td>
</tr>
<tr>
<td>Charlotte Hawkins Brown Memorial Galen Stone Hall</td>
<td>$1,100,000</td>
</tr>
<tr>
<td>NCMA – Terrace and Green Project</td>
<td>$475,000</td>
</tr>
<tr>
<td>Brunswick Town State Historic Site – Shoreline Stabilization</td>
<td>$3,000,000</td>
</tr>
<tr>
<td>Bennett Place – Visitor Center Renovations</td>
<td>$858,658</td>
</tr>
<tr>
<td>TOTAL AMOUNT OF NON-GENERAL FUND</td>
<td>$80,036,491</td>
</tr>
<tr>
<td>CAPITAL PROJECTS AUTHORIZED</td>
<td>$18,765,000</td>
</tr>
</tbody>
</table>

SECTION 39.3.(b) From funds deposited with the State Treasurer in a capital improvement account to the credit of the Department of Agriculture and Consumer Services pursuant to G.S. 146-30, the sum of seventy-five thousand dollars ($75,000) for the 2021–2022 fiscal year and the sum of seventy-five thousand dollars ($75,000) for the 2022–2023 fiscal year shall be transferred to the Department of Agriculture and Consumer Services to be used, notwithstanding G.S. 146-30, by the Department for its plant conservation program under Article 19B of Chapter 106 of the General Statutes for costs incidental to the acquisition of land, such as land appraisals, land surveys, title searches, and environmental studies, and for the management of the plant conservation program preserves owned by the Department.

NATIONAL GUARD PROJECTS

SECTION 39.4.(a) The Department of Public Safety shall allocate the funds appropriated for armory and facility development projects in Section 39.2 in accordance with the schedule that follows. These funds will provide a State match for federal funds made available for this purpose.

<table>
<thead>
<tr>
<th>Name of Project</th>
<th>Total Project Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Raeford Readiness Center</td>
<td>$1,992,000</td>
</tr>
<tr>
<td>(2) Concord Readiness Center</td>
<td>$700,000</td>
</tr>
<tr>
<td>(3) Reidsville Readiness Center</td>
<td>$5,445,391</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$8,137,391</strong></td>
</tr>
</tbody>
</table>

SECTION 39.4.(b) Subject to the limitations imposed by Section 39.2(a) of this act, the Adjutant General of the National Guard may determine which projects listed in subsection (a) of this section shall receive an allocation of State funds in each fiscal year of the biennium.

SECTION 39.4.(c) Where the actual costs are different from the estimated costs under subsection (a) of this section, the Adjutant General of the National Guard may adjust the allocations among projects as needed. However, State funds shall not be allocated to a project in.
excess of the maximum amount of State funds authorized to be allocated to the project under subsection (a) of this section. If any projects funded under subsection (a) of this section are delayed and the budgeted State funds cannot be used during the 2021-2022 fiscal year, or if the projects funded under subsection (a) of this section are accomplished at a lower cost, the Department may use the resulting fund availability to fund any of the following:

1. Future project feasibility studies.
2. Survey, testing, and permitting.
3. Planning and execution for reversion of facilities no longer in use.
4. Previously funded projects that have experienced a cost overrun.

EXPENDITURE OF FUNDS ONLY AFTER ALLOTMENTS APPROVED

SECTION 39.5. The appropriations made by the 2021 General Assembly for capital improvements shall be disbursed for the purposes provided by this act. Expenditure of funds shall not be made by any State department, institution, or agency until an allotment has been approved by the Governor as Director of the Budget. The allotment shall be approved only after full compliance with the State Budget Act, Chapter 143C of the General Statutes. Prior to the award of construction contracts for projects to be financed in whole or in part with self–liquidating appropriations, the Director of the Budget shall approve the elements of the method of financing of those projects, including the source of funds, interest rate, and liquidation period. Provided, however, that if the Director of the Budget approves the method of financing a project, the Director shall report that action to the Joint Legislative Commission on Governmental Operations at its next meeting.

Where direct capital improvement appropriations include the purpose of furnishing fixed and movable equipment for any project, those funds for equipment shall not be subject to transfer into construction accounts except as authorized by the Director of the Budget. The expenditure of funds for fixed and movable equipment and furnishings shall be reviewed and approved by the Director of the Budget prior to commitment of funds.

Capital improvement projects authorized by the 2021 General Assembly shall be completed, including fixed and movable equipment and furnishings, within the limits of the amounts of the direct or self–liquidating appropriations provided, except as otherwise provided in this act. Capital improvement projects authorized by the 2021 General Assembly for the design phase only shall be designed within the scope of the project as defined by the approved cost estimate filed with the Director of the Budget, including costs associated with site preparation, demolition, and movable and fixed equipment.

ALLOCATION OF NET PROCEEDS FROM WAKE COUNTY PROPERTY DISPOSITIONS

SECTION 39.6. G.S. 146-30 is amended by adding a new section to read:

"§ 146-30.2. Application of Net Proceeds From Disposition of Property Allocated to the Department of Administration in Wake County.

(a) Limitation. – Notwithstanding G.S. 146-30 or any other provision of law, and subject to the limitations contained in any applicable deed, the net proceeds of any disposition of, use of, or activity on real property located in Wake County and allocated to the Department of Administration shall be used solely to repair and renovate real property located in Wake County and allocated to the Department of Administration. These funds shall only be used to fund projects listed in G.S. 143C-4-3(b), subject to the approval of the Director of the Budget.

(b) Definition of Net Proceeds. – For purposes of this section, the term "net proceeds" shall have the same meaning as in G.S. 146-30.

(c) Appropriation. – Net proceeds received on or after July 1, 2017, are hereby appropriated for the uses contained in G.S. 146-30.2(a)."
(d) Report. – The Director of the Budget shall report annually on July 1 on projects funded under this subsection to the Joint Legislative Oversight Committee on Capital Improvements.”

AUTHORIZE STATE AGENCIES TO UNDERTAKE SMALL REPAIRS AND RENOVATIONS PROJECTS WITH FUNDS AVAILABLE

SECTION 39.7. Article 1 of Chapter 143C of the General Statutes is amended by adding a new section to read:


(a) A State agency may undertake repairs and renovations projects so long as each project satisfies the following requirements:

1. Total project costs do not exceed the informal project limit set by the State Building Commission.
2. The project is one of the types set forth in G.S. 143C-4-3(b)(1) through (13).
   a. General Funds shall be used only for the repair and renovation of General Fund supported facilities.
3. The project is paid for with funds available to the agency.

(b) Projects undertaken pursuant to this section shall be reported to the Fiscal Research Division on a quarterly basis. A report under this subsection shall include information about all the following for each project:

1. The facility at which the project is being undertaken.
2. The nature and scope of the project.
3. The source of funds for the project.
4. The category of projects set forth in G.S. 143C-4-3(b) that the project falls within.”

