

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2015

H

D

HOUSE BILL 1030

PROPOSED COMMITTEE SUBSTITUTE H1030-PCS30500-LUX-5

Short Title: 2016 Appropriations Act.

(Public)

Sponsors:

Referred to:

May 5, 2016

A BILL TO BE ENTITLED

AN ACT TO MODIFY THE CURRENT OPERATIONS AND CAPITAL IMPROVEMENTS
APPROPRIATIONS ACT OF 2015 AND TO MAKE OTHER CHANGES IN THE BUDGET
OPERATIONS OF THE STATE.

The General Assembly of North Carolina enacts:

PART I. INTRODUCTION AND TITLE OF ACT

INTRODUCTION

SECTION 1.1. The appropriations made in this act are for maximum amounts
necessary to provide the services and accomplish the purposes described in the budget. Savings
shall be affected 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 G.S. 143C-1-2(b).

TITLE OF ACT

SECTION 1.2. This act shall be known as the "Current Operations and Capital
Improvements Appropriations Act of 2016."

PART II. CURRENT OPERATIONS AND EXPANSION GENERAL FUND

CURRENT OPERATIONS AND EXPANSION/GENERAL FUND

SECTION 2.1. Appropriations from the General Fund of the State for the
maintenance of the State departments, institutions, and agencies, and for other purposes as
enumerated, are adjusted for the fiscal year ending June 30, 2017, according to the following
schedule:

Current Operations—General Fund

FY 2016-2017

EDUCATION

Community Colleges System Office

(10,767,841)

Department of Public Instruction

12,900,384

University of North Carolina—Board of Governors



* H 1 0 3 0 - P C S 3 0 5 0 0 - L U X - 5 *

1	Appalachian State University	
2	East Carolina University	
3	Academic Affairs	
4	Health Affairs	
5	Elizabeth City State University	
6	Fayetteville State University	
7	NC A&T State University	
8	NC Central University	
9	NC State University	
10	Academic Affairs	
11	Agricultural Extension	
12	Agricultural Research	
13	UNC-Asheville	
14	UNC-Chapel Hill	
15	Academic Affairs	
16	Health Affairs	(1,000,000)
17	AHEC	
18	UNC-Charlotte	
19	UNC-Greensboro	
20	UNC-Pembroke	
21	UNC-School of the Arts	
22	UNC-Wilmington	
23	Western Carolina University	
24	Winston-Salem State University	
25	General Administration	
26	University Institutional Programs	33,183,000
27	Related Educational Programs	2,000,000
28	NC School of Science & Math	
29	Aid to Private Institutions	12,300,000
30	Total University of North Carolina–Board of Governors	46,483,000
31		
32	HEALTH AND HUMAN SERVICES	
33		
34	Department of Health and Human Services	
35	Division of Central Management and Support	4,176,374
36	Division of Aging and Adult Services	750,000
37	Divisions of Services to the Blind, Deaf, and Hard of Hearing	0
38	Division of Child Development and Early Education	3,190,082
39	Division of Health Service Regulation	0
40	Division of Medical Assistance	(307,832,264)
41	Division of Mental Health, Developmental Disabilities,	
42	and Substance Abuse Services	61,940,274
43	NC Health Choice	348,062
44	Division of Public Health	14,752,160
45	Division of Social Services	16,503,769
46	Division of Vocational Rehabilitation	0
47	Total Health and Human Services	(206,171,543)
48		
49		
50	AGRICULTURE AND NATURAL AND ECONOMIC RESOURCES	
51		

1	Department of Agriculture and Consumer Services	3,555,210
2		
3	Department of Commerce	
4	Commerce	5,119,444
5	Commerce State-Aid	100,000
6		
7	Wildlife Resources Commission	0
8		
9	Department of Environmental Quality	(2,677,076)
10		
11	Department of Labor	(60,004)
12		
13	Department of Natural and Cultural Resources	16,123,814
14	Department of Natural and Cultural Resources–Roanoke Island	0
15		
16	JUSTICE AND PUBLIC SAFETY	
17		
18	Department of Public Safety	1,044,854
19		
20	Judicial Department	250,000
21		
22	Judicial Department–Indigent Defense	0
23		
24	Department of Justice	4,051,704
25		
26		
27		
28	GENERAL GOVERNMENT	
29		
30	Department of Administration	1,521,900
31		
32	Office of Administrative Hearings	0
33		
34	Department of State Auditor	212,371
35		
36	Office of State Controller	0
37		
38	State Board of Elections	0
39		
40	General Assembly	0
41		
42	Office of the Governor	0
43		
44	Office of the Governor–Special Appropriations	0
45		
46	Office of State Budget and Management	
47	Office of State Budget and Management	0
48	OSBM – Reserve for Special Appropriations	0
49		
50	Housing Finance Agency	0
51		

1	Department of Insurance	892,001
2		
3	Office of Lieutenant Governor	10,000
4		
5	Department of Military and Veterans Affairs	0
6		
7	Department of Revenue	350,000
8		
9	Department of Secretary of State	0
10		
11	Department of State Treasurer	
12	State Treasurer	287,136
13	Fire Rescue National Guard Pensions & LDD Benefits	0
14		
15	Department of Information Technology	43,002,697
16		
17	RESERVES, ADJUSTMENTS AND DEBT SERVICE	
18	Contingency and Emergency Fund	0
19	State Retirement Contributions and State Health Plan	177,922,243
20	Compensation Increase Reserve	468,888,855
21	Salary Adjustment Reserve	0
22	OSHR Minimum of Market Adjustment	(12,000,000)
23	Reserve for Future Benefit Needs	(71,000,000)
24	Workers' Compensation Reserve	0
25	Information Technology Reserve	(21,320,843)
26	Information Technology Fund	(21,681,854)
27	One North Carolina Fund	(417,883)
28	Job Development Investment Grants (JDIG)	(10,000,000)
29	Film and Entertainment Grant Fund	0
30	Pending Legislation Reserve	2,775,063
31	Reserve Connect NC Bond Administration	1,142,267
32	Public Schools Average Daily Membership (ADM)	(107,000,000)
33	UNC System Enrollment Growth Reserve	(31,000,000)
34		
35	Debt Service	
36	General Debt Service	1,253,023
37	Federal Reimbursement	2,723,000
38		
39		
40	TOTAL CURRENT OPERATIONS--GENERAL FUND	296,511,922

GENERAL FUND AVAILABILITY STATEMENT

SECTION 2.2.(a) The General Fund availability statement set out in Section 2.2(a) of S.L. 2015-241 applies to the 2015-2016 fiscal year only. The General Fund availability used in adjusting the 2016-2017 budget is shown below:

47		FY 2016-2017
48	Unappropriated Balance	175,488,544
49	Over Collections FY 2015-16	330,200,000
50	Reversions FY 2015-16	323,339,524
51	Earmarkings of Year End Fund Balance:	

1	Savings Reserve	(300,000,000)
2	Repairs and Renovations	(164,023,000)
3	Beginning Unreserved Fund Balance	365,005,068
4		
5	Revenues Based on Existing Tax Structure	21,417,800,000
6		
7	Non-tax Revenues	
8	Investment Income	37,500,000
9	Judicial Fees	242,600,000
10	Disproportionate Share	147,000,000
11	Insurance	77,000,000
12	Master Settlement Agreement	127,400,000
13	Other Non-Tax Revenues	178,700,000
14	Subtotal Non-tax Revenues	810,200,000
15		
16	Adjustment for Medicaid Transformation Fund (S.L. 2015-241)	(150,000,000)
17		
18	Total General Fund Availability	22,443,005,068
19		
20	Adjustments to Availability: 2016 Session	
21		
22	Increase the Individual Income Tax Standard Deduction	(25,000,000)
23	Finance Reserve	(15,500,000)
24	Repeal Mill Machinery (1%/\$80) Tax, exempt purchases from the Sales Tax	(51,500,000)
25	Adjustment of Transfer from Treasurer's Office	486,000
26	Adjustment of Transfer from Insurance Regulatory Fund	892,001
27		
28	Subtotal Adjustments to Availability: 2016 Session	(90,621,999)
29		
30	Revised General Fund Availability	22,352,383,069
31		
32	Less General Fund Appropriations	(22,225,000,000)
33		
34	Unappropriated Balance Remaining	127,383,069

36 **SECTION 2.2.(b)** Notwithstanding the provisions of G.S. 143C-4-3(a), the State
37 Controller shall transfer a total of one hundred sixty-four million twenty-three thousand dollars
38 (\$164,023,000) from the unreserved fund balance to the Repairs and Renovations Reserve on June
39 30, 2016. This subsection becomes effective June 30, 2016.

40 **SECTION 2.2.(c)** Notwithstanding G.S. 143C-4-2, the State Controller shall transfer
41 a total of three hundred million dollars (\$300,000,000) from the unreserved fund balance to the
42 Savings Reserve Account on June 30, 2016. This transfer is not an "appropriation made by law,"
43 as that phrase is used in Section 7(1) of Article V of the North Carolina Constitution. This
44 subsection becomes effective June 30, 2016.

45 **SECTION 2.2.(d)** There is appropriated from the General Fund to the Office of
46 Indigent Defense Services the sum of five million one hundred thousand dollars (\$5,100,000) for
47 the 2015-2016 fiscal year to compensate private assigned counsel who have represented indigent
48 defendants. Any of these funds that are not needed to pay private assigned counsel bills received
49 by the Office of Indigent Defense Services by June 30, 2016, shall revert to the General Fund.
50 This subsection becomes effective June 30, 2016.

PART III. CURRENT OPERATIONS/HIGHWAY 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 adjusted for the fiscal year ending June 30, 2017, according to the following schedule. Amounts set out in parentheses are reductions from Highway Fund Appropriations for the 2016-2017 fiscal year.

Current Operations – Highway Fund**2016-2017**

Department of Transportation

Administration \$ 0

Division of Highways

Administration 0

Construction 0

Maintenance 45,096,855

Planning and Research 0

OSHA Program 0

State Aid to Municipalities

0

Intermodal Divisions

Ferry 13,010,090

Public Transportation 4,000,000

Aviation 0

Rail 0

Bicycle and Pedestrian 0

Governor's Highway Safety

0

Division of Motor Vehicles

6,021,906

Other State Agencies, Reserves, Transfers

(9,040,000)

Capital Improvements

0

Total Highway Fund Appropriations**\$ 2,048,690,000****HIGHWAY FUND AVAILABILITY STATEMENT**

SECTION 3.2. Section 3.2 of S.L. 2015-241 is repealed. The Highway Fund availability used in adjusting the 2016-2017 fiscal year budget is shown below:

Highway Fund Availability Statement**2016-2017**

Unreserved Fund Balance \$ 0

Estimated Revenue 2,048,910,000

Adjustment to Revenue Availability:

Vehicle Registration Fees (Permanent Plates) (220,000)

Total Highway Fund Availability**\$ 2,048,690,000**

Unappropriated Balance \$ **0**

PART IV. HIGHWAY TRUST FUND APPROPRIATIONS

CURRENT OPERATIONS/HIGHWAY TRUST FUND

SECTION 4.1. Appropriations from the State Highway Trust Fund for the maintenance and operation of the Department of Transportation and for other purposes as enumerated are adjusted for the fiscal year ending June 30, 2017, according to the following schedule. Amounts set out in parentheses are reductions from Highway Trust Fund Appropriations for the 2016-2017 fiscal year.

Current Operations – Highway Trust Fund	2016-2017
Program Administration	\$ 0
Turnpike Authority	0
Transfer to Highway Fund	0
Debt Service	0
Strategic Prioritization Funding Plan for Transportation Investments	32,045,000
Total Highway Trust Fund Appropriations	\$ 1,371,280,000

HIGHWAY TRUST FUND AVAILABILITY STATEMENT

SECTION 4.2. Section 4.2 of S.L. 2015-241 is repealed. The Highway Trust Fund availability used in adjusting the 2016-2017 fiscal year budget is shown below:

Highway Trust Fund Availability Statement	2016-2017
Unreserved Fund Balance	\$ 0
Estimated Revenue	1,370,080,000
Adjustment to Revenue Availability:	
Title Fees (Mercury Switch Removal)	1,200,000
Total Highway Trust Fund Availability	\$ 1,371,280,000
Unappropriated Balance	\$ 0

PART V. OTHER APPROPRIATIONS

EDUCATION LOTTERY FUNDS/UNCLAIMED PRIZES

SECTION 5.1.(a) Section 5.2 of S.L. 2015-241 reads as rewritten:

"SECTION 5.2.(a) The appropriations made from the Education Lottery Fund for the 2015-2017 fiscal biennium are as follows:

	FY 2015-2016	FY 2016-2017
Noninstructional Support Personnel	\$ 310,455,157	\$ 314,950,482 \$ 372,266,860
Prekindergarten Program	78,252,110	78,252,110
Public School Building Capital Fund	100,000,000	100,000,000
Scholarships for Needy Students	30,450,000	30,450,000
UNC Need-Based Financial Aid	10,744,733	10,744,733
TOTAL	\$ 529,902,000	\$ 534,397,325 \$ 591,713,703

~~"SECTION 5.2.(b) Notwithstanding G.S. 18C-164, the Office of State Budget and Management shall not transfer funds to the Education Lottery Reserve Fund for either year of the 2015-2017 fiscal biennium. G.S. 18C-164(b), the net revenues deposited in the Education Lottery Fund from the 2015-2016 fiscal year that are in excess of the amounts appropriated in subsection (a) of this section for the 2015-2016 fiscal year shall be transferred to the Lottery Reserve Fund.~~

~~...."~~

SECTION 5.1.(b) G.S. 18C-162(c) reads as rewritten:

"(c) Unclaimed prize money shall be held separate and apart from the other revenues and allocated as follows:

~~(1) Fifty percent (50%) to enhance prizes under subdivision (a)(1) of this section.~~

(2) Fifty percent (50%) to the Education Lottery Fund to be allocated in accordance with G.S. 18C-164(c)."

CIVIL PENALTY AND FORFEITURE FUND/REVISIONS

SECTION 5.2. Section 5.3 of S.L. 2015-241 reads as rewritten:

"SECTION 5.3.(a) Appropriations are made from the Civil Penalty and Forfeiture Fund for the fiscal biennium ending June 30, 2017, as follows:

	FY 2015-2016	FY 2016-2017
School Technology Fund	\$18,000,000	\$18,000,000
Drivers Education	0	27,393,768
State Public School Fund	132,320,490	128,341,640
		<u>129,099,877</u>
Total Appropriation	\$150,320,490	\$173,735,408
		<u>\$174,493,645</u>

"SECTION 5.3.(b) Excess receipts realized in the Civil Penalty and Forfeiture Fund in each year of the 2015-2017 fiscal biennium shall be allocated to the School Technology Fund.

"SECTION 5.3.(c) The clear proceeds of the newly established motor vehicle registration late fee charged pursuant to G.S. 20-88.03, as enacted by this act, shall be used to provide a dedicated source of revenue for the drivers education program administered by the Department of Public Instruction in accordance with G.S. 115C-215 and shall be appropriated by the General Assembly for this purpose for the 2016-2017 ~~and 2017-2018 fiscal years~~ fiscal year and subsequent fiscal years thereafter."

PART VI. GENERAL PROVISIONS

ESTABLISHING OR INCREASING FEES

SECTION 6.1.(a) Notwithstanding G.S. 12-3.1, an agency is not required to consult with the Joint Legislative Commission on Governmental Operations prior to establishing or increasing a fee to the level authorized or anticipated in this act.

SECTION 6.1.(b) Notwithstanding G.S. 150B-21.1A(a), an agency may adopt an emergency rule in accordance with G.S. 150B-21.1A 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.

EXPENDITURES OF FUNDS IN RESERVES LIMITED

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

PART VII. DEPARTMENT OF INFORMATION TECHNOLOGY**INFORMATION TECHNOLOGY FUND**

SECTION 7.1. Section 7.1 of S.L. 2015-241 reads as rewritten:

"SECTION 7.1. The availability used to support appropriations made in this act from the Information Technology Fund established in G.S. 147-33.72H is as follows:

	FY 2015-2016	FY 2016-2017
General Fund Appropriation for IT Fund	\$21,755,191	\$21,681,854 <u>\$21,975,001</u>

Appropriations are made from the Information Technology Fund for the 2015-2017 fiscal biennium as follows:

Criminal Justice Information Network	\$193,085	\$193,085
Center for Geographic Information and Analysis	\$503,810	\$503,810
Enterprise Security Risk Management	\$871,497	\$871,497 <u>\$1,021,497</u>
Staffing and Strategic Projects	\$7,873,903	\$7,873,903 <u>\$7,846,385</u>
First Net (State Match)	\$140,000	\$140,000
Enterprise Project Management Office	\$1,501,234	\$1,501,234
IT Strategy and Standards	\$865,326	\$865,326
State Portal	\$233,510	\$233,510
Process Management	\$398,234	\$398,234
IT Consolidation	—	—
Government Data Analytics Center	\$9,101,255	\$9,101,255 <u>\$9,771,920</u>
Compensation Reserve	\$73,337	

Unless a change is approved by the State Chief Information Officer after consultation with the Office of State Budget and Management, funds appropriated to the Information Technology Fund shall be spent only as specified in this section. Changes shall not result in any degradation to the information technology operations or projects listed in this section for which the funds were originally appropriated.

Any changes to the specified uses shall be reported in writing to the chairs of the Joint Legislative Oversight Committee on Information Technology, the chair and cochair of the House Appropriations Committee on Information Technology, and the Fiscal Research Division."

INFORMATION TECHNOLOGY RESERVE

SECTION 7.2. Section 7.3(a) of S.L. 2015-241, as amended by Section 2.1 of S.L. 2015-268, reads as rewritten:

"SECTION 7.3.(a) The appropriations for the Information Technology Reserve Fund for the 2015-2017 fiscal biennium are as follows:

	FY 2015-2016	FY 2016-2017
Government Data Analytics Center	\$8,100,000	\$8,100,000
Improve Efficiency and Customer Service through IT Modernization	\$8,127,991	\$8,061,512 <u>\$8,061,512</u>
IT Restructuring	\$2,775,184	\$2,978,812 <u>\$2,563,334</u>
Economic Modeling Initiative	\$500,000	\$500,000
Maintenance Management System Replacement	\$173,180	\$129,901
NC Connect	\$593,899	\$788,503 <u>\$736,899</u>
E-Forms/Digital Signatures	\$762,115	\$762,115 <u>\$436,050</u>

1 Law Enforcement Information Exchange

\$288,474

0"

2
3 **ESTABLISH GENERAL FUND BUDGET**

4 **SECTION 7.3.(a)** Notwithstanding G.S. 143C-6-4, the Office of State Budget and
5 Management shall transfer the IT Fund fund codes (27xx) from budget code 24667 to budget code
6 14660 in order to establish the Department of Information Technology's operating budget. The
7 Office of State Budget and Management shall also establish a reserve in budget code 14660 for the
8 transfer of IT Reserve appropriation to budget code 24667. The changes authorized by this section
9 shall be completed by September 30, 2016, but are effective from July 1, 2016, and shall be
10 reflected in the base budget for the 2017-2019 fiscal biennium.

11 **SECTION 7.3.(b)** It is the intent of the General Assembly to appropriate funds during
12 the 2017 Regular Session for Department of Information Technology internal service fund
13 overhead costs upon removal of agency costs from the service rate structure, thereby eliminating
14 the use of a subscription fee to agencies.

15
16 **IT REPORTING CHANGES**

17 **SECTION 7.4.(a)** G.S. 105-259(b)(43), 120-123(81), 143B-1321(a)(31),
18 143B-1322(c)(21), and Chapter 116E of the General Statutes are repealed.

19 **SECTION 7.4.(b)** G.S. 143B-1355(c) reads as rewritten:

20 "**§ 143B-1355. Award review.**

21 ...

22 (c) The State CIO shall provide a report of all contract awards approved through the
23 Statewide Procurement Office as indicated below. The report shall include the amount of the
24 award, the contract term, the award recipient, the using agency, and a short description of the
25 nature of the award, as follows:

26 (1) For contract awards greater than twenty-five thousand dollars (\$25,000), to the
27 cochair of the Joint Legislative Oversight Committee on Information
28 Technology and the Fiscal Research Division ~~on a monthly basis as requested.~~

29 (2) For all contract awards outside the established purchasing system, to the
30 Department of Administration, Joint Legislative Oversight Committee on
31 Information Technology, and the Fiscal Research Division ~~on a quarterly~~
32 ~~basis.~~ March 1 and September 1 of each year."

33 **SECTION 7.4.(c)** G.S. 143B-1360 reads as rewritten:

34 "**§ 143B-1360. Data on reliability and other issues; report.**

35 The Department of Information Technology shall maintain data on equipment reliability,
36 potential cost savings, and any issues associated with the refurbished computer equipment
37 initiative and shall report the results of the initiative to the Joint Legislative Oversight Committee
38 on Information Technology and the Fiscal Research Division by March 1, 2016, and then
39 ~~quarterly~~ annually thereafter."

40 **SECTION 7.4.(d)** G.S. 143B-1344 reads as rewritten:

41 "**§ 143B-1344. Legacy applications.**

42 Participating agency legacy applications shall be moved to the Department once a detailed
43 plan is coordinated and in place for the successful transition of a specific application to the
44 Department. The Department shall identify situations where multiple agencies are using legacy
45 systems with similar capabilities and shall prepare plans to consolidate these systems. ~~Initial~~
46 ~~identification of similar capabilities shall be reported to the Joint Legislative Oversight Committee~~
47 ~~on Information Technology and the Fiscal Research Division by March 1, 2016. The initial report~~
48 ~~shall include a schedule for the consolidation. The report shall also include the costs for operating~~
49 ~~and maintaining the current systems, the estimated costs for an enterprise replacement system, and~~
50 ~~the operations and maintenance costs associated with an enterprise system."~~

51 **SECTION 7.4.(e)** G.S. 143B-1333 reads as rewritten:

"§ 143B-1333. Internal Service Fund.

...
(b) ~~Receipts shall be used solely for the purpose for which they were collected. Any uses of the Information Technology Internal Service Fund not specifically related to providing receipt supported services to State agencies shall immediately be reported to the Joint Legislative Oversight Committee on Information Technology and the Fiscal Research Division.~~

(c) Receipts shall be used solely for the purpose for which they were collected. In coordination with the Office of the State Controller and the Office of State Budget Management, the State CIO shall ensure processes are established to manage federal receipts, maximize those receipts, and ensure that federal receipts are correctly utilized. By September 1 of each year, the State CIO shall certify that federal receipts for participating agency information technology programs have been properly used during the previous State fiscal year.

SECTION 7.4.(f) G.S. 143B-1334 is repealed.

SECTION 7.4.(g) Section 7.22(c) of S.L. 2015-241 reads as rewritten:

"SECTION 7.22.(c) Beginning January 1, 2016, and ~~quarterly~~ semiannually thereafter, the DIT, in conjunction with OSC and OSBM, shall report to the Joint Legislative Oversight Committee on Information Technology and the Fiscal Research Division on the status of the program. The report shall include all of the following:

...."

SECTION 7.4.(h) Section 7.24(b) of S.L. 2015-241 reads as rewritten:

"SECTION 7.24.(b) On or before March 1, 2016, the State CIO shall provide the completed plan to the Joint Legislative Oversight Committee on Information Technology and the Fiscal Research Division. On or before March 1, 2016, and then at least ~~semiannually~~ annually each January 1 for the duration of the 2015-2017 fiscal biennium, the State CIO shall provide progress reports regarding the establishment and use of the business Internet Web site to the Joint Legislative Oversight Committee on Information Technology and the Fiscal Research Division."

SECTION 7.4.(i) G.S. 143B-1330(a)(2) reads as rewritten:

"§ 143B-1330. Planning and financing State information technology resources.

(a) The State CIO shall develop policies for agency information technology planning and financing. Agencies shall prepare and submit such plans as required in this section, as follows:

...

(2) The State CIO shall develop a biennial State Information Technology Plan ~~(Plan)-(Plan), including, but not limited to, the use of cloud-based utility computing for use by State agencies.~~

USE OF CASH BALANCE FOR IT RATE CREDITS

SECTION 7.5. The Department of Information Technology shall use funds available in cash balance available in fund code 24667 as a credit to the following agencies for subscription fees, telephone rates, and computer rates billed to the agency for the Internal Service Fund for the 2016-2017 fiscal year:

- (1) North Carolina Community Colleges System Office – \$102,023
- (2) Department of Public Instruction – \$1,534,623
- (3) The University of North Carolina System – \$97,483
- (4) The Department of Administration – \$190,187
- (5) The Department of Insurance – \$26,504
- (6) The Department of Revenue – \$972,197
- (7) General Assembly – \$14,432
- (8) Office of State Budget and Management – \$176,700
- (9) Office of Lieutenant Governor – \$6,474
- (10) Office of Administrative Hearings – \$38,405
- (11) Department of State Auditor – \$20,832

- (12) Office of State Controller – \$619,802
- (13) Department of Secretary of State – \$4,346
- (14) State Board of Elections – \$43,880
- (15) Department of State Treasurer – \$6,491
- (16) Department of Health and Human Services – \$559,461
- (17) Administrative Office of the Courts – \$101,812
- (18) Department of Public Safety – \$693,292
- (19) Department of Agriculture – \$30,556
- (20) Department of Environmental Quality – \$910,564
- (21) Department of Natural and Cultural Resources – \$665,262

INFORMATION TECHNOLOGY SPENDING TRANSPARENCY

SECTION 7.6. The Office of State Budget and Management shall prepare a plan for realigning State agency information technology budgets within existing programs and divisions to provide transparency for information technology budgeting. The Office of State Budget and Management shall submit the plan on or before February 1, 2017, to the Joint Legislative Commission on Governmental Operations, the Joint Legislative Oversight Committee on Information Technology, and the Fiscal Research Division.

APPRENTICESHIPS AND CAREER-BASED OPPORTUNITIES IN CYBERSECURITY FOR DISABLED VETERANS

SECTION 7.7.(a) The Department of Information Technology shall create a cybersecurity apprenticeship program to provide training, apprenticeships, and career-based opportunities for disabled veterans within the State. Opportunities may be offered to qualifying veterans who have at least a ten percent (10%) disability rating as established by the Veterans Administration.

SECTION 7.7.(b) The State Chief Information Officer shall conduct a competitive process to select disabled veterans to participate in the cybersecurity apprenticeship program. Participants will have the opportunity to apply concepts, protocols, and tools acquired through the program by working side by side with experts in cybersecurity within the State of North Carolina.

SECTION 7.7.(c) Of the funds appropriated by this act for the support of the cybersecurity apprenticeship program, the Department of Information Technology shall select up to five disabled veterans to participate in the program.

ADJUST IT BUDGETS AS NECESSARY DUE TO TRANSFER OF FUNCTIONS

SECTION 7.8.(a) Notwithstanding G.S. 143C-6-4, the Office of State Budget and Management, after coordination with the Department of Information Technology, the Department of Environmental Quality, the Department of Natural and Cultural Resources, and the Fiscal Research Division, may adjust information technology budgets, as appropriate, within the Department of Natural and Cultural Resources and the Department of Environmental Quality.

SECTION 7.8.(b) All information technology budget adjustments authorized by this section shall be completed by December 1, 2016, and shall be reflected in the base budget for the 2017-2019 fiscal biennium. Adjustments may be made only for the information technology budgets of the Department of Environmental Quality and the Department of Natural and Cultural Resources for the purposes stated in this section.

SECTION 7.8.(c) The Office of State Budget and Management shall report any adjustments made pursuant to this section to the Joint Legislative Oversight Committee on Information Technology, the Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources, and the Fiscal Research Division on or before January 15, 2017.

DATA CENTER CONSOLIDATION EXEMPTION FOR CLOUD-BASED SOLUTIONS

1 **SECTION 7.9.** Section 7.9(b) of S.L. 2015-241 reads as rewritten:

2 **"SECTION 7.9.(b)** State agencies shall use the State infrastructure to host their projects,
3 services, data, and applications, except that the State Chief Information Officer may grant an
4 exception if the State agency demonstrates any of the following:

- 5 (1) Using an outside contractor would be more cost effective for the State.
- 6 (2) The Department of Information Technology does not have the technical
7 capabilities required to host the application.
- 8 (3) Valid security requirements preclude the use of State infrastructure, and a
9 vendor can provide a more secure environment.

10 Applications that are natively or commercially sold and delivered as cloud-based solutions are
11 not subject to the requirements of this subsection."

12 **ENTERPRISE RESOURCE PLANNING DESIGN AND IMPLEMENTATION**

13 **SECTION 7.10.(a)** The Department of Information Technology, in coordination with
14 the Office of the State Controller and the Office of State Budget and Management, shall conduct
15 the planning and design of an enterprise resource planning system (ERP) for State agencies by
16 utilizing business process reengineering to identify and organize processes and workflow in order
17 to prioritize and link work activities to realize efficiencies and organize around outcomes. The
18 ERP system shall address, at a minimum, core financial management, grants, assets and inventory,
19 fleet management, and human resource management. A request for proposal for a replacement
20 system implementation shall be prepared for release no later than July 1, 2017. If the funding
21 needs exceed the funds allocated for the planning and request for proposal development efforts,
22 the Department of Information Technology may use savings generated through efficiencies gained
23 through overall Department operations, including procurement, to supplement the project;
24 provided, that the total amount expended for the project does not exceed five hundred thousand
25 dollars (\$500,000).

26 **SECTION 7.10.(b)** The Department of Information Technology, in coordination with
27 the Community College System Office, shall begin planning and design of an ERP for the State's
28 58 community colleges. The ERP system shall address, at a minimum, student administration, core
29 financial management, grants, human resource management, and payroll. A request for proposal
30 for a replacement system implementation shall be prepared for release no later than July 1, 2017.
31 If the funding needs exceed the funds allocated for the planning and request for proposal
32 development efforts, the Department of Information Technology may use funds from the North
33 Carolina Community College IT Systems budget code 26802; provided, that the total amount
34 expended for the project does not exceed one million dollars (\$1,000,000).

35 **SECTION 7.10.(c)** The Department of Information Technology shall submit a report
36 to the Joint Legislative Oversight Committee on Information Technology on or before January 15,
37 2017. The report shall identify results from the business process reengineering efforts for State
38 agencies and the Community College System and shall include at least all of the following:

- 39 (1) Proposed sequence of functional and site implementation.
- 40 (2) A phased-in contracting plan with checkpoints to facilitate budgeting and
41 program management.
- 42 (3) The feasibility of a cloud-based component.
- 43 (4) Cost estimate for full implementation.

44 **EXEMPT SBI & DPS FROM DIT OVERSIGHT**

45 **SECTION 7.11.(a)** Article 15 of Chapter 143B of the General Statutes is amended by
46 adding a new section to read:

47 "§ 143B-1320.1. Designation of separate agencies.

48 The following entities are designated as separate agencies pursuant to this Article:

- 49 (1) The Department of Public Safety.

(2) The State Bureau of Investigation."

SECTION 7.11.(b) G.S. 143B-1325(d) reads as rewritten:

"(d) Report on Transition Planning. – ~~The Department of Public Safety, the~~ The Community College System ~~Office, Office~~ and the State Board of Elections shall work with the State CIO to plan their transition to the Department. By October 1, 2018, these agencies, in conjunction with the State CIO, shall report to the Joint Legislative Oversight Committee on Information Technology and the Fiscal Research Division on their respective transition plans."

EXEMPT SBI & DPS FROM ENTERPRISE ACTIVE DIRECTORY PARTICIPATION

SECTION 7.12. Section 7.25 of S.L. 2015-241 reads as rewritten:

"AGENCY USE OF ENTERPRISE ACTIVE DIRECTORY

"SECTION 7.25.(a) On or before July 1, 2016, unless exempted by the Governor, all State agencies identified as principal departments under G.S. 143B-6 shall become direct members of and shall use the Enterprise Active Directory. A principal department may submit to the State Chief Information Officer a written request to deviate from certain requirements of the Enterprise Active Directory, provided that any deviation shall be consistent with available funding and shall be subject to any terms and conditions specified by the State Chief Information Officer.

"SECTION 7.25.(b) Subsection (a) of this section shall not apply to the State Bureau of Investigation or to the Department of Public Safety."

CRASH REPORTING PROGRAM MAINTENANCE

SECTION 7.13.(a) Establishment. – The Department of Transportation, Division of Motor Vehicles (Division), shall, through an open request for proposal process, seek to procure a contract with a private vendor for the statewide maintenance of the Crash Reporting Program. The Crash Reporting Program shall include at least all of the following components:

- (1) A comprehensive data repository for collision data.
- (2) A document repository for all collision reports in the State.
- (3) The capability to process paper reports, including scanning, data entry, validation of data against business edits, quality control application for reviewing reports, the ability to return or reject reports, and the ability to reprocess corrected reports.
- (4) The creation of an electronic submission application that incorporates all State validation rules to ensure that submitted reports are complete, accurate, and error-free.
- (5) A database capable of sharing statewide collision data with state and federal traffic safety partners, State law enforcement agencies, and the public.
- (6) A Web portal capability allowing authorized users to perform search functions and data extraction, obtain statistical traffic safety reports, map collision result sets, review configurable collision data dashboards, and perform data analysis against statewide collision data.
- (7) Compatibility with all data file formats and submission requirements for state and federal entities that require access to State collision data.