INVEST NC BOND ACT

SECTION 39.8.(a) Short Title. – This section may be cited as the "Invest NC Bond Act of 2021."

SECTION 39.8.(b) Purpose. – It is the intent of the General Assembly by this act to provide, subject to a vote of the qualified voters of the State, for the issuance of four billion seven hundred million dollars ($4,700,000,000) providing funds, with any other available funds, to invest in the State's public facilities, without limitation, construction, repair, renovation, and furnishing of new facilities in order that the citizens of North Carolina have access to high quality educational facilities, cultural facilities and attractions, and health care facilities.

SECTION 39.8.(c) Findings – The General Assembly also finds:

1. There is a documented need of $8.1 billion in need in the construction and renovation of Public School Facilities.
2. There is a documented need of $4.4 billion in deficiencies at the University of North Carolina System.
3. Community College facilities are necessary to educate and train the workforce of tomorrow.
4. Community College facilities are necessary to retrain those workers who have been adversely impacted by changing economic conditions.
5. Cultural facilities at the North Carolina Zoological Park and the North Carolina History Museum are key cultural and educational attractions for the citizens of the State.
6. State Parks are vital to the well-being of all North Carolinians.
7. The facilities constructed in this Act will benefit all future North Carolinians for decades to come.
8. All facilities are necessary to support the economic vitality of North Carolina.
General Assembly Of North Carolina  
Session 2021  

(9) The State has prudently managed its finances.

(10) The State has achieved the highest credit rating available by independent credit rating agencies.

(11) The debt proposed by this Act is affordable and preferable to address the needs of the citizens of the State.

SECTION 39.8.(d) Definitions. – The following definitions apply in this section unless the context otherwise requires:

(1) Bonds. – Bonds issued under this section.

(2) Cost. – The term includes all of the following:
   a. The cost of constructing, reconstructing, renovating, repairing, enlarging, acquiring, and improving State capital facilities, including the acquisition of land, rights-of-way, easements, franchises, equipment, machinery, furnishings, and other interests in real or personal property acquired or used in connection with a State capital facility.
   b. The cost of engineering, architectural, and other consulting services as may be required.
   c. Administrative expenses and charges.
   d. The cost of providing personnel to ensure effective project management.
   e. The cost of bond insurance, investment contracts, credit enhancement facilities, interest-rate swap agreements or other derivative products, financial and legal consultants, and related costs of bond and note issuance, to the extent and as determined by the State Treasurer.
   f. Finance charges, reserves for debt service, and other types of reserves required pursuant to the terms of any bond or note or related documents, interest before and during construction or acquisition of a State capital facility and, if considered advisable by the State Treasurer, for a period not exceeding two years after the estimated date of completion of construction or acquisition.
   g. The cost of bond insurance, investment contracts, credit enhancement facilities and liquidity facilities, interest-rate swap agreements or other derivative products, financial and legal consultants, and related costs of the incurrence or issuance of any bond or note.
   h. The cost of reimbursing the State for any payments made for any cost described in this subdivision.
   i. Any other costs and expenses necessary or incidental to the purposes of this section.

(3) Credit facility. – An agreement entered into by the State Treasurer on behalf of the State with a bank, savings and loan association, or other banking institution, an insurance company, reinsurance company, surety company or other insurance institution, a corporation, investment banking firm, or other investment institution, or any financial institution or other similar provider of a credit facility, which provider may be located within or without the United States, such agreement providing for prompt payment of all or any part of the principal or purchase price (whether at maturity, presentment or tender for purchase, redemption, or acceleration), redemption premium, if any, and interest on any bonds or notes payable on demand or tender by the owner, in consideration of the State agreeing to repay the provider of the credit facility in accordance with the terms and provisions of such agreement.
(4) Notes. – Notes issued under this section.

(5) Par formula. – A provision or formula adopted by the State to provide for the adjustment, from time to time, of the interest rate or rates borne by any bonds or notes, including the following:
   a. A provision providing for such adjustment so that the purchase price of such bonds or notes in the open market would be as close to par as possible.
   b. A provision providing for such adjustment based upon a percentage or percentages of a prime rate or base rate, which percentage or percentages may vary or be applied for different periods of time.
   c. Such other provision as the State Treasurer may determine to be consistent with this act and will not materially and adversely affect the financial position of the State and the marketing of bonds or notes at a reasonable interest cost to the State.

(6) State. – The State of North Carolina, including any State agency.

(7) State agency. – Any agency, institution, board, commission, bureau, council, department, division, officer, or employee of the State. The term does not include counties, municipal corporations, political subdivisions, local boards of education, or other local public bodies.

SECTION 39.8.(e) Authorization of Bonds and Notes. – Subject to a favorable vote of a majority of the qualified voters of the State who vote on the question of issuing public improvement bonds in the election called and held as provided in this section, the State Treasurer is hereby authorized, by and with the consent of the Council of State, to issue and sell, at one time or from time to time, general obligation bonds of the State to be designated "State of North Carolina Public Improvement Bonds," with any additional designations as may be determined to indicate the issuance of bonds from time to time, or notes of the State as provided in this section, in an aggregate principal amount not exceeding four billion seven hundred million dollars ($4,700,000,000) for the purpose of providing funds, with any other available funds, for the purposes authorized in this section.

SECTION 39.8.(f) Use of Public Improvement Bond and Note Proceeds. – (1) Subject to the provisions of subdivision (2) of this subsection, the proceeds of public improvement bonds and notes, including premium thereon, if any, shall be used for the projects in the following general amounts set forth below:

- **Public Instruction**
  - **Capital Assistance Program**
    - New Schools, Additions, Renovations
    - **Total for Public Instruction**
      - $2,500,000,000

- **Department of Administration**
  - **Relocation of Health and Human Resources Headquarters**
    - **Total for Department of Administration**
      - $229,000,000

- **Department of Health and Human Services**
  - **J. Iverson Riddle Developmental Center**
    - $60,275,700
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<th>Description</th>
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<tr>
<td>Black Mountain Neuro-medical Center</td>
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<td>Murdoch Developmental Center</td>
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<th>NC Community Colleges</th>
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<tr>
<td>Alamance Comm. College</td>
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<td>Asheville – Buncombe Technical Comm. College</td>
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<td><strong>Total for NC Community Colleges</strong></td>
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<td><strong>Total for University of North Carolina</strong></td>
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<td><strong>Department of Natural and Cultural Resources</strong></td>
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<td>Museum of History Phase I Renovations and Expansion</td>
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<td>NC Zoo Asia Exhibit</td>
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<td>NC Zoo Australia Expansion Design Funds</td>
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<td>NC Museum of Art Museum Park</td>
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<td>Historic Sites Funding for Colonial and Revolutionary Era Sites</td>
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<td>State Parks</td>
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<td>Unforeseen Costs Reserve</td>
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(1b) Process for Allocating Funds from the Unforeseen Costs Reserve. – The Office of State Budget and Management (OSBM) shall set out the process for applying for funds from the Unforeseen Costs Reserve, together with the criteria for assessing such applications, in a Budget Memo. OSBM may allocate funds from the Unforeseen Costs Reserve only when it is satisfied that the conditions set out under these criteria have been met. Once agreed, funds may only be drawn down as needed, in line with project cashflow requirements.
(2) Special Allocation Provisions. – In determining the use of the proceeds of public improvement bonds and notes, including premium thereon, if any, set forth in subdivision (1) of this subsection, the following special allocation provisions apply:

a. The proceeds of public improvement bonds and notes, including premium thereon, if any, for public instruction for public schools capital assistance, as provided in subdivision (1) of this subsection, shall be allocated as follows:

1. One billion dollars ($1,000,000,000) of such proceeds shall be allocated equally to each county. Each county’s allocation shall be distributed to the local school administrative units located in whole or in part in the county based on the average daily membership of the county’s students in the school units.

2. Three hundred seventy-five million dollars ($375,000,000) of such proceeds shall be allocated among local school administrative units located in counties whose wealth is less than the State average wealth. The allocation shall have a numerator of the 2020-2021 low wealth allotment specific to that local school administrative unit with a denominator of the total 2020-2021 low wealth allotment, and then multiplied by the total allocation in this sub-division.

3. One billion one hundred twenty-five million dollars ($1,125,000,000) of such proceeds shall be allocated among local school administrative units on the basis of average daily membership for Fiscal Year 2020-2021 where the numerator is average daily membership for the local administrative unit and the denominator is the total average daily membership for the state for FY 2020-2021.

4. Bond proceeds for a county for any designation require no local match if any portion of the proceeds results from low-wealth county receiving funds in sub subdivision 2. Any other county receiving bond proceeds allocated shall provide local matching funds from county funds, other non-State funds, or a combination of these sources for such proceeds. The amount of matching funds shall be (i) one dollar ($1.00) of local matching funds for every three dollars ($3.00) of such proceeds for a local school administrative unit located in a county that is a development tier one area, as defined in G.S. 143B-437.08, (ii) one dollar ($1.00) of local matching funds for every two dollars ($2.00) of such proceeds for a local school administrative unit located in a county that is a development tier two area, as defined in G.S. 143B-437.08, and (iii) one dollar ($1.00) of local matching funds for every one dollar ($1.00) of such proceeds for a local school administrative unit located in a county that is a development tier three area, as defined in G.S. 143B-437.08. The match requirement may be satisfied by non-State expenditures for public school facilities made on or after January 1, 2017. If a debt has been incurred since January 1, 2017, for the general purpose of public school facilities, then the face amount of the debt shall be considered as a non-State expenditure for public school facilities for the purpose of the match. No other
expenditures made or debts incurred before January 1, 2017, may be used to satisfy the match requirement. As counties satisfy the match requirements of this subsection, they shall document the extent to which they have done so in periodic reports to the State Board of Education. These reports shall include any information and documentation required by the State Board of Education. The State Board of Education shall certify to the State Treasurer from time to time the extent to which the match requirements of this subsection have been met with respect to each county. Bond proceeds shall be distributed for expenditure only as, and to the extent, the matching requirement of this section are satisfied, as certified by the State Board of Education. The State Board of Education shall also require counties to report annually on the impact of funds provided under this act on the property tax rate for that year. These reports shall be public documents and shall be furnished to any citizen upon request. If the State Board of Education determines that a county has not met the matching requirement set forth in this sub-subdivision by January 1, 2028, the State Board of Education shall certify that fact to the State Treasurer by March 1, 2028. The State Board of Education shall reallocate unmatched funds in the following manner:

I. Proceeds allocated under sub subdivision (1) shall be reallocated to local administrative units receiving funds under sub subdivision (1) for which the State Board of Educated has certified matching funds.

II. Proceeds allocated under sub subdivision (2) shall be reallocated to local administrative units receiving funds under sub subdivision (2) for which the State Board of Educated has certified matching funds.

III. Proceeds allocated under sub subdivision (2) shall be reallocated to local administrative units receiving funds under sub subdivision (2) for which the State Board of Educated has certified matching funds.

5. A local school administrative unit that receives proceeds under this section shall ensure that such proceeds are used:

I. For acquisition of real property and construction, acquisition, reconstruction, enlargement, renovation, or replacement of buildings and other structures, and

II. To supplement local funds for public school capital outlay projects and shall not decrease local funds for those projects from one fiscal year to the next fiscal year, as measured by the most recent five-year annual average capital outlay expenditure.

b. The proceeds of public improvement bonds and notes, including premium thereon, if any, for NC Community Colleges, as provided in subdivision (1) of this subsection for new construction, repairs, and renovations, shall be used for new construction or rehabilitation of existing facilities and repairs and renovations. Any items purchased with such proceeds and installed or replaced as part of a renovation or rehabilitation must have a useful life of at least 10 years or must extend
the life of the facility by at least 10 years once renovated or rehabilitated. In order to receive the proceeds under this sub-subdivision for projects for new construction, the community college receiving the proceeds shall provide local matching funds from county funds, other non-State funds, or a combination of these sources for such proceeds. The amount of matching funds shall be (i) one dollar ($1.00) of local matching funds for every three dollars ($3.00) of such proceeds for a community college project located in a development tier one area, as defined in G.S. 143B-437.08, (ii) one dollar ($1.00) of local matching funds for every two dollars ($2.00) of such proceeds for a community college project located in a development tier two area, as defined in G.S. 143B-437.08, and (iii) one dollar ($1.00) of local matching funds for every one dollar ($1.00) of such proceeds for a community college project located in a development tier three area, as defined in G.S. 143B-437.08. Community colleges are not required to match bond proceeds allocated in this section for rehabilitation of existing facilities and repairs and renovations.

SECTION 39.8.(g) Allocation and Tracking of Proceeds.—

(1) Public improvement bonds.—The proceeds of public improvement bonds and notes, including premium thereon, if any, except the proceeds of bonds the issuance of which has been anticipated by bond anticipation notes or the proceeds of refunding bonds or notes, shall be placed by the State Treasurer in a special fund to be designated "Public Improvement Bonds Fund," which may include such appropriate special accounts therein as may be determined by the State Treasurer and shall be disbursed as provided in this section. Monies in the Public Improvement Bonds Fund shall be allocated and expended as provided in this section.

Any additional monies that may be received by means of a grant or grants from the United States of America or any agency or department thereof or from any other source for deposit to the Public Improvement Bonds Fund may be placed in the Public Improvement Bonds Fund or in a separate account or fund and shall be disbursed, to the extent permitted by the terms of the grant or grants, without regard to any limitations imposed by this section.