The request for proposal should seek to identify a vendor with a demonstrated history of providing substantially similar statewide services in at least three other states. The Division shall enter into a contract with a qualified vendor on or before October 31, 2016.

SECTION 7.13.(b) Reports. – The Division shall provide the following reports:

- (1) By April 30, 2017, a report to the Office of State Budget and Management and chairs of the House of Representatives Committee on Transportation Appropriations and the Senate Appropriations Committee on Department of Transportation on (i) the completion of the RFP process, including the name and qualifications of the firm awarded the contract, (ii) progress on the

- 1 transition of the maintenance of the Program, and (iii) any other findings of
2 interest determined by the Division.
- 3 (2) By April 30, 2018, a report to the Office of State Budget and Management and
4 chairs of the House of Representatives Committee on Transportation
5 Appropriations and the Senate Appropriations Committee on Department of
6 Transportation on (i) the number of accident reports purchased through the
7 e-commerce site, (ii) the revenue generated to the Division through the contract
8 with the vendor, and (iii) any savings realized by the Division from
9 implementation of the Program.

10 11 **PART VIII. PUBLIC SCHOOLS**

12 13 **FUNDS FOR CHILDREN WITH DISABILITIES**

14 **SECTION 8.1.** The State Board of Education shall allocate additional funds for
15 children with disabilities on the basis of three thousand nine hundred eighty-five dollars and
16 fifty-three cents (\$3,985.53) per child. Each local school administrative unit shall receive funds for
17 the lesser of (i) all children who are identified as children with disabilities or (ii) twelve and
18 one-half percent (12.5%) of its 2016-2017 allocated average daily membership in the local school
19 administrative unit. The dollar amounts allocated under this section for children with disabilities
20 shall also be adjusted in accordance with legislative salary increments, retirement rate adjustments,
21 and health benefit adjustments for personnel who serve children with disabilities.

22 23 **FUNDS FOR ACADEMICALLY GIFTED CHILDREN**

24 **SECTION 8.2.** Section 8.2 of S.L. 2015-241 reads as rewritten:

25 **"SECTION 8.2.** The State Board of Education shall allocate additional funds for academically
26 or intellectually gifted children on the basis of one thousand two hundred eighty dollars and
27 seventy cents (\$1,280.70) per child for fiscal ~~years-year~~ 2015-2016 and one thousand two hundred
28 ninety-five dollars and twenty-seven cents (\$1,295.27) per child for fiscal year 2016-2017. A local
29 school administrative unit shall receive funds for a maximum of four percent (4%) of its
30 2015-2016 allocated average daily ~~membership, membership~~ for the 2015-2016 fiscal year and a
31 maximum of four percent (4%) of its 2016-2017 allocated average daily membership for the
32 2016-2017 fiscal year, regardless of the number of children identified as academically or
33 intellectually gifted in the unit. The dollar amounts allocated under this section for academically or
34 intellectually gifted children shall also be adjusted in accordance with legislative salary
35 increments, retirement rate adjustments, and health benefit adjustments for personnel who serve
36 academically or intellectually gifted children."

37 38 **LITIGATION RESERVE FUNDS**

39 **SECTION 8.3.** The State Board of Education may expend up to five hundred
40 thousand dollars (\$500,000) for the 2016-2017 fiscal year from unexpended funds for licensed
41 employees' salaries to pay expenses related to litigation.

42 43 **SMALL COUNTY SUPPLEMENTAL FUNDS ELIGIBILITY**

44 **SECTION 8.4.** Section 8.4 of S.L. 2015-241 reads as rewritten:

45 **"SMALL SCHOOL SYSTEM SUPPLEMENTAL FUNDING**

46 ...

47 **"SECTION 8.4.(b)** Phase-Out Provision for the 2015-2016 Fiscal Year. – If a local school
48 administrative unit becomes ineligible for funding under the schedule in subsection (a) of this
49 section in the 2015-2016 fiscal year, funding for that unit shall be phased out over a five-year
50 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 2014-2015 in any fiscal year. A local school administrative unit shall not become ineligible for funding if either the higher 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 8.4.(c) Phase-Out Provision for the 2016-2017 Fiscal Year. – If a local school administrative unit becomes ineligible for funding under the schedule in subsection (a) of this section in the 2016-2017 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 2015-2016 in any fiscal year. A local school administrative unit shall not become ineligible for funding if either the higher 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.

...."

DRIVERS EDUCATION PROGRAM FUNDS

SECTION 8.5. Section 8.39(h) of S.L. 2015-241 reads as rewritten:

"SECTION 8.39.(h) Subsections (a), (b), and (c) of this section are effective July 1, 2016, and apply beginning with the 2016-2017 school year. ~~Subsections (a), (b), and (c) of this section are repealed effective December 31, 2017.~~ The remainder of this section is effective when this act becomes law."

LITERACY COACHES TO SUPPORT READ TO ACHIEVE IN LOW-PERFORMING ELEMENTARY SCHOOLS

SECTION 8.6.(a) G.S. 115C-83.6 is amended by adding the following new subsections to read:

"(d) To the extent State funds are allocated to a local school administrative unit for the placement of literacy coaches in elementary schools, those funds shall be used by local boards of education to employ literacy coaches who meet the requirements of subsection (d1) of this section to primarily assist teachers who teach kindergarten through third grade to further the purpose of this Part in ensuring that every student read at or above grade level by the end of third grade. To the extent practicable, literacy coaches may also assist teachers who teach fourth and fifth grade. A literacy coach shall assist teachers in the following ways: (i) provide a resource for professional development throughout an elementary school to build master teachers of reading schoolwide to improve student reading achievement, (ii) assist in the administration and analysis of formative, diagnostic and summative reading assessments, and (iii) provide differentiated reading instruction and intensive intervention based on student needs. The State Board shall allocate State funds for literacy coach positions for schools identified by the State Board as the lowest twenty percent (20%) of elementary schools. For a local school administrative unit with more than one school identified as eligible for State funds under this subsection, the State Board may allocate funds for one literacy coach position to serve more than one school in the unit if the schools have less than five full-time teachers employed in each grade level. The State Board may use up to five percent (5%) of the State funds appropriated for the purposes under this subsection to provide professional development to literacy coaches.

(d1) The State Board shall adopt rules regarding the employment of a literacy coach supported by State funds under subsection (d) of this section, including any required training or professional development, qualifications, and the duties and responsibilities of the literacy coach. Local school administrative units shall not require a literacy coach to perform administrative functions of teachers and shall monitor the implementation and effectiveness of literacy coaches working in schools. The rules adopted by the State Board on the qualifications of literacy coaches shall include at least the following:

(1) Literacy coaches shall have experience and expertise in the following:

a. Demonstrated success as a classroom teacher.

b. Knowledge of scientifically based reading practices.

c. Expertise in intensive reading instruction to meet the needs of individual students.

d. Ability to support teachers with the use of assessment data to inform instruction according to student needs.

e. Knowledge base in working with adult learners who are elementary school teachers.

f. Expertise in communication with outstanding presentation, interpersonal, and time management skills.

(2) A minimum of a bachelor's degree in elementary education.

(3) Advanced coursework or professional development in reading."

SECTION 8.6.(b) G.S. 115C-105.25(b) is amended by adding a new subdivision to read:

"(b) Subject to the following limitations, local boards of education may transfer and may approve transfers of funds between funding allotment categories:

...

(12) Funds available for employing literacy coaches in elementary schools pursuant to G.S. 115C-83.6(d) shall not be transferred."

TEACHER COMPENSATION MODELS AND ADVANCED TEACHING ROLES

SECTION 8.7.(a) Purpose. – The State Board of Education shall establish a three-year Pilot Program (Pilot) to develop advanced teaching roles and organizational models that link teacher performance and professional growth to salary increases in selected local school administrative units for classroom teachers. For the purposes of this section, a classroom teacher is a teacher who works in the classroom providing instruction at least seventy percent (70%) of the instructional day and who is not instructional support personnel. The purpose of the Pilot shall be to do the following:

(1) To allow highly effective classroom teachers to teach an increased number of students by assuming accountability for additional students, by becoming a lead classroom teacher accountable for the student performance of all of the students taught by teachers on that lead classroom teacher's team, or by leading a larger effort in the school to implement new instructional models to improve school-wide performance.

(2) Enable local school administrative units to provide salary supplements to classroom teachers in advanced teaching roles. Selection of an advanced teaching role classroom teacher and award of related salary supplements shall be made on the basis of demonstrated effectiveness and additional responsibilities.

(3) Enable local school administrative units to create innovative compensation models that focus on classroom teacher professional growth and student outcomes.

- (4) Utilize local plans to establish organizational changes related to compensation in order to sustain evidenced-based teaching practices that have the capacity to be replicated throughout the State.

SECTION 8.7.(b) Request for Proposals. – By September 15, 2016, the State Board of Education shall issue a Request for Proposal (RFP) for the Pilot. Local boards of education shall submit their proposals by October 15, 2016. The RFP shall require that proposals include the following information at a minimum:

- (1) Description of the program structure, including the process for teacher advancement based on performance, professional growth, or the specific teacher roles assumed by the teacher.
- (2) Descriptions of the advanced teaching roles, including minimum qualifications for the positions that must include at least one of the following:
 - a. Advanced certifications, such as National Board of Professional Teaching Standards Certification, or a masters degree in the area in which the classroom teacher is licensed and teaching.
 - b. A rating of at least accomplished on each of the Teacher Evaluation Standards 1-5 on the North Carolina Teacher Evaluation instrument or equivalent on an out-of-state evaluation system.
 - c. Exceeding expected student growth based on three years of teacher evaluation data as calculated by the State Board of Education.
 - d. Equivalent demonstrated mastery of teaching skills as required by the new local compensation model.
- (3) Job responsibilities that include at least one of the following:
 - a. Teaching an increased number of students and being accountable for their performance as teacher of record for those students.
 - b. Becoming a lead classroom teacher among a group of teachers and being the teacher of record for all students taught by that group of teachers.
 - c. Leading a school-wide effort to implement data-driven instructional models that include blended learning environments, utilizing digital learning and resources, and focusing on methods of improvement for school-wide performance issues.
 - d. Complete training that certifies the teacher as an in-house provider of professional development, function as an instructional content area coach, or other professional development area.
- (4) Description of how the local school administrative unit will inform all employees and the public on the criteria and selection for the advanced teaching roles; the continued eligibility requirements for the advanced teaching roles; and how the individuals selected for the advanced teaching roles will be evaluated.
- (5) Description of how the local school administrative unit will inform all employees and the public on the criteria for movement on the proposed new local compensation model.
- (6) The process for the voluntary relinquishment of an advanced teaching role, including the associated additional duties. Voluntary relinquishment of the advanced teaching role shall not be considered a demotion under Part 3 or Part 3A of Article 22 of Chapter 115C of the General Statutes.
- (7) Salary supplement information including the following:
 - a. The amount of the salary supplements that will be provided to those selected for the advanced teaching roles. The supplements may be up to thirty percent (30%) of the State teacher salary schedule.

- b. A statement by the local school administrative unit that the salary supplements will be paid as a supplement to the classroom teacher's regular salary and not be included in the average salary calculation used for budgeting State allotments.
- c. A statement by the local school administrative unit that if a classroom teacher in an advanced teaching role (i) fails to maintain the minimum criteria established for the position, (ii) is not successfully performing the additional duties associated with the advanced teaching role, or (iii) voluntarily relinquishes the advanced teaching role, the teacher shall only be paid the salary applicable to that individual on the State salary schedule and any other local supplements that would otherwise apply to the classroom teacher's compensation.
- d. The amount of the salary supplements at all levels of the proposed new local school administrative unit compensation model in relation to the State salary schedule.

(8) The implementation plan, including the number of schools in the local school administrative unit that will have advanced teaching roles and any new proposed compensation model; the number of advanced teaching roles at each of those schools; the number of students whose teacher of record will be a teacher in an advanced teaching role; and the number of teachers overall who would be eligible for the proposed new local school administrative unit compensation model.

(9) Plans for financial sustainability once the Pilot grant money is no longer available.

SECTION 8.7.(c) Selection by State Board of Education. – By December 15, 2016, 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 as follows:

- (1) Up to five local school administrative units with an average daily membership (ADM) equal to or less than 4,000.
- (2) Up to three local school administrative units with an ADM of 4,001 to 20,000.
- (3) Up to two local school administrative units with an ADM of 20,001 or more.

SECTION 8.7.(d) Pilot Implementation. – The selected local school administrative units shall implement their approved pilots beginning with the 2017-2018 school year and ending with the 2019-2020 school year. The local board of education for each selected pilot local school administrative unit shall provide any requested information and access to the independent research organization selected by the State Board of Education to evaluate the pilots.

SECTION 8.7.(e) Use of Grant Funds. – Funds awarded to local school administrative units shall be used for any of the following:

- (1) Salary supplements for advanced teaching roles.
- (2) Development of advanced teaching role plans.
- (3) Development of professional development courses.
- (4) Transition costs associated with designing and implementing advanced teaching role models in schools within the local school administrative unit. Transition costs may include employing staff members or contractors to assist with design and implementation of the pilot plan.
- (5) Development of the design and implementation of compensation plans that focus on teacher professional growth and student outcomes and the transition costs associated with designing and implementing new compensation plans, including employing staff members or contractors to assist with design and implementation of the pilot plan.

1 **SECTION 8.7.(f)** Pilot Evaluation. – The State Board of Education shall contract with
2 an independent research organization to evaluate how the advanced teaching roles and new
3 compensation plan pilots have accomplished, at a minimum, the following:

- 4 (1) Improvement in the quality of classroom instruction and increases in
5 school-wide growth.
- 6 (2) An increase in the attractiveness of teaching.
- 7 (3) Recognition, impact, and retention of high-quality classroom teachers.
- 8 (4) Assistance to and retention of beginning classroom teachers.
- 9 (5) Improvement in and expansion of use of technology and digital learning.

10 The independent research organization shall report annually beginning October 15,
11 2017, until the conclusion of the pilot to the State Board of Education on all aspects of the
12 implementation and evaluation of the pilot. The independent research organization shall also
13 evaluate, as part of the annual report, the existing Project LIFT, Inc., program in the
14 Charlotte-Mecklenburg Schools, and the proposed Project Advance in the Chapel Hill-Carrboro
15 City Schools, if that project is implemented. The State Board of Education shall provide the
16 annual report to the offices of the President Pro Tempore of the Senate and the Speaker of the
17 House of Representatives, the Senate Appropriations/Base Budget Committee, the House
18 Committee on Appropriations, the Senate Appropriations Committee on Education/Higher
19 Education, the House Appropriations Committee on Education, the Fiscal Research Division, and
20 the Joint Legislative Education Oversight Committee.

21 **SECTION 8.7.(g)** Of the funds appropriated to the Department of Public Instruction
22 by this act for the 2016-2017 fiscal year to support teacher compensation models and advanced
23 teaching roles, the Department may use up to two hundred thousand dollars (\$200,000) for the
24 State Board of Education to contract with an independent research organization for the pilot
25 evaluations. Funds appropriated to the Department of Public Instruction for the 2016-2017 fiscal
26 year for the Pilot shall not revert at the end of the fiscal year but shall remain available until
27 expended.

28 **SECTION 8.7.(h)** It is the intent of the General Assembly to appropriate from the
29 General Fund to the Department of Public Instruction for the 2017-2018 fiscal year the sum of
30 nine million eight hundred thousand dollars (\$9,800,000) for the State Board of Education to
31 select up to 10 local school administrative units to award funds for the pilot program in accordance
32 with this section. Funds awarded to the local school administrative units shall be awarded in
33 proportion to the current expenditure of the pilot local school administrative unit on teacher
34 salaries.

35 **SECTION 8.7.(i)** Flexibility for local school administrative units. – Notwithstanding
36 G.S. 115C-301, local school administrative units receiving grants under this program may exceed
37 the maximum class size requirements for kindergarten through third grade.

38 39 **ADVANCED PLACEMENT/INTERNATIONAL BACCALAUREATE TEACHER** 40 **BONUSES**

41 **SECTION 8.8.(a)** G.S. 115C-174.26(a) reads as rewritten:

42 "(a) It is the intent of the State to enhance accessibility and encourage students to enroll in
43 and successfully complete more rigorous advanced courses to enable success in postsecondary
44 education for all students. For the purposes of this section, an advanced course is an Advanced
45 Placement or International Baccalaureate Diploma Programme course. To attain this goal, to the
46 extent funds are made available for this purpose, the following shall be provided:

- 47 (1) ~~students~~ Students enrolled in public schools shall be exempt from paying any
48 fees for administration of examinations for advanced courses and registration
49 fees for advanced courses in which the student is enrolled regardless of the
50 score the student achieves on an examination.

- (2) Bonuses shall be awarded to teachers of advanced courses according to the following:
- a. A bonus in the amount of fifty dollars (\$50.00) for each student taught by an advanced course teacher in each advanced course who receives the following score:
1. For Advanced Placement courses, a score of three or higher on the College Board Advanced Placement Examination.
2. For International Baccalaureate Diploma Programme courses, a score of four or higher on the International Baccalaureate course examination.
- b. No teacher shall be awarded a bonus pursuant to this subdivision that exceeds two thousand dollars (\$2,000) in any given school year. The bonus awarded to a teacher pursuant to this subdivision shall be in addition to any regular wage or other bonus the teacher receives or is scheduled to receive."

SECTION 8.8.(b) This section applies beginning with the 2016-2017 school year.

BONUSES FOR INDUSTRY CERTIFICATIONS AND CREDENTIALS PROGRAM

SECTION 8.9.(a) G.S. 115C-156.2(a) reads as rewritten:

"(a) It is the intent of the State to encourage students to enroll in and successfully complete rigorous coursework and credentialing processes in career and technical education to enable success in the workplace. To attain this goal, to the extent funds are made available for this purpose, students shall be supported to earn approved industry certifications and ~~credentials~~; credentials and teachers shall receive bonuses for each student who earns an approved industry certification or credential as follows:

- (1) Students enrolled in public schools and in career and technical education courses shall be exempt from paying any fees for one administration of examinations leading to industry certifications and credentials pursuant to rules adopted by the State Board of Education.
- (2) Each school year, at such time as agreed to by the Department of Commerce and the State Board of Education, the Department of Commerce shall provide the State Board of Education with a list of those occupations in high need of additional skilled employees. If the occupations identified in such list are not substantially the same as those occupations identified in the list from the prior year, reasonable notice of such changes shall be provided to local school administrative units.
- (3) Local school administrative units shall consult with their local industries, employers, and workforce development boards to identify industry certification and credentials that the local school administrative unit may offer to best meet State and local workforce needs.
- (4) Bonuses shall be awarded to teachers of students earning approved industry certifications or credentials, pursuant to rules adopted by the State Board of Education. No teacher shall be awarded a bonus pursuant to this subdivision that exceeds two thousand dollars (\$2,000) in any given school year. Direct instruction teacher bonuses shall be provided in the following amounts:
- a. A bonus in the amount of twenty-five dollars (\$25.00) for each student taught by a teacher who provided instruction in a course that led to the attainment of an industry certification with a twenty-five-dollar (\$25.00) value ranking.
- b. A bonus in the amount of fifty dollars (\$50.00) for each student taught by a teacher who provided instruction in a course that led to the

attainment of an industry certification with a fifty-dollar (\$50.00) value ranking.

(5) The Department of Commerce, in consultation with the State Board of Education, shall assign a value ranking for each industry certification based on academic rigor and employment value in accordance with this subdivision. Fifty percent (50%) of the ranking shall be based on academic rigor and the remaining fifty percent (50%) on employment value. Academic rigor and employment value shall be based on the following elements:

- a. Academic rigor shall be based on the number of instructional hours, including work experience or internship hours, required to earn the industry certification or credential, with a bonus given for coursework that also provides community college credit.
- b. Employment value shall be based on the entry wage, growth rate in employment for each occupational category, and average annual openings for the primary occupation linked with the industry certification or credential."

SECTION 8.9.(b) This section applies beginning with the 2016-2017 school year.

NBPTS SUPPLEMENT FOR ALL INSTRUCTIONAL COACHES

SECTION 8.10. G.S. 115C-296.2(b)(2)d. reads as rewritten:

- "d. Spends at least seventy percent (70%) of his or her work time:
1. In classroom instruction, if the employee is employed as a teacher. Most of the teacher's remaining time shall be spent in one or more of the following: mentoring teachers, doing demonstration lessons for teachers, writing curricula, developing and leading staff development programs for teachers;
 2. In work within the employee's area of certification or licensure, if the employee is employed in an area of NBPTS certification other than direct classroom instruction; or
 3. As an instructional coach, as classified by the Department of Public Instruction, in a Title I school. ~~As used in this sub-sub-subdivision, a Title I school is a school identified under Part A of Title I of the Elementary and Secondary Education Act of 1965, as amended.~~Instruction."

CERTAIN CIHS OPERATING WITHOUT ADDITIONAL FUNDS

SECTION 8.11. Beginning with the 2016-2017 school year and for subsequent school years thereafter, notwithstanding G.S. 115C-238.51A(c) and G.S. 115C-238.54, Cabarrus Early College of Technology, Johnston County Career and Technical Academy, Stanly County School of Engineering and Design, City of Medicine Cooperative Innovative High School, and Hillside New Tech Cooperative Innovative High School shall be permitted to operate in accordance with G.S. 115C-238.53 and G.S. 115C-238.54 as cooperative innovative high schools approved under G.S. 115C-238.51A(c) and shall be subject to the evaluation requirements of G.S. 115C-238.55.

REPORT FOR SCHOOLS FOR STUDENTS WITH VISUAL AND HEARING IMPAIRMENTS/FOREIGN EXCHANGE STUDENTS

SECTION 8.12.(a) Article 9C of Chapter 115C of the General Statutes is amended by adding a new section to read:

"§ 115C-150.15. Local superintendent to report deaf and blind children.

It shall be the duty of local superintendents to report by October 15 of each year the names and addresses of parents, guardians, or custodians of any hearing impaired or visually impaired

children residing within their respective local school administrative units to the directors of the Governor Morehead School for the Blind, the Eastern North Carolina School for the Deaf, and the North Carolina School for the Deaf. The report shall include the type of disability of each child, including whether the hearing and visual impairments range from partial to total disability, and if the child has multiple disabilities with the visual or hearing impairment not identified as the primary disability of the student. The report shall also be made to the Department of Public Instruction."

SECTION 8.12.(b) G.S. 115C-150.14 reads as rewritten:

"§ 115C-150.14. Tuition and room and board.

(a) Only children who are residents of North Carolina are entitled to free tuition and room and board at a school governed by this Article.

(b) A school governed by this Article may enroll a foreign exchange student and shall charge the student the full, unsubsidized per capita cost of providing education at the school for the period of the student's attendance. For the purposes of this section, a foreign exchange student is a student who is domiciled in a foreign country and has come to the United States on a valid, eligible student visa.

(c) Notwithstanding subsection (b) of this section, foreign exchange students who have obtained the status of nonimmigrants pursuant to the Immigration and Nationality Act, 8 U.S.C. § 1101(a)(15)(F) may only be enrolled in a school governed by this Article in grades nine through 12 for a maximum of 12 months at the school."

SECTION 8.12.(c) This section applies beginning with the 2016-2017 school year. Local superintendents shall make the first report required under subsection (a) of this section no later than October 15, 2016.

VIRTUAL CHARTER SCHOOL CHANGES

SECTION 8.13.(a) Section 8.35(c) of S.L. 2014-100 reads as rewritten:

"SECTION 8.35.(c) In addition to the operating requirements applicable to a virtual charter school participating in the pilot program pursuant to Part 6A of Article 16 of Chapter 115C of the General Statutes, the following requirements shall apply to a participating virtual charter school:

(1) The school shall maintain an administrative office within North Carolina. In addition, the school shall maintain at least one testing center or meeting place within each of the eight State Board of Education districts where the participating students reside, to allow educators and administrators from the school to meet students and parents. When utilizing the testing center or meeting place for test administration, the school is permitted to do the following:

- a. Administer tests to multiple grade levels at the same time and location.
- b. Contract with a test administrator who is not employed by the board of directors of the school and meets the following criteria:
 1. Holds a valid, North Carolina educator license.
 2. Passes a criminal history check as defined in G.S. 115C-332(a)(1) performed by the school.
 3. Is trained on test administration in accordance with the North Carolina Testing Program.

(2) If the school contracts with a third party for the provision of administrative staff, such staff fulfilling the equivalent positions of superintendent, principal, or business officer shall be residents of North Carolina.

(3) All teaching staff shall carry the appropriate State certification to instruct any course and shall receive professional development in virtual instruction pursuant to the school's application to the State Board of Education to participate in the pilot program within 30 days of the employee's date of hire.

- 1 At least ~~ninety percent (90%)~~eighty percent (80%) of the teaching staff shall
2 reside within North Carolina.
- 3 (4) The school shall have a withdrawal rate below ~~twenty-five percent~~
4 ~~(25%)~~thirty-five percent (35%) each school year. A student who meets any of
5 the following criteria shall not be counted in measuring the school's withdrawal
6 rate:
- 7 a. A student enrolled in a school with the intent expressed prior to
8 enrollment of only being enrolled for a finite period of time within the
9 school ~~year shall not be counted in the measured withdrawal rate year.~~
10 The school shall keep a written record of a student's stated intent for
11 finite enrollment.
- 12 b. A student who is withdrawn from the school pursuant to subdivision (3)
13 of subsection (b) of this section.
- 14 c. A student who is no longer qualified under the laws of this State for
15 admission to a public school in North Carolina, including due to the
16 student relocating to another state.
- 17 d. A student who (i) withdraws from the school for a family, personal, or
18 medical reason and (ii) notifies the school of the reason for withdrawal.
19 The school shall keep a written record of a student's stated reason for
20 withdrawal under this sub-subdivision.
- 21 e. A student who withdraws from the school within the first 30 days
22 following the date of the student's enrollment.
- 23 (4a) A count of school attendance shall be taken at least once during each semester
24 for funding purposes.
- 25 (5) The school shall ensure that each student is assigned a learning coach. The
26 learning coach shall provide (i) daily support and supervision of students, (ii)
27 ensure student participation in online lessons, and (iii) coordinate teacher-led
28 instructional sessions and State assessments."

29 **SECTION 8.13.(b)** This section applies beginning with the 2016-2017 school year.

31 **NATIONALLY RECOGNIZED COLLEGE ENTRANCE EXAMS**

32 **SECTION 8.14.(a)** G.S. 115C-174.11(c)(4) reads as rewritten:

- 33 "(4) To the extent funds are made available, the State Board of Education shall ~~plan~~
34 ~~for and require the administration of the ACT test for use a competitive bid~~
35 process to adopt two or more nationally recognized college entrance exams to
36 make available to local school administrative units to administer to all students
37 in the eleventh grade unless the student has already taken a comparable test and
38 scored at or above a level set by the State Board in accordance with the
39 following:
- 40 a. From the nationally recognized college entrance exams adopted by the
41 State Board, each local board of education shall select one exam to be
42 used in the local school administrative unit. Upon request by one or
43 more local boards of education, the State Board shall enter into a
44 contract for a statewide service or contracts for regional services to offer
45 the nationally recognized college entrance exams in multiple local
46 school administrative units. These contracts shall be let in accordance
47 with the provisions of Article 3 of Chapter 143 of the General Statutes.
- 48 b. The State Board of Education shall require the administration of an
49 alternate to the ~~ACT~~selected nationally recognized college entrance
50 exam or an alternate to the ~~PLAN~~precursor test to the ACT to a student
51 who (i) exhibits severe and pervasive delays in all areas of conceptual,

linguistic, and academic development and in adaptive behaviors, including communication, daily living skills, and self-care, (ii) is following the extended content standards of the Standard Course of Study as provided in G.S. 115C-81, or is following a course of study that, upon completing high school, may not lead to admission into a college-level course of study resulting in a college degree, and (iii) has a written parental request for an alternate assessment.

c. The State Board of Education shall ensure that parents of students enrolled in all public schools, including charter and regional schools, have the necessary information to make informed decisions regarding participation in the ~~ACT and the PLAN precursor test to the ACT,~~ nationally recognized college entrance exams and precursor tests.

d. ~~Alternate assessment and ACT assessment results~~ Nationally recognized college entrance exams and alternate assessment results of students with disabilities shall be included in school accountability reports, including charter and regional schools, provided by the State Board of Education."

SECTION 8.14.(b) G.S. 115C-174.22 reads as rewritten:

"§ 115C-174.22. Tools for student learning.

To the extent funds are made available for this purpose, and except as otherwise provided in G.S. 115C-174.11(c)(4), the State Board shall plan for and require the administration of diagnostic tests in the eighth and tenth grades that align to the ~~ACT test in order~~ nationally recognized college entrance exams that are adopted through the competitive bid process and selected by local boards of education under G.S. 115C-174.11(c)(4). The results of the tests shall be used to help diagnose student learning and provide for students an indication of whether they are on track to be remediation-free at a community college or university."

SECTION 8.14.(c) The State Board of Education shall solicit bids through a competitive bid process to adopt two or more nationally recognized college entrance exams and precursor tests, as required by G.S. 115C-174.11(c)(4), as amended by this section, and G.S. 115C-174.22, as amended by this section. The State Board of Education shall report on the results of the competitive bid process to the Joint Legislative Education Oversight Committee and the Fiscal Research Division no later than November 15, 2016.

SECTION 8.14.(d) Subsections (a) and (b) of this section apply beginning with the 2017-2018 school year.

SCHOOL BUSINESS SYSTEM MODERNIZATION

SECTION 8.15.(a) The State Board of Education shall collaborate with the Friday Institute for Educational Innovation at North Carolina State University (Friday Institute) to develop a plan to modernize the systems used by the Department of Public Instruction, Financial and Business Services Division, to manage and deliver funds and technical support services to local school administrative units and charter schools. This process shall include modernization of the Division's systems for student information management, financial and payroll information, and human resources information.

SECTION 8.15.(b) By January 1, 2017, as a part of developing the plan, the Department of Public Instruction, in collaboration with the Friday Institute, shall issue a Request for Information to outside vendors and entities to determine the scope of work necessary, estimate the costs of modernization of the systems, and prepare a schedule for implementation.

SECTION 8.15.(c) By April 30, 2017, the State Board of Education shall report to the Joint Legislative Education Oversight Committee on the plan developed in accordance with this section for modernization of the systems used by the Financial and Business Services Division.

INTERNATIONAL EXCHANGE TEACHER FUNDS

SECTION 8.16. G.S. 115C-105.25(b)(5a) reads as rewritten:

"(5a) Positions allocated for classroom teachers may be converted to dollar equivalents to contract for visiting international exchange ~~teachers-teachers~~ through a visiting international exchange teacher program approved by the State. These positions shall be converted at the statewide average salary for classroom teachers, including benefits. The converted funds shall be used only to provide visiting international exchange teachers a salary commensurate with the teacher's experience level, to provide any State-approved bonuses, and to cover the costs associated with bringing visiting international exchange teachers to the local school administrative unit through a State-approved visiting international exchange teacher program and supporting the visiting exchange teachers-program, including cultural activities, background checks, medical coverage, and other program administration services in accordance with the federal regulations for the Exchange Visitor Program, 22 CFR Part 62."

K-12 CYBERSECURITY STUDY

SECTION 8.17. The Department of Public Instruction shall conduct a study on cybersecurity in North Carolina public schools, including charter schools. As part of the study, the Department may request local school administrative units and charter schools to submit a summary of their current policies and procedures on cybersecurity practices and procedures to protect student and employee personally identifiable data. By December 15, 2016, the Department shall report to the General Assembly in accordance with G.S. 120-29.5.

NORTH CAROLINA VIRTUAL PUBLIC SCHOOLS (NCVPS) REVENUES

SECTION 8.18. G.S. 66-58 reads as rewritten:

"§ 66-58. Sale of merchandise or services by governmental units.

(a) Except as may be provided in this section, it shall be unlawful for any unit, department or agency of the State government, or any division or subdivision of the unit, department or agency, or any individual employee or employees of the unit, department or agency in his, or her, or their capacity as employee or employees thereof, to engage directly or indirectly in the sale of goods, wares or merchandise in competition with citizens of the State, or to engage in the operation of restaurants, cafeterias or other eating places in any building owned by or leased in the name of the State, or to maintain service establishments for the rendering of services to the public ordinarily and customarily rendered by private enterprises, or to provide transportation services, or to contract with any person, firm or corporation for the operation or rendering of the businesses or services on behalf of the unit, department or agency, or to purchase for or sell to any person, firm or corporation any article of merchandise in competition with private enterprise. The leasing or subleasing of space in any building owned, leased or operated by any unit, department or agency or division or subdivision thereof of the State for the purpose of operating or rendering of any of the businesses or services herein referred to is hereby prohibited.