Monies in the Public Improvement Bonds Fund or any separate account established under this section may be invested from time to time by the State Treasurer in the same manner permitted for investment of monies belonging to the State or held in the State treasury, except with respect to grant money to the extent otherwise directed by the terms of the grant. Investment earnings, except investment earnings with respect to grant monies to the extent otherwise directed or restricted by the terms of the grant, may be (i) credited to the Public Improvement Bonds Fund, (ii) used to pay debt service on the bonds authorized by this section, (iii) used to satisfy compliance with applicable requirements of the federal tax law, or (iv) transferred to the General Fund of the State.

The proceeds of public improvement bonds and notes, including premium thereon, if any, may be used with any other monies made available by the General Assembly for funding the projects authorized by this section, including the proceeds of any other State bond issues, whether heretofore made available or that may be made available at the session of the General Assembly at which this section is ratified or any subsequent sessions. The
proceeds of public improvement bonds and notes, including premium thereon, if any, shall be expended and disbursed under the direction and supervision of the Director of the Budget. The funds provided by this section shall be disbursed for the purposes provided in this section upon warrants drawn on the State Treasurer by the State Controller, which warrants shall not be drawn until requisition has been approved by the Director of the Budget and which requisition shall be approved only after full compliance with the State Budget Act, Chapter 143C of the General Statutes.

(2) Tracking of bond proceeds. – The State Treasurer or the State Treasurer’s designee is hereby authorized and directed to set up a comprehensive system of tracking the proceeds of the public improvement bonds and notes, including premium thereon, if any, to the extent necessary to enable the State Treasurer or the State Treasurer’s designee to properly account for the use of such proceeds for compliance with applicable requirements of the federal tax law or otherwise. All recipients of such proceeds shall comply with any tracking system implemented by the State Treasurer or the State Treasurer’s designee for this purpose. The State Treasurer may withhold such proceeds from any State agency or department not complying with this subdivision.

(3) Costs. – Allocations to the costs of a capital improvement or undertaking in each case may include allocations to pay the costs set forth in sub-divisions c. through g. of subdivision (2) of subsection (d) of this section in connection with the issuance of bonds for that capital improvement or undertaking.

SECTION 39.8.(h) Election. – The question of the issuance of the bonds authorized by this section shall be submitted to the qualified voters of the State at a Statewide election to be held November 2, 2021. Any other primary, election, or referendum validly called or scheduled by law at the time the election on the bond question provided for in this subsection is held may be held as called or scheduled. Notice of the election shall be given in the manner and at the times required by G.S. 163-33(8). The election and the registration of voters therefor shall be held under and in accordance with the general laws of the State. Absentee ballots shall be authorized in the election and shall be available 50 days prior to the date on which the election is to be held.

Ballots, voting systems authorized by Article 14A of Chapter 163 of the General Statutes, or both may be used in accordance with rules prescribed by the State Board of Elections. The bond question to be used in the ballots or voting systems shall be in substantially the following form:

"[ ] FOR [ ] AGAINST

The issuance of four billion seven hundred million dollars ($4,700,000,000) State of North Carolina Public Improvement Bonds constituting general obligation bonds of the State secured by a pledge of the faith and credit and taxing power of the State for the purpose of providing funds, with any other available funds, to fund capital improvements and new facilities for the State, including, without limitation, the construction and furnishing of new facilities and the renovation and rehabilitation of existing facilities for, without limitation, the public schools of the state, the Department of Health and Human Services, the Department of Natural and Cultural Resources, North Carolina Community College System, and the University of North Carolina System." If a majority of those voting on the bond question in the election vote in favor of the issuance of the bonds described in the question, those bonds may be issued as provided in this section. If a majority of those voting on a bond question in the election do not vote in favor of the issuance of the bonds described in the question, those bonds shall not be issued. The results of the election shall be canvassed and declared as provided by law for elections for State officers; the results of the election shall be certified by the State Board of Elections to the Secretary of State in the manner and at the time provided by the general election laws of the State.

SECTION 39.8.(i) Issuance of Bonds and Notes. –
(1) Terms and conditions. – Bonds or notes may bear a date or dates, may be serial or term bonds or notes, or any combination thereof, may mature in such amounts and at such time or times, not exceeding 40 years from their date or dates, may be payable at such place or places, either within or without the United States of America, in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts, may bear interest at such rate or rates, which may vary from time to time, and may be made redeemable before maturity, at the option of the State or otherwise as may be provided by the State, at such price or prices, including a price less than or greater than the face amount of the bonds or notes, and under such terms and conditions, all as may be determined by the State Treasurer, by and with the consent of the Council of State.

(2) Signatures; form and denomination; registration. – Bonds or notes may be issued in certificated or uncertificated form. If issued in certificated form, bonds or notes shall be signed on behalf of the State by the Governor or shall bear the Governor's facsimile signature, shall be signed by the State Treasurer or shall bear the Treasurer's facsimile signature, and shall bear the Great Seal of the State, or a facsimile of the Seal shall be impressed or imprinted thereon. If bonds or notes bear the facsimile signatures of the Governor and the State Treasurer, the bonds or notes shall also bear a manual signature which may be that of a bond registrar, trustee, paying agent, or designated assistant of the State Treasurer. Should any officer whose signature or facsimile signature appears on bonds or notes cease to be such officer before the delivery of the bonds or notes, the signature or facsimile signature shall nevertheless have the same validity for all purposes as if the officer had remained in office until delivery. Bonds or notes may bear the facsimile signatures of persons, who at the actual time of the execution of the bonds or notes shall be the proper officers to sign any bond or note, although at the date of the bond or note such persons may not have been such officers. The form and denomination of bonds or notes, including the provisions with respect to registration of the bonds or notes and any system for their registration, shall be as the State Treasurer may determine in conformity with this section.

(3) Manner of sale; expenses. – Subject to the approval by the Council of State as to the manner in which bonds or notes shall be offered for sale, whether at public or private sale, whether within or without the United States, and whether by publishing notices in certain newspapers and financial journals, mailing notices, inviting bids by correspondence, negotiating contracts of purchase, or otherwise, the State Treasurer is authorized to sell bonds or notes at one time or from time to time at any rates of interest, which may vary from time to time, and at any prices, including a price less than or greater than the face amount of the bonds or notes, as the State Treasurer may determine. All expenses incurred in the preparation, sale, and issuance of bonds or notes shall be paid by the State Treasurer from the proceeds of bonds or notes or other available moneys.

(4) Notes; repayment. –

a. By and with the consent of the Council of State, the State Treasurer is hereby authorized to borrow money and to execute and issue notes of the State for the same, but only in the following circumstances and under the following conditions:
1. For anticipating the sale of bonds, the issuance of which the
   Council of State has approved, if the State Treasurer considers
   it advisable to postpone the issuance of the bonds;

2. For the payment of interest on or any installment of principal
   of any bonds then outstanding, if there are not sufficient funds
   in the State treasury with which to pay the interest or
   installment of principal as they respectively become due;

3. For the renewal of any loan evidenced by notes authorized in
   this section;

4. For the purposes authorized in this section; and

5. For refunding bonds or notes as authorized in this section.

b. Funds derived from the sale of bonds or notes may be used in the
   payment of any bond anticipation notes issued under this section.

Funds provided by the General Assembly for the payment of interest
on or principal of bonds shall be used in paying the interest on or
principal of any notes and any renewals thereof, the proceeds of which
shall have been used in paying interest on or principal of the bonds.

(5) Refunding bonds and notes. – By and with the consent of the Council of State,
the State Treasurer is authorized to issue and sell refunding bonds and notes
pursuant to the provisions of the State Refunding Bond Act for the purpose of
refunding bonds or notes issued pursuant to this section. The refunding bonds
and notes may be combined with any other issues of State bonds and notes
similarly secured. Refunding bonds or notes may be issued at any time prior
to the final maturity of the debt obligation to be refunded. The proceeds from
the sale of any refunding bonds or notes shall be applied to the immediate
payment and retirement of the bonds or notes being refunded or, if not required
for the immediate payment of the bonds or notes being refunded, the proceeds
shall be deposited in trust to provide for the payment and retirement of the
bonds or notes being refunded and to pay any expenses incurred in connection
with the refunding. Money in a trust fund may be invested in (i) direct
obligations of the United States government, (ii) obligations the principal of
and interest on which are guaranteed by the United States government, (iii)
obligations of any agency or instrumentality of the United States government
if the timely payment of principal and interest on the obligations is
unconditionally guaranteed by the United States government, or (iv)
certificates of deposit issued by a bank or trust company located in the State
if the certificates are secured by a pledge of any of the obligations described
in (i), (ii), or (iii) above having an aggregate market value, exclusive of
accrued interest, equal at least to the principal amount of the certificates so
secured. This section does not limit the duration of any deposit in trust for the
retirement of bonds or notes being refunded but that have not matured and are
not presently redeemable, or if presently redeemable, have not been called for
redemption.

(6) Tax exemption. – Bonds and notes shall at all times be free from taxation by
the State or any political subdivision or any of their agencies, excepting estate,
inheritance, or gift taxes, income taxes on the gain from the transfer of bonds
or notes, and franchise taxes. The interest on bonds or notes is not subject to
taxation as income.

(7) Investment eligibility. – Bonds and notes are securities in which all of the
following may invest, including capital in their control or belonging to them:
public officers, agencies, and public bodies of the State and its political
subdivisions, all insurance companies, trust companies, investment
companies, banks, savings banks, savings and loan associations, credit unions,
pension or retirement funds, other financial institutions engaged in business
in the State, executors, administrators, trustees, and other fiduciaries. Bonds
and notes are hereby made securities which may properly and legally be
deposited with and received by any officer or agency of the State or political
subdivision of the State for any purpose for which the deposit of bonds, notes,
or obligations of the State or any political subdivision is now or may hereafter
be authorized by law.

(8) Faith and credit. – The faith and credit and taxing power of the State are hereby
pledged for the payment of the principal of and the interest on bonds and notes.
The State expressly reserves the right to amend any provision of this section
to the extent it does not impair any contractual right of a bond owner.

(9) Other agreements. – The State Treasurer may authorize, execute, obtain, or
otherwise provide for bond insurance, investment contracts, credit and
liquidity facilities, interest-ate swap agreements and other derivative products,
and any other related instruments and matters the State Treasurer determines
are desirable in connection with issuance, incurrence, carrying, or securing of
bonds or notes. The State Treasurer is authorized to employ and designate any
financial consultants, underwriters, and bond attorneys to be associated with
any bond or note issue under this section as the State Treasurer considers
necessary.

SECTION 39.8.(j) Variable Rate Demand Bonds and Notes. – In fixing the details
of bonds and notes, the State Treasurer may provide that any of the bonds or notes may:

(1) Be made payable from time to time on demand or tender for purchase by the
owner, if a credit facility supports the bonds or notes, unless the State
Treasurer specifically determines that a credit facility is not required upon a
finding and determination by the State Treasurer that the absence of a credit
facility will not materially and adversely affect the financial position of the
State and the marketing of the bonds or notes at a reasonable interest cost to
the State;

(2) Be additionally supported by a credit facility;

(3) Be made subject to redemption or a mandatory tender for purchase prior to
maturity;

(4) Bear interest at a rate or rates that may vary for any period of time, as may be
provided in the proceedings providing for the issuance of the bonds or notes,
including, without limitation, such variations as may be permitted pursuant to
a par formula; and

(5) Be made the subject of a remarketing agreement whereby an attempt is made
to remarket bonds or notes to new purchasers prior to their presentment for
payment to the provider of the credit facility or to the State.

If the aggregate principal amount payable by the State under a credit facility is in
excess of the aggregate principal amount of bonds or notes secured by the credit facility, whether
as a result of the inclusion in the credit facility of a provision for the payment of interest for a
limited period of time or the payment of a redemption premium or for any other reason, then the
amount of authorized but unissued bonds or notes during the term of such credit facility shall not
be less than the amount of such excess, unless the payment of such excess is otherwise provided
for by agreement of the State executed by the State Treasurer.

SECTION 39.8.(k) Interpretation of Section. –

(1) Additional method. – The foregoing subsections of this section shall be
deemed to provide an additional and alternative method for the doing of the
things authorized under it and shall be regarded as supplemental and additional to powers conferred by other laws and shall not be regarded as in derogation of any powers now existing.

(2) Statutory references. – References in this section to specific sections or Chapters of the General Statutes or to specific acts are intended to be references to such sections, Chapters, or acts as they may be amended from time to time by the General Assembly.

(3) Broad construction. – This section, being necessary for the health and welfare of the people of the State, shall be broadly construed to effect the purposes thereof.

(4) Inconsistent provisions. – Insofar as the provisions of this section are inconsistent with the provisions of any general, special, or local laws, or parts thereof, the provisions of this section shall be controlling.

(5) Severability. – If any provision of this section or the application thereof to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of the section which can be given effect without the invalid provision or application, and to this end the provisions of this section are declared to be severable.

SECTION 39.8.(l) This section is effective when it becomes law.

WAKE COUNTY STATE VETERANS HOME

SECTION 39.9. Section 36.7.(d) of S.L. 2018-5, as amended by S.L. 2018-97, reads as rewritten:

"SECTION 36.7.(d) The General Assembly authorizes the Department of Military and Veterans Affairs to fund the construction of two a new State veterans home located in the Triangle and Triad Regions with funds available to it from the North Carolina Veterans Home Trust Fund established under G.S. 143B‑1293 in an amount not to exceed twenty‑seven million two hundred twenty‑three thousand five hundred sixty dollars ($27,223,560). The funds shall be used to provide the required State match for federal funding of the veterans home construction projects, and the matching funds and any federal dollars received for that purpose are hereby appropriated."