(b) The provisions of subsection (a) of this section shall not apply to:

- (1) Counties and municipalities.
- (2) The Department of Health and Human Services or the Department of Agriculture and Consumer Services for the sale of serums, vaccines, and other like products.
- (3) The Department of Administration, except that the agency shall not exceed the authority granted in the act creating the agency.
- (4) The State hospitals for the mentally ill.
- (5) The Department of Health and Human Services.
- (6) The North Carolina School for the Blind at Raleigh.
- (6a) The Division of Juvenile Justice of the Department of Public Safety.

- 1 (7) The North Carolina Schools for the Deaf.
2 (7a) The North Carolina Virtual Public School.
3 ...
4 (c) The provisions of subsection (a) shall not prohibit:
5 ...
6 ~~(20) The sale by the State Board of Education of NCVPS courses to home schools,~~
7 ~~private schools, and out-of-state educational entities.~~
8
9

10 MODIFY SCHOOL PERFORMANCE GRADES

11 **SECTION 8.19.** G.S. 115C-83.15(d) reads as rewritten:

12 "(d) Calculation of the School Performance Scores and Grades. – The State Board of
13 Education shall use EVAAS to calculate the school performance score by adding the school
14 achievement score, as provided in subsection (b) of this section, and the school growth score, as
15 provided in subsection (c) of this section, earned by a school. The school achievement score shall
16 account for ~~eighty percent (80%)~~, fifty percent (50%), and the school growth score shall account
17 for ~~twenty percent (20%)~~ fifty percent (50%) of the total sum. If a school has met expected growth
18 and inclusion of the school's growth score reduces the school's performance score and grade, a
19 school may choose to use the school achievement score solely to calculate the performance score
20 and grade. For all schools, the total school performance score shall be converted to a 100-point
21 scale and used to determine a school performance grade based on the following scale:

- 22 (1) A school performance score of at least ~~90~~85 is equivalent to an overall school
23 performance grade of A.
24 (2) A school performance score of at least ~~80~~70 is equivalent to an overall school
25 performance grade of B.
26 (3) A school performance score of at least ~~70~~55 is equivalent to an overall school
27 performance grade of C.
28 (4) A school performance score of at least ~~60~~40 is equivalent to an overall school
29 performance grade of D.
30 (5) A school performance score of less than ~~60~~40 points is equivalent to an overall
31 school performance grade of F."
32

33 JOINT LEGISLATIVE STUDY ON CIHS

34 **SECTION 8.20.(a)** There is established the Joint Legislative Study Committee on
35 Cooperative Innovative High Schools (Committee). The Committee shall consist of three
36 members of the Senate appointed by the President Pro Tempore of the Senate and three members
37 of the House of Representatives appointed by the Speaker of the House of Representatives. The
38 President Pro Tempore and the Speaker of the House of Representatives shall each appoint a
39 cochair of the Committee from among its membership. The Committee and the terms of the
40 members shall expire when the Committee submits a final report to the General Assembly.
41 Members shall serve at the pleasure of the appointing officer.

42 **SECTION 8.20.(b)** The Committee shall study and make recommendations on the
43 following issues:

- 44 (1) Identifying the policy goals of the Cooperative Innovative High Schools
45 program under Part 9 of Article 16 of Chapter 115C of the General Statutes and
46 whether revisions are necessary for establishing policy goals.
47 (2) Examining the current statutes to determine whether they support policy goals
48 and, if not, whether revisions to the statutes are necessary to reflect those goals.
49 (3) Identifying the current funding models for the Cooperative Innovative High
50 Schools program and whether revisions are necessary to accomplish the policy
51 goals and to ensure financial sustainability of the program.

1 **SECTION 8.20.(c)** The Committee shall meet upon the call of its cochairs. A quorum
2 of the Committee is a majority of its members. No action may be taken except by a majority vote
3 at a meeting at which a quorum is present. The Committee, while in the discharge of its official
4 duties, may exercise all powers provided for under G.S. 120-19 and Article 5A of Chapter 120 of
5 the General Statutes. The Committee may contract for professional, clerical, or consultant
6 services, as provided by G.S. 120-32.02. Members of the Committee shall receive per diem,
7 subsistence, and travel allowance as provided in G.S. 120-3.1. The expenses of the Committee
8 shall be considered expenses incurred for the joint operation of the General Assembly.

9 **SECTION 8.20.(d)** The Legislative Services Officer shall assign professional and
10 clerical staff to assist the Committee in its work. The Director of Legislative Assistants of the
11 House of Representatives and the Director of Legislative Assistants of the Senate shall assign
12 clerical support staff to the Committee.

13 **SECTION 8.20.(e)** The Committee shall submit a final report on the results of its
14 study, including any proposed legislation, to the members of the Senate and the House of
15 Representatives on or before December 31, 2016, by filing a copy of the report with the Office of
16 the President Pro Tempore of the Senate, the Office of the Speaker of the House of
17 Representatives, the Joint Legislative Education Oversight Committee, and the Legislative
18 Library. The Committee shall terminate on December 31, 2016, or upon the filing of its final
19 report, whichever occurs first.
20

21 **PILOT PROGRAM TO RAISE THE HIGH SCHOOL DROPOUT AGE FROM SIXTEEN** 22 **TO EIGHTEEN**

23 **SECTION 8.21.(a)** Notwithstanding any provisions in Part 1 of Article 26 of Chapter
24 115C of the General Statutes, G.S. 7B-1501(27), 115C-238.66(3), 116-235(b)(2), and
25 143B-805(20) to the contrary, the State Board of Education shall authorize the Hickory Public
26 Schools, the Newton-Conover City Schools, and the Rutherford County Schools to establish and
27 implement a five-year pilot program pursuant to this section to increase the high school dropout
28 age from 16 years of age to the completion of the school year coinciding with the calendar year in
29 which a student reaches 18 years of age, unless the student has previously graduated from high
30 school. The pilot program may be implemented beginning with the 2016-2017 school year and
31 shall end in the 2020-2021 school year.

32 **SECTION 8.21.(b)** For the purposes of implementing the pilot program authorized by
33 this section, a local school administrative unit that is participating in the pilot program shall have
34 the authority to provide that, if the principal or the principal's designee determines that a student's
35 parent, guardian, or custodian, or a student who is 18 years of age, has not made a good-faith
36 effort to comply with the compulsory attendance requirements of the pilot program, the principal
37 shall notify the district attorney and, if the student is less than 18 years of age, the director of
38 social services of the county where the student resides. If the principal or the principal's designee
39 determines that a parent, guardian, or custodian of a student less than 18 years of age has made a
40 good-faith effort to comply with the law, the principal may file a complaint with the juvenile court
41 counselor pursuant to Chapter 7B of the General Statutes that the student is habitually absent from
42 school without a valid excuse. Upon receiving notification by the principal or the principal's
43 designee, the director of social services shall determine whether to undertake an investigation
44 under G.S. 7B-302.

45 **SECTION 8.21.(c)** The local boards of education of the participating local school
46 administrative units shall prescribe specific rules to address under what circumstances a student
47 who is 18 years of age who is required to attend school as part of the pilot program shall be
48 excused from attendance, including if the student has attained a high school equivalency certificate
49 or a student has enlisted as a member of the Armed Forces.

50 **SECTION 8.21.(d)** For the purposes of implementing the pilot program authorized by
51 this section, any (i) parent, guardian, or other person having charge or control of a student enrolled

1 in a school located within a participating local school administrative unit and (ii) student who is 18
2 years of age enrolled in a school located within a participating local school administrative unit
3 who violates the compulsory attendance provisions of the pilot program without a lawful
4 exception recognized under Part 1 of Article 26 of Chapter 115C of the General Statutes or the
5 provisions of this section shall be guilty of a Class 1 misdemeanor.

6 **SECTION 8.21.(e)** If an affidavit is made by the student, parent of the student, or by
7 any other person that any student who is required to attend school under the requirements of the
8 pilot program is not able to attend school by reason of necessity to work or labor for the support of
9 himself or herself or the support of the family, then the school social worker of the applicable
10 school located within the participating school administrative unit shall diligently inquire into the
11 matter and bring it to the attention of an appropriate court, depending on the age of the student.
12 The court shall proceed to find whether as a matter of fact the student is unable to attend the
13 school or such parents, or persons standing in loco parentis, are unable to send the student to
14 school for the term of compulsory attendance for the reasons given. If the court finds, after careful
15 investigation, that the student or the parents have made or are making a bona fide effort to comply
16 with the compulsory attendance law, and by reason of illness, lack of earning capacity, or any
17 other cause which the court may deem valid and sufficient, the student is unable to attend school,
18 then the court shall find and state what help is needed for the student or family to enable
19 compliance with the attendance requirements under the pilot program.

20 **SECTION 8.21.(f)** Each local school administrative unit may use any funds available
21 to it to implement the pilot program in accordance with this section to (i) employ up to three
22 additional teachers and (ii) fund additional student-related costs, such as transportation and
23 technology costs, including additional computers, to serve a greater number of students as a result
24 of the pilot program. Each local school administrative unit may also use any funds available to it
25 to operate a night school program for students at risk of dropping out of high school. For Hickory
26 Public Schools and Newton-Conover City Schools, to the extent possible, the local school
27 administrative units shall partner with Catawba Valley Community College in administering the
28 pilot program. For Rutherford County Schools, to the extent possible, the local school
29 administrative unit shall partner with Isothermal Community College in administering the pilot
30 program.

31 **SECTION 8.21.(g)** The local school administrative units, in collaboration with the
32 State Board of Education, shall report to the Joint Legislative Education Oversight Committee, the
33 House Appropriations Subcommittee on Education, and the Senate Appropriations Committee on
34 Education/Higher Education with an interim report on or before January 15, 2018, and a final
35 report on or before January 15, 2021. The report shall include at least all of the following
36 information:

- 37 (1) An analysis of the graduation rate in each local school administrative unit and
38 the impact of the pilot program on the graduation rate.
- 39 (2) The teen crime statistics for Catawba County and for Rutherford County.
- 40 (3) The number of reported cases of violations of compulsory attendance laws in
41 Catawba County and Rutherford County and the disposition of those cases.
- 42 (4) Implementation of enforcement mechanisms for violations of the compulsory
43 attendance requirements of the pilot program, including the imposition of
44 criminal penalties.
- 45 (5) The number of at-risk students served in any night programs established as part
46 of the pilot program and student graduation and performance outcomes for
47 those students.
- 48 (6) All relevant data to assist in determining the effectiveness of the program and
49 specific legislative recommendations, including the continuation, modification,
50 or expansion of the program statewide.

1 **SECTION 8.21.(h)** The State Board of Education shall not authorize a pilot program
2 under subsection (a) of this section in Catawba County except upon receipt of a copy of a joint
3 resolution adopted by the boards of education for the Hickory Public Schools and the
4 Newton-Conover City Schools setting forth a date to begin establishment and implementation of
5 the pilot program. The State Board of Education shall not authorize a pilot program under
6 subsection (a) of this section in Rutherford County except upon receipt of a copy of a resolution
7 adopted by the board of education for the Rutherford County Schools setting forth a date to begin
8 establishment and implementation of the pilot program.
9

10 **READING ASSESSMENTS/READ TO ACHIEVE**

11 **SECTION 8.22.(a)** G.S. 115C-174.11 reads as rewritten:

12 **"§ 115C-174.11. Components of the testing program.**

13 (a) Assessment Instruments for Kindergarten, First, Second, and Third Grades. – The State
14 Board of Education shall develop, adopt, and provide to the local school administrative units
15 developmentally appropriate individualized assessment instruments consistent with the Basic
16 Education Program and Part 1A of Article 8 of this Chapter for the kindergarten, first, second, and
17 third grades. The State Board shall approve three valid, reliable, formative, and diagnostic reading
18 assessment instruments for selection by local school administrative units in accordance with the
19 following:

20 (1) Each approved assessment instrument shall provide a minimum of four
21 benchmark assessments, interim formative assessments, and progress
22 monitoring capabilities.

23 (2) In determining which instruments to approve for use by local school
24 administrative units, the State Board shall also consider at least the following
25 factors:

26 a. The time required to conduct formative and benchmark assessments
27 with the intention of minimizing the impact on instructional time.

28 b. The level of integration of assessment results with instructional support
29 for teachers and students.

30 c. The timeliness in reporting assessment results to teachers and
31 administrators.

32 d. The ability to provide timely assessment results to parents and
33 guardians.

34 (3) In no case shall an assessment instrument be approved for use by local school
35 administrative units if the cost of the assessment instrument, including related
36 instructional content, materials, and resources for teachers and students,
37 exceeds the funds appropriated for this purpose divided by the projected
38 enrollment of students in kindergarten, first, second, and third grades.

39 (a1) Each local school administrative unit shall select one valid, reliable, formative, and
40 diagnostic reading assessment from the three assessment instruments approved by the State Board
41 under subsection (a) of this section. Local school administrative units shall use ~~these~~ the
42 assessment instruments provided to them by the State Board for kindergarten, first, second, and
43 third grade students to assess progress, diagnose difficulties, and inform instruction and
44 remediation needs. Local school administrative units shall not use standardized tests for
45 summative assessment of kindergarten, first, and second grade students except as required as a
46 condition of receiving federal grants.

47 "

48 **SECTION 8.22.(b)** This section applies beginning with the 2017-2018 school year.
49

50 **DIGITAL LEARNING PLAN FUNDS**

SECTION 8.23. The State Board of Education shall collaborate with the Friday Institute for Educational Innovation at North Carolina State University to continue the progress in implementing the Digital Learning Plan in North Carolina public schools by doing at least the following:

- (1) Coordinate the implementation of professional learning programs that support teachers and school administrators in transitioning to digital-age learning.
- (2) Manage statewide cooperative purchasing of content, including statewide shared resources for teachers to use for lesson planning and formative student assessments.
- (3) Develop infrastructure maintenance and support protocols.
- (4) Modify and update State policies to provide the support and flexibility necessary for local digital learning innovation.
- (5) Develop and maintain a continuous improvement process.
- (6) Create assessments for technological and pedagogic skills and identify best practices from those assessments.

STUDY ON SCHOOL START AND RELEASE TIMES

SECTION 8.24. The State Board of Education shall study school start and release times for schools in each local school administrative unit. The State Board may require a report by local boards of education for each school in the local school administrative units on the start and release times. The State Board shall report the results of the study to the Joint Legislative Education Oversight Committee by December 15, 2017.

PART IX. COMPENSATION OF PUBLIC SCHOOL EMPLOYEES

TEACHER SALARY SCHEDULE

SECTION 9.1.(a) The following monthly teacher salary schedule shall apply for the 2016-2017 fiscal year to licensed personnel of the public schools who are classified as teachers. The salary schedule is based on years of teaching experience.

2016-2017 Teacher Monthly Salary Schedule

Years of Experience	"A" Teachers
0-4	\$3,500
5-9	3,800
10-14	4,200
15-19	4,500
20-24	4,800
25+	5,100

SECTION 9.1.(b) 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.

SECTION 9.1.(c) 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 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 9.1.(d) 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 9.1.(e) 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 9.1.(f) A teacher compensated in accordance with this salary schedule for the 2016-2017 school 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 teacher's salary provided in S.L. 2013-360, Section 35.11.
 - b. The longevity that the teacher would have received under the longevity system in effect for the 2013-2014 school year provided in S.L. 2013-360, Section 35.11, based on the teacher's current years of service.
 - c. The annual bonus provided in S.L. 2014-100, Section 9.1(e).
- (3) For teachers who were not eligible for longevity for the 2013-2014 school year, the sum of the teacher's salary and annual bonus provided in S.L. 2014-100, Section 9.1.

SECTION 9.1.(g) As used in this section, the term "teacher" shall also include instructional support personnel.

SECTION 9.1.(h) Teachers paid on the first through fifth step on the salary schedule and teachers paid on or above the twenty-sixth step on the salary schedule shall receive an annual bonus of one thousand dollars (\$1,000), payable monthly. The bonuses awarded in this subsection shall be treated as compensation under Article 1 of Chapter 135 of the General Statutes, the Teachers' and State Employees' Retirement System.

SECTION 9.1.(i) Section 9.1 of S.L. 2015-241 is repealed.

SCHOOL-BASED ADMINISTRATOR SALARY SCHEDULE

SECTION 9.2.(a) The following base salary schedule for school-based administrators shall apply only to principals and assistant principals. This base salary schedule shall apply for the 2016-2017 fiscal year commencing July 1, 2016.

2016-2017 Principal and Assistant Principal Salary Schedules

Classification

Years of Exp	Assistant Principal	Prin I (0-10)	Prin II (11-21)	Prin III (22-32)	Prin IV (33-43)
0-9	\$3,987	-	-	-	-
10	\$4,057	-	-	-	-

1	11	\$4,205	-	-	-	-
2	12	\$4,325	-	-	-	-
3	13	\$4,409	\$4,409	-	-	-
4	14	\$4,465	\$4,465	-	-	-
5	15	\$4,523	\$4,523	\$4,579	-	-
6	16	\$4,579	\$4,579	\$4,638	-	-
7	17	\$4,638	\$4,638	\$4,698	\$4,758	-
8	18	\$4,698	\$4,698	\$4,758	\$4,821	\$4,884
9	19	\$4,758	\$4,758	\$4,821	\$4,884	\$4,948
10	20	\$4,821	\$4,821	\$4,884	\$4,948	\$5,016
11	21	\$4,884	\$4,884	\$4,948	\$5,016	\$5,083
12	22	\$4,948	\$4,948	\$5,016	\$5,083	\$5,151
13	23	\$5,016	\$5,016	\$5,083	\$5,151	\$5,221
14	24	\$5,083	\$5,083	\$5,151	\$5,221	\$5,292
15	25	\$5,151	\$5,151	\$5,221	\$5,292	\$5,368
16	26	\$5,221	\$5,221	\$5,292	\$5,368	\$5,442
17	27	\$5,292	\$5,292	\$5,368	\$5,442	\$5,517
18	28	\$5,368	\$5,368	\$5,442	\$5,517	\$5,593
19	29	\$5,442	\$5,442	\$5,517	\$5,593	\$5,672
20	30	\$5,517	\$5,517	\$5,593	\$5,672	\$5,754
21	31	\$5,593	\$5,593	\$5,672	\$5,754	\$5,836
22	32	\$5,672	\$5,672	\$5,754	\$5,836	\$5,910
23	33	\$5,754	\$5,754	\$5,836	\$5,910	\$6,027
24	34	\$5,836	\$5,836	\$5,910	\$6,027	\$6,148
25	35	\$5,910	\$5,910	\$6,027	\$6,148	\$6,271
26	36	\$6,027	\$6,027	\$6,148	\$6,271	\$6,396
27	37	-	\$6,148	\$6,271	\$6,396	\$6,524
28	38	-	-	\$6,396	\$6,524	\$6,654
29	39	-	-	\$6,524	\$6,654	\$6,787
30	40	-	-	-	\$6,787	\$6,923
31	41	-	-	-	\$6,923	\$7,061
32	42	-	-	-	-	\$7,202

2016-2017 Principal and Assistant Principal Salary Schedules**Classification**

Years of Exp	Prin V (44-54)	Prin VI (55-65)	Prin VII (66-100)	Prin VIII (101+)
0-19	\$5,016	-	-	-
20	\$5,083	-	-	-
21	\$5,151	\$5,221	-	-
22	\$5,221	\$5,292	\$5,442	-
23	\$5,292	\$5,368	\$5,517	\$5,593
24	\$5,368	\$5,442	\$5,593	\$5,672
25	\$5,442	\$5,517	\$5,672	\$5,754
26	\$5,517	\$5,593	\$5,754	\$5,836
27	\$5,593	\$5,672	\$5,836	\$5,910
28	\$5,672	\$5,754	\$5,910	\$6,027
29	\$5,754	\$5,836	\$6,027	\$6,148
30	\$5,836	\$5,910	\$6,148	\$6,271
31	\$5,910	\$6,027	\$6,271	\$6,396
32	\$6,027	\$6,148	\$6,396	\$6,524
33	\$6,148	\$6,271	\$6,524	\$6,654

1	34	\$6,271	\$6,396	\$6,654	\$6,787
2	35	\$6,396	\$6,524	\$6,787	\$6,923
3	36	\$6,524	\$6,654	\$6,923	\$7,061
4	37	\$6,654	\$6,787	\$7,061	\$7,202
5	38	\$6,787	\$6,923	\$7,202	\$7,346
6	39	\$6,923	\$7,061	\$7,346	\$7,493
7	40	\$7,061	\$7,202	\$7,493	\$7,643
8	41	\$7,202	\$7,346	\$7,643	\$7,796
9	42	\$7,346	\$7,493	\$7,796	\$7,952
10	43	\$7,493	\$7,643	\$7,952	\$8,111
11	44	-	\$7,796	\$8,111	\$8,273
12	45	-	\$7,952	\$8,273	\$8,438
13	46+	-	-	\$8,438	\$8,607

SECTION 9.2.(b) The appropriate classification for placement of principals and assistant principals on the salary schedule, except for principals in alternative schools and in cooperative innovative high schools, shall be determined in accordance with the following schedule:

Classification	Number of Teachers Supervised
Assistant Principal	
Principal I	Fewer than 11 Teachers
Principal II	11-21 Teachers
Principal III	22-32 Teachers
Principal IV	33-43 Teachers
Principal V	44-54 Teachers
Principal VI	55-65 Teachers
Principal VII	66-100 Teachers
Principal VIII	More than 100 Teachers

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

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

SECTION 9.2.(c) A 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 and an additional step for every three years of experience serving as a principal on or before June 30, 2009. A principal or assistant principal shall also continue to receive any additional State-funded percentage increases earned for the 1997-1998, 1998-1999, and 1999-2000 school years for improvement in student performance or maintaining a safe and orderly school.

SECTION 9.2.(d) Principals and 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 9.2.(e) Longevity pay for principals and assistant principals shall be as provided for State employees under the North Carolina Human Resources Act.

SECTION 9.2.(f) If a principal is reassigned to a higher job classification because the principal is transferred to a school within a local school administrative unit with a larger number of State-allotted teachers, the principal shall be placed on the salary schedule as if the principal had served the principal's entire career as a principal at the higher job classification.

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

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

9 **SECTION 9.2.(g)** Participants in an approved full-time master's in-school
10 administration program shall receive up to a 10-month stipend at the beginning salary of an
11 assistant principal during the internship period of the master's program. The stipend shall not
12 exceed the difference between the beginning salary of an assistant principal plus the cost of
13 tuition, fees, and books and any fellowship funds received by the intern as a full-time student,
14 including awards of the Principal Fellows Program. The Principal Fellows Program or the school
15 of education where the intern participates in a full-time master's in-school administration program
16 shall supply the Department of Public Instruction with certification of eligible full-time interns.

17 **SECTION 9.2.(h)** During the 2016-2017 fiscal year, the placement on the salary
18 schedule of an administrator with a one-year provisional assistant principal's certificate shall be at
19 the entry-level salary for an assistant principal or the appropriate step on the teacher salary
20 schedule, whichever is higher.

21 **SECTION 9.2.(i)** Any person paid on the School-Based Administrator Salary
22 Schedule and employed on September 1, 2016, who does not receive a step increase on the
23 School-Based Administrator Salary Schedule, shall receive a nonrecurring salary bonus of five
24 hundred dollars (\$500.00), payable in the month of November 2016.

25 Notwithstanding G.S. 135-1(7a), the compensation bonus awarded by this section is
26 not compensation under Article 1 of Chapter 135 of the General Statutes, the Teachers' and State
27 Employees' Retirement System.

28 **SECTION 9.2.(j)** Section 9.3 of S.L. 2015-241 is repealed.
29

30 **NO PAY LOSS FOR BREAK IN SERVICE OR FOR TEACHERS WHO BECOME** 31 **PRINCIPALS**

32 **SECTION 9.3.(a)** G.S. 115C-285(a) reads as rewritten:
33 **"§ 115C-285. Salary.**

34 (a) Principals and supervisors shall be paid promptly when their salaries are due provided
35 the legal requirements for their employment and service have been met. All principals and
36 supervisors employed by any local school administrative unit who are to be paid from local funds
37 shall be paid promptly as provided by law and as state-allotted principals and supervisors are paid.

38 Principals and supervisors paid from State funds shall be paid as follows:
39

40 ...
41 (8) A teacher who becomes an assistant principal ~~without a break in service~~ shall
42 be paid, on a monthly basis, at least as much as he or she would earn as a
43 teacher employed by that local school administrative unit.

44 (8a) A teacher who becomes a principal shall be paid on a monthly basis, at least as
45 much as he or she would earn as a teacher employed by that local school
46 administrative unit.

47 (9) An assistant principal who becomes a principal ~~without a break in service~~ shall
48 be paid, on a monthly basis, at least as much as he or she would earn as an
49 assistant principal employed by that local school administrative unit."

50 **SECTION 9.3.(b)** Subsection (a) of this section shall not be construed to modify the
51 compensation of persons initially employed as principals or assistant principals prior to July 1,
2016, for work performed prior to July 1, 2016.

JOINT LEGISLATIVE STUDY COMMITTEE ON SCHOOL-BASED ADMINISTRATOR PAY

SECTION 9.4.(a) There is established the Joint Legislative Study Committee on School-Based Administrator Pay (Committee). The Committee shall consist of three members of the Senate appointed by the President Pro Tempore of the Senate and three members of the House of Representatives appointed by the Speaker of the House of Representatives. The President Pro Tempore and the Speaker of the House of Representatives shall each appoint a cochair of the Committee from among its membership. The Committee and the terms of the members shall expire when the Committee submits a final report to the General Assembly. Members shall serve at the pleasure of the appointing officer.

SECTION 9.4.(b) The Committee shall study and make recommendations on the following:

- (1) The feasibility of revising the school-based administrator salary schedule, including principal and assistant principal pay, and whether revisions are needed.
- (2) The process of recruiting and retaining principals in North Carolina as compared with the process of recruiting and retaining executives in other professions.
- (3) Strategies for recruiting and retaining the most qualified principals in low-performing and hard-to-staff schools.
- (4) Any other issue the Committee considers relevant to this study.

SECTION 9.4.(c) The Committee shall meet upon the call of its cochairs. A quorum of the Committee is a majority of its members. No action may be taken except by a majority vote at a meeting at which a quorum is present. The Committee, while in the discharge of its official duties, may exercise all powers provided for under G.S. 120-19 and Article 5A of Chapter 120 of the General Statutes. The Committee may contract for professional, clerical, or consultant services, as provided by G.S. 120-32.02. Members of the Committee shall receive per diem, subsistence, and travel allowance as provided in G.S. 120-3.1. The expenses of the Committee shall be considered expenses incurred for the joint operation of the General Assembly.

SECTION 9.4.(d) The Legislative Services Officer shall assign professional and clerical staff to assist the Committee in its work. The Director of Legislative Assistants of the House of Representatives and the Director of Legislative Assistants of the Senate shall assign clerical support staff to the Committee.

SECTION 9.4.(e) The Committee shall submit a final report on the results of its study, including any proposed legislation, to the members of the Senate and the House of Representatives on or before December 31, 2016, by filing a copy of the report with the Office of the President Pro Tempore of the Senate, the Office of the Speaker of the House of Representatives, the Joint Legislative Education Oversight Committee, and the Legislative Library. The Committee shall terminate on December 31, 2016, or upon the filing of its final report, whichever occurs first.

CENTRAL OFFICE SALARIES

SECTION 9.5.(a) The monthly salary ranges that follow apply to assistant superintendents, associate superintendents, directors/coordinators, supervisors, and finance officers for the 2016-2017 fiscal year, beginning July 1, 2016, and shall be increased by two percent (2%) annually as follows:

School Administrator I	\$ 3,459	\$ 6,449
School Administrator II	\$ 3,664	\$ 6,838
School Administrator III	\$ 3,887	\$ 7,252
School Administrator IV	\$ 4,041	\$ 7,539
School Administrator V	\$ 4,202	\$ 7,843

1 School Administrator VI \$ 4,455 \$ 8,314

2 School Administrator VII \$ 4,633 \$ 8,648

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

8 **SECTION 9.5.(b)** The monthly salary ranges that follow apply to public school
9 superintendents for the 2016-2017 fiscal year, beginning July 1, 2016, and shall be increased by
10 two percent (2%) annually as follows:

11 Superintendent I \$ 4,915 \$ 9,171

12 Superintendent II \$ 5,215 \$ 9,723

13 Superintendent III \$ 5,530 \$ 10,311

14 Superintendent IV \$ 5,867 \$ 10,935

15 Superintendent V \$ 6,224 \$ 11,599

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

20 **SECTION 9.5.(c)** Longevity pay for superintendents, assistant superintendents,
21 associate superintendents, directors/coordinators, supervisors, and finance officers shall be as
22 provided for State employees under the State Personnel Act.

23 **SECTION 9.5.(d)** Superintendents, assistant superintendents, associate
24 superintendents, directors/coordinators, supervisors, and finance officers with certification based
25 on academic preparation at the six-year degree level shall receive a salary supplement of one
26 hundred twenty-six dollars (\$126.00) per month in addition to the compensation provided pursuant
27 to this section. Superintendents, assistant superintendents, associate superintendents,
28 directors/coordinators, supervisors, and finance officers with certification based on academic
29 preparation at the doctoral degree level shall receive a salary supplement of two hundred
30 fifty-three dollars (\$253.00) per month in addition to the compensation provided for under this
31 section.

32 **SECTION 9.5.(e)** The State Board of Education shall not permit local school
33 administrative units to transfer State funds from other funding categories for salaries for public
34 school central office administrators.

35 **SECTION 9.5.(f)** Section 9.3 of S.L. 2015-241 is repealed.

37 NONCERTIFIED PERSONNEL SALARIES

38 **SECTION 9.6.(a)** The annual salary increase for permanent, full-time noncertified
39 public school employees whose salaries are supported from the State's General Fund shall be two
40 percent (2%), commencing July 1, 2016.

41 **SECTION 9.6.(b)** Local boards of education shall increase the rates of pay for such
42 employees who were employed for all or part of fiscal year 2015-2016 and who continue their
43 employment for fiscal year 2016-2017 by providing an annual salary increase for employees of
44 two percent (2%).

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

47 **SECTION 9.6.(c)** The State Board of Education may adopt salary ranges for
48 noncertified personnel to support increases of two percent (2%) for the 2016-2017 fiscal year.

49 **SECTION 9.6.(d)** Section 9.4 of S.L. 2015-241 is repealed.

51 PART X. COMMUNITY COLLEGES

UPDATE PERFORMANCE MEASURES

SECTION 10.1. G.S. 115D-31.3 reads as rewritten:

"§ 115D-31.3. Institutional performance accountability.

(e) Mandatory Performance Measures. – The State Board of Community Colleges shall evaluate each college on the following ~~eight~~ performance measures:

(1) Progress of basic skills students.

~~(2) Attainment of adult high school equivalency diplomas by students.~~

(3) Performance of students who transfer to a four-year institution.

~~(3a) Success rate of students in credit-bearing English courses.~~

~~(3b) Success rate of students in credit-bearing Math courses.~~

~~(4) Success of developmental students in subsequent college-level English courses.~~

~~(5) Success of developmental students in subsequent college-level math courses.~~

(5a) Progress of first-year curriculum students.

(6) Repealed by Session Laws 2012-142, s. 8.5, effective July 1, 2012.

(7) Curriculum student retention and graduation.

(8) Repealed by Session Laws 2012-142, s. 8.5, effective July 1, 2012.

(9) Attainment of licensure and certifications by students.

The State Board may also evaluate each college on additional performance measures.

(f) Publication of Performance Ratings. – Each college shall publish its performance on the ~~eight~~ measures set out in subsection (e) of this section (i) annually in its electronic catalog or on the Internet and (ii) in its printed catalog each time the catalog is reprinted.

The Community Colleges System Office shall publish the performance of all colleges on all ~~eight~~ measures.

(g) Recognition of Successful Institutional Performance. – For the purpose of recognition of successful institutional performance, the State Board of Community Colleges shall evaluate each college on the ~~eight~~ performance measures set out in subsection (e) of this section. Subject to the availability of funds, the State Board may allocate funds among colleges based on the evaluation of each institution's performance, including at least the following components:

(1) Program quality evaluated by determining a college's rate of student success on each measure as compared to a systemwide performance baseline and goal.

(2) Program impact on student outcomes evaluated by the number of students succeeding on each measure.

...."

CLARIFY USE OF CAREER COACH FUNDS

SECTION 10.2. Section 10.14(c) of S.L. 2015-241 reads as rewritten:

"SECTION 10.14.(c) The funds appropriated under this act to the Community Colleges System Office for the 2015-2017 fiscal biennium to match non-State funds to implement the NC Works Career Coach Program shall only be used for salary and benefits ~~for~~ of career coaches and for direct operating costs related to supporting NC Works Career Coaches."