REALLOCATE STATE PARKS CONNECT NC BOND FUNDING

SECTION 39.10. Section 1(f) of S.L. 2015-280 reads as rewritten:

"SECTION 1.(f) Use of Public Improvement Bond and Note Proceeds. – ..."
<table>
<thead>
<tr>
<th></th>
<th>State Parks</th>
<th>County</th>
<th>Park Name</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>State Parks</td>
<td>Watauga</td>
<td>Elk Knob</td>
<td>$900,000</td>
</tr>
<tr>
<td>2</td>
<td>State Parks</td>
<td>Durham/ Wake</td>
<td>Falls Lake State Recreation Area</td>
<td>$789,750</td>
</tr>
<tr>
<td>3</td>
<td>State Parks</td>
<td>New Hanover</td>
<td>Fort Fisher State Recreation Area</td>
<td>$1,125,000</td>
</tr>
<tr>
<td>4</td>
<td>State Parks</td>
<td>Transylvania</td>
<td>Gorges</td>
<td>$2,505,750</td>
</tr>
<tr>
<td>5</td>
<td>State Parks</td>
<td>Stokes</td>
<td>Hanging Rock</td>
<td>$2,100,000</td>
</tr>
<tr>
<td>6</td>
<td>State Parks</td>
<td>Guilford/ Rockingham</td>
<td>Haw River</td>
<td>$1,500,000</td>
</tr>
<tr>
<td>7</td>
<td>State Parks</td>
<td>Chatham/ Wake</td>
<td>Jordan Lake State Recreation Area</td>
<td>$3,000,000</td>
</tr>
<tr>
<td>8</td>
<td>State Parks</td>
<td>Columbus</td>
<td>Lake Waccamaw</td>
<td>$1,506,000</td>
</tr>
<tr>
<td>9</td>
<td>State Parks</td>
<td>Scotland/ Hoke/ Robeson/Columbus</td>
<td>Lumber River</td>
<td>$2,628,750</td>
</tr>
<tr>
<td>10</td>
<td>State Parks</td>
<td>Rockingham</td>
<td>Mayo River</td>
<td>$750,000</td>
</tr>
<tr>
<td>11</td>
<td>State Parks</td>
<td>Tyrell/ Washington</td>
<td>Pettigrew</td>
<td>$2,830,500</td>
</tr>
<tr>
<td>12</td>
<td>State Parks</td>
<td>Burke</td>
<td>South Mountain</td>
<td>$2,250,000</td>
</tr>
<tr>
<td>13</td>
<td>State Parks</td>
<td>Alleghany/ Wilkes</td>
<td>Stone Mountain</td>
<td>$1,338,000</td>
</tr>
<tr>
<td>14</td>
<td>State Parks</td>
<td>Wake</td>
<td>William B. Umstead</td>
<td>$1,725,000</td>
</tr>
<tr>
<td>15</td>
<td>State Parks</td>
<td>Avery</td>
<td>Yellow Mountain State</td>
<td>$2,250,000</td>
</tr>
<tr>
<td>16</td>
<td>State Parks</td>
<td>Watauga</td>
<td>Beech Creek Bog State</td>
<td>$600,000</td>
</tr>
<tr>
<td>17</td>
<td>State Parks</td>
<td>New Hanover</td>
<td>Carolina Beach</td>
<td>$855,000</td>
</tr>
<tr>
<td>18</td>
<td>State Parks</td>
<td>Rutherford</td>
<td>Chimney Rock</td>
<td>$1,500,000</td>
</tr>
<tr>
<td>19</td>
<td>State Parks</td>
<td>Wayne</td>
<td>Cliffs of the Neuse</td>
<td>$692,400</td>
</tr>
<tr>
<td>20</td>
<td>State Parks</td>
<td>Gaston</td>
<td>Crowders Mountain</td>
<td>$750,000</td>
</tr>
<tr>
<td>21</td>
<td>State Parks</td>
<td>Chatham</td>
<td>Deep River State Trail</td>
<td>$1,281,000</td>
</tr>
<tr>
<td>22</td>
<td>State Parks</td>
<td>Carteret</td>
<td>Fort Macon</td>
<td>$135,000</td>
</tr>
<tr>
<td>23</td>
<td>State Parks</td>
<td>Watauga</td>
<td>Grandfather Mountain</td>
<td>$1,501,500</td>
</tr>
<tr>
<td>24</td>
<td>State Parks</td>
<td>Bladen</td>
<td>Jones Lake</td>
<td>$651,750</td>
</tr>
<tr>
<td>25</td>
<td>State Parks</td>
<td>Chatham</td>
<td>Lower Haw River State</td>
<td>$203,250</td>
</tr>
<tr>
<td>26</td>
<td>State Parks</td>
<td>Halifax</td>
<td>Medoc Mountain</td>
<td>$1,383,750</td>
</tr>
<tr>
<td>27</td>
<td>State Parks</td>
<td>Gates</td>
<td>Merchants Millpond</td>
<td>$870,750</td>
</tr>
<tr>
<td>28</td>
<td>State Parks</td>
<td>Stanly</td>
<td>Morrow Mountain</td>
<td>$1,537,500</td>
</tr>
<tr>
<td>29</td>
<td>State Parks</td>
<td>Ashe</td>
<td>Mount Jefferson State</td>
<td>$1,500,000</td>
</tr>
<tr>
<td>30</td>
<td>State Parks</td>
<td>Ashe</td>
<td>New River</td>
<td>$675,000</td>
</tr>
<tr>
<td>31</td>
<td>State Parks</td>
<td>Harnett</td>
<td>Raven Rock</td>
<td>$1,125,000</td>
</tr>
<tr>
<td>32</td>
<td>State Parks</td>
<td>Bladen</td>
<td>Singletary Lake</td>
<td>$575,250</td>
</tr>
<tr>
<td>33</td>
<td>State Parks</td>
<td>Moore</td>
<td>Weymouth Woods State</td>
<td>$428,250</td>
</tr>
<tr>
<td>34</td>
<td>State Parks</td>
<td>Highlands</td>
<td>Natural Area</td>
<td></td>
</tr>
<tr>
<td>35</td>
<td>Zoo</td>
<td>Randolph</td>
<td>Australasia Exhibit Complex/ Replace Africa Pavilion and Related Projects</td>
<td>$25,000,000</td>
</tr>
</tbody>
</table>

**PART XL. TRANSPORTATION**

**CASH FLOW HIGHWAY FUND AND HIGHWAY TRUST FUND APPROPRIATIONS**

**SECTION 40.1.(a)** Subsections (b) and (c) of Section 4.1 of S.L. 2020-91 are repealed.

**SECTION 40.1.(b)** The General Assembly authorizes and certifies anticipated revenues for the Highway Fund as follows:
GENERAL ASSEMBLY OF NORTH CAROLINA

MESSAGE OF THE GOVERNOR

SUPPLEMENTAL BUDGET FOR FISCAL YEAR 2021 AND AMENDMENTS

SESSION 2021

FOR FISCAL YEAR 2023-2024

$2,555 million

For Fiscal Year 2023-2024

$2,692 million

For Fiscal Year 2024-2025

$2,769 million

For Fiscal Year 2025-2026

$2,832 million

For Fiscal Year 2026-2027

SECTION 40.1.(c) The General Assembly authorizes and certifies anticipated revenues for the Highway Trust Fund as follows:

For Fiscal Year 2023-2024

$1,674 million

For Fiscal Year 2024-2025

$1,744 million

For Fiscal Year 2025-2026

$1,796 million

For Fiscal Year 2026-2027

$1,835 million

SECTION 40.1.(d) The Department of Transportation, in collaboration with the Office of State Budget and Management, shall develop a four-year revenue forecast. The first fiscal year in the four-year revenue forecast shall be the 2027-2028 fiscal year. The four-year revenue forecast developed under this subsection shall be used (i) to develop the four-year cash flow estimates included in the biennial budgets, (ii) to develop the Strategic Transportation Improvement Program, and (iii) by the Department of the State Treasurer to compute transportation debt capacity.

CAPITAL, REPAIRS, AND RENOVATIONS

SECTION 40.2. The funds appropriated in this act from the Highway Fund to the Department of Transportation for the 2021-2023 fiscal biennium for capital, repairs, and renovations are allocated as follows:

Capital – Highway Fund

<table>
<thead>
<tr>
<th>Item</th>
<th>2021-2022</th>
<th>2022-2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>Polk Maintenance Shop Replacement</td>
<td>$745,285</td>
<td>$0</td>
</tr>
<tr>
<td>Currituck Maintenance &amp; Storage</td>
<td>$447,574</td>
<td>$0</td>
</tr>
<tr>
<td>Northampton Equipment Shop</td>
<td>$3,000,000</td>
<td>$0</td>
</tr>
<tr>
<td>Alamance Equipment Shop</td>
<td>$0</td>
<td>$1,792,764</td>
</tr>
<tr>
<td>Edgecombe Maintenance &amp; Storage</td>
<td>$0</td>
<td>$1,751,208</td>
</tr>
<tr>
<td>Shelby Division 12 Office Replacement</td>
<td>$0</td>
<td>$5,022,534</td>
</tr>
<tr>
<td>Alleghany Equipment Shop</td>
<td>$0</td>
<td>$162,000</td>
</tr>
</tbody>
</table>

Repairs and Renovations – Highway Fund

<table>
<thead>
<tr>
<th>Item</th>
<th>2021-2022</th>
<th>2022-2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>Statewide Roof Repairs/Replacement</td>
<td>$1,500,000</td>
<td>$1,500,000</td>
</tr>
<tr>
<td>Statewide Demolition of Obsolete Buildings</td>
<td>$500,000</td>
<td>$500,000</td>
</tr>
<tr>
<td>Statewide Water and Sewer</td>
<td>$750,000</td>
<td>$750,000</td>
</tr>
<tr>
<td>Statewide Asbestos Abatement</td>
<td>$500,000</td>
<td>$500,000</td>
</tr>
<tr>
<td>Statewide ADA Compliance</td>
<td>$750,000</td>
<td>$750,000</td>
</tr>
<tr>
<td>Statewide Small Office Repair and Renovation</td>
<td>$1,750,000</td>
<td>$2,075,000</td>
</tr>
<tr>
<td>Statewide Security Upfits</td>
<td>$400,000</td>
<td>$500,000</td>
</tr>
<tr>
<td>Replace 20 Rooftop HVAC Units at Century Center</td>
<td>$150,000</td>
<td>$150,000</td>
</tr>
<tr>
<td>Art Museum Basement Concrete Repair</td>
<td>$250,000</td>
<td>$0</td>
</tr>
</tbody>
</table>

BUILD NC AMENDMENTS

SECTION 40.3.(a) Notwithstanding G.S. 142-97(2)(a), for the 2021-2023 fiscal biennium, the State Treasurer may issue Build NC Bonds without regard to any limitations on the Department of Transportation’s average month-end cash balance for the first three months in the calendar year prior to the date of determination.

SECTION 40.3.(b) Notwithstanding G.S. 142-97(4), for the 2021-2023 fiscal biennium, individual issuance of Build NC Bonds may exceed three hundred million dollars ($300,000,000) in each fiscal year of the 2021-2023 fiscal biennium.

EMERGENCY RESERVE CHANGES
SECTION 40.4.(a) G.S. 136-44.2E reads as rewritten:

"§ 136-44.2E. Transportation Emergency Reserve.

(a) Creation. – The Transportation Emergency Reserve (Emergency Reserve) is established as a special fund in the Highway Fund of the Department of Transportation.

(b) Funding; Use of Funds. – Subject to subsection (d) of this section, no later than July 30 of each fiscal year, the Department of Transportation shall transfer from the Highway Fund to the Emergency Reserve the sum of one hundred twenty-five million dollars ($125,000,000), and these funds are hereby appropriated for expenses related to an emergency. For purposes of this section, the term "emergency" has the same meaning as in G.S. 166A-19.3.

(c) Access to Funds. – The Department may only use funds in the Emergency Reserve after the President of the United States issues a declaration under the Stafford Act (42 U.S.C. §§ 5121 – 5207) that a major disaster exists in the State or the Governor makes a declaration or a disaster exists under Title 23, USC, Section 125. The Secretary of Transportation shall ensure all funds in the Emergency Reserve are accessed and used pursuant to this section, and in a manner that ensures to the extent practicable that the funds are eligible for federal reimbursement or cost sharing with the federal funds."

SECTION 40.4.(b) Of the thirty million ($30,000,000) appropriated in S.L 2019-251 for Hurricane Dorian expenses, any funds unexpended after expenses are paid shall be transferred to the Transportation Emergency Reserve within the Highway Fund created by GS 136-44.2E.

BIENNIAL TO QUARTERLY POWELL BILL PAYMENTS

SECTION 40.5 G.S. 136-41.1(a) reads as rewritten:

"(a) Upon appropriation of funds by the General Assembly to the Department of Transportation for State aid to municipalities, one half of the amount appropriated shall be allocated in cash on or before October 1 of each year to the cities and towns of the State in accordance with this section. The second one half of the amount appropriated shall be allocated in cash on or before January 1 of each year to the cities and towns of the State in accordance with this section. One quarter of the amount appropriated shall be allocated in cash on or before September 30, December 31, March 31, and June 30 to the cities and towns of the State in accordance with this section.

...."

FINANCIAL SUPPORT FOR BICYCLE AND PEDESTRIAN IMPROVEMENT PROJECTS

SECTION 40.6 G.S. 136-189.11(d)(3)(c) is repealed.

PART XLI. FINANCE

ALLOW EARNED INCOME TAX CREDIT

SECTION 41.1.(a) G.S. 105-151.31 is reenacted as it existed immediately before its expiration and reads as rewritten:

"§ 105-151.31. Earned income tax credit.