PART XI. UNIVERSITIES**EXPAND INTERNSHIPS AND CAREER-BASED OPPORTUNITIES FOR STUDENTS ATTENDING HISTORICALLY BLACK COLLEGES AND UNIVERSITIES (HBCU).**

SECTION 11.1. Section 11.12(b) of S.L. 2015-241, Appropriations Act of 2015, reads as rewritten:

"SECTION 11.12.(b) ~~The~~ For the 2016-2017 fiscal year, the Board of Governors shall conduct a competitive process to select institutions of higher education that are Historically Black

Colleges and Universities to participate in the internship program which links ~~60a~~ a minimum of 95 students attending Historically Black Colleges and Universities with North Carolina-based companies. The Board of Governors shall determine the number of institutions that may participate in the program; however, at least two of the institutions shall be private institutions. Funds appropriated by this act for this internship program shall be allocated only to constituent institutions of The University of North Carolina that are designated as an HBCU and private colleges and universities located in North Carolina that are designated as an HBCU."

MODIFY NC GUARANTEED ADMISSION PROGRAM (NCGAP)

SECTION 11.2.(a) Section 11.7(b) of S.L. 2015-241 reads as rewritten:

"SECTION 11.7.(b) The Board of Governors of The University of North Carolina and the State Board of Community Colleges shall jointly study and evaluate how a deferred admission program, to be known as the North Carolina Guaranteed Admission Program (NCGAP), for students identified as academically at risk and designed pursuant to subsection (c) of this section, would address the issues and help achieve the goals set out in subsection (a) of this section. In its study the Board of Governors and State Board of Community Colleges shall also consider the best procedure for implementing NCGAP and the fiscal impact it may have with respect to enrollment. The Board of Governors and State Board of Community Colleges shall evaluate other measures currently in place designed to improve completion rates and consider any potential overlap with NCGAP."

SECTION 11.2.(b) Section 11.7(d) of S.L. 2015-241 reads as rewritten:

"SECTION 11.7.(d) The Board of Governors of The University of North Carolina and the State Board of Community Colleges shall report their initial finding and recommendations to the Joint Legislative Education Oversight Committee, the Fiscal Research Division, and the Office of State Budget and Management by March 1, ~~2016~~, 2016, and their finding and recommendations by January 1, 2017. The report shall include an analysis of the fiscal impact NCGAP may have with regard to enrollment at constituent institutions of The University of North Carolina and at community colleges, the number of students who may participate in NCGAP, and its effect on FTEs."

SECTION 11.2.(c) Section 11.7(e) of S.L. 2015-241 reads as rewritten:

"SECTION 11.7.(e) Based on the analysis conducted by the Board of Governors and the State Board of Community Colleges pursuant to subsection (b) of this section and the recommendations made pursuant to subsection (d) of this section, each constituent institution shall design a deferred admission program as part of NCGAP for implementation at the institution. The institution shall design the program so that it may be implemented at the institution beginning with the ~~2016-2017~~2017-2018 fiscal year and applied to the institution's admission process for the ~~2017-2018~~2018-2019 academic year and each subsequent academic year."

SECTION 11.2.(d) Section 11.7(g) of S.L. 2015-241 reads as rewritten:

"SECTION 11.7.(g) NCGAP shall be implemented at all constituent institutions and all community colleges beginning with the ~~2016-2017~~2017-2018 fiscal year and shall apply to admissions policies at each constituent institution and community college beginning with the ~~2017-2018~~2018-2019 academic year and each subsequent academic year."

UNC PART-WAY HOME STRATEGY/REPORT

SECTION 11.3. Beginning September 1, 2017, and annually thereafter, the President of The University of North Carolina shall report to the Joint Legislative Education Oversight Committee regarding the expenditure of State funds used to recruit, retain, and graduate "part-way home" and other nontraditional students who have completed some college but have not earned a degree and to cover other costs of implementing the strategy to reenroll "part-way home" students. The report shall include line item expenditures, descriptions of program activities and accomplishments, and data on outcome measures used to assess program effectiveness.

SUBPART XI-A. UNIVERSITIES/SEAA**NC SCHOLARSHIP FOR TEACHER ADVANCEMENT AND RETENTION (NCSTAR)**

SECTION 11A.1.(a) Article 23 of Chapter 116 of the General Statutes is amended by adding a new Part to read:

"Part 3. North Carolina Scholarship for Teacher Advancement and Retention Program.

"§ 116-209.60. Definitions.

The following definitions apply in this Part:

- (1) Commission. – The North Carolina Scholarship for Teacher Advancement and Retention Commission.
- (2) Director. – The Director of the North Carolina Scholarship for Teacher Advancement and Retention Program.
- (3) Fund. – The North Carolina Scholarship for Teacher Advancement and Retention Fund.
- (4) Program. – The North Carolina Scholarship for Teacher Advancement and Retention Program.
- (5) Scholarship loan. – A forgivable scholarship loan made under the Program.

"§ 116-209.61. North Carolina Scholarship for Teacher Advancement and Retention Commission established; membership.

(a) Commission Established. – There is established the North Carolina Scholarship for Teacher Advancement and Retention Commission. The Director of the North Carolina Scholarship for Teacher Advancement and Retention Program shall staff the Commission. The Authority shall be responsible for implementing scholarship loan agreements, monitoring, cancelling through service, collecting, and otherwise enforcing the agreements for the Program and scholarship loans established in accordance with this Part.

(b) Membership. – The Commission shall consist of 11 members appointed or shall serve ex officio as follows:

- (1) Two deans of approved schools of education at a postsecondary constituent institution of The University of North Carolina, appointed by the President of The University of North Carolina.
- (2) The North Carolina Teacher of the Year, ex officio.
- (3) A teacher who graduated from an approved teacher preparation program located in the State within three years of appointment to serve on the Commission, appointed by the General Assembly upon the recommendation of the Speaker of the House of Representatives.
- (4) The North Carolina Principal of the Year, ex officio.
- (5) A principal, appointed by the General Assembly upon the recommendation of the President Pro Tempore of the Senate.
- (6) The North Carolina Superintendent of the Year, ex officio.
- (7) One member to represent business and industry appointed by the Governor.
- (8) One local school board member appointed by the chair of the State Board of Education.
- (9) The chairperson of the Board of the State Education Assistance Authority, ex officio.
- (10) The Director of the North Carolina Scholarship for Teacher Advancement and Retention Program, ex officio. The Director shall chair the Commission.

(c) Terms of Office. – Appointments to the Commission shall be for two-year terms, expiring on July 1 in odd-numbered years. Members serving ex officio, other than the chairperson of the Board of the State Education Assistance Authority and Director of the North Carolina

Scholarship for Teacher Advancement and Retention Program, who have otherwise completed their term of service, shall continue to serve on the Commission until July 1, annually.

(d) Vacancies. – Except as otherwise provided, if a vacancy occurs in the membership, the appointing authority shall appoint another person to serve for the balance of the unexpired term.

(e) Expenses. – Commission members shall receive per diem, subsistence, and travel allowances in accordance with G.S. 138-5 or G.S. 138-6, as appropriate.

(f) Meetings. – The Commission shall meet regularly at times and places deemed necessary by the chair.

"§ 116-209.62. North Carolina Scholarship for Teacher Advancement and Retention Program established; administration.

(a) Program. – There is established the North Carolina Scholarship for Teacher Advancement and Retention Program to be administered by the General Administration of The University of North Carolina, in collaboration with the Authority and the Commission. The purpose of the Program is to recruit, prepare, and support North Carolina residents for preparation as highly effective teachers serving in hard-to-staff licensure areas and hard-to-staff public schools. The Program shall be used to provide a scholarship loan to individuals interested in preparing to teach in the public schools of the State in hard-to-staff licensure areas and hard-to-staff schools.

(b) Fund. – There is established the North Carolina Scholarship for Teacher Advancement and Retention Program Fund to be administered by the Authority, in collaboration with the General Administration of The University of North Carolina. All funds appropriated to, or otherwise received by, the Program for scholarships, all funds received as repayment of scholarship loans, and all interest earned on these funds shall be placed in the Fund. The purpose of the Fund is to provide financial assistance to qualified students for completion of teacher education and licensure programs to fill hard-to-staff licensure areas and hard-to-staff schools in the State.

(c) Uses of Monies in the Fund. – The monies in the Fund may be used only for scholarship loans granted under the Program, administrative costs associated with the Program, including recruitment and recovery of funds advanced under the Program, and extracurricular enhancement activities of the Program. The Authority may use up to two hundred thousand dollars (\$200,000) from the Fund in each fiscal year for its administrative costs, the salary of the Director of the Program, and expenses of the Commission. The Commission may use up to four hundred thousand dollars (\$400,000) each fiscal year for the extracurricular enhancement activities of the Program.

(d) Director. – The General Administration of The University of North Carolina shall appoint a Director of the Program. The Director shall chair and staff the Commission and shall be responsible for recruitment and coordination of the Program, including proactive, aggressive, and strategic recruitment of potential recipients, including targeting regions of the State with the highest teacher attrition rates and teacher recruitment challenges, active engagement with educators, business leaders, experts in human resources, elected officials, and other community leaders throughout the State, and attracting candidates in hard-to-staff licensure areas. The Authority shall provide office space and clerical support staff for the Program.

(e) Student Selection Criteria for Scholarship Loans. – The Commission shall determine selection criteria, methods of selection, and shall select recipients to receive scholarship loans. The Commission shall adopt stringent standards for awarding these scholarship loans based on multiple measures to ensure that only the strongest applicants receive them, including, but not limited to, 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) Stated commitments to either serving in a hard-to-staff school or licensure in a hard-to-staff licensure area for a minimum of four years.

(f) Program Selection Criteria. – The Authority shall administer the Program in cooperation with postsecondary constituent institutions of The University of North Carolina with educator preparation programs selected by the Commission. The Commission shall adopt stringent standards for selection of only the most effective educator preparation programs, including, but not limited to, 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 metric of evaluating candidate effectiveness that has predictive validity.

(2) Demonstrates measurable impact of prior graduates on student learning, including impact of graduates teaching in hard-to-staff schools and graduates teaching in hard-to-staff licensure areas.

(3) Provides curricular and co-curricular enhancements in leadership, the facilitation of learning for diverse learners, community engagement, classroom management, and reflection and assessment.

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

(5) Provides early and frequent internship or practical experiences, including the opportunity for participants to perform practicums in hard-to-staff schools.

(g) Awards of Scholarship Loans. – The Program shall provide scholarship loans to selected students to be used at selected institutions for completion of a program leading to teacher licensure as follows:

(1) North Carolina high school seniors. – Scholarship loans of up to eight thousand two hundred fifty dollars (\$8,250) per year for up to four years.

(2) Community college students and private, nonprofit two-year college students applying for transfer to an educator preparation program at a constituent institution of The University of North Carolina. – Scholarship loans of up to eight thousand two hundred fifty dollars (\$8,250) per year for up to two years.

(3) Individuals currently holding a bachelor's degree seeking preparation for teacher licensure. – Scholarship loans of up to eight thousand two hundred fifty dollars (\$8,250) per year for up to two years.

(4) Students matriculating at constituent institutions of The University of North Carolina who are changing to enrollment in an educator preparation program. – Scholarship loans of up to eight thousand two hundred fifty dollars (\$8,250) per year for up to two years.

Scholarship loans may be used for tuition, fees, and the cost of books.

(h) Identification of Hard-to-Staff Licensure Areas and Hard-to-Staff Schools. – The State Board of Education shall annually identify and provide to the Commission and the Authority a list of hard-to-staff areas of licensure and a list of hard-to-staff schools by local school administrative unit using, at a minimum, the following criteria to identify those lists:

(1) Hard-to-staff licensure areas. – The number of available positions in a licensure area relative to the number of current and anticipated teachers in that area of licensure.

(2) Hard-to-staff school. – Annual teacher turnover rates, number and percentage of teaching positions unfilled for more than half of the school year, number and percentage of teachers with entry professional educator licenses intended for

1 teachers with three or less years of teaching experience, percentage of students
2 at school failing to meet expected growth, percentage of students at school
3 scoring below grade level on standardized assessments, and school performance
4 grade on the annual school report card.

5 The Commission shall make the list readily available to applicants. A student awarded a
6 scholarship loan who enrolls in a program leading to a hard-to-staff licensure area shall continue
7 to receive the scholarship and be permitted to fulfill the requirements of the scholarship loan even
8 if that licensure area does not remain on the list following the student's year of enrollment. A
9 student awarded a scholarship loan who, upon graduation, is employed by a local board of
10 education to teach in a hard-to-staff school shall be permitted to fulfill the requirements of the
11 scholarship loan, even if that school does not remain on the list following the student's year of
12 initial employment.

13 (i) Administration of Scholarship Loan Awards. – Upon the naming of recipients of the
14 scholarship loans by the Commission, the Commission shall transfer to the Authority its decisions.
15 The Authority, in coordination with the Director, shall perform all of the administrative functions
16 necessary to implement this Part, which functions shall include rule making, dissemination of
17 information, disbursement, receipt, liaison with participating constituent institutions,
18 determination of the acceptability of service repayment agreements, and all other functions
19 necessary for the execution, payment, and enforcement of promissory notes required under this
20 Part.

21 (j) Annual Report. – The Commission, in coordination with the Authority, shall report no
22 later than January 1, 2017, and annually thereafter, to the Joint Legislative Education Oversight
23 Committee regarding the following:

24 (1) Loans awarded from the Fund, including the following:

- 25 a. Demographic information regarding recipients.
- 26 b. Number of recipients by constituent institution and program.
- 27 c. Information on number of recipients by anticipated program licensure
28 area.

29 (2) Placement and repayment rates, including the following:

- 30 a. Number of graduates who have been employed in a hard-to-staff school
31 and number of graduates who have been employed in a hard-to-staff
32 area within two years of program completion.
- 33 b. Number of graduates who have begun loan repayment and their years of
34 service, if any, prior to beginning loan repayment and information on
35 the number of graduates repaying a loan under the designation of
36 hard-to-staff school or hard-to-staff licensure area.
- 37 c. Number of graduates who have fulfilled service requirements through
38 employment in a hard-to-staff school and number of graduates who
39 have fulfilled service requirements through employment in a
40 hard-to-staff licensure area.
- 41 d. Number of graduates employed in a hard-to-staff school or hard-to-staff
42 licensure area who have received an overall rating of at least
43 accomplished and have met expected growth on applicable standards of
44 the teacher evaluation instrument.
- 45 e. Aggregate information on student growth and proficiency in courses
46 taught by graduates who have fulfilled service requirements through
47 employment in a hard-to-staff school and in a hard-to-staff licensure
48 area.

49 (3) Selected school outcomes by program, including the following:

- 50 a. Turnover rate for scholarship loan graduates.

- b. Aggregate information on student growth and proficiency in courses taught by scholarship loan graduates.
- c. Fulfillment rate of scholarship loan graduates.

"§ 116-209.63. Terms of loans; receipt and disbursement of funds.

(a) Notes. – All scholarship loans shall be evidenced by notes made payable to the Authority that bear interest at a rate not to exceed ten percent (10%) per year as set by the Authority and beginning 90 days after completion of the program leading to teacher licensure, or 90 days after termination of the scholarship loan, whichever is earlier. The scholarship loan may be terminated upon the recipient's withdrawal from school or by the recipient's failure to meet the standards set by the Commission.

(b) Forgiveness. – The Authority shall forgive the loan and any interest accrued on the loan if, within seven years after graduation from a program leading to teacher licensure, exclusive of any authorized deferment for extenuating circumstances, the recipient serves for four years as a teacher at a North Carolina public school identified as hard-to-staff or at a North Carolina public school in an identified hard-to-staff area of licensure, as provided in G.S. 116-209.61(h). The Authority shall also forgive the loan if it finds that it is impossible for the recipient to work for four years, within seven years after completion of the program leading to teacher licensure at a North Carolina public school because of the death or permanent disability of the recipient. If the recipient repays the scholarship loan by cash payments, all indebtedness shall be repaid within eight years after completion of the program leading to teacher licensure supported by the scholarship loan. If the recipient completes a program leading to teacher licensure, payment of principal and interest shall begin no later than 27 months after the completion of the program. Should a recipient present extenuating circumstances, the Authority may extend the period to repay the loan in cash to no more than a total of 12 years."

SECTION 11A.1.(b) Notwithstanding the requirements established in G.S. 116-209.61, as enacted by this section, initial appointments to the Commission shall be made no later than August 15, 2016. Initial appointment to the Commission shall expire July 1, 2018.

SECTION 11A.1.(c) The Commission shall establish initial selection criteria for recipients and constituent institutions of The University of North Carolina no later than November 15, 2016, and shall make available applications to prospective students no later than December 31, 2016.

SECTION 11A.1.(d) The State Board of Education shall establish criteria and identify hard-to-staff areas of licensure and hard-to-staff schools by local school administrative unit and provide that information to the Commission and Authority no later than November 1, 2016.

SECTION 11A.1.(e) The Commission shall select recipients and award the initial scholarship loans for the 2017-2018 school year no later than April 1, 2017.

MODIFICATIONS TO THE SPECIAL EDUCATION SCHOLARSHIP GRANT PROGRAM FOR CHILDREN WITH DISABILITIES

SECTION 11A.2.(a) G.S. 115C-112.5(2) reads as rewritten:

- "(2) Eligible student. – A child under the age of 22 who resides in North Carolina and meets all of the following criteria:
- a. Is a child with a disability.
 - b. Is eligible to attend a North Carolina public school pursuant to G.S. 115C-366.
 - c. Has not been placed in a nonpublic school or facility by a public agency at public expense.
 - d. Has not been enrolled in a postsecondary institution as a full-time student taking at least 12 hours of academic credit.
 - e. Has not received a high school diploma.

- f. Meets at least one of the following requirements:
1. Was enrolled in a North Carolina public school or 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 special education or related services through the North Carolina public schools as a preschool child with a disability during the previous semester.
 3. Was approved for a scholarship for the previous semester.
 4. Is a child who is identified as a child with a disability prior to the end of the year of initial enrollment in kindergarten or first grade. An award by the Authority based on eligibility under this sub-sub-subdivision shall be conditional. If documentation is not provided to the Authority that the child is a child with a disability prior to the end of the year of initial enrollment, (i) no reimbursement shall be awarded and (ii) the child shall not qualify the following year as an eligible student under sub-sub-subdivision 3. of this section.
 5. 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.
 6. Is a child who has been domiciled in the State for at least six months."

SECTION 11A.2.(b) G.S. 115C-112.6 reads as rewritten:

"§ 115C-112.6. Scholarships.

(a) Scholarship Applications. – The Authority shall make available no later than May 1 annually applications to eligible students for the award of scholarships. Information about scholarships and the application process shall be made available on the Authority's Web site. ~~The Authority shall give priority in awarding scholarships to eligible students who received a scholarship during the previous semester. Except as otherwise provided by the Authority for prior scholarship recipients, scholarships shall be awarded to eligible students in the order in which the applications are received.~~

(a1) Web Site Availability. – Information about scholarships and the application process shall be made available on the Authority's Web site. The Authority shall also include information on the Web site notifying parents that federal regulations adopted under IDEA provide that no parentally placed private school child with a disability has an individual right to receive some or all of the special education and related services that the child would receive if enrolled in a public school.

(a2) Priority of Awards. – The Authority shall award scholarships according to the following criteria for applications received by June 15 each year:

- (1) First priority shall be given to eligible students who received a scholarship during the previous semester.
- (2) After scholarships have been awarded under subdivision (1) of this subsection, scholarships shall be awarded to students who meet any of the criteria listed in G.S. 115C-112.5(2)f.1., 2., 4., and 5.
- (3) After scholarships have been awarded under subdivision (2) of this subsection, scholarships shall be awarded to students who meet the criteria found in G.S. 115C-112.5(2)f.6.

Scholarships shall be awarded to eligible students in each subdivision of this subsection in the order in which the applications are received.

(b) Scholarship Awards. – Scholarships awarded to eligible students shall be for amounts of not more than four thousand dollars (\$4,000) per semester per eligible student. Eligible students awarded scholarships may not be enrolled in a public school to which that student has been assigned as provided in G.S. 115C-366. Scholarships shall be awarded only for tuition and for the reimbursement of special education, related services, and educational technology, as provided in subsection (b1) of this section. The Authority shall notify parents in writing of their eligibility to receive scholarships for costs that will be incurred during the spring semester of the following year by December 1 and for costs incurred during the fall semester of that year by July 1.

(b1) Disbursement of Scholarship Funds. – The Authority shall disburse scholarship funds for tuition and for the reimbursement of costs incurred by the parent of an eligible student as follows:

- (1) ~~Scholarship Tuition endorsement for tuition and reimbursement. — The Authority shall remit, at least two times each school year, scholarship funds awarded to eligible students for endorsement by at least one of the student's parents or guardians for tuition to attend (i) a North Carolina public school other than the public school to which that student has been assigned as provided in G.S. 115C-366 or (ii) a nonpublic school that meets the requirements of Part 1 or Part 2 of Article 39 of this Chapter as identified by the Department of Administration, Division of Nonpublic Education. The Authority shall disburse scholarship funds awarded to eligible students for tuition at a nonpublic school based upon the method selected by the nonpublic school. A nonpublic school may elect to participate in the scholarship endorsement for tuition option or the reimbursement for tuition option as set forth in this subdivision. Scholarship funds shall not be provided for tuition for home schooled students. If the student is attending a nonpublic school, the school must be deemed eligible by the Division of Nonpublic Education, pursuant to G.S. 115C-562.4, and the school shall be subject to the requirements of G.S. 115C-562.5. The parent or guardian shall restrictively endorse the scholarship funds awarded to the eligible student to the school for deposit into the account of the school. The parent or guardian shall not designate any entity or individual associated with the school as the parent's attorney-in-fact to endorse the scholarship funds but shall endorse the scholarship funds in person at the site of the school. A parent's or guardian's failure to comply with this section shall result in forfeiture of the scholarship funds. A scholarship forfeited for failure to comply with this section shall be returned to the Authority to be awarded to another student.~~ Scholarship funds for tuition shall be disbursed as follows:

- a. Scholarship endorsement for tuition. – The Authority shall remit, at least two times each school year, scholarship funds awarded to eligible students for endorsement by at least one of the student's parents or guardians for tuition to attend a nonpublic school that meets the requirements of Part 1 or Part 2 of Article 39 of this Chapter as identified by the Department of Administration, Division of Nonpublic Education, is deemed eligible by the Division, and is subject to the requirements of G.S. 115C-562.5. The parent or guardian shall restrictively endorse the scholarship funds awarded to the eligible student to the school for deposit into the account of the school. The parent or guardian shall not designate any entity or individual associated with the school as the parent's attorney-in-fact to endorse the scholarship funds but shall endorse the scholarship funds in person at

the site of the school. A parent's or guardian's failure to comply with this section shall result in forfeiture of the scholarship funds. A scholarship forfeited for failure to comply with this section shall be returned to the Authority to be awarded to another student.

b. Reimbursement for tuition. – The parent or guardian of an eligible student who enrolls in a school that is (i) a North Carolina public school other than the public school to which that student has been assigned as provided in G.S. 115C-366 or (ii) a nonpublic school that meets the requirements of Part 1 or Part 2 of Article 39 of this Chapter as identified by the Department of Administration, Division of Nonpublic Education, is deemed eligible by the Division, and is not subject to G.S. 115C-562.5, shall pay tuition directly to the school. The Authority shall reimburse the parent or guardian no sooner than the midpoint of each semester. A parent or guardian may receive reimbursement for tuition if the parent or guardian provides documentation that the student was enrolled in a school under this sub-subdivision.

(2) Scholarship reimbursements for costs. – Scholarship reimbursement for costs incurred shall be provided as follows:

a. Preapproval process. – Prior to the start of each school semester, the parent of an eligible student may submit documentation of the special education, related services, or educational technology the parent anticipates incurring costs on in that semester for preapproval by the Authority.

b. Reimbursement submissions. – Following the conclusion of each school semester, the parent of an eligible student shall submit to the Authority any receipts or other documentation approved by the Authority to demonstrate the costs incurred during the semester. In addition, parents shall provide documentation of the following to seek reimbursement:

1. Special education reimbursement. – Parents may only receive reimbursement for special education if the parent provides documentation that the student received special education for no less than 75 days of the semester for which the parent seeks reimbursement. Special education reimbursement shall not be provided for special education instruction provided to a home schooled student by a member of the household of a home school, as defined in G.S. 115C-563(a).

2. Related services reimbursement. – Parents may only receive reimbursement for related services if the parent provides documentation that the student also received special education for no less than 75 days of the semester for which the parent seeks reimbursement for the related services. Related services reimbursement shall not be provided for related services provided to a home schooled student by a member of the household of a home school, as defined in G.S. 115C-563(a).

3. Educational technology reimbursement. – Parents may only receive reimbursement for educational technology if the parent provides documentation that the student used the educational technology for no less than 75 days of the semester for which the parent seeks reimbursement.

c. Scholarship award. – The Authority shall award a scholarship in the amount of costs demonstrated by the parent up to the maximum amount.

If the costs incurred by the parent do not meet the maximum ~~amount, amount for the fall semester,~~ the Authority shall use the remainder of those funds for the award of scholarships to eligible students for the following ~~semester, spring semester.~~ The Authority shall award scholarships to the parents of eligible students at least semiannually.

d. Carryforward of funds for reimbursements. – Any unexpended scholarship funds at the end of each fiscal year shall revert to the General Fund, except that the Authority may carry forward for the next fiscal year an amount necessary to ensure that any outstanding, allowable reimbursements can be disbursed in accordance with this section. Any funds carried forward for the purpose of meeting anticipated reimbursement obligations from the prior fiscal year that are not expended shall not be used to award additional scholarships to eligible students but shall revert to the General Fund at the end of the that fiscal year.

(c) Student Continuing Eligibility. – After an eligible student's initial receipt of a scholarship, the Authority shall ensure that the student's continuing eligibility is assessed at least every three years by one of the following:

- (1) The local educational agency. – The local school educational agency shall assess if the child continues to be a child with a disability and verify the outcome on a form to be provided to the Authority.
- (2) A licensed psychologist with a school psychology ~~focus, focus or a psychiatrist.~~
– The psychologist or psychiatrist shall assess, after review of appropriate medical and educational records, if the education and related services received by the student in the nonpublic school setting have improved the child's educational performance and if the student would continue to benefit from placement in the nonpublic school setting. The psychologist or psychiatrist shall verify the outcome of the assessment on a form to be provided to the Authority.

...."

SECTION 11A.2.(c) G.S. 115C-112.8(b) reads as rewritten:

"(b) The annual report shall include all of the following information:

- (1) Total number, age, and grade level of eligible students receiving scholarships.
- (2) Total amount of scholarship funding awarded.
- (3) Nonpublic schools in which scholarship recipients are enrolled and the number of scholarship students at that school.
- (4) The type of special education or related services for which scholarships were awarded.
- (5) Total number of applicants by eligibility type, as listed in G.S. 115C-112.5(2)f., and the total number of scholarships awarded by priority type, as listed in G.S. 115C-112.6(a2)."

SECTION 11A.2.(d) Notwithstanding G.S. 115C-112.5(2)f.1., for the 2016-2017 school year only, a child shall be deemed to have met the eligibility requirement of enrollment in a North Carolina public school during the previous semester under G.S. 115C-112.5(2)f.1. if (i) the child's parent or guardian submitted an application and was eligible to receive a scholarship grant under Part 1H of Article 9 of Chapter 115C of the General Statutes for the 2015-2016 school year and was enrolled in a public school for at least 75 days during the spring semester of the 2014-2015 school year or (ii) the child was enrolled for at least 75 days during the spring semester of the 2015-2016 school year.

SECTION 11A.2.(e) Except as otherwise provided in this section, this section applies beginning with the 2016-2017 school year.

MODIFICATIONS TO THE OPPORTUNITY SCHOLARSHIP PROGRAM**SECTION 11A.3.(a)** G.S. 115C-562.1(3) reads as rewritten:

"(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:

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 (133%) of the amount required for the student to qualify for the federal free or reduced-price lunch program."

SECTION 11A.3.(b) G.S. 115C-562.2(a)(2) reads as rewritten:

"(2) After scholarship grants have been awarded to prior recipients as provided in subdivision (1) of this subsection, scholarships shall be awarded with remaining funds as follows:

- a. At least fifty percent (50%) of the remaining funds shall be used to award scholarship grants to eligible students residing in households with an income level not in excess of the amount required for the student to qualify for the federal free or reduced-price lunch program.
- b. No more than thirty-five percent (35%) of the remaining funds shall be used to award scholarship grants to eligible students entering ~~either kindergarten or first grade.~~ kindergarten.
- c. Any remaining funds shall be used to award scholarship grants to all other eligible students."

SECTION 11A.3.(c) This section applies beginning with the 2016-2017 school year.

TRANSFORMING PRINCIPAL PREPARATION/CLARIFY RFP GRANTS**SECTION 11A.4.** Subsection 11.9(f) of S.L. 2015-241 reads as rewritten:

"SECTION 11.9.(f) Application Requirements. – The nonprofit corporation entering into a contract with the Authority under subsection (d) of this section shall issue an initial RFP with guidelines and criteria for the grants no later than March 1, 2016. The nonprofit corporation may issue additional RFPs for grant applicants as it may deem necessary, subject to available funds. An eligible entity that seeks a grant under the program authorized by this section shall submit to the nonprofit corporation an application at such time, in such manner, and accompanied by such

information as the nonprofit may require. An applicant shall include at least the following information in its response to the RFP for consideration by the nonprofit corporation:

- (1) The extent to which the entity has a demonstrated record of preparing school leaders who implement school leadership practices linked to increased student achievement.
- (2) The extent to which the entity has a rigorous school leader preparation program design that includes the following research-based programmatic elements:
 - a. A proactive, aggressive, and intentional recruitment strategy.
 - b. Rigorous selection criteria based on competencies that are predictive of success as a school leader, including, but not limited to, evidence of significant positive effect on student learning growth in the classroom, at the school-level, and the local school administrative unit-level, professional recommendations, evidence of problem solving and critical thinking skills, achievement drive, and leadership of adults.
 - c. Alignment to high-quality national standards for school leadership development.
 - d. Rigorous coursework that effectively links theory with practice through the use of field experiences and problem-based learning.
 - e. Full-time clinical practice of at least five months in duration in an authentic setting, including substantial leadership responsibilities where candidates are evaluated on leadership skills and effect on student outcomes as part of program completion.
 - f. Multiple opportunities for school leader candidates to be observed and coached by program faculty and staff.
 - g. Clear expectations for and firm commitment from school leaders who will oversee the clinical practice of candidates.
 - h. Evaluation of school leader candidates during and at the end of the clinical practice based on the North Carolina School Executive Evaluation Rubric.
 - i. A process for continuous review and program improvement based on feedback from partnering local school administrative units and data from program completers, including student achievement data.
 - j. Established relationship and feedback loop with affiliated local school administrative units that is used to inform and improve programmatic elements from year to year based on units' needs."

PART XII. DEPARTMENT OF HEALTH AND HUMAN SERVICES

SUBPART XII-A. CENTRAL MANAGEMENT AND SUPPORT

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

SECTION 12A.1. Section 12A.7 of S.L. 2015-241 reads as rewritten:

"SECTION 12A.7.(a) Funds appropriated in this act in the amount of five million eight hundred three thousand dollars (\$5,803,000) for the 2015-2016 fiscal year and thirteen million fifty-two thousand dollars (\$13,052,000) for the 2016-2017 fiscal year along with prior year earned revenue in the amount of nine million four hundred thousand dollars (\$9,400,000) for the 2015-2016 fiscal year and ten million nine hundred eighty-nine thousand seventeen dollars (\$10,989,017) for the 2016-2017 fiscal year; and for each of those fiscal years, the cash balance in Budget Code 24410 Fund 2411 for the North Carolina Families Accessing Services through Technology (NC FAST) project shall be used to match federal funds in the 2015-2016 and

~~2016-2017 fiscal years~~ to expedite the development and implementation of Child Care, Low Income Energy Assistance, Crisis Intervention Programs, Child Services, ~~and NC FAST Federally-Facilitated Marketplace (FFM) Interoperability~~ Interoperability, and Additional Medicaid Eligibility Requirements and Enterprise Program Integrity components of the NC FAST program. 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 Committees on Health and Human Services and Information Technology and the Fiscal Research Division.

"**SECTION 12A.7.(b)** Departmental receipts appropriated in this act in the amount of nine million eight hundred seventy-one thousand fifty-nine dollars (\$9,871,059) for the 2015-2016 fiscal year and ~~thirteen million two hundred twenty thousand six hundred sixty-five dollars (\$13,220,665)~~ twenty-five million eight hundred fifty-eight thousand one hundred eighty-seven dollars (\$25,858,187) for the 2016-2017 fiscal year shall be used to provide ongoing maintenance and operations for the NC FAST system, including the creation of three full-time equivalent technology support analyst positions."

ELIMINATION OF NC TRACKS ICD-10 IMPLEMENTATION REPORT

SECTION 12A.2. Section 12A.6(b) of S.L. 2015-241 is repealed.

FINAL REPORT ON COMMUNITY PARAMEDICINE PILOT PROGRAM

SECTION 12A.3. Section 12A.12(e) of S.L. 2015-241 reads as rewritten:

"**SECTION 12A.12.(e)** The Department of Health and Human Services shall submit a final report to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division by ~~November 1, 2016~~ March 1, 2017. At a minimum, the final report shall include all of the following:

- (1) An updated version of the evaluation plan required by subsection (d) of this section.
- (2) An estimate of the cost to expand the program incrementally and statewide.
- (3) An estimate of any potential savings of State funds associated with expansion of the program.
- (4) If expansion of the program is recommended, a time line for expanding the program."

CONTRACTING SPECIALIST TRAINING PROGRAM

SECTION 12A.4.(a) The School of Government at the University of North Carolina at Chapel Hill (SOG), in collaboration with the Director of Procurement, Contracts and Grants for the Department of Health and Human Services, shall prepare a proposal for the design of a contracting specialist training program for management level personnel within the Department that is based on both national standards and the Certified Local Government Purchasing Officer Program administered by the SOG. By August 1, 2016, the SOG and the Department shall submit the proposal prepared pursuant to this subsection to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division.

SECTION 12A.4.(b) The SOG, in collaboration with the Director of Procurement, Contracts and Grants for the Department of Health and Human Services, shall prepare a proposal for the implementation and administration of the contracting specialist training program for management level personnel within the Department. The proposal shall include budget estimates for program implementation and administration based on the requirements of the program design. The SOG and the Department shall submit the proposal prepared pursuant to this subsection, including budget estimates for program implementation and administration, to the House Appropriations Committee on Health and Human Services, the Senate Appropriations Committee on Health and Human Services, and the Fiscal Research Division for consideration during the 2017 Regular Session.

1 **SECTION 12A.4.(c)** This section is effective when it becomes law.

2
3 **REVISE LIST OF INITIATIVES/COMPETITIVE GRANTS/NONPROFIT**
4 **ORGANIZATIONS**

5 **SECTION 12A.5.** Section 12A.8(b)(4) of S.L. 2015-241 reads as rewritten:

6 **"SECTION 12A.8.(b)** The Department shall continue administering a competitive grants
7 process for nonprofit funding. The Department shall administer a plan that, at a minimum,
8 includes each of the following:

9 ...

10 (4) A process that awards grants to nonprofits that have the capacity to provide
11 services on a statewide basis and that support any of the following State health
12 and wellness initiatives:

- 13 a. A program targeting advocacy, support, education, or residential
14 services for persons diagnosed with autism.
- 15 b. A system of residential supports for those afflicted with substance abuse
16 addiction.
- 17 c. A program of advocacy and supports for individuals with intellectual
18 and developmental disabilities or severe and persistent mental illness,
19 substance abusers, or the elderly.
- 20 d. Supports and services to children and adults with developmental
21 disabilities or mental health diagnoses.
- 22 ~~e. A food distribution system for needy individuals.~~
- 23 f. The provision and coordination of services for the homeless.
- 24 g. The provision of services for individuals aging out of foster care.
- 25 h. Programs promoting wellness, physical activity, and health education
26 programming for North Carolinians.
- 27 ~~i. The provision of services and screening for blindness.~~
- 28 j. A provision for the delivery of after-school services for apprenticeships
29 or mentoring at-risk youth.
- 30 k. The provision of direct services for amyotrophic lateral sclerosis (ALS)
31 and those diagnosed with the disease.
- 32 l. A comprehensive smoking prevention and cessation program that
33 screens and treats tobacco use in pregnant women and postpartum
34 mothers.
- 35 m. A program providing short-term or long-term residential substance
36 abuse services. For purposes of this sub-subdivision, "long-term" means
37 a minimum of 12 months."

38
39 **REPORTS BY NON-STATE ENTITIES RECEIVING DIRECT APPROPRIATIONS**

40 **SECTION 12A.6.(a)** The Department of Health and Human Services shall require the
41 following non-State entities to match ten percent (10%) of the total amount of State appropriations
42 received each fiscal year. In addition, the Department shall direct these entities to submit a written
43 report annually, beginning November 1, 2017, of all activities funded by State appropriations to
44 the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research
45 Division:

- 46 (1) Food Bank of Central and Eastern North Carolina, Inc.
- 47 (2) Food Bank of the Albemarle.
- 48 (3) Manna Food Bank.
- 49 (4) Second Harvest Food Bank of Metrolina, Inc.
- 50 (5) Second Harvest Food Bank of Northwest North Carolina, Inc.
- 51 (6) Second Harvest Food Bank of Southeast North Carolina.

(7) North Carolina Association of Feeding America Food Banks.

(8) Prevent Blindness NC.

SECTION 12A.6.(b) The report required by subsection (a) of this section 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 and funding sources.

(6) The source and amount of any matching funds received by the entity.

SUBPART XII-B. DIVISION OF CHILD DEVELOPMENT AND EARLY EDUCATION

NC PRE-K/CLARIFY BUILDING STANDARDS

SECTION 12B.1.(a) Section 12B.1 of S.L. 2015-241 is amended by adding a new subsection to read:

"SECTION 12B.1.(b1) Building Standards. – Public schools operating prekindergarten classrooms shall meet the building standards for preschool students as provided in G.S. 115C-521.1."

SECTION 12B.1.(b) Section 12B.1(c) of S.L. 2015-241 reads as rewritten:

"SECTION 12B.1.(c) Programmatic Standards. – ~~All~~ Except as provided in subsection (b1) of this section, entities operating prekindergarten classrooms shall adhere to all of the policies prescribed by the Division of Child Development and Early Education regarding programmatic standards and classroom requirements."

STUDY CHILD CARE SUBSIDY RATE SETTING

SECTION 12B.2. The Department of Health and Human Services, Division of Child Development and Early Education, shall study how rates are set for child care subsidy. In conducting the study, the Division shall, at a minimum, review market rate studies and other methodologies for establishing rates, including any cost estimation models, along with the pros and cons of each method reviewed. The Division 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 by March 1, 2017, on any recommendations, including the suggested methodology to be used for setting rates, as well as time frames for implementing the methodology.

ADDITIONAL CHILD CARE SUBSIDY MARKET RATE INCREASES/CERTAIN AGE GROUPS AND COUNTIES

SECTION 12B.3. Section 12B.2A of S.L. 2015-241 reads as rewritten:

"SECTION 12B.2A.(a) Beginning January 1, 2016, the Department of Health and Human Services, Division of Child Development and Early Education, shall increase the child care subsidy market rates to the rates recommended by the 2015 Child Care Market Rate Study from birth through two years of age in three-, four-, and five-star-rated child care centers and homes in tier one and tier two counties. For purposes of this section, tier one and tier two counties shall

have the same designations as those established by the N.C. Department of Commerce's 2015 County Tier Designations.

"SECTION 12B.2A.(b) Beginning October 1, 2016, the Division shall increase the child care subsidy market rates to the rates recommended by the 2015 Child Care Market Rate Study from age three through five years in three-, four-, and five-star-rated child care centers and homes in tier one and tier two counties."

SUBPART XII-C. DIVISION OF SOCIAL SERVICES

CHILD WELFARE SYSTEM CHANGES

SECTION 12C.1.(a) Federal Improvement Plan Implementation. – The Department of Health and Human Services, Division of Social Services, shall implement the requirements of the federal Program Improvement Plan to bring our State into compliance with national standards for child welfare policy and practices. The Division shall report on the implementation and outcomes of the Program Improvement Plan to the Joint Legislative Oversight Committee on Health and Human Services. The report shall be submitted semiannually on February 1 and August 1 of each year, with the first report submitted on August 1, 2016, and the final report on February 1, 2019.

SECTION 12C.1.(b) Statewide Strategic Plan. – The Division of Social Services shall develop a statewide strategic plan for Child Protective Services that complements the required federal Program Improvement Plan. The statewide strategic plan shall, at a minimum, address the findings of the North Carolina Statewide Child Protective Services Evaluation, which was conducted as required by Section 12C.1(f) of S.L. 2014-100, in the areas of county performance, caseload sizes, administrative structure, adequacy of funding, social worker turnover, and monitoring and oversight. The Division shall submit the plan to the Joint Legislative Oversight Committee on Health and Human Services by December 1, 2016, for consideration by the 2017 General Assembly.

SECTION 12C.1.(c) Child Welfare/NC FAST. – The Department of Health and Human Services, Division of Social Services, shall continue toward completion of the child welfare component of the North Carolina Families Accessing Services Through Technology (NC FAST) system to (i) bring the State into compliance with the Statewide Information System systematic factor of the Child and Family Services Review (CFSR) and (ii) ensure that data quality meets federal standards and adequate information is collected and available to counties to assist in tracking children and outcomes across counties.

The Department of Health and Human Services, Division of Social Services, shall report on the development, implementation, and outcomes of the child welfare component of the NC FAST system to the Joint Legislative Oversight Committee on Health and Human Services quarterly beginning October 1, 2016, and ending with a final report on October 1, 2018. The report shall include, at a minimum, each of the following:

- (1) The current time line for development and implementation of the child welfare component to NC FAST.
- (2) Any adjustments and justifications for adjustments to the time line.
- (3) Progress on the development and implementation of the system.
- (4) Address any identified issues in developing or implementing the child welfare component to NC FAST and solutions to address those issues.
- (5) The level of county participation and involvement in each phase of the project.
- (6) Any budget and expenditure reports, including overall project budget and expenditures, and current fiscal year budget and expenditures.

REVISE REPORT DATE/EBCI ASSUMPTION OF SERVICES

SECTION 12C.2. Section 12C.10 of S.L. 2015-241 reads as rewritten:

1 "...

2 **"SECTION 12C.10.(d)** Approval for the Eastern Band of Cherokee Indians to administer the
3 eligibility process for Medicaid and NC Health Choice is contingent upon federal approval of
4 State Plan amendments and Medicaid waivers by the Centers for Medicare & Medicaid Services
5 (CMS). The Department of Health and Human Services, Division of Medical Assistance (DMA),
6 shall submit any State Plan amendments and Medicaid waivers necessary for the delegation of
7 authority and administrative transfer of function to the Eastern Band of Cherokee Indians or to
8 effectuate the changes required by this section and Section 12C.3 of S.L. 2014-100. All State Plan
9 amendments and Medicaid waivers submitted as allowed under this subsection shall have an
10 effective date of ~~October 1, 2016~~ April 1, 2017. DMA shall submit the State Plan amendments and
11 waivers allowed under this subsection and any related responses to CMS requests for additional
12 information to the Eastern Band of Cherokee Indians for review prior to submission to CMS. If
13 CMS does not approve the State Plan amendments and Medicaid waivers allowed by this
14 subsection, the counties shall continue serving individuals living on the federal lands held in trust
15 by the United States.

16 **"SECTION 12C.10.(e)** ~~Within 30 days of CMS approval of the State Plan amendments and~~
17 ~~Medicaid waivers submitted as allowed under subsection (d) of this section, the~~ The Department of
18 Health and Human Services shall submit an Advanced Planning Document Update (APDU) to
19 CMS, the United States Department of Agriculture (USDA), and the Administration for Children
20 and Families (ACF). If CMS, USDA, and ACF do not approve the APDU, the counties shall
21 continue serving individuals living on the federal lands held in trust by the United States.

22 **"SECTION 12C.10.(e1)** Section 12C.3(b) of S.L. 2014-100 reads as rewritten:

23 **"SECTION 12C.3.(b)** Beginning October 1, 2014, or upon federal approval, the Eastern
24 Band of Cherokee Indians may begin assuming the responsibility for the Supplemental Nutrition
25 Assistance Program (SNAP). When the Eastern Band of Cherokee Indians assumes responsibility
26 for SNAP, then any State statutes, portions of statutes, or rules relating to the provision of social
27 services regarding SNAP services by a county department of social services for members of the
28 Eastern Band of Cherokee Indians shall no longer apply to the Tribe, and the functions,
29 administration, and funding requirements relating to those social services are thereby delegated to
30 the Eastern Band of Cherokee Indians.

31 No later than ~~October 1, 2016~~ April 1, 2017, and with the exception of services related to
32 special assistance, childcare, and adult care homes, the Eastern Band of Cherokee Indians may
33 assume responsibility for other programs as described under G.S. 108A-25(e), enacted in
34 subsection (c) of this section. When the Eastern Band of Cherokee Indians assumes responsibility
35 for any of those other programs, then any State statutes, portions of statutes, or rules relating to the
36 provision of services for those programs by a county department of social services for members of
37 the Eastern Band of Cherokee Indians shall no longer apply to the Tribe, and the functions,
38 administration, and funding requirements relating to those programs are thereby delegated to the
39 Eastern Band of Cherokee Indians.

40 ...

41 **"SECTION 12C.10.(f1)** The Department, in collaboration with the Eastern Band of Cherokee
42 Indians, shall draft a project plan to meet the ~~October 1, 2016~~ April 1, 2017, effective date
43 required by subsection (d) of this section. The Department shall report on the project plan to the
44 Joint Legislative Oversight Committee on Health and Human Services on or before January 1,
45 2016."

46
47 **PILOT PROGRAM/INCREASE ACCESS TO PUBLIC BENEFITS FOR OLDER DUAL**
48 **ELIGIBLE SENIORS**

49 **SECTION 12C.3.(a)** The Department of Health and Human Services, Division of
50 Social Services (Division), shall establish an evidence-based pilot program to increase access to
51 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. On or before January 1, 2017, the Division may 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 towards 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 12C.3.(b) The Division of Social Services 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 12C.3.(c) If funding and capacity exist, the Division of Social Services may expand the pilot program to include other public benefits programs.

SUBPART XII-D. DIVISION OF AGING AND ADULT SERVICES

STATE-COUNTY SPECIAL ASSISTANCE RATE CHANGE

SECTION 12D.1. Section 12D.1 of S.L. 2015-241 reads as rewritten:

"SECTION 12D.1.(a) ~~For each year of the 2015-2017 fiscal biennium, the~~ From July 1, 2015, through September 30, 2016, 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. Beginning October 1, 2016, through the remainder of the 2016-2017 fiscal year, the maximum monthly rate for residents in adult care home facilities shall be one thousand two hundred sixteen dollars (\$1,216) per month per resident.

"SECTION 12D.1.(b) For each year of the 2015-2017 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."

SUBPART XII-E. DIVISION OF PUBLIC HEALTH

USE OF AIDS DRUG ASSISTANCE PROGRAM (ADAP) FUNDS TO PURCHASE HEALTH INSURANCE

SECTION 12E.1.(a) The Department of Health and Human Services, Division of Public Health, shall create within the North Carolina AIDS Drug Assistance Program (ADAP) a health insurance premium assistance program that utilizes federal funds from Part B of the Ryan White HIV/AIDS Program and ADAP funds to provide eligible beneficiaries with premium and cost-sharing assistance for the purchase or maintenance of private health insurance coverage, including premiums, co-payments, and deductibles. In creating this program, the Department shall ensure full compliance with federal Health Resource and Services Administration (HRSA) guidance, including the methodology used to do all of the following:

- (1) Assess and compare the cost of providing prescription drugs to eligible beneficiaries through the health insurance premium assistance program created pursuant to this section versus the existing ADAP program.
- (2) Ensure that insurance premium assistance program funds are used solely to pay for premium and cost-sharing assistance for the purchase or maintenance of private health insurance coverage that provides, at a minimum, prescription coverage equivalent to the formulary available under Part B of the Ryan White HIV/AIDS Program.
- (3) Limit the total annual amount of funds expended for the health insurance premium assistance program authorized by this section to no more than the total annual cost of maintaining the same individuals on the existing ADAP Program.

SECTION 12E.1.(b) By March 1, 2017, the Department shall submit a 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 on the operation of the program authorized by subsection (a) of this section, including any obstacles to implementation.

HEALTHY OUT-OF-SCHOOL TIME (HOST) RECOGNITION PROGRAM

SECTION 12E.2.(a) Program Established.—There is created the "Healthy Out-of-School Time (HOST) Recognition Program" to be administered by the Department of Health and Human Services, Division of Public Health, in collaboration with the North Carolina Center for Afterschool Programs based in the Public School Forum.

SECTION 12E.2.(b) Definitions. — The following definitions shall apply in this section:

- (1) Department. — The Department of Health and Human Services, Division of Public Health.
- (2) HEPA Standards. — The National Institute on Out-of-School Time Healthy Eating and Physical Activity Standards.
- (3) Out-of-school time program. — Any nonlicensed program provided to children and youth ages 17 and under that is currently exempt from G.S. 110-91 or any other qualified out-of-school time programs that serve school-age children outside of regular school hours, including before school and on weekends.
- (4) Program attendee. — A person enrolled in an exempt out-of-school time program.
- (5) Screen time. — Time spent viewing or working on television, videos, computers, or handheld devices, with or without Internet access.

SECTION 12E.2.(c) Program Development. — The Department shall develop a process, to be administered on its Internet Web site, for an out-of-school time program to be recognized as a program that meets the HEPA Standards as outlined in this section. The Web site shall include all resources and links that an out-of-school time program may use to meet the requirements of this section. Programs being recognized shall demonstrate consistency and implementation of HEPA standards.

1 The Department shall develop and implement a process for providing minimal
2 verification of self-assessments submitted by out-of-school time programs applying for
3 recognition, which may include a site visit or other form of review. At a minimum, the
4 Department shall review a random sample of program self-assessments within 30 to 60 days of
5 receipt of the assessments.

6 Periodically, or at least once every five years, the Department shall review, and if
7 necessary, revise and update the program standards to reflect advancements in nutrition science,
8 dietary data, and physical activity standards to ensure consistency with nationally recognized
9 guidelines for out-of-school time programs.

10 **SECTION 12E.2.(d)** Certificate; Program Information. – The Department shall
11 provide a certificate to out-of-school time programs that demonstrate that the program meets
12 HEPA standards. If the out-of-school time program is located on a school site, the out-of-school
13 time program shall communicate with the school regarding nutrition education and physical
14 activity, as appropriate, to provide the program attendees with a complete educational experience.
15 All activities shall also adhere to the local school administrative unit's wellness policy, as
16 appropriate.

17 The Department shall have information about the program available for review by a
18 parent at both the physical location of the out-of-school time program and on the program's
19 Internet Web site, if applicable. The Department shall require that the out-of-school time program
20 maintain in its records a document signed by all parents acknowledging that they are aware of the
21 HOST Recognition Program requirements and policies to institute and reinforce these specific
22 healthy behaviors for all children served in the out-of-school time program.

23 **SECTION 12E.2.(e)** Certificate Renewal. – A certificate issued under this section
24 shall be valid for one calendar year. An out-of-school time program that wishes to create a new
25 certificate for the subsequent year shall, by January 1 of the following year and thereafter, verify
26 with the Department that the out-of-school time program continues to follow the HOST
27 Recognition Program criteria established in accordance with subsection (d) of this section.

28 **SECTION 12E.2.(f)** List of Programs. – The Department shall maintain and update a
29 list of out-of-school time programs that qualify under the provisions of this section and shall post
30 that list on its Internet Web site, including the date of qualification for each program.

31 **SECTION 12E.2.(g)** Availability of Funds. – The provisions of the Healthy
32 Out-of-School Time (HOST) Recognition Program enacted under this section are subject to the
33 availability of funds for that purpose.

34 **DISCONTINUATION OF COMMUNITY-FOCUSED ELIMINATING HEALTH** 35 **DISPARITIES INITIATIVE GRANTS AND REPURPOSING OF FUNDS**

36 **SECTION 12E.3.(a)** The Department of Health and Human Services, Division of
37 Public Health, shall not award any new Community-Focused Eliminating Health Disparities
38 Initiative grants under Section 12E.3 of S.L. 2015-241 after June 30, 2016.

39 **SECTION 12E.3.(b)** By September 30, 2016, the Department shall terminate all
40 existing grants awarded pursuant to Section 12E.3 of S.L. 2015-241.

41 **SECTION 12E.3.(c)** Section 12E.3 of S.L. 2015-241 is repealed effective October 1,
42 2016.

43 **SECTION 12E.3.(d)** Funds appropriated to the Department of Health and Human
44 Services, Division of Public Health, for the 2016-2017 fiscal year for the Community-Focused
45 Eliminating Health Disparities Initiative shall be transferred to The Chronic Disease and Injury
46 Section to establish an evidenced-based Diabetes Prevention Program (DPP) modeled after the
47 program recommended by the National Institute of Diabetes and Digestive and Kidney Diseases
48 (NIDDK), targeting African-Americans, Hispanics/Latinos, and American Indians.

49 **VECTOR SURVEILLANCE PROGRAM**

1 **SECTION 12E.4.(a)** As used in this section, the term vector means a living
2 transporter and transmitter of the causative agent of a disease.

3 **SECTION 12E.4.(b)** The Department of Health and Human Services, Division of
4 Public Health, shall establish and administer a vector surveillance program to protect the public
5 health. In conducting the program, the Department shall do all of the following:

- 6 (1) Conduct vector surveillance.
- 7 (2) Characterize vector-borne disease risk.
- 8 (3) Recommend appropriate vector control measures.
- 9 (4) Evaluate the effectiveness of vector control measures.
- 10 (5) Provide comprehensive vector-borne disease consultation, communication, and
11 education.

12 **SECTION 12E.4.(c)** The Commission for Public Health is authorized to adopt rules
13 necessary to implement the vector surveillance program established pursuant to this section.
14

15 **SUBPART XII-F. DIVISION OF MH/DD/SAS AND STATE OPERATED HEALTHCARE** 16 **FACILITIES** 17

18 **MEDICATION-ASSISTED OPIOID USE DISORDER TREATMENT PILOT PROGRAM**

19 **SECTION 12F.1.(a)** Definitions. – As used in this section, the following terms have
20 the following meanings:

- 21 (1) Department. – The North Carolina Department of Health and Human Services.
- 22 (2) FQHC. – A federally qualified health center located in this State.
- 23 (3) Prescriber. – Anyone authorized to prescribe drugs pursuant to the laws of this
24 State.
- 25 (4) Program participant. – An individual who (i) has been clinically assessed and
26 diagnosed with opioid addiction, (ii) is selected by an FQHC to participate in
27 the pilot program authorized by this section, and (iii) as part of the pilot
28 program, receives the nonnarcotic, nonaddictive, extended-release, injectable
29 formulation of opioid antagonist approved by the United States Food and Drug
30 Administration for the prevention of relapse to opioid dependence.
- 31 (5) Randomized control group member. – An individual who (i) has been clinically
32 assessed and diagnosed with opioid addiction, (ii) is selected by a FQHC to
33 participate in the pilot program authorized by this section, and (iii) as part of the
34 pilot program, does not receive the nonnarcotic, nonaddictive, extended-release,
35 injectable formulation of opioid antagonist approved by the United States Food
36 and Drug Administration for the prevention of relapse to opioid dependence.

37 **SECTION 12F.1.(b)** Pilot Program. – The Department shall oversee the
38 administration of a three-year pilot program to be conducted by designated FQHCs to address
39 North Carolina's growing opioid addiction and overdose crisis. The goal of the pilot program is to
40 study the effectiveness of combining behavioral therapy with the utilization of a nonnarcotic,
41 nonaddictive, extended-release, injectable formulation of opioid antagonist approved by the
42 United States Food and Drug Administration for the prevention of relapse to opioid dependence.
43 In conducting the pilot program, selected FQHCs may collaborate with the Department, the
44 School of Government at the University of North Carolina at Chapel Hill (UNC School of
45 Government), and any other State agency that may be of assistance in accomplishing the
46 objectives of the pilot program. Prior to the initiation of this pilot program, the Department shall,
47 in collaboration with UNC School of Government, determine the number of program participants
48 and randomized control group members needed to participate in the pilot program in order to
49 ensure sufficient statistical significance to support any conclusions about the effectiveness of the
50 pilot program.

1 **SECTION 12F.1.(c)** Selection of Participating FQHCs. – Not later than 30 days after
2 the effective date of this section, the Department shall select a minimum of three and not more
3 than five FQHCs located in different areas of the State to participate in the pilot program
4 authorized by this section, giving first priority to FQHCs that have been awarded grants by the
5 federal Substance Abuse and Mental Health Services Administration to address opioid substance
6 use disorder.

7 **SECTION 12F.1.(d)** Selection of Program Participants. – Not later than 60 days after
8 the effective date of this section, the Department shall develop, in collaboration with UNC School
9 of Government, a methodology for selecting program participants and randomized control group
10 members at each FQHC. Only individuals who have been clinically assessed and diagnosed with
11 opioid addiction may be selected and treated as program participants and randomized control
12 group members. Individuals who have been referred from local criminal justice agencies may be
13 selected as program participants and randomized control group members.

14 **SECTION 12F.1.(e)** Treatment Standards. – As a condition of participating in the
15 pilot program authorized by this section, each FQHC shall sign a written participation agreement
16 provided by the Department that requires the FQHC to adhere to at least all of the following
17 treatment standards for the duration of its participation in the pilot program:

- 18 (1) Treatment may be provided to program participants and randomized control
19 group members only by a treatment provider who is affiliated with a
20 participating FQHC.
- 21 (2) Only individuals who have been clinically assessed and diagnosed with opioid
22 addiction may be selected and treated as program participants and randomized
23 control group members.
- 24 (3) Treatment providers at participating FQHCs shall do all of the following:
 - 25 a. Provide treatment based on an integrated service delivery model that
26 consists of the coordination of care between a prescriber and an
27 addiction services provider.
 - 28 b. Conduct any necessary additional professional, comprehensive
29 substance use disorder and mental health diagnostic assessments of
30 individuals under consideration for selection as pilot program
31 participants to determine if they would benefit from substance use
32 disorder treatment and monitoring.
 - 33 c. Determine, based on the assessments described in sub-subdivision b. of
34 this subdivision, the treatment needs of the program participants served
35 by the treatment provider.
 - 36 d. Develop individualized treatment goals and objectives for each program
37 participant.
 - 38 e. Provide program participants with access to medication-assisted
39 treatment utilizing a nonnarcotic, nonaddictive, extended-release,
40 injectable formulation of opioid antagonist.
 - 41 f. In addition to medication-assisted treatment, provide program
42 participants with other types of therapies, including behavioral
43 therapies, outpatient programs, and community support, for opioid use
44 disorder and any other disorders that are determined by the treatment
45 provider to be co-occurring disorders.
 - 46 g. In the case of medication-assisted treatment provided under the pilot
47 program, a drug may be used only if it has been approved by the United
48 States Food and Drug Administration for use in combination with
49 behavioral therapy for the prevention of relapse to opioid dependence.
 - 50 h. Comply with all applicable federal opioid treatment standards.

- i. Monitor the progress of program participants and randomized control group members through the use of regular drug testing, including urinalysis.

SECTION 12F.1.(f) FQHC Reports. – No later than 60 days after the effective date of this section, the Department shall, in collaboration with the UNC School of Government, develop a standardized methodology for the collection of information on program participants and randomized control group members at each FQHC. As a condition of participating in the pilot program authorized by this section, each selected FQHC must agree to follow this standardized methodology for (i) collecting information on program participants and randomized control group members and (ii) annually reporting that information to the Department, in the format prescribed by the Department. The annual report shall include at least all of the following information, in the format prescribed by the Department:

- (1) For each program participant and randomized control group member, that individual's age, sex, and length of treatment. This information shall be reported to the Department in a manner that does not disclose personally identifying information about program participants and randomized control group members.
- (2) The total number of program participants and the total number of randomized control group members who successfully transitioned to opioid abstinence for a minimum of 30 days, 60 days, 90 days, six months, 12 months, and 18 months.
- (3) A comparison of program participants to the randomized control group members.
- (4) The amount of State appropriations expended on a per program participant basis at each participating FQHC.

SECTION 12F.1.(g) Evaluation of Pilot Program. – By November 1, 2020, the Department shall conduct and submit to the Joint Legislative Oversight Committee on Health and Human Services a comprehensive evaluation of the effectiveness of this pilot program in addressing North Carolina's growing opioid addiction and overdose crisis. The Department may contract with an institution of higher education or other qualified entity with expertise in evaluating programs similar to the pilot program authorized by this section. The comprehensive evaluation shall include whether this pilot program was successful as measured by at least all of the following:

- (1) The total number of program participants who successfully transitioned to opioid abstinence for a minimum of 30 days, 60 days, 90 days, six months, 12 months, and 18 months.
- (2) A comparison of the program participants to the randomized control group members.
- (3) A cost-benefit analysis of the pilot program.

SECTION 12F.1.(h) Expiration. – The pilot program conducted at each selected FQHC shall expire no later than three years after the date of its commencement at that particular FQHC.

SECTION 12F.1.(i) Funds in the amount of five hundred thousand dollars (\$500,000) from the federal Substance Abuse Prevention and Treatment Block Grant shall be allocated to the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, for the 2016-2017 fiscal year. These funds shall be allocated to the FQHCs selected to participate in the pilot program authorized by this section on a per program participant basis to offset the cost of the following services:

- (1) Medication dispensed to program participants.
- (2) Provider fees for services rendered to program participants.
- (3) Up to 14 days of detoxification services.
- (4) Behavioral therapy for program participants.

(5) Drug testing and monitoring of program participants.

SECTION 12F.1.(j) Subsection (i) of this section becomes effective July 1, 2016. The remainder of this section is effective when it becomes law.

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

SECTION 12F.2.(a) Section 12F.2(b) of S.L. 2015-241, as amended by Section 4.8 of S.L. 2015-268, reads as rewritten:

"SECTION 12F.2.(b) The DMH/DD/SAS is directed to reduce its allocation for single stream funding by one hundred ten million eight hundred eight thousand seven hundred fifty-two dollars (\$110,808,752) in nonrecurring funds for the 2015-2016 fiscal year and by one hundred ~~fifty-two~~ twenty-two million eight hundred fifty thousand one hundred thirty-three dollars ~~(\$152,850,133)~~ (\$122,850,133) in nonrecurring funds for the 2016-2017 fiscal year. The DMH/DD/SAS is directed to allocate this reduction among the LME/MCOs based on the individual LME/MCO's percentage of the total cash on hand of all of the LME/MCOs in the State. Cash on hand means the sum of the "Total Cash and Investments" plus the "Short-Term Investments" reported on Schedule "A" of the financial reporting package submitted by the LME/MCOs to the Division of Medical Assistance (DMA) on June 30, 2015. The individual LME/MCO's percentage of the total cash on hand equals the individual LME/MCO's cash on hand divided by the aggregate amount of cash on hand of all of the LME/MCOs in the State. During each year of the 2015-2017 fiscal biennium, each LME/MCO shall provide at least the same level of services paid for by single stream funding 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 Chapters 108C or 108D of the General Statutes."

SECTION 12F.2.(b) Section 12F.2(d) of S.L. 2015-241 reads as rewritten:

"SECTION 12F.2.(d) ~~If, on or after June 1, 2016, the Office of State Budget and Management (OSBM) certifies a Medicaid budget surplus in funds 1310 and 1311 and sufficient cash in Budget Code 14445 to meet total obligations for fiscal year 2015-2016, 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, to offset the reduction in single stream funding required by this section. If, on or after June 1, 2017, the OSBM certifies a Medicaid budget surplus in funds 1310 and 1311 and sufficient cash in Budget Code 14445 to meet total obligations for fiscal year 2016-2017, 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, to offset the reduction in single stream funding required by this section. The DMH/DD/SAS shall allocate funds transferred pursuant to this subsection among the LME/MCOs based on the individual LME/MCO's percentage of the total cash on hand of all the LME/MCOs in the State, calculated in accordance with subsection (b) of this section. These funds shall be allocated as prescribed by June 30 of each State fiscal year. June 30, 2017.~~

RESERVE FUND FOR GOVERNOR'S MENTAL HEALTH AND SUBSTANCE USE TASK FORCE RECOMMENDATIONS

SECTION 12F.3.(a) Funds appropriated in this act to the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, for the 2016-2017 fiscal year to implement the recommendations of the Governor's Task Force on Mental Health and Substance Use established pursuant to Executive Order No. 76

(Governor's Task Force) shall be deposited into the reserve fund established pursuant to subsection (b) of this section.

SECTION 12F.3.(b) The Mental Health and Substance Use Task Force Reserve Fund is hereby established as a fund within the General Fund. Notwithstanding any provision of law to the contrary, monies in the Reserve Fund shall not revert at the end of the fiscal year but shall remain available until expended. Monies in the Fund may only be expended to implement the recommendations of the Governor's Task Force; provided, however, that no funds shall be expended without both of the following:

- (1) Prior consultation with the Joint Legislative Oversight Committee on Health and Human Services on the specific amounts and uses of these funds. The consultation required by this subdivision includes a detailed implementation plan that includes key milestones and due dates, along with a detailed budget specifying how all funds allocated from the Reserve Fund will be used. If the Committee fails to meet within 90 calendar days of a request by the Governor for its consultation, the consultation required by this subdivision shall be deemed to have been met.
- (2) Prior approval from the Office of State Budget and Management on the specific amounts and uses of these funds.

USE OF DOROTHEA DIX HOSPITAL PROPERTY FUNDS

SECTION 12F.4.(a) It is the intent of the General Assembly to increase inpatient bed capacity for short-term care of individuals experiencing an acute mental health, substance abuse, or developmental disability crisis. Toward that end, the sum of up to twenty-five million dollars (\$25,000,000) is hereby appropriated from the Dorothea Dix Hospital Property Fund established under G.S. 143C-9-2(b1) to the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, for the 2016-2017 fiscal year to pay for any renovation or building costs associated with converting existing acute care beds into licensed, short-term inpatient behavioral health beds designated for voluntarily and involuntarily committed patients in the rural hospitals selected to participate in the pilot program authorized under subsection (b) of this section. The Department shall not use these funds for any purpose other than as provided in this subsection and shall not use these funds to supplement or supplant other State, local, or federal funds appropriated or allocated to the Department.

SECTION 12F.4.(b) The Department of Health and Human Services (Department) shall conduct a three-year pilot program to assist rural hospitals in the conversion of existing, unused acute care beds into licensed, short-term inpatient behavioral health beds. The Secretary shall select rural hospitals located in three different regions of the State that are currently participating in the statewide telepsychiatry program established under G.S. 143B-139.4B to participate in the pilot program. The maximum number of beds that may be converted into short-term inpatient behavioral health beds in each region is 50. At least one of the regions selected to participate in the pilot program shall be located in a rural area surrounding Wake County. Notwithstanding the State Medical Facilities Plan, Article 9 of Chapter 131E of the General Statutes, or any other provision of law to the contrary, each selected rural hospital shall be allowed to convert unused acute care beds into licensed, inpatient psychiatric or substance abuse beds without undergoing certificate of need review by the Division of Health Service Regulation. All converted beds shall be subject to existing licensure laws and requirements. As a condition of participating in the pilot program, each selected rural hospital shall reserve at least fifty percent (50%) of the beds converted under the pilot program for (i) purchase by the Department under the State-administered three-way contract and (ii) referrals by local management entities/managed care organizations (LME/MCOs) of individuals who are indigent or Medicaid recipients.

SECTION 12F.4.(c) At least once every six months, the Department shall conduct monitoring visits of the rural hospitals participating in the pilot program and shall also be

responsible for investigating all complaints related to the pilot program. Each rural hospital participating in the pilot program shall provide a monthly report to the Department on the number of individuals receiving short-term, inpatient psychiatric, substance abuse, or developmental disability services under the pilot program and the average length of stay of individuals receiving these behavioral health services under the pilot program. The Department shall have the authority to suspend or terminate the pilot program at any time due to noncompliance with applicable regulatory requirements that has resulted in serious harm to individuals receiving behavioral health services under the pilot program or when there is a substantial risk that serious harm will occur to individuals receiving behavioral health services under the pilot program.

SECTION 12F.4.(d) The Department shall report on the status of the pilot program authorized by subsection (b) of this section at least once each year to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division. The report shall include at a minimum all of the following:

- (1) The number of beds converted into licensed, inpatient psychiatric beds in each region, broken down by hospital.
- (2) The number of beds or bed days purchased at each participating hospital by the Department under the State-administered three-way contract.
- (3) The number of referrals to participating hospitals by the LME/MCOs.
- (4) The number and age of the individuals receiving short-term, inpatient psychiatric, substance abuse, or developmental disability services under the pilot program.
- (5) Objective, measurable outcomes of the individuals served through this pilot program.

SECTION 12F.4.(e) By November 1, 2020, the Department shall submit a final report of its findings and recommendations on the pilot program authorized by subsection (b) of this section to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division.

SECTION 12F.4.(f) The pilot program authorized under subsection (b) of this section expires three years from the date on which it commences.

SECTION 12F.4.(g) It is the intent of the General Assembly to ensure that a comprehensive array of outpatient treatment and crisis prevention and intervention services are available and accessible to children, adolescents, and adults in every LME/MCO catchment area for the purpose of reducing the emergency department utilization rate for these types of crises. Toward that end, the sum of two million dollars (\$2,000,000) is hereby appropriated from the Dorothea Dix Hospital Property Fund established under G.S. 143C-9-2(b1) to the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, for the 2016-2017 fiscal year. These funds shall be allocated to local management entities/managed care organizations (LME/MCOs) to increase the number of facility-based crisis centers in catchment areas with the highest need, giving special priority to facility-based crisis centers for children and adolescents in high-need areas of the State.

TRAUMATIC BRAIN INJURY FUNDING

SECTION 12F.5. Section 12F.6 of S.L. 2015-241 reads as rewritten:

"SECTION 12F.6. 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 the 2015-2016 fiscal year, each year of the 2015-2017 fiscal biennium,~~ the sum of two million three hundred seventy-three thousand eighty-six dollars (\$2,373,086) shall be used exclusively to support traumatic brain injury (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 other appropriate service providers.

- (2) The sum of seven hundred ninety-six thousand nine hundred thirty-four dollars (\$796,934) shall be used to support residential programs across the State that are specifically designed to serve individuals with TBI.
- (3) The sum of one million two hundred sixteen thousand nine hundred thirty-four dollars (\$1,216,934) shall be used to support requests submitted by individual consumers for assistance with residential support services, home modifications, transportation, and other requests deemed necessary by the consumer's local management entity and primary care physician."

SUBPART XII-G. DIVISION OF HEALTH SERVICE REGULATION

MORATORIUM ON HOME CARE AGENCY LICENSES FOR IN-HOME AIDE SERVICES

SECTION 12G.1.(a) Section 12G.4(a) of S.L. 2014-100 reads as rewritten:

"SECTION 12G.4.(a) For the period commencing on the effective date of this section, and ending ~~June 30, 2016~~, June 30, 2017, and notwithstanding the provisions of the Home Care Agency Licensure Act set forth in Part 3 of Article 6 of Chapter 131E of the General Statutes or any rules adopted pursuant to that Part, the Department of Health and Human Services shall not issue any licenses for home care agencies as defined in G.S. 131E-136(2) that intend to offer in-home aide services. This prohibition does not apply to companion and sitter services and shall not restrict the Department from doing any of the following:

- (1) Issuing a license to a certified home health agency as defined in G.S. 131E-176(12) that intends to offer in-home aide services.
- (2) Issuing a license to an agency that needs a new license for an existing home care agency being acquired.
- (3) Issuing a license for a new home care agency in any area of the State upon a determination by the Secretary of the Department of Health and Human Services that increased access to care is necessary in that area."

SECTION 12G.1.(b) This section is effective when it becomes law.

ADULT CARE HOME COST REPORTING

SECTION 12G.2. G.S. 131D-4.2 reads as rewritten:

"§ 131D-4.2. Adult care homes; family care homes; ~~annual~~ cost reports; exemptions; enforcement.

(a) Except for family care homes, adult care homes with a licensed capacity of seven to twenty beds, which are licensed pursuant to this Chapter, to Chapter 122C of the General Statutes, and to Chapter 131E of the General Statutes, shall submit audited reports of actual costs to the Department at least every two years in accordance with rules adopted by the Department under G.S. 143B-10. ~~For years in which an audited report of actual costs is not required, an annual cost report shall be submitted to the Department in accordance with rules adopted by the Department under G.S. 143B-10.~~ Adult care homes licensed under Chapter 131D of the General Statutes that have special care units shall include in reports required under this subsection cost reports specific to the special care unit and shall not average special care costs with other costs of the adult care home.

(b) Except for family care homes, adult care homes with a licensed capacity of twenty-one beds or more, which are licensed pursuant to this Chapter, to Chapter 122C of the General Statutes, and to Chapter 131E of the General Statutes, shall submit ~~annual~~ audited reports of actual costs at least every two years to the Department of Health and Human Services, in accordance with rules adopted by the Department under G.S. 143B-10. Adult care homes licensed under Chapter 131D of the General Statutes that have special care units shall include in the reports

required under this subsection cost reports specific to the special care unit and shall not average special care costs with other costs of the adult care home.

(c) Repealed by Session Laws 1999-334, s. 3.1.

(d) Facilities that do not receive State/County Special Assistance or Medicaid personal care are exempt from the reporting requirements of this section.

~~(e) Except as otherwise provided in this subsection, the annual reporting period for facilities licensed pursuant to this Chapter or Chapter 131E of the General Statutes shall be October 1 through September 30, with the annual report due by the following December 31, unless the Department determines there is good cause for delay. The annual report for combination facilities and free standing adult care home facilities owned and operated by a hospital shall be due 15 days after the hospital's Medicare cost report is due. The annual report for combination facilities not owned and operated by a hospital shall be due 15 days after the nursing facility's Medicaid cost report is due. The annual reporting period for facilities licensed pursuant to Chapter 122C of the General Statutes shall be July 1 through June 30, with the annual report due by the following December 31, unless the Department determines there is good cause for delay. Under this subsection, good cause is an action that is uncontrollable by the provider. The Department shall establish specific reporting deadlines for each type of facility required to report under this section. If the Department finds good cause for delay, it may extend the deadline for filing a report for up to an additional 30 days.~~

(f) The Department shall have the authority to conduct audits and review audits submitted pursuant to subsections ~~(a), (b), and (c) above.~~ (a) and (b) of this section.

(g) The Department shall suspend admissions to facilities that fail to submit annual reports ~~by December 31, or by the applicable reporting deadline or~~ by the date established by the Department when good cause for delay is found pursuant to G.S. 131D-4.2(e). Suspension of admissions shall remain in effect until reports are submitted or licenses are suspended or revoked under subdivision (2) of this subsection. The Department may take either or both of the following actions to enforce compliance by a facility with this section, or to punish noncompliance:

(1) Seek a court order to enforce compliance;

(2) Suspend or revoke the facility's license, subject to the provisions of Chapter 150B of the General Statutes.

(h) The report documentation shall be used to adjust the adult care home rate ~~annually, at least every two years,~~ an adjustment that is in addition to the annual standard adjustment for inflation as determined by the Office of State Budget and Management. Rates for family care homes shall be based on market rate data. The Secretary of Health and Human Services shall adopt rules for the rate-setting methodology and audited cost reports in accordance with G.S. 143B-10."

SUBPART XII-H. DIVISION OF MEDICAL ASSISTANCE (MEDICAID)

ACCOUNTING FOR MEDICAID RECEIVABLES AS NONTAX REVENUE

SECTION 12H.1. Section 12H.10(b) of S.L. 2015-241 reads as rewritten:

"SECTION 12H.10.(b) For the 2015-2016 fiscal year, the Department of Health and Human Services shall deposit from its revenues one hundred thirty-nine million dollars (\$139,000,000) with the Department of State Treasurer to be accounted for as nontax revenue. For the 2016-2017 fiscal year, the Department of Health and Human Services shall deposit from its revenues one hundred ~~thirty-nine~~ forty-seven million dollars ~~(\$139,000,000)~~ (\$147,000,000) 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 which are used to provide indigent and nonindigent care services. The return from State-owned and State-operated hospitals to DHHS will be made from nonfederal resources in an amount equal to the amount of the payments from

the Division of Medical Assistance for uncompensated care. 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."

MEDICAID RECOVERY AND ABLE ACCOUNTS

SECTION 12H.2.(a) G.S. 147-86.73 is amended by adding a new subsection to read:

"(g1) Notice for Designated Beneficiary Receiving Medicaid. – The ABLE Account application form approved in accordance with G.S. 147-86.71(b)(1) shall include notice of the State's right under subsection (e) of this section to file a claim for payment from a designated beneficiary's ABLE account following the death of a beneficiary who received medical assistance benefits."

SECTION 12H.2.(b) G.S. 147-86.73(g) is repealed.

MEDICAID AND HEALTH CHOICE PROVIDER SCREENING

SECTION 12H.3. G.S. 108C-3 reads as rewritten:

"§ 108C-3. Medicaid and Health Choice provider screening.

...

(g) High Categorical Risk Provider Types. – The following provider types are hereby designated as "high" categorical risk:

...

(10) Providers that were excluded, or whose owners, operators, or managing employees were excluded, by the U.S. Department of Health and Human Services Office of Inspector General, General-General, the Medicare program, or another state's Medicaid ~~program~~ or Children's Health Insurance Program within the previous 10 years.

...

(j) For out-of-state providers, the Department may rely on the results of the provider screening performed by the Medicaid agencies or Children's Health Insurance Program ~~for Children~~ agencies of other states."

CLARIFY DHHS AUTHORITY TO ADMINISTER MEDICAID AND NC HEALTH CHOICE PROGRAMS

SECTION 12H.4. G.S. 108A-54(e) reads as rewritten:

"(e) The Secretary of the Department of Health and Human Services, ~~through the Division of Health Benefits, Services~~ shall have the following powers and duties:

(1) Administer and operate the Medicaid and NC Health Choice programs, provided that the total expenditures, net of agency receipts, do not exceed the authorized budget for ~~each program~~ the Medicaid program and NC Health Choice program. None of the powers and duties enumerated in the other subdivisions of this subsection shall be construed to limit the broad grant of authority to administer and operate the Medicaid and NC Health Choice programs.

...."

EXPAND SUPPORT FOR PATIENTS WITH ALZHEIMER'S DISEASE AND THEIR FAMILIES THROUGH COMMUNITY ALTERNATIVES PROGRAM FOR DISABLED ADULTS WAIVER SLOTS

SECTION 12H.5.(a) The Department of Health and Human Services, Division of Medical Assistance, shall amend the North Carolina Community Alternatives Program for Disabled Adults (CAP/DA) waiver to increase number of slots available under the waiver by a maximum of 320 slots. These additional slots shall be made available on January 1, 2017.

SECTION 12H.5.(b) Of the funds appropriated to the Department of Health and Human Services, Division of Medical Assistance, one million five hundred thousand dollars (\$1,500,000) for fiscal year 2016-2017 shall be used to fund these additional slots.

INCREASE RN RATES FOR COMMUNITY ALTERNATIVES PROGRAM FOR CHILDREN

SECTION 12H.6. The Department of Health and Human Services, Division of Medical Assistance, shall increase by ten percent (10%) the rate paid to Registered Nurses for the provision of nursing services covered by the Community Alternatives Program for Children.

REMOVE SUNSET ON MEDICAID ELIGIBILITY/COLA DISREGARD

SECTION 12H.7. Section 10.6(c) of S.L. 2012-142 reads as rewritten:

"SECTION 10.6.(c) Subsection (a) of this section becomes effective January 1, 2013. The remainder of this section is effective when it becomes law. ~~G.S. 108A-54.4, as enacted by subsection (a) of this section, expires on December 31, 2017."~~

STUDY 1% FMAP INCREASE FOR ADULT PREVENTATIVE SERVICES

SECTION 12H.8. The Department of Health and Human Services, Division of Medical Assistance (Department), shall study the impact of covering, without cost-sharing, all of the adult preventive services recommended by the U.S. Preventive Services Task Force (USPSTF) and Centers for Disease Control and Prevention's Advisory Committee on Immunization Practices (ACIP) in order to qualify for a one percentage point increase in the federal Medicaid assistance percentage for preventative services. The Department shall submit a report to the Joint Legislative Oversight Committee on Medicaid and NC Health Choice and the Fiscal Research Division by November 1, 2016. At a minimum, the report shall include the following:

- (1) A list of all of the adult preventive services recommended by USPSTF and ACIP.
- (2) Identification of the adult preventive services recommended by USPSTF and ACIP that are currently not provided as part of the Medicaid program and to which eligibility group the service coverage applies.
- (3) For the adult preventive services currently covered, whether any cost-sharing is required.
- (4) The cost of adding any of the adult preventive services without cost-sharing identified in subdivision (2) of this section.
- (5) The cost of the elimination of any cost-sharing requirements identified in subdivision (3) of this section.
- (6) The benefit to the State of receiving a one percentage point increase in the federal Medicaid assistance percentage for the adult preventive services recommended by USPSTF and ACIP.
- (7) If the Department plans to submit a waiver to implement the changes required to obtain a one percentage point increase in the federal Medicaid assistance percentage for preventive services, a detailed description of the plans that includes a time line for waiver submission.

STUDY MEDICAID COVERAGE FOR SCHOOL-BASED HEALTH SERVICES

SECTION 12H.9. The Department of Health and Human Services, Division of Medical Assistance (Department), shall conduct a study to identify all school-based health services that are eligible for Medicaid federal matching funds pursuant to federal Medicaid law and regulations but which currently are not reimbursable under North Carolina's Medicaid State Plan. No later than November 1, 2016, the Department shall submit to the Joint Legislative

Oversight Committee on Medicaid and NC Health Choice and the Fiscal Research Division a report containing the following information related to each school-based health service identified:

- (1) An analysis of the fiscal impact both to the Department and to all local education agencies of adding Medicaid coverage for the school-based health service.
- (2) A description of any plans for adding coverage for the school-based health service, including the anticipated time line for submission of any State Plan Amendments to the Centers for Medicare and Medicaid Services.

SUBPART XII-I. MISCELLANEOUS [RESERVED]

SUBPART XII-J. VRBDH [RESERVED]

SUBPART XII-K. DHHS BLOCK GRANTS

DHHS BLOCK GRANTS

SECTION 12K.1. Section 12I.1 of S.L. 2015-241, as amended by Section 4.6 of S.L. 2015-268, reads as rewritten:

"**SECTION 12I.1.(a)** Except as otherwise provided, appropriations from federal block grant funds are made for each year of the fiscal biennium ending June 30, 2017, according to the following schedule:

TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF) FUNDS	FY 2015-2016	FY 2016-2017
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Local Program Expenditures

Division of Social Services

01. Work First Family Assistance	\$57,167,454	\$57,167,454 <u>\$54,167,454</u>
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02. Work First County Block Grants	80,093,566	78,073,437 <u>80,093,566</u>
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<u>02A. Work First Employment Services</u>	<u>0</u>	<u>3,600,000</u>
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03. Work First Electing Counties	2,378,213	2,378,213
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04. Adoption Services – Special Children Adoption Fund	2,026,877	2,026,877
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05. Child Protective Services – Child Welfare Workers for Local DSS	9,412,391	9,412,391
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06. Child Welfare Collaborative	632,416	632,416
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<u>06A. Child Welfare Initiatives</u>	<u>0</u>	<u>1,400,000</u>
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Division of Child Development and Early Education

1	07. Subsidized Child Care Program	35,248,910	37,419,801
2			
3	08. Swap Child Care Subsidy	6,352,644	6,352,644
4			
5	09. Pre-K Swap Out	16,829,306	12,333,981
6			<u>16,593,899</u>
7			
8	Division of Public Health		
9			
10	10. Teen Pregnancy Prevention Initiatives	2,950,000	2,950,000
11			
12	DHHS Administration		
13			
14	11. Division of Social Services	2,482,260	2,482,260
15			
16	12. Office of the Secretary	34,042	34,042
17			
18	13. Eligibility Systems – Operations and		
19	Maintenance	2,738,926	4,206,640
20			
21	14. NC FAST Implementation	1,313,384	1,865,799
22			
23	Transfers to Other Block Grants		
24			
25	Division of Child Development and Early Education		
26			
27	15. Transfer to the Child Care and		
28	Development Fund	71,773,001	71,773,001
29			
30	Division of Social Services		
31			
32	16. Transfer to Social Services Block		
33	Grant for Child Protective Services –		
34	Training	1,300,000	1,300,000
35			
36	17. Transfer to Social Services Block		
37	Grant for Child Protective Services	5,040,000	5,040,000
38			
39	18. Transfer to Social Services Block		
40	Grant for County Departments of		
41	Social Services for Children's Services	4,148,001	4,148,001
42			<u>4,500,000</u>
43			
44	19. Transfer to Social Services Block		
45	Grant – Foster Care Services	1,385,152	1,385,152
46			
47	TOTAL TEMPORARY ASSISTANCE FOR		
48	NEEDY FAMILIES (TANF) FUNDS	\$303,306,543	\$300,982,109
49			<u>\$309,614,155</u>
50			
51	TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF)		

EMERGENCY CONTINGENCY FUNDS

Local Program Expenditures

Division of Child Development and Early Education

01. Subsidized Child Care	29,033,340	28,600,000
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02. Subsidized Child Care Swap Out	4,547,023	0
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Division of Social Services03. County Child Welfare Program

<u>Improvement Resources</u>	<u>0</u>	<u>603,580</u>
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DHHS Administration04. DSS State Child Welfare Program

<u>Improvement Resources</u>	<u>0</u>	<u>400,000</u>
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**TOTAL TEMPORARY ASSISTANCE FOR
NEEDY FAMILIES (TANF) EMERGENCY
CONTINGENCY FUNDS**

	\$33,580,363	<u>\$28,600,000</u>
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		<u>\$29,603,580</u>
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SOCIAL SERVICES BLOCK GRANT

Local Program Expenditures

Divisions of Social Services and Aging and Adult Services

01. County Departments of Social Services (Transfer From TANF \$4,148,001)		
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	\$27,335,458	\$27,108,324
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		<u>\$27,215,583</u>
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01A. EBCI Tribal Public Health and

<u>Human Services</u>	<u>0</u>	<u>244,740</u>
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02. Child Protective Services		
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(Transfer From TANF)	5,040,000	5,040,000
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03. State In-Home Services Fund		
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	2,209,023	1,943,950
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04. Adult Protective Services		
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	1,245,363	1,245,363
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05. State Adult Day Care Fund		
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	2,039,647	1,994,084
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06. Child Protective Services/CPS		
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Investigative Services – Child Medical Evaluation Program	563,868	563,868
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07. Special Children Adoption Incentive Fund		
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	462,600	462,600
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1			
2	08. Child Protective Services – Child		
3	Welfare Training for Counties		
4	(Transfer From TANF)	1,300,000	1,300,000
5			
6	<u>08A. Child Protective Services – Child</u>		
7	<u>Welfare Training for Counties/Mobile Training</u>	<u>0</u>	<u>737,067</u>
8			
9	09. Home and Community Care Block		
10	Grant (HCCBG)	1,788,157	1,696,888
11			
12	10. Child Advocacy Centers	375,000	375,000
13			
14	11. Guardianship	4,107,032	4,035,704
15			
16	12. Foster Care Services		
17	(Transfer From TANF)	1,385,152	1,385,152
18			
19	Division of Central Management and Support		
20			
21	13. DHHS Competitive Block Grants		
22	for Nonprofits	3,852,500	3,852,500
23			
24	14. NC FAST – Operations and		
25	Maintenance	712,324	939,315
26			
27	Division of Mental Health, Developmental Disabilities, and Substance Abuse Services		
28			
29	15. Mental Health Services – Adult and		
30	Child/Developmental Disabilities Program/		
31	Substance Abuse Services – Adult	4,030,730	4,030,730
32			
33	DHHS Program Expenditures		
34			
35	Division of Services for the Blind		
36			
37	16. Independent Living Program	3,361,323	3,361,323
38			
39	Division of Health Service Regulation		
40			
41	17. Adult Care Licensure Program	381,087	381,087
42			
43	18. Mental Health Licensure and		
44	Certification Program	190,284	190,284
45			
46	DHHS Administration		
47			
48	19. Division of Aging and Adult Services	577,745	577,745
49			
50	20. Division of Social Services	559,109	559,109
51			

1	21. Office of the Secretary/Controller's Office	127,731	127,731
2			
3	22. Division of Child Development and		
4	Early Education	13,878	13,878
5			
6	23. Division of Mental Health, Developmental		
7	Disabilities, and Substance Abuse Services	27,446	27,446
8			
9	24. Division of Health Service Regulation	118,946	118,946
10			
11	TOTAL SOCIAL SERVICES BLOCK GRANT	\$61,804,403	\$61,331,027
12			<u>\$62,420,093</u>
13			
14	LOW-INCOME ENERGY ASSISTANCE BLOCK GRANT		
15			
16	Local Program Expenditures		
17			
18	Division of Social Services		
19			
20	01. Low-Income Energy Assistance		
21	Program (LIEAP)	\$40,244,534	\$39,303,674
22			<u>37,156,492</u>
23			
24	02. Crisis Intervention Program (CIP)	40,244,534	39,303,674
25			<u>37,156,492</u>
26			
27	Local Administration		
28			
29	Division of Social Services		
30			
31	03. County DSS Administration	6,454,961	6,454,961
32			<u>6,102,324</u>
33			
34	DHHS Administration		
35			
36	04. Office of the Secretary/DIRM	412,488	412,488
37			
38	05. Office of the Secretary/Controller's Office	18,378	18,378
39			
40	06. NC FAST Development	1,075,319	3,381,373
41			
42	Transfers to Other State Agencies		
43			
44	Department of Environment and Natural		
45	Resources (DENR) <u>Environmental Quality (DEQ)</u>		
46			
47	07. Weatherization Program	11,847,017	11,570,050
48			<u>10,937,968</u>
49			
50	08. Heating Air Repair and Replacement		
51	Program (HARRP)	6,303,514	6,156,147

1			<u>5,819,833</u>
2			
3	09. Local Residential Energy Efficiency Service		
4	Providers – Weatherization	475,046	475,046
5			<u>449,094</u>
6			
7	10. Local Residential Energy Efficiency Service		
8	Providers – HARRP	252,761	<u>252,761</u>
9			<u>238,953</u>
10			
11	11. DENR-DEQ – Weatherization Administration	475,046	475,046
12			<u>449,094</u>
13			
14	12. DENR-DEQ – HARRP Administration	252,760	<u>252,760</u>
15			<u>238,952</u>
16			
17	Department of Administration		
18			
19	13. N.C. Commission on Indian Affairs	87,736	87,736
20			
21	TOTAL LOW-INCOME ENERGY		
22	ASSISTANCE BLOCK GRANT	\$108,144,094	\$108,144,094
23			<u>\$102,449,177</u>
24			
25	CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT		
26			
27	Local Program Expenditures		
28			
29	Division of Child Development and Early Education		
30			
31	01. Child Care Services		
32	(Smart Start \$7,000,000)	\$154,278,008	\$152,370,856
33			<u>\$154,741,297</u>
34			
35	02. Electronic Tracking System	1,201,240	401,492
36			<u>1,601,834</u>
37			
38	03. Transfer from TANF Block Grant		
39	for Child Care Subsidies	71,773,001	71,773,001
40			
41	04. Quality and Availability Initiatives		
42	(TEACH Program \$3,800,000)	26,514,964	<u>26,019,987</u>
43			<u>35,878,600</u>
44			
45	DHHS Administration		
46			
47	Division of Child Development and Early Education		
48			
49	05. DCDEE Administrative Expenses	9,049,505	9,049,505
50			<u>9,042,159</u>
51			

Division of Social Services

06. Local Subsidized Child Care
Services Support

15,930,279

15,930,27916,078,30106A. Direct Deposit for Child Care Payments0969,610

07. NC FAST Development

186,404

586,152

Division of Central Administration

08. DHHS Central Administration – DIRM
Technical Services

775,000

775,000

09. Central Regional Maintenance

202,000

202,000

09A. DHHS Central Administration07,346

10. Child Care Health Consultation Contracts

62,205

62,205

**TOTAL CHILD CARE AND DEVELOPMENT
FUND BLOCK GRANT****\$279,972,606****\$277,170,477****291,717,505****MENTAL HEALTH SERVICES BLOCK GRANT**

Local Program Expenditures

01. Mental Health Services – Child

\$3,619,833

\$3,619,833

~~02. Administration~~~~200,000~~~~200,000~~

03. Mental Health Services – Adult/Child

11,755,152

~~11,755,152~~10,904,07704. Crisis Solutions Initiative – Critical
Time Intervention

750,000

750,000

05. Mental Health Services – First
Psychotic Symptom Treatment

643,491

~~643,491~~1,430,851DHHS AdministrationDivision of Mental Health06. Administration200,000200,000**TOTAL MENTAL HEALTH SERVICES
BLOCK GRANT****\$16,968,476****\$16,968,476**

\$16,904,761**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	\$3,919,723	\$3,919,723
02. Substance Abuse Prevention	8,669,284	8,669,284
03. Substance Abuse Services – Treatment for Children/Adults <u>(Medication-Assisted Treatment Pilot \$500,000)</u>	29,519,883	<u>29,519,883</u> <u>30,178,039</u>
04. Crisis Solutions Initiatives – Walk-In Crisis Centers	420,000	420,000
05. Crisis Solutions Initiatives – Collegiate Wellness/Addiction Recovery	1,085,000	1,085,000
06. Crisis Solutions Initiatives – Community Paramedic Mobile Crisis Management	60,000	60,000
07. Crisis Solutions Initiatives – Innovative Technologies	41,000	41,000
08. Crisis Solutions Initiatives – Veteran's Crisis	250,000	250,000

DHHS AdministrationDivision of Mental Health, Developmental Disabilities, and Substance Abuse Services

09. <u>DMH</u> Administration	454,000	454,000
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Division of Public Health

10. HIV Testing for Individuals in Substance Abuse Treatment	765,949	765,949
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**TOTAL SUBSTANCE ABUSE PREVENTION
AND TREATMENT BLOCK GRANT**

\$45,184,839 **\$45,184,839**
\$45,842,995

MATERNAL AND CHILD HEALTH BLOCK GRANT

Local Program Expenditures

Division of Public Health

01. Children's Health Services (Safe Sleep Campaign \$45,000; Prevent Blindness \$560,837; Community-Based Sickle Cell Centers \$100,000)	\$7,574,703	\$7,574,703 <u>\$7,674,703</u>
02. Women's Health (March of Dimes \$350,000; Teen Pregnancy Prevention Initiatives \$650,000 [Public Health Division \$400,000 & SHIFT NC \$250,000]; 17P Project \$52,000; Nurse-Family Partnership \$509,018; Carolina Pregnancy Care Fellowship \$300,000)	6,520,148	6,520,148 <u>6,920,148</u>
03. Oral Health	44,901	44,901
04. Evidence-Based Programs in Counties With Highest Infant Mortality Rates	1,575,000	1,575,000
DHHS Program Expenditures		
Division of Public Health		
05. Children's Health Services	1,342,928	1,342,928 <u>1,427,323</u>
06. Women's Health – Maternal Health	107,714	107,714 <u>169,864</u>
07. State Center for Health Statistics	158,583	158,583
08. Health Promotion – Injury and Violence Prevention	87,271	87,271
DHHS Administration		
Division of Public Health		
09. Division of Public Health Administration	552,571	552,571
TOTAL MATERNAL AND CHILD HEALTH BLOCK GRANT	\$17,963,819	\$17,963,819 <u>\$18,610,364</u>

PREVENTIVE HEALTH SERVICES BLOCK GRANT

Local Program Expenditures

1	01. Physical Activity and Prevention	\$2,444,718	\$2,642,322
2			
3	02. Injury and Violence Prevention		
4	(Services to Rape Victims – Set-Aside)	173,476	173,476
5			<u>237,707</u>
6			
7	03. Community-Focused Eliminating Health		
8	Disparities Initiative Grants	2,756,855	0
9			
10	DHHS Program Expenditures		
11			
12	Division of Public Health		
13			
14	04. HIV/STD Prevention and		
15	Community Planning	145,819	145,819
16			
17	05. Oral Health Preventive Services	320,074	451,809
18			
19	06. Laboratory Services – Testing,		
20	Training, and Consultation	21,012	21,012
21			
22	07. Injury and Violence Prevention		
23	(Services to Rape Victims – Set-Aside)	192,315	192,315
24			<u>172,561</u>
25			
26	08. State Laboratory Services – Testing,		
27	Training, and Consultation	199,634	199,634
28			
29	09. Performance Improvement and		
30	Accountability	702,850	768,717
31			
32	10. State Center for Health Statistics	107,291	107,291
33			
34	DHHS Administration		
35			
36	Division of Public Health		
37			
38	11. Division of Public Health	172,820	172,820
39			
40	12. Division of Public Health –		
41	Physical Activity and Nutrition Branch	1,311,972	68,073
42			
43	TOTAL PREVENTIVE HEALTH		
44	SERVICES BLOCK GRANT	\$8,548,836	\$4,943,288
45			<u>\$4,987,765</u>
46			
47	COMMUNITY SERVICES BLOCK GRANT		
48			
49	Local Program Expenditures		
50			
51	Office of Economic Opportunity		

01. Community Action Agencies	\$24,047,065	\$24,047,065
		<u>\$21,428,074</u>
02. Limited Purpose Agencies	1,335,948	1,335,948
		<u>1,190,448</u>
DHHS Administration		
03. Office of Economic Opportunity	1,335,948	1,335,948
		<u>1,190,448</u>
TOTAL COMMUNITY SERVICES		
BLOCK GRANT	\$26,718,961	\$26,718,961
		<u>\$23,808,970</u>

GENERAL PROVISIONS

SECTION 12I.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.

SECTION 12I.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 section, the Department shall allocate the increase proportionally across the program and activity appropriations identified for that Block Grant in this section. In allocating an increase in federal fund availability, the Office of State Budget and Management shall not approve funding for new programs or activities not appropriated in this section.

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 section, 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 2015-2016 and 2016-2017, 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 four-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 12L.1.(d) Except as otherwise provided, appropriations from federal Block Grant funds are made for each year of the fiscal biennium ending June 30, 2017, according to the schedule enacted for State fiscal years 2015-2016 and 2016-2017 or until a new schedule is enacted by the General Assembly.

SECTION 12L.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, and 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 the changes. 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 12L.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 12L.1.(g) The sum of eighty million ninety-three thousand five hundred sixty-six dollars (\$80,093,566) for the 2015-2016 fiscal year and the sum of ~~seventy-eight million seventy-three thousand four hundred thirty-seven dollars (\$78,073,437)~~ eighty million ninety-three thousand five hundred sixty-six dollars (\$80,093,566) for the 2016-2017 fiscal year appropriated in this section 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 12L.1.(g1) The sum of three million six hundred thousand dollars (\$3,600,000) for the 2016-2017 fiscal year appropriated in this section in TANF funds to the Department of Health and Human Services, Division of Social Services, shall be used to support counties in connecting Work First recipients and low income parents in job placements through subsidized employment and targeted support services. The Division shall report on the use of these funds to the Joint Legislative Oversight Committee on Health and Human Services by October 1, 2017.

SECTION 12L.1.(h) The sum of nine million four hundred twelve thousand three hundred ninety-one dollars (\$9,412,391) appropriated in this section to the Department of Health and Human Services, Division of Social Services, in TANF funds for each year of the 2015-2017 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 2015-2016 and 2016-2017 shall not be less than the total expended from State and local funds for the 2012-2013 fiscal year.

SECTION 12I.1.(i) The sum of two million twenty-six thousand eight hundred seventy-seven dollars (\$2,026,877) appropriated in this section in TANF funds to the Department of Health and Human Services, Special Children Adoption Fund, for each year of the 2015-2017 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 12I.1.(i1) The sum of one million four hundred thousand dollars (\$1,400,000) appropriated in this section in TANF funds to the Department of Health and Human Services, Division of Social Services, for the 2016-2017 fiscal year 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 home in the least restrictive setting.

SOCIAL SERVICES BLOCK GRANT

SECTION 12I.1.(j) The sum of twenty-seven million three hundred thirty-five thousand four hundred fifty-eight dollars (\$27,335,458) for the 2015-2016 fiscal year and the sum of ~~twenty seven million one hundred eight thousand three hundred twenty four dollars (\$27,108,324)~~ twenty-seven million two hundred fifteen thousand five hundred eighty-three dollars (\$27,215,583) for the 2016-2017 fiscal year appropriated in this section in the Social Services Block Grant to the Department of Health and Human Services, Division of Social Services, 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 12I.1.(k) The sum of one million three hundred thousand dollars (\$1,300,000) appropriated in this section in the Social Services Block Grant to the Department of Health and Human Services, Division of Social Services, for each year of the 2015-2017 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 12I.1.(l) 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 12I.1.(m) Social Services Block Grant funds appropriated for the Special Children Adoption Incentive Fund will require a fifty-percent (50%) local match.

SECTION 12I.1.(n) The sum of five million forty thousand dollars (\$5,040,000) appropriated in this section in the Social Services Block Grant for each year of the 2015-2017 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 12L1.(o) The sum of three million eight hundred fifty-two thousand five hundred dollars (\$3,852,500) appropriated in this section in the Social Services Block Grant to the Department of Health and Human Services, Division of Central Management and Support, shall be used for DHHS competitive block grants pursuant to Section 12A.8 of this act for each year of the 2015-2017 fiscal biennium. These funds are exempt from the provisions of 10A NCAC 71R .0201(3).

SECTION 12L1.(p) The sum of three hundred seventy-five thousand dollars (\$375,000) appropriated in this section in the Social Services Block Grant for each year of the 2015-2017 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 12L1.(q) The sum of four million one hundred seven thousand thirty-two dollars (\$4,107,032) for the 2015-2016 fiscal year and the sum of four million thirty-five thousand seven hundred four dollars (\$4,035,704) for the 2016-2017 fiscal year appropriated in this section 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 appropriated in this section to support (i) existing corporate guardianship contracts during the 2015-2016 and 2016-2017 fiscal years and (ii) guardianship contracts transferred to the State from local management entities or managed care organizations during the 2015-2016 and 2016-2017 fiscal years.

SECTION 12L1.(q1) The sum of seven hundred thirty-seven thousand sixty-seven dollars (\$737,067) appropriated in this section in the Social Services Block Grant for the 2016-2017 fiscal year shall be allocated to the Department of Health and Human Services, Division of Social Services. These funds shall be used to assist with training needs for county child welfare training staff and shall not be used to supplant any other source of funding for staff. County departments of social services are exempt from 10A NCAC 71R .0201(3) requiring a local match of twenty-five percent (25%).

LOW-INCOME ENERGY ASSISTANCE BLOCK GRANT

SECTION 12L1.(r) 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 12L1.(s) The sum of forty million two hundred forty-four thousand five hundred thirty-four dollars (\$40,244,534) for the 2015-2016 fiscal year and the sum of ~~thirty-nine million three hundred three thousand six hundred seventy-four dollars (\$39,303,674)~~ thirty-seven million one hundred fifty-six thousand four hundred ninety-two dollars (\$37,156,492) for the 2016-2017 fiscal year appropriated in this section 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.

CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT

SECTION 12I.1.(t) 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 12I.1.(u) 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 12I.1.(v) The sum of six hundred forty-three thousand four hundred ninety-one dollars (\$643,491) appropriated in this section 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 ~~each year of the 2015-2017 fiscal biennium~~ the 2015-2016 fiscal year and the sum of one million four hundred thirty thousand eight hundred fifty-one dollars (\$1,430,851) for the 2016-2017 fiscal year is allocated for Mental Health Services – First Psychotic Symptom Treatment. The Division shall report on (i) the specific evidence-based treatment and services provided, (ii) the number of persons treated, and (iii) the measured outcomes or impact on the participants served. The Division 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 no later than December 31, 2016.

SUBSTANCE ABUSE PREVENTION AND TREATMENT BLOCK GRANT

SECTION 12I.1.(w) The sum of two hundred fifty thousand dollars (\$250,000) appropriated in this section 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 year of the 2015-2017 fiscal biennium shall be allocated to the Department of ~~Administration, Division of Military and Veterans Affairs~~, to establish a call-in center to assist veterans in locating service benefits and crisis services. The call-in center shall be staffed by certified veteran peers within the ~~Division of Department of Military and Veterans Affairs~~ and trained by the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services.

SECTION 12I.1.(w1) The sum of five hundred thousand dollars (\$500,000) allocated in this section 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 the 2016-2017 fiscal year shall be used for a medication-assisted opioid use disorder treatment pilot program.

MATERNAL AND CHILD HEALTH BLOCK GRANT

SECTION 12L.1.(x) 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 2015-2016 fiscal year or the 2016-2017 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 12L.1.(y) The Department of Health and Human Services shall ensure that there will be follow-up testing in the Newborn Screening Program.

SECTION 12L.1.(z) The sum of one million five hundred seventy-five thousand dollars (\$1,575,000) appropriated in this section 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 2015-2017 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 evidenced-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, 2016.

SECTION 12L.1.(aa) The sum of one hundred thousand dollars (\$100,000) allocated in this section 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 2015-2017 fiscal biennium for community-based sickle cell centers shall not be used to supplant existing State or federal funds.

SECTION 12L.1.(bb) No more than fifteen percent (15%) of the funds provided in this section in the Maternal and Child Health Block Grant to Carolina Pregnancy Care Fellowship shall be used for administrative purposes. The balance of those funds shall be used for direct services."

PART XIII. DEPARTMENT OF AGRICULTURE AND CONSUMER SERVICES

SPAY/NEUTER PROGRAM ELIGIBILITY

SECTION 13.1.(a) G.S. 19A-63(a)(1) reads as rewritten:

"(1) The county or city offers one or more of the following programs to low-income persons on a year-round basis for the purpose of reducing the cost of spaying and neutering procedures for dogs and cats:

- a. A spay/neuter clinic operated by the county or city.
- b. A spay/neuter clinic operated by a non-profit organization under contract or other arrangement with the county or city, ~~provided that the non-profit organization contracts with a local veterinarian to perform the spay/neuter procedures.~~ city.
- c. A contract or contracts with one or more veterinarians, whether or not located within the county, to provide reduced-cost spaying and neutering procedures.
- d. Subvention of the spaying and neutering costs incurred by low-income pet owners through the use of vouchers or other procedure that provides

- 1 a discount of the cost of the spaying or neutering procedure fixed by a
2 participating ~~veterinarian~~veterinarian or other provider.
3 e. Subvention of the spaying and neutering costs incurred by persons who
4 adopt a pet from an animal shelter operated by or under contract with
5 the county or city."

6 **SECTION 13.1.(b)** G.S. 19A-63(b)(2) reads as rewritten:

7 "(2) Low-income person. – An individual who qualifies for one or more of the
8 programs of public assistance administered by the Department of Health and
9 Human Services pursuant to Chapter 108A of the General Statutes or whose
10 annual household income is lower than one hundred percent (100%) of the
11 federal poverty level guidelines published by the United States Department of
12 Health and Human Services."

13 14 **NEW MARKET OPPORTUNITIES FOR FARMERS**

15 **SECTION 13.2.** The funds available in the Swine Waste Fund (Fund Code
16 23704-2730) shall be repurposed to fund two time-limited positions and operating expenses to
17 coordinate new market opportunities for eligible farmers.

18 19 **PART XIV. DEPARTMENT OF ENVIRONMENTAL QUALITY**

20 21 **MERCURY SWITCH SUNSET MODIFICATION**

22 **SECTION 14.1.(a)** Section 9 of S.L. 2007-142 reads as rewritten:

23 "**SECTION 9.** Sections 1, 2, 6, 7, and 9 of this act become effective when this act becomes
24 law. Sections 3, 4, and 8 of this act become effective 1 July 2007. Section 5 of this act becomes
25 effective 1 July 2007 and applies to violations that occur on or after that date. The Department
26 shall submit the first annual report required by G.S. 130A-310.57, as enacted by Section 7 of this
27 act, on or before 1 October 2008. This act expires on 31 December 2017. Effective June 30, 2017,
28 Part 6 of Article 9 of Chapter 130A of the General Statutes, as amended by this act, is repealed."

29 **SECTION 14.1.(b)** Section 13.10B of S.L. 2011-145 is repealed.

30 **SECTION 14.1.(c)** Subsection (b) of this section becomes effective June 30, 2017.
31 Funds remaining in the Mercury Pollution Prevention Fund (Fund Code 24300-2119) on that date
32 shall be transferred to the Division of Waste Management (Fund Code 14300-1760).
33

34 **MOTOR VEHICLE EMISSIONS INSPECTIONS**

35 **SECTION 14.2.(a)** G.S. 143-215.107A reads as rewritten:

36 "**§ 143-215.107A. Motor vehicle emissions testing and maintenance program.**

37 (a) General Provisions. –

38 (1) G.S. 143-215.107(a)(6) shall be implemented as provided in this section.

39 (2) Motor vehicle emissions inspections shall be performed by a person who holds
40 an emissions inspection mechanic license issued as provided in
41 G.S. 20-183.4A(c) at a station that holds an emissions inspection station license
42 issued under G.S. 20-183.4A(a) or at a place of business that holds an
43 emissions self-inspector license issued as provided in G.S. 20-183.4A(d). Motor
44 vehicle emissions inspections may be performed by a decentralized network of
45 test-and-repair stations as described in 40 Code of Federal Regulations § 51.353
46 (1 July 1998 Edition). The Commission may not require that motor vehicle
47 emissions inspections be performed by a network of centralized or
48 decentralized test-only stations.

49 (b) Repealed by Session Laws 2000-134, s. 2, effective July 14, 2000.

50 (c) Counties Covered. – Motor vehicle emissions inspections shall be performed in the
51 following counties: Alamance, ~~Brunswick~~, Buncombe, ~~Burke~~, Cabarrus, ~~Caldwell~~, ~~Carteret~~,

~~Catawba, Chatham, Cleveland, Craven, Cumberland, Davidson, Durham, Edgecombe, Forsyth, Franklin, Gaston, Granville, Guilford, Harnett, Haywood, Henderson, Iredell, Johnston, Lee, Lenoir, Lincoln, Mecklenburg, Moore, Nash, New Hanover, Onslow, Orange, Pitt, Randolph, Robeson, Rockingham, Rowan, Rutherford, Stanly, Stokes, Surry, Union, Wake, Wayne, Wilkes and Wilson and Wake.~~

...."

SECTION 14.2.(b) G.S. 20-183.2(b) reads as rewritten:

"(b) Emissions. – A motor vehicle is subject to an emissions inspection in accordance with this Part if it meets all of the following requirements:

- (1) It is subject to registration with the Division under Article 3 of this Chapter, except for motor vehicles operated on a federal installation as provided in sub-subdivision e. of subdivision (5) of this subsection.
- (2) It is not a trailer whose gross weight is less than 4,000 pounds, a house trailer, or a motorcycle.
- (3) It is (i) a 1996 or later model vehicle with a model year within 20 years of the current year and older than the three most recent model years or (ii) a 1996 or later model vehicle with a model year within 20 years of the current year and has 70,000 miles or more on its odometer.

...."

SECTION 14.2.(c) No later than September 30, 2016, the Department of Environmental Quality shall prepare and submit to the United States Environmental Protection Agency for approval by that agency a proposed North Carolina State Implementation Plan amendment based on the change to the motor vehicle emissions testing program provided in this section.

SECTION 14.2.(d) Subsections (a) and (b) of this section become effective on the later of the following dates and apply to motor vehicles inspected, or due to be inspected, on or after that effective date:

- (1) July 1, 2017.
- (2) The first day of a month that is 60 days after the Secretary of the Department of Environmental Quality certifies to the Revisor of Statutes that the United States Environmental Protection Agency has approved an amendment to the North Carolina State Implementation Plan submitted as required by subsection (c) of this section. The Secretary shall provide this notice along with the effective date of this act on its Web site and by written or electronic notice to emissions inspection mechanic license holders, emissions inspection station licensees, and self-inspector licensees in the counties where motor vehicle emissions inspection requirements are removed by this section.

AIR AND WATER QUALITY ACCOUNT FUNDING

SECTION 14.3. G.S. 105-449.125, as amended by Section 4.11(a) of S.L. 2016-5, reads as rewritten:

"§ 105-449.125. Distribution of tax revenue among various funds and accounts.

(a) Distribution to Funds. – The Secretary shall allocate the amount of revenue collected under this Article from an excise tax of one-half cent (1/2¢) a gallon to the following funds and accounts in the fraction indicated:

Fund or Account	Amount
Commercial Leaking Petroleum	
Underground Storage Tank Cleanup Fund	Nineteen thirty seconds <u>Sixty-two and one-half percent (62.5%)</u>
Water and Air Quality Account	Five sixteenths <u>Twenty-eight and one-tenth percent (28.1%).</u>

(b) Distribution of Remaining Revenue. – The Secretary shall allocate the remaining excise tax revenue collected under this Article, including any revenue that is allocated but not distributed under subsection (a) of this section, as follows:

(1) Seventy-one percent (71%) to the Highway Fund.

(2) Twenty-nine percent (29%) to the Highway Trust Fund.

(c) Accounting. – The Secretary shall charge a proportionate share of a refund allowed under this Article to each fund or account to which revenue collected under this Article is credited. The Secretary shall credit revenue or charge refunds to the appropriate funds or accounts on a monthly basis."

AUDITOR RECLASSIFICATION

SECTION 14.4. The Department of Environmental Quality may reclassify an existing vacant position to establish an internal auditor position.

RISK-BASED MANAGEMENT ACTIONS PREAPPROVAL

SECTION 14.5. G.S. 143-215.94E(e5) is amended by adding a new subdivision to read:

"(10) Each fiscal year, the Department may preapprove and authorize tasks, the cost of which is to be paid or reimbursed from the Commercial Fund and the sum total of which shall not exceed five hundred thousand dollars (\$500,000), that have not been authorized pursuant to subdivisions (5) and (6) of this subsection for the purpose of completing risk-based management actions leading to no further action or closure. A claim for payment or reimbursement of costs for tasks that are authorized under this subdivision shall be paid or reimbursed on the same basis as tasks that are authorized under subdivisions (5) and (6) of this subsection."

EXPEDITE CLOSURE OF LOW-RISK PRE-1983 LANDFILLS

SECTION 14.6. Of the funds appropriated to the Inactive Hazardous Sites Cleanup Fund (Fund Code 65304-6379), the sum of five million dollars (\$5,000,000) may be used by the Department of Environmental Quality in the 2016-2017 fiscal year to expedite closure of lower risk pre-regulatory landfills by funding the assessment and remedial activities needed to achieve a risk-based closure. The Department's activities under this section may proceed notwithstanding the site's relative priority for action established under G.S. 130A-310.6(c).

OYSTER BROOD STOCK FUNDING MODIFICATION

SECTION 14.7. Notwithstanding any other provision of law, funds provided to the Division of Marine Fisheries of the Department of Environmental Quality for contracting with the University of North Carolina Wilmington to develop oyster brood stock to provide seed for aquaculture shall be transferred to, and not through a contractual arrangement with, the University of North Carolina Wilmington for that purpose.

COASTAL RECREATIONAL FISHING LICENSES CONFORMING CHANGE

SECTION 14.8. G.S. 113-174.1(f) reads as rewritten:

"§ 113-174.1. License required; general provisions governing licenses.

...

(f) Cancellation of Fraudulent License; Penalties. – The Wildlife Resources Commission may cancel a license issued by the Commission under this Article or Article 25A of this Chapter if the license was issued on the basis of false information supplied by the license applicant. The Division may cancel a For Hire Blanket ~~CRFL~~ License issued under G.S. 113-174.3 ~~or an Ocean Fishing Pier Blanket CRFL issued under G.S. 113-174.4~~ if the license was issued on the basis of

false information supplied by the license applicant. A cancelled license is void from the date of issuance. It is a Class 1 misdemeanor for an individual to knowingly do any of the following:
...."

MARINE PATROL/SHELLFISH SANITATION EQUIPMENT SALES

SECTION 14.9.(a) The Division of Marine Fisheries of the Department of Environmental Quality may sell the following aircraft and water vessels from its fleet as expeditiously as possible in order to modernize the fleet:

- (1) 1999 48' Sea Ark – patrol vessel "Roanoke".
- (2) 1995 Husky airplane.
- (3) 1998 25' Parker boat hull with trailer.
- (4) 1993 18' Parker boat with engine and trailer.

Proceeds from these sales shall be credited to the Advance License Sales fund (Fund Code 24300-2392) within Marine Fisheries for future appropriation by the General Assembly.

SECTION 14.9.(b) The Division shall report to the Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources on the proceeds of the dispositions authorized by this section and the Division's plans for use of the proceeds for future equipment acquisitions to (i) support the enforcement efforts of the Marine Patrol and (ii) to support the Shellfish Sanitation and Recreational Water Quality Program.

CULTCH MATERIAL PURCHASING

SECTION 14.10. For the purpose of purchasing materials and entering contracts for shellfish rehabilitation projects, the Division of Marine Fisheries of the Department of Environmental Quality shall be permitted to carry forward from the 2015-2016 fiscal year to the 2016-2017 fiscal year up to five hundred thousand dollars (\$500,000) of State funds appropriated for cultch planting.

SHELLFISH LEASING REFORMS

SECTION 14.11.(a) G.S. 113-202(j) reads as rewritten:

"(j) Initial leases begin upon the issuance of the lease by the Secretary and expire at noon on the first day of July following the tenth anniversary of the granting of the lease. Renewal leases are issued for a period of 10 years from the time of expiration of the previous lease. At the time of making application for renewal of a lease, the applicant must pay a filing fee of one hundred dollars (\$100.00). The rental for initial leases is one dollar (\$1.00) per acre until noon on the first day of July following the first anniversary of the lease. Thereafter, for initial leases and from the beginning for renewals of leases entered into after that date, the rental is ten dollars (\$10.00) per acre per year. Rental must be paid annually in advance prior to the first day of ~~April~~ July each year. Upon initial granting of a lease, the pro rata amount for the portion of the year left until the first day of July must be paid in advance at the rate of one dollar (\$1.00) per acre per year; then, on or before the first day of ~~April~~ July next, the lessee must pay the rental for the next full year."

SECTION 14.11.(b) G.S. 113-202.1 reads as rewritten:

"§ 113-202.1. Water column leases for aquaculture.

(a) To increase the productivity of leases for shellfish culture issued under G.S. 113-202, the Secretary may amend shellfish cultivation leases to authorize use of the water column superjacent to the leased bottom under the terms of this section when he determines the public interest will benefit from amendment of the leases. Leases with water column amendments must produce shellfish in commercial quantities at four times the minimum production rate of leases issued under G.S. 113-202, or any higher quantity required by the Marine Fisheries Commission through duly adopted rules.

(f) Amendments of shellfish cultivation leases to authorize use of the water column ~~are not transferrable except when the Secretary approves the transfer after public notice and hearing consistent with subsection (e) of this section.~~ may be transferred with a bottom lease for the remainder of the term of the amendment at the same rental rate and term as set forth in subsection (d) of this section, and so long as notice of the transfer is provided to the Secretary as required by G.S. 113-202(k).

...

(i) To the extent required by demonstration or research aquaculture development projects, the Secretary may amend existing leases and issue leases that authorize use of the bottom and the water column. Demonstration or research aquaculture development projects may be authorized for ~~two-five~~ years with no more than one renewal and when the project is proposed or formally sponsored by an educational institution which conducts research or demonstration of aquaculture. Production of shellfish with a sales value in excess of ~~one thousand dollars (\$1,000)~~ five thousand dollars (\$5,000) per acre per year shall constitute commercial production. Demonstration or research aquaculture development projects shall be exempt for the rental rate in subsection (d) of this section unless commercial production occurs as a result of the project."

SECTION 14.11.(c) G.S. 113-202.2 reads as rewritten:

"§ 113-202.2. Water column leases for aquaculture for perpetual franchises.

(a) To increase the productivity of shellfish grants and perpetual franchises for shellfish culture recognized under G.S. 113-206, the Secretary may lease the water column superjacent to such grants or perpetual franchises (hereinafter "perpetual franchises") under the terms of this section when it determines the public interest will benefit from the lease. Perpetual franchises with water column leases must produce shellfish in commercial quantities at four times the minimum production rate of leases issued under G.S. 113-202, or any higher quantity required by the Marine Fisheries Commission by rule.

...

(d) Water column leases to perpetual franchises shall be issued for a period of ~~five-10~~ years and may be renewed pursuant to subsection (g) of this section. The rental for an initial water column lease issued under this section is the same as the rental set in G.S. 113-202.1 for an initial water column amendment issued under that section, and the rental for a renewed water column lease issued under this section is the same as the rental set in G.S. 113-202.1 for a renewed water column amendment issued under that section.

...

(f) Water column leases to perpetual franchises ~~are not transferrable except when the Secretary approves the transfer after public notice and hearing consistent with G.S. 113-202(f) and (g).~~ may be transferred with a perpetual franchise for the remainder of the term of the lease at the same rental rate and term as set forth in subsection (d) of this section, and so long as notice of the transfer is provided to the Secretary as required by G.S. 113-202(k).

...

(i) Demonstration or research aquaculture development projects may be authorized for ~~two-five~~ years with no more than one renewal and when the project is proposed or formally sponsored by an educational institution which conducts aquaculture research or demonstration projects. Production of shellfish with a sales value in excess of ~~one thousand dollars (\$1,000)~~ five thousand dollars (\$5,000) per acre per year shall constitute commercial production. Demonstration or research aquaculture development projects shall be exempt from the rental rate in subsection (d) of this section unless commercial production occurs as a result of the project."

CLARIFY AQUATIC WEED CONTROL FUNDING ELIGIBILITY

SECTION 14.12.(a) Part 8B of Article 21 of Chapter 143 of the General Statutes reads as rewritten:

"Part 8B. Shallow Draft Navigation Channel and ~~Lake Dredging~~ Aquatic Weed Fund.

"§ 143-215.73F. **Shallow Draft Navigation Channel Dredging and ~~Lake Maintenance~~
Aquatic Weed Fund.**

(a) Fund Established. – The Shallow Draft Navigation Channel Dredging and ~~Lake Maintenance~~
Aquatic Weed Fund is established as a special revenue fund. The Fund consists of fees credited to it under G.S. 75A-3 and G.S. 75A-38, taxes credited to it under G.S. 105-449.126, and funds contributed by non-State entities.

(b) Uses of Fund. – Revenue in the Fund may only be used for the following purposes:

(1) To provide the State's share of the costs associated with any dredging project designed to keep shallow draft navigation channels located in State waters or waters of the state located within lakes navigable and safe.

(2) For aquatic weed control projects in waters of the State ~~located within lakes~~ under Article 15 of Chapter 113A of the General Statutes. Funding for aquatic weed control projects is limited to five hundred thousand dollars (\$500,000) in each fiscal year.

(c) Cost-Share. – Any project funded by revenue from the Fund must be cost-shared with non-State dollars as follows:

...

(3) The cost-share for ~~a lake maintenance~~ an aquatic weed control project shall be at least one non-State dollar for every dollar from the Fund. The cost-share for ~~a lake~~ an aquatic weed control project located within a component of the State Parks System shall be provided by the Division of Parks and Recreation of the Department of Natural and Cultural Resources. The Division of Parks and Recreation may use funds allocated to the State Parks System for capital projects under G.S. 143B-135.56 for the cost-share.

...."

SECTION 14.12.(b) G.S. 75A-3(c) reads as rewritten:

"(c) The Boating Account is established within the Wildlife Resources Fund created under G.S. 143-250. Interest and other investment income earned by the Account accrues to the Account. All moneys collected pursuant to the numbering and titling provisions of this Chapter shall be credited to this Account. Motor fuel excise tax revenue is credited to the Account under G.S. 105-449.126. The Commission shall use revenue in the Account, subject to the Executive Budget Act and the Personnel Act, for the administration and enforcement of this Chapter; for activities relating to boating and water safety including education and waterway marking and improvement; and for boating access area acquisition, development, and maintenance. The Commission shall use at least three dollars (\$3.00) of each one-year certificate of number fee and at least nine dollars (\$9.00) of each three-year certificate of number fee collected under the numbering provisions of G.S. 75A-5 for boating access area acquisition, development, and maintenance. The Commission shall transfer on a quarterly basis fifty percent (50%) of each one-year certificate of number fee and fifty percent (50%) of each three-year certificate of number fee collected under the numbering provisions of G.S. 75A-5 to the Shallow Draft Navigation Channel Dredging and ~~Lake Maintenance~~ Aquatic Weed Fund established by G.S. 143-215.73F."

SECTION 14.12.(c) G.S. 75A-38(b) reads as rewritten:

"(b) The Commission shall charge a fee of thirty dollars (\$30.00) to issue a new or transfer certificate of title. The Commission shall transfer on a quarterly basis at least ten dollars (\$10.00) of each new or transfer certificate of title to the Shallow Draft Navigation Channel Dredging and ~~Lake Maintenance~~ Aquatic Weed Fund established by G.S. 143-215.73F. The Commission shall charge a fee of ten dollars (\$10.00) for each duplicate title it issues and for the recording of a supplemental lien."

SECTION 14.12.(d) G.S. 105-449.126 reads as rewritten:

"§ 105-449.126. Distribution of part of Highway Fund allocation to Wildlife Resources Fund and Shallow Draft Navigation Channel Dredging and ~~Lake Maintenance~~-Aquatic Weed Fund.

...

(b) The Secretary shall credit to the Shallow Draft Navigation Channel Dredging and ~~Lake Maintenance~~-Aquatic Weed Fund one percent (1%) of the amount that is allocated to the Highway Fund under G.S. 105-449.125 and is from the excise tax on motor fuel. Revenue credited to the Shallow Draft Navigation Channel Dredging and ~~Lake Maintenance~~-Aquatic Weed Fund under this section may be used only for the dredging activities described in G.S. 143-215.73F. The Secretary shall credit revenue to the Shallow Draft Navigation Channel Dredging and ~~Lake Maintenance~~-Aquatic Weed Fund on a quarterly basis. The Secretary must make the distribution within 45 days of the end of each quarter."

ENVIRONMENTAL MANAGEMENT OF IMPAIRED WATER BODIES

SECTION 14.13.(a) Section 14.5(a) of S.L. 2015-241 reads as rewritten:

"SECTION 14.5.(a) Of the funds appropriated in this act to the Clean Water Management Trust Fund for the 2015-2017 biennium, the Department of ~~Environment and Natural Resources~~ shall ~~Environmental Quality~~ may use up to one million five hundred thousand dollars (\$1,500,000) to continue the demonstration project authorized by Section 14.3A of S.L. 2013-360. No later than December 1, 2015, the Department shall extend or modify existing contracts related to in situ water quality remediation strategies for a term ending on or after October 15, 2018, and also may enter into new purchase or lease agreements for equipment, goods, or contractor services needed to continue the demonstration project as set forth in this subsection. If the Department of Environmental Quality chooses to terminate the demonstration project contract prior to the end of the contract term, then the remaining funds shall be used by the Clean Water Management Trust Fund for any other lawful purpose."

SECTION 14.13.(b) This section becomes effective on the earlier of July 1, 2016, or the date of termination of a contract related to in situ water quality remediation strategies that was extended pursuant to Section 14.5 of S.L. 2015-241.

MATTAMUSKEET LODGE ADVANCED PLANNING

SECTION 14.14. The Wildlife Resources Commission shall undertake advanced planning for the completion of renovations of the Lake Mattamuskeet Lodge and explore opportunities for a public-private partnership for the future operation of the Lodge to optimize the sustainability and benefit of the Lodge to the community. In order to conduct these activities, the Commission may use up to two hundred thousand dollars (\$200,000) of the funds appropriated to it for the 2016-2017 fiscal year. The Commission shall report to the Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources no later than January 15, 2017, regarding its implementation of the requirements of this section.

PART XV. DEPARTMENT OF COMMERCE

USE OF DEOBLIGATED CDBG AND FEDERAL FUNDS

SECTION 15.1.(a) Section 15.6(b) of S.L. 2015-241 reads as rewritten:

"SECTION 15.6.(b) To allow the Department of Commerce and the Department of Environment and Natural Resources to quickly deploy deobligated CDBG funds and surplus federal administrative funds as they are identified throughout each program year, the following shall apply to the use of deobligated CDBG funds and surplus federal administrative funds, unless otherwise expressly provided by law:

...

- (2) In the 2015-2017 fiscal biennium, the Department of Commerce shall use the sum of ~~five million nine hundred eight thousand four hundred ninety-seven dollars (\$5,908,497)~~ ten million six hundred forty-eight thousand one hundred eighty-nine dollars (\$10,648,189) in deobligated CDBG funds as follows:
- a. Four million six hundred fifty-eight thousand four hundred ninety-seven dollars (\$4,658,497) for:
 1. Providing public services and public facilities. The category of public services includes providing substance abuse services and employment services, including job training, to homeless and at-risk veterans in the State.
 2. If House Bill 108, 2015 Regular Session, becomes law, providing up to one million dollars (\$1,000,000) in the 2016-2017 fiscal year to be used to fund a loan fund for site, infrastructure, and building development. Program income generated from awards made from the loan fund shall be captured in the existing CDBG revolving loan fund.
 - b. Five hundred thousand dollars (\$500,000) for existing CDBG programs that encounter cost overruns.
 - c. Up to ~~seven hundred fifty thousand dollars (\$750,000)~~ one million dollars (\$1,000,000) for providing training and guidance to local governments relative to the CDBG program, its management, and administration requirements.
 - d. One million dollars (\$1,000,000) to be transferred to the Department of Environmental Quality to be used to connect B.F. Grady Elementary School in Duplin County to the Pink Hill Municipal Sewer Facility.
 - e. Three million dollars (\$3,000,000) to be transferred to the Department of Environmental Quality for water and sewer projects for public schools.
 - f. Three hundred thousand dollars (\$300,000) to be used by the Department to provide a source of funding and assistance for small food retailers operating in the State in low-income areas to improve access to healthy foods.
- (3) ~~All deobligated CDBG funds that arise in a category that the Department of Commerce is responsible for administering after the provisions of subdivision (2) of this subsection have been met, and any~~ 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 program category.~~
 - b. ~~For providing training and guidance to local governments relative to the CDBG program, its management, and administrative requirements.~~
 - e. ~~For any other purpose consistent with the Department's administration of the CDBG program if an equal amount of State matching funds is available.~~

...."

SECTION 15.1.(b) The Department shall report on its proposed broadband initiative and its proposed use of deobligated CDBG funds to support that initiative. The report shall include details about how the initiative complies with the State broadband plan and the State's CDBG requirements. The report shall also include details about (i) the type of sites it intends to serve, (ii) a time line for proposed projects, (iii) the constituents it intends to serve, and (iv) any other expected outcomes. The Department shall submit the report to the chairs of the Economic

Development and Global Engagement Committee and the chairs of the Joint Oversight Committee on Agriculture and Natural and Economic Resources on or before February 1, 2017.

MODIFY DISBURSEMENT PROCESS FROM ECONOMIC DEVELOPMENT RESERVES

SECTION 15.2.(a) G.S. 143B-437.63 reads as rewritten:

"§ 143B-437.63. JDIG Program cash flow requirements.

Notwithstanding any other provision of law, grants made through the Job Development Investment Grant Program, including amounts transferred pursuant to G.S. 143B-437.61, shall be budgeted and funded on a cash flow basis. ~~The Office of State Budget and Management~~ Department of Commerce shall ~~periodically transfer funds from the JDIG Reserve established pursuant to G.S. 143C-9-6 to the Department of Commerce~~ disburse funds in an amount sufficient to satisfy grant obligations and amounts to be transferred pursuant to G.S. 143B-437.61 to be paid during the fiscal year. It is the intent of the General Assembly to appropriate funds annually to the JDIG Program established in this Part in amounts sufficient to meet the anticipated cash requirements for each fiscal year."

SECTION 15.2.(b) G.S. 143B-437.75 reads as rewritten:

"§ 143B-437.75. Cash flow requirements.

Notwithstanding any other provision of law, moneys allocated from the One North Carolina Fund shall be budgeted and funded on a cash flow basis. ~~The Office of State Budget and Management~~ Department of Commerce shall ~~periodically transfer funds from the One North Carolina Fund established pursuant to G.S. 143B-437.71 to the Department of Commerce~~ disburse funds in an amount sufficient to satisfy Fund allocations to be transferred pursuant to G.S. 143B-437.72 to be paid during the fiscal year. It is the intent of the General Assembly to appropriate funds annually to the One North Carolina Fund established in this Part in amounts sufficient to meet the anticipated cash requirements for each fiscal year."

SECTION 15.2.(c) Funds remaining as of June 30, 2016, in JDIG Reserve established pursuant to G.S. 143C-9-6 are transferred to the Department of Commerce for the JDIG Program established pursuant to Part 2G of Article 10 of Chapter 143B of the General Statutes.

SECTION 15.2.(d) Funds remaining as of June 30, 2016, in One North Carolina Fund Reserve established pursuant to G.S. 143C-9-8 are transferred to the Department of Commerce for the One North Carolina Fund established pursuant to Part 2H of Article 10 of Chapter 143B of the General Statutes.

SECTION 15.2.(e) G.S. 143C-9-6 and G.S. 143C-9-8 are repealed.

SECTION 15.2.(f) Funds appropriated to the JDIG and One North Carolina Fund Reserves for the 2016-2017 fiscal year shall be transferred to the Department of Commerce (Budget Code 14600).

SECTION 15.2.(g) The Office of State Budget and Management shall incorporate the recurring JDIG and One NC Fund appropriations in the base budget of the Department of Commerce.

SECTION 15.2.(h) This section becomes effective July 1, 2016.

TRANSFER FUNDS TO DPS FOR VETERANS LIFE CENTER

SECTION 15.3. Of the funds appropriated in the 2016-2017 fiscal year to the Department of Commerce for rural economic development grants, the sum of one million dollars (\$1,000,000) shall be transferred to the Department of Public Safety and shall be used to provide nonrecurring funding for program development and implementation of the Veterans Life Center.

PART XVI. DEPARTMENT OF NATURAL AND CULTURAL RESOURCES

QUEEN ANNE'S REVENGE CARRYFORWARD

SECTION 16.1. Funds appropriated in the 2015-2017 biennium to continue archaeological work related to the Queen Anne's Revenge marine archaeology site shall not revert but shall remain available until expended.

SALVAGE OF ABANDONED SHIPWRECKS CLARIFICATION

SECTION 16.2. G.S. 121-25 reads as rewritten:

"§ 121-25. License to conduct exploration, recovery or salvage operations.

...

(b) All photographs, video recordings, or other documentary materials of a derelict vessel or shipwreck or its contents, relics, artifacts, or historic materials in the custody of any agency of North Carolina government or its subdivisions shall be a public record pursuant to ~~G.S. 132-1~~. ~~There shall be no limitation on the use of or no requirement to alter any such photograph, video recordings, or other documentary material, and any such provision in any agreement, permit, or license shall be void and unenforceable as a matter of public policy.~~ Chapter 132 of the General Statutes."

UMSTEAD ACT CONFORMING CHANGES

SECTION 16.3. G.S. 66-58 reads as rewritten:

"§ 66-58. Sale of merchandise or services by governmental units.

(a) Except as may be provided in this section, it shall be unlawful for any unit, department or agency of the State government, or any division or subdivision of the unit, department or agency, or any individual employee or employees of the unit, department or agency in his, or her, or their capacity as employee or employees thereof, to engage directly or indirectly in the sale of goods, wares or merchandise in competition with citizens of the State, or to engage in the operation of restaurants, cafeterias or other eating places in any building owned by or leased in the name of the State, or to maintain service establishments for the rendering of services to the public ordinarily and customarily rendered by private enterprises, or to provide transportation services, or to contract with any person, firm or corporation for the operation or rendering of the businesses or services on behalf of the unit, department or agency, or to purchase for or sell to any person, firm or corporation any article of merchandise in competition with private enterprise. The leasing or subleasing of space in any building owned, leased or operated by any unit, department or agency or division or subdivision thereof of the State for the purpose of operating or rendering of any of the businesses or services herein referred to is hereby prohibited.

(b) The provisions of subsection (a) of this section shall not apply to:

...

(9) ~~The Department of Environmental Quality.~~ The North Carolina Wildlife Resources Commission ~~may sell for the sale of~~ wildlife memorabilia as a service to members of the public interested in wildlife conservation.

(9a) The North Carolina Forest Service.

(9b) The Department of Natural and Cultural Resources for the sale of food pursuant to G.S. 111-47.2 and the sale of books, crafts, gifts, and other tourism-related items and revenues from public and private special events, activities, and programming at State parks, State aquariums, historic sites and museums administered by the Department, provided that the resulting profits are used to support the operation of ~~historic sites or museums~~ those facilities and provided further that the Department shall not construct, maintain, operate, or lease a hotel or tourist inn in any ~~park-site or facility~~ over which it has jurisdiction. ~~jurisdiction, other than the State parks.~~

...

...."

CLARIFY VENDING FACILITIES EXEMPTION

SECTION 16.4.(a) G.S. 111-47.2 reads as rewritten:

"§ 111-47.2. Food service at State parks, museums and historic sites operated by the Department of Natural and Cultural Resources.

Notwithstanding this Article, the North Carolina Department of Natural and Cultural Resources may operate or contract for the operation of food or vending services at State parks, museums and historic sites operated by the Department. Notwithstanding G.S. 111-43, the net proceeds of revenue generated by food and vending services ~~provided at museums and historic sites operated by the Department or a vendor with whom the Department has contracted shall be~~ credited to the appropriate fund of the ~~museum or historic site~~ Department where the funds were generated and shall be used for the operation of that State park, museum or historic site."

SECTION 16.4.(b) This section shall not apply to any existing contract for food or vending services at any attraction managed by the Department of Natural and Cultural Resources entered into prior to July 1, 2016.

GRASSROOTS SCIENCE AMENDMENTS

SECTION 16.5. G.S. 143B-135.227 reads as rewritten:

"§ 143B-135.227. ~~Grassroots science competitive~~North Carolina science museums grant program.

(a) The North Carolina State Museum of Natural Sciences (hereinafter "Museum of Natural Sciences") shall administer the ~~Grassroots Science~~ North Carolina Science Museums Grant Program as a competitive grant program. Any museum in the State may apply for a grant under the program, including a museum that has previously received a grant-in-aid from the Program or as a grassroots science museum in prior fiscal years, but grant funds shall be awarded only if the museum meets the criteria established in subsection (d) of this section. No museum shall be guaranteed a grant under the competitive grant program.

(b) For the 2016-2017 fiscal year, the Museum of Natural Sciences shall reserve seven hundred fifty thousand dollars (\$750,000) for the purpose of awarding grants to museums located in development tier one counties and six hundred thousand dollars (\$600,000) for museums located in development tier two counties. The development tier designation of a county shall be determined as provided in G.S. 143B-437.08. If, after the initial awarding of grants to all museum applicants who meet the eligibility criteria provided for in subsection (d) of this section, there are funds remaining in any development tier category, the Museum of Natural Sciences may reallocate those funds to another development tier category. The maximum amount of each grant awarded in the 2016-2017 fiscal year shall be (i) seventy-five thousand dollars (\$75,000) for a museum in a development tier one county; (ii) sixty thousand dollars (\$60,000) for a museum in a development tier two county; and (iii) fifty thousand dollars (\$50,000) for a museum in a development tier three county. During the 2016-2017 fiscal year, it is the intent of the General Assembly that the Museum of Natural Sciences shall award grants under this program for a three-year period.

(c) Beginning July 1, 2017, it is the intent of the General Assembly that the Museum of Natural Sciences shall award grants under this program for a two-year period. For each two-year grant cycle, the Museum of Natural Sciences shall reserve the amounts for development tier one and tier two counties and shall award the maximum grant amounts for each year of the grant cycle as provided in subsection (b) of this section. All other provisions of subsections (b), (d), and (e) of this section shall apply to the two-year grants. If there are funds remaining after the awarding of grants to all museum applicants meeting the eligibility criteria set forth in subsection (d) of this section in any grant cycle, the remaining balance of funds shall be distributed equally to all museum applicants awarded funds during that grant cycle without regard to the maximum grant amounts established in subsection (b) of this section.

(d) To be eligible to receive a grant under the competitive grant program, a museum shall demonstrate:

- (1) That it is a science center or museum or a children's museum that is physically located in the State.
 - (2) That it has been open, operating, and exhibiting science or science, technology, engineering, and math (STEM) education objects to the general public at least 120 days of each year for the past two or more years.
 - (3) That it is either (i) a nonprofit organization that is exempt from federal income taxes pursuant to section 501(c)(3) of the Internal Revenue Code or (ii) an organization that received funding in fiscal year 2015-2016 from the Grassroots Science Program.
 - (4) That it has on its staff at least one full-time professional person.
 - (5) That its governing body has adopted a mission statement that includes language that shows the museum has a concentration on science or STEM ~~education and that the adopted mission statement has been in effect for the past two or more years.~~education.
 - (6) In its application, in a format to be determined by the Museum of Natural Sciences, a detailed plan for (i) the proposed use of the funds and (ii) measurements to demonstrate at the end of the grant cycle that the use of the funds has had the projected results.
- (e) The Museum of Natural Sciences shall, in awarding grants under this section, give priority to museums that:
- (1) When compared to other museum applicants:
 - a. Are located in counties that are more economically distressed according to the annual rankings prepared by the Department of Commerce pursuant to G.S. 143B-437.08(c).
 - b. Generate a larger portion of their operating funds from non-State revenue.
 - c. Have a higher attendance-to-population ratio.
 - (2) Partner with other museums in the State to share exhibits, programs, or other activities.
 - (3) Are not located in close proximity to other science or STEM education museums."

MODIFY ZOO AND AQUARIUM SPECIAL FUNDS

SECTION 16.6.(a) G.S. 143B-135.209 reads as rewritten:

"§ 143B-135.209. North Carolina Zoo Fund.

...

(b) Disposition of ~~Fees/Receipts.~~ – All ~~fee~~ receipts derived from the collection of admissions charges and other fees and the lease or rental of property or facilities 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 ~~one million dollars (\$1,000,000).~~the sum of one million five hundred thousand dollars (\$1,500,000) and any private donations 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).
- (2) The project meets the requirements of G.S. 143C-4-3(b).
- (3) The project does not obligate the State to provide increased recurring funding for operations.

Funding for eligible projects under this subsection is appropriated for that purpose.

...."

SECTION 16.6.(b) G.S. 143B-135.188 reads as rewritten:

"§ 143B-135.188. North Carolina Aquariums; fees; fund.

...

(c) Disposition of ~~Fees/Receipts~~. – All ~~fee~~—receipts derived from the collection of admissions charges and other fees and the lease or rental of property or facilities shall be credited to the aquariums' General Fund operating budget. At the end of each fiscal year, the Secretary may transfer from the North Carolina aquariums' General Fund operating budget to the North Carolina Aquariums Fund an amount not to exceed the sum of the following:

(1) ~~One million dollars (\$1,000,000).~~ One million five hundred thousand dollars (\$1,500,000).

(2) The amount needed to cover the expenses described by subdivision (2) of subsection (b) this section.

(3) Any private donations received by 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).

(2) The project meets the requirements of G.S. 143C-4-3(b).

(3) The project does not obligate the State to provide increased recurring funding for operations.

Funding for eligible projects under this subsection is appropriated for that purpose.

...."

PART XVII. DEPARTMENT OF PUBLIC SAFETY

REPEAL POSITION RECLASSIFICATION AUTHORITY

SECTION 17.1. Section 16A.3 of S.L. 2015-241 is repealed.

SUBPART XVII-B. DIVISION OF LAW ENFORCEMENT

REQUIRE QUARTERLY VIPER REPORT

SECTION 17B.1. Section 16B.2 of S.L. 2015-241 reads as rewritten:

"VOICE INTEROPERABILITY PLAN FOR EMERGENCY RESPONSE (VIPER) SYSTEM

"SECTION 16B.2. The Department of Public Safety shall report ~~annually~~—no later than March 1 and quarterly thereafter to the chairs of the Joint Legislative Oversight Committee on Justice and Public Safety on the progress of the State's VIPER system."

CHANGE DOMESTIC VIOLENCE HOMICIDE REPORT DUE DATE

SECTION 17B.2. G.S. 143B-901 reads as rewritten:

"§ 143B-901. Reporting system and database on certain domestic-violence-related homicides; reports by law enforcement agencies required; annual report to the General Assembly.

The Department of Public Safety, in consultation with the North Carolina Council for Women/Domestic Violence Commission, the North Carolina Sheriffs' Association, and the North Carolina Association of Chiefs of Police, shall develop a reporting system and database that reflects the number of homicides in the State where the offender and the victim had a personal relationship, as defined by G.S. 50B-1(b). The information in the database shall also include the type of personal relationship that existed between the offender and the victim, whether the victim had obtained an order pursuant to G.S. 50B-3, and whether there was a pending charge for which

the offender was on pretrial release pursuant to G.S. 15A-534.1. All State and local law enforcement agencies shall report information to the Department of Public Safety upon making a determination that a homicide meets the reporting system's criteria. The report shall be made in the format adopted by the Department of Public Safety. The Department of Public Safety shall report to the chairs of the Joint Legislative Oversight Committee on Justice and Public Safety, no later than ~~February~~ April 1 of each year, with the data collected for the previous calendar year."

SUBPART XVII-C. DIVISION OF ADULT CORRECTION

MISDEMEANANT CONFINEMENT FUND

SECTION 17C.1. Funds appropriated for the Statewide Misdemeanant Confinement Program shall not be transferred to a special fund.

INMATE GRIEVANCE RESOLUTION BOARD REPORT CHANGES

SECTION 17C.2. Section 16C.13B(b) of S.L. 2015-241 reads as rewritten:

"SECTION 16C.13B.(b) The Department of Public Safety and the Inmate Grievance Resolution Board shall report by October 1 of each year to the chairs of the House of Representatives and Senate Appropriations Committees on Justice and Public Safety and the Joint Legislative Oversight Committee on Justice and Public Safety on the Inmate Grievance Resolution Board. The annual report shall include the following with respect to the prior fiscal year:

- (1) Brief summary of the inmate grievance process.
- (2) Number of ~~grievances submitted to~~ grievance appeals received by the Board.
- (3) Number of ~~grievances~~ grievance appeals resolved by the Board.
- (4) Type of grievance by category.
- (5) Number of orders ~~filed~~ written by examiners."

STUDY WHETHER PROBATION AND PAROLE OFFICERS SHOULD TAKE STATE VEHICLES HOME

SECTION 17C.3. The Department of Public Safety in consultation with the Division of Adult Correction shall study whether probation and parole officers should be allowed to take their State vehicles home with them and the possible tax implications of doing so and report their findings and recommendations to the chairs of the Joint Legislative Oversight Committee on Justice and Public Safety by March 1, 2017.

REVISION TO TREATMENT FOR EFFECTIVE COMMUNITY SUPERVISION REPORT

SECTION 17C.4. G.S. 143B-1155(c) reads as rewritten:

~~"(c) The Division of Adult Correction~~ The Department of Public Safety, Community Corrections Section, shall report by March 1 of each year to the Chairs of the Senate and House of Representatives Appropriations Subcommittees on Justice and Public Safety and the Joint Legislative Oversight Committee on Justice and Public Safety on the status of the programs funded through the Treatment for Effective Community Supervision Program. The report shall include the following ~~information:~~ information from each of the following components:

- (1) ~~The dollar amount and purpose of funds provided on a contractual basis to service providers for the previous fiscal year and the amount of any funds carried over from the previous fiscal year.~~ Recidivism Reduction Services:
 - a. The method by which offenders are referred to the program.
 - b. The target population.
 - c. The amount of services contracted for and the amount of funding expended in each fiscal year.
 - d. The supervision type.

- e. The risk level of the offenders served.
 - f. The number of successful and unsuccessful core service exits with a breakdown of reasons for unsuccessful exits.
 - g. The demographics of the population served.
 - h. The number and kind of mandatory and optional services received by offenders in this program.
 - i. Employment status at entry and exit.
 - j. Supervision outcomes, including completion, revocation, and termination.
- (2) ~~An analysis of offender participation data received, including the following:~~Community Intervention Centers (CIC):
- a. ~~The number of people on probation and post-release supervision that are in the priority population that received services.~~The target population.
 - b. ~~The number of people on probation and post-release supervision that are in the priority population that did not receive services.~~The amount of funds contracted for and expended each fiscal year.
 - c. ~~The number of people on probation and post-release supervision outside of the priority population that received services.~~The supervision type.
 - d. ~~The type of services provided to these populations, including data on each program's utilization, capacity, and completion rates.~~The risk level of the offenders served.
 - e. ~~The rate of revocations and the educational progress and employment status of people who received services.~~The number of successful and unsuccessful core service exits with a breakdown of reasons for unsuccessful exits.
 - f. ~~Other measures as determined appropriate.~~The demographics of the population served.
 - g. Supervision outcomes, including completion, revocation, and termination.
- (3) ~~The dollar amount needed to provide additional services to meet the needs of the priority population in the upcoming budget year.~~Transitional and Temporary Housing:
- a. The target population.
 - b. The amount of funds contracted for and expended each fiscal year.
 - c. The supervision type.
 - d. The risk level of the offenders served.
 - e. The number of successful and unsuccessful core service exits with a breakdown of reasons for unsuccessful exits.
 - f. The demographics of the population served.
 - g. The employment status at entry and exit.
 - h. Supervision outcomes, including completion, revocation, and termination.
- (4) ~~Details of personnel, travel, contractual, operating, and equipment expenditures for each program type.~~Local Reentry Councils (LRC):
- a. The target population.
 - b. The amount of funds contracted for and expended each fiscal year.
 - c. The supervision type.
 - d. The risk level of the offenders served.
 - e. The number of successful and unsuccessful core service exits with a breakdown of reasons for unsuccessful exits.
 - f. The demographics of the population served.

- g. The employment status at entry and exit including, wherever possible, the average wage received at entry and exit.
- h. Supervision outcomes, including completion, revocation, and termination.
- (5) Intensive Outpatient Services. – If the Department enters into a contract for Intensive Outpatient Services, the Department of Public Safety shall report in the next fiscal year on this service including the following:
- a. The target population.
- b. The amount of funds contracted for and expended each fiscal year.
- c. The supervision type.
- d. The risk level of the offenders served.
- e. The number of successful and unsuccessful core service exits with a breakdown of reasons for unsuccessful exits.
- f. The demographics of the population served.
- g. Supervision outcomes, including completion, revocation, and termination."

PART XVIII. DEPARTMENT OF JUSTICE

CREATION OF SOCIAL MEDIA TRAINING FOR LAW ENFORCEMENT

SECTION 18.1. The North Carolina Justice Academy shall develop and make available to law enforcement officers in this State an online training course on the use of social media. The course shall include methods individual law enforcement officers can take to protect their personal information.

LAW ENFORCEMENT CERTIFICATION AND TRAINING CLARIFICATIONS

SECTION 18.2.(a) Article 4 of Chapter 20 of the General Statutes is amended by adding a new section to read:

"§ 20-188.1 Specialized instructor training.

Notwithstanding any other provision of law, the State Highway Patrol may conduct specialized instructor training as deemed necessary to enhance the efficacy and overall effectiveness of the State Highway Patrol. That training shall be consistent with Chapter 17C of the General Statutes and such rules as may be promulgated by the North Carolina Criminal Justice Education and Training Standards Commission. Topical training areas may include:

- (1) Specialized driver instructor training.
- (2) Specialized firearms instructor training.
- (3) Specialized subject control arrest techniques instructor training.
- (4) Specialized physical fitness instructor training.
- (5) Any other specialized instructor training as mandated by the North Carolina Education and Training Standards Commission or the North Carolina Sheriffs' Education and Training Standards Commission."

SECTION 18.2.(b) G.S. 17C-6(a)(7) reads as rewritten:

- "(7) Certify and recertify, suspend, revoke, or deny, pursuant to the standards that it has established for the purpose, criminal justice instructors and school directors who participate in programs or courses of instruction that are required by this ~~Chapter.~~ Chapter or that are required or approved by their respective agency head."

PART XIX. JUDICIAL DEPARTMENT

SUBPART XIX-A. OFFICE OF INDIGENT DEFENSE SERVICES

CLARIFICATION OF IDS BUDGET AUTHORITY

SECTION 19A.1. G.S. 7A-498.2(e) reads as rewritten:

"(e) The Director of the Administrative Office of the Courts may modify the budget of the Office of Indigent Defense Services and may use funds appropriated to the Office ~~without the approval of the Commission or the Office of Indigent Defense Services~~ only after direct consultation with a quorum of the Commission."

DIRECT IDS TO STUDY THE NEED FOR SATELLITE OFFICES FOR CAPITAL DEFENDERS

SECTION 19A.2.(a) The Office of Indigent Defense Services may use appropriated funds during the 2016-2017 fiscal year 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 cost-effectiveness and other needs. 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 related to the contract system of providing legal services. Notwithstanding the defender districts established by G.S. 7A-498.7, 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 eight attorney positions and four nonattorney positions during the fiscal year with the total annualized cost of these positions to be no more than one million two hundred fifty thousand dollars (\$1,250,000). 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 Committees on Justice and Public Safety on the proposed expansion by March 1, 2017.

SECTION 19A.2.(b) The Office of Indigent Defense Services shall study the need for new satellite offices to handle potentially capital cases at the trial level which shall be staffed by full-time assistant capital defenders and appropriate support staff in areas in which the use of salaried attorneys will ensure that effective representation is provided in a cost-effective manner. The Office of Indigent Defense Services shall consider the addition of capital defenders to existing public defender offices before making a recommendation as to the creation of separate satellite offices. If it is determined that such offices should be established, the Office of Indigent Defense Services shall provide data regarding (i) the determination to create new satellite offices, (ii) the counties to be serviced by the offices, (iii) the number of attorney appointments made in the counties served, (iv) the number of attorney appointments made in the counties served in the past three fiscal years, and (v) the current number of eligible private counsel and local public defenders who are available in those counties. The Office of Indigent Defense Services shall report its findings and recommendations to the chairs of the Joint Legislative Oversight Committee on Justice and Public Safety by March 1, 2017.

STUDY CAPITAL CASE PROSECUTION

SECTION 19A.3. The Office of Indigent Defense Services in consultation with the Conference of District Attorneys shall study what changes can be made to the current system of identifying, from the pool of cases in which a defendant is charged with first-degree or undesignated murder, (i) those that merit the cost of a capital prosecution and defense and (ii) what steps can be taken to facilitate the appointment of local counsel in most cases. The Office of Indigent Defense Services shall report its findings and make any recommendations to the chairs of the Joint Legislative Oversight Committee on Justice and Public Safety by October 1, 2016.

SUBPART XIX-B. ADMINISTRATIVE OFFICE OF THE COURTS

GRANT FUNDS

SECTION 19B.1. Section 18A.4 of S.L. 2015-241 reads as rewritten:

"**SECTION 18A.4.** Notwithstanding G.S. 143C-6-9, the Administrative Office of the Courts may use up to the sum of one million five hundred thousand dollars (\$1,500,000) in each year of the fiscal biennium 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 and Senate Appropriations Committees on Justice and Public Safety on the grants to be matched using these funds."

COLLECTION OF WORTHLESS CHECK FUNDS

SECTION 19B.2. Section 18A.5(a) of S.L. 2015-241 reads as rewritten

"**SECTION 18A.5(a)** Notwithstanding the provisions of G.S. 7A-308(c), the Judicial Department may use any balance remaining in the Collection of Worthless Checks Fund on June 30, 2015, for the purchase or repair of office or information technology equipment during the 2015-2016 fiscal ~~year-year~~ and may use any balance remaining in the Collection of Worthless Checks Fund on June 30, 2016, for the purchase or repair of office or information technology equipment during the 2016-2017 fiscal year. Prior to using any funds under this section, the Judicial Department shall report to the chairs of the House of Representatives and Senate Appropriations Committees on Justice and Public Safety and the Office of State Budget and Management on the equipment to be purchased or repaired and the reasons for the purchases."

ALLOCATION OF ASSISTANT DISTRICT ATTORNEYS

SECTION 19B.3. G.S. 7A-60 reads as rewritten:

"§ 7A-60. **District attorneys and prosecutorial districts.**

...

(a1) The counties of the State are organized into prosecutorial districts, and each district has the counties ~~and the number of full-time assistant district attorneys~~ set forth in the following table:

Prosecutorial District	Counties	No. of Full-Time Asst. District Attorneys
1	Camden, Chowan, Currituck, Dare, Gates, Pasquotank, Perquimans	11
2	Beaufort, Hyde, Martin, Tyrrell, Washington	8
3A	Pitt	11
3B	Carteret, Craven, Pamlico	12
4	Duplin, Jones, Onslow, Sampson	18
5	New Hanover, Pender	18
6	Bertie, Halifax, Hertford, Northampton	10
7	Edgecombe, Nash, Wilson	18
8	Greene, Lenoir, Wayne	14
9	Franklin, Granville, Vance, Warren	10
9A	Person, Caswell	6
10	Wake	41
11A	Harnett, Lee	9
11B	Johnston	10

1	12	Cumberland	23
2	13	Bladen, Brunswick, Columbus	13
3	14	Durham	18
4	15A	Alamance	11
5	15B	Orange, Chatham	10
6	16A	Scotland, Hoke	7
7	16B	Robeson	12
8	16C	Anson, Richmond	6
9	17A	Rockingham	7
10	17B	Stokes, Surry	8
11	18	Guilford	32
12	19A	Cabarrus	9
13	19B	Montgomery, Randolph	9
14	19C	Rowan	8
15	19D	Moore	5
16	20A		5
17		Stanly	
18	20B	Union	10
19	21	Forsyth	25
20	22A	Alexander, Iredell	11
21	22B	Davidson, Davie	11
22	23	Alleghany, Ashe, Wilkes,	8
23		Yadkin	
24	24	Avery, Madison, Mitchell,	7
25		Watauga, Yancey	
26	25	Burke, Caldwell, Catawba	18
27	26	Mecklenburg	58
28	27A	Gaston	14
29	27B	Cleveland,	11
30		Lincoln	
31	28	Buncombe	14
32	29A	McDowell, Rutherford	7
33	29B	Henderson, Polk, Transylvania	8
34	30	Cherokee, Clay, Graham,	10
35		Haywood, Jackson, Macon,	
36		Swain.	

(a2) ~~Upon the convening of each regular session of the General Assembly and its reconvening in the even-numbered year, the~~ The Administrative Office of the Courts shall report by March 15 of each year on its recommendations regarding the allocation of assistant district attorneys for the upcoming fiscal biennium and fiscal year to the General Assembly, including any request for additional assistant district attorneys. The report shall include the number of assistant district attorneys that the Administrative Office of the Courts recommends to be~~has~~ allocated to each prosecutorial district and the workload formula established through the National Center for State Courts on which each recommended allocation is based. Any reports required under this subsection shall be made to the Joint Legislative Commission of Governmental Operations, the House of Representatives and Senate Appropriations ~~Subcommittees~~ Committees on Justice and ~~Public, Public Safety,~~ and the Fiscal Research Division.

...."

PART XX. DEPARTMENT OF MILITARY AND VETERANS AFFAIRS [RESERVED]

PART XXI. OFFICE OF ADMINISTRATIVE HEARINGS [RESERVED]**PART XXII. TREASURER [RESERVED]****PART XXIII. DEPARTMENT OF INSURANCE
INSURANCE REGULATORY CHARGE**

SECTION 23.1. The percentage rate to be used in calculating the insurance regulatory charge under G.S. 58-6-25 is six and one-half percent (6.5%) for the 2017 calendar year.

**PART XXIV. STATE BOARD OF ELECTIONS
STATE BOARD OF ELECTIONS/ACCESS TO DMV RECORDS**

SECTION 24.1. G.S. 20-43(a) reads as rewritten:

"(a) All records of the Division, other than those declared by law to be confidential for the use of the Division, shall be open to public inspection during office hours in accordance with G.S. 20-43.1. A signature recorded in any format by the Division for a drivers license or a special identification card is confidential and shall not be released except for law enforcement ~~purposes~~ purposes or to the State Chief Information Officer for purposes of G.S. 143B-1385 or the State Board of Elections in connection with its official duties under Chapter 163 of the General Statutes. A photographic image recorded in any format by the Division for a drivers license or a special identification card is confidential and shall not be released except for law enforcement purposes or to the State Chief Information Officer for the purposes of ~~G.S. 143B-1385~~ G.S. 143B-1385 or the State Board of Elections in connection with its official duties under Chapter 163 of the General Statutes."

PART XXV. GENERAL ASSEMBLY [RESERVED]**PART XXVI. OFFICE OF THE GOVERNOR [RESERVED]****PART XXVII. OFFICE OF STATE BUDGET AND MANAGEMENT****IMPROVE BUDGETING TRANSPARENCY/OFFICE OF STATE TREASURER**

SECTION 27.1.(a) The Office of State Budget and Management shall study the feasibility of converting the following Funds within Budget Code 13410, Department of the State Treasurer, from receipt-supported to General Fund-supported: 1110 General Administration, 1130 Escheat Fund, 1150 Information Services, 1210 Investment Management Division, 1310 Local Government, 1410 Retirement Operations Division Fund, and 1510 Financial Operations Division. The Office of State Budget and Management shall develop a proposed plan and schedule to adjust the Base Budget as follows:

- (1) Show that receipts from the Funds listed in this subsection are used to offset General Fund appropriations.
- (2) Reflect that receipts generated from the Investment Management Division, the Escheat Fund, and the Local Government Operations Division Fund and any interest earnings be deposited as nontax revenue.
- (3) Eliminate all transfers used to pay for administration in Funds 1110, 1150, and 1510 from Funds 1130, 1210, 1310, and 1410.
- (4) Identify any amendments to current law needed to implement the proposed plan.
- (5) Require the Department of the State Treasurer's expenditures be recorded in the North Carolina Accounting System in the appropriate budget code, fund code, and account code and not be charged directly to the Investment Asset Classes.

SECTION 27.1.(b) The Office of State Budget and Management shall present its proposed plan and recommendations to the December 2016 meeting of the Joint Legislative Oversight Committee on General Government. The Office of State Budget and Management shall not make any changes to the presentation of the Treasurer's budget until the General Assembly enacts changes.

SYMPHONY CHALLENGE GRANT

SECTION 27.2. Section 23.1(a) of S.L. 2015-241 reads as rewritten:

"SECTION 23.1.(a) Of the funds appropriated in this act to the Office of State Budget and Management, Special Appropriations, the sum of ~~one two million five hundred thousand~~ dollars ~~(\$1,500,000)~~ (\$2,000,000) in recurring funds for ~~each year of the 2015-2017~~ the 2016-2017 fiscal biennium and the sum of ~~five hundred thousand~~ dollars ~~(\$500,000)~~ in nonrecurring funds for ~~each year of the 2015-2017 fiscal biennium~~ year shall be allocated to the North Carolina Symphony in accordance with this section. It is the intent of the General Assembly that the North Carolina Symphony raise at least nine million dollars (\$9,000,000) in non-State funds each year of the 2015-2017 fiscal biennium. The North Carolina Symphony cannot use funds transferred from the organization's endowment to its operating budget to achieve the fund-raising targets set out in subsections (b) and (c) of this section."

PART XXVIII. STATE AUDITOR [RESERVED]

PART XXIX. HOUSING FINANCE AGENCY [RESERVED]

PART XXX. DEPARTMENT OF THE SECRETARY OF STATE [RESERVED]

PART XXXI. OFFICE OF LT. GOVERNOR [RESERVED]

PART XXXII. DEPARTMENT OF ADMINISTRATION STUDY E-PROCUREMENT SERVICE

SECTION 32.1. The Joint Legislative Oversight Committee on General Government shall study the management of North Carolina's E-Procurement Service, including the amount of the vendor transaction fee charged to suppliers and the delay in implementation of an e-bidding