(a) Credit. – An individual who claims for the taxable year an earned income tax credit under section 32 of the Code is allowed a credit against the tax imposed by this Part equal to a percentage of the amount of credit the individual qualified for under section 32 of the Code. A nonresident or part-year resident who claims the credit allowed by this section must reduce the amount of the credit by multiplying it by the fraction calculated under G.S. 105-134.5(b) or (c), as appropriate. The percentage is as follows:

(1) For taxable year 2013, four and one half percent (4.5%).

(2) For all other taxable years, five percent (5%)."
(b) Credit Refundable. – If the credit allowed by this section exceeds the amount of tax imposed by this Part for the taxable year reduced by the sum of all credits allowable, the Secretary must refund the excess to the taxpayer. The refundable excess is governed by the provisions governing a refund of an overpayment by the taxpayer of the tax imposed in this Part. Section 3507 of the Code, Advance Payment of Earned Income Credit, does not apply to the credit allowed by this section. In computing the amount of tax against which multiple credits are allowed, nonrefundable credits are subtracted before refundable credits.

(c) Sunset. – This section is repealed effective for taxable years beginning on or after January 1, 2014."

SECTION 41.1.(b) Effective Date. – This act is effective for taxable years beginning on or after January 1, 2021.

ALLOW CREDIT FOR CHILD AND DEPENDENT CARE EXPENSES

SECTION 41.2.(a) Article 4 of Chapter 105 of the General Statutes is amended by adding a new section to read:

"§ 105-151.34. Credit for qualified child and dependent care expenses.

(a) Credit. – A person who is allowed a credit against federal income tax for a percentage of employment-related expenses under section 21 of the Code shall be allowed as a credit against the tax imposed by this Part an amount equal to one hundred percent (100%) of the amount of the credit provided for in Section 21 of the Code which is claimed and allowed pursuant to the Internal Revenue Code. To claim the credit allowed by this section, the taxpayer must provide with the tax return the information required by the Secretary of Revenue.

(b) Phaseout. – The credit allowed by this section shall be reduced by a percentage listed below, rounded to the nearest percentage point, based on the taxpayer’s adjusted gross income as calculated under the Code:

<table>
<thead>
<tr>
<th>Filling Status</th>
<th>For AGI Exceeding</th>
<th>Percentage Reduction</th>
</tr>
</thead>
<tbody>
<tr>
<td>Married, filing jointly</td>
<td>$75,000</td>
<td>The lesser of 100% or</td>
</tr>
<tr>
<td></td>
<td></td>
<td>[Taxpayer's AGI – $75,000/$125,000]</td>
</tr>
<tr>
<td>Head of Household</td>
<td>$56,250</td>
<td>The lesser of 100% or</td>
</tr>
<tr>
<td></td>
<td></td>
<td>[Taxpayer's AGI – $56,250/$93,750]</td>
</tr>
<tr>
<td>Single</td>
<td>$37,500</td>
<td>The lesser of 100% or</td>
</tr>
<tr>
<td></td>
<td></td>
<td>[Taxpayer's AGI – $37,500/$62,500]</td>
</tr>
</tbody>
</table>

(d) Limitations. – A nonresident or part-year resident who claims the credit allowed by this section shall reduce the amount of the credit by multiplying it by the fraction calculated under G.S. 105-153.4(b) or (c), as appropriate. The credit allowed by this section may not exceed the amount of tax imposed by this Part for the taxable year reduced by the sum of all credits allowable, except for payments of tax made by or on behalf of the taxpayer."

SECTION 41.2.(b) Subsection (a) of this section becomes effective for taxable years beginning on or after January 1, 2021.

PART XLII. MISCELLANEOUS

STATE BUDGET ACT APPLIES

SECTION 42.1. The provisions of the State Budget Act, Chapter 143C of the General Statutes, are reenacted and shall remain in full force and effect and are incorporated in this act by reference.

COMMITTEE REPORT
SECTION 42.2.(a) The Joint Conference Committee Report on the Current Operations Appropriations Act of 2021, dated June 30, 2021, which was distributed in the House of Representatives and the Senate and used to explain this act, shall indicate action by the General Assembly on this act and shall, therefore, be used to construe this act, as provided in the State Budget Act, Chapter 143C of the General Statutes, and for these purposes shall be considered a part of this act and, as such, shall be printed as a part of the Session Laws.

SECTION 42.2.(b) The budget enacted by the General Assembly is for the maintenance of the various departments, institutions, and other spending agencies of the State for the 2021-2023 biennial budget as provided in G.S. 143C35. This budget includes the appropriations of State funds as defined in G.S. 143C11(d)(25).

The Director of the Budget submitted a recommended base budget to the General Assembly in the Governor's Recommended Budget for the 2021-2023 fiscal biennium, dated March 2021, and in the Budget Support Document for the various departments, institutions, and other spending agencies of the State. The adjustments to the recommended base budget made by the General Assembly are set out in the Committee Report.

SECTION 42.2.(c) The budget enacted by the General Assembly shall also be interpreted in accordance with G.S. 143C-5-5, the special provisions in this act, and other appropriate legislation. In the event that there is a conflict between the line item budget certified by the Director of the Budget and the budget enacted by the General Assembly, the budget enacted by the General Assembly shall prevail.

SECTION 42.2.(d) Notwithstanding subsection (a) of this section, the following portions of the Committee Report are for reference, and do not expand, limit, or define the text of the Committee Report:

(1) Summary pages setting forth the enacted budget, the legislative changes, the revised budget, and the related FTE information for a particular budget code and containing no other substantive information.

(2) Summary pages setting forth the enacted budget, the legislative changes, the revised budget, and the related FTE information for multiple fund codes within a single budget code and containing no other substantive information.

REPORT BY FISCAL RESEARCH DIVISION

SECTION 42.3. The Fiscal Research Division shall issue a report on budget actions taken by the 2021 Regular Session of the General Assembly. The report shall be in the form of a revision of the Committee Report described in Section 42.2 of this act pursuant to G.S. 143C-5-5. The Director of the Fiscal Research Division shall send a copy of the report issued pursuant to this section to the Director of the Budget. The report shall be published on the General Assembly's Internet Web site for public access.

MOST TEXT APPLIES ONLY TO THE 2021-2023 FISCAL BIENNIAL

SECTION 42.4. Except for statutory changes or other provisions that clearly indicate an intention to have effects beyond the 2021-2023 fiscal biennium, the textual provisions of this act apply only to funds appropriated for, and activities occurring during, the 2021-2023 fiscal biennium.

EFFECT OF HEADINGS

SECTION 42.5. The headings to the Parts, subparts, and sections of this act are a convenience to the reader and are for reference only. The headings do not expand, limit, or define the text of this act, except for effective dates referring to a Part or subpart.

SEVERABILITY CLAUSE
SECTION 42.6. 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 42.7. Except as otherwise provided, this act becomes effective July 1, 2021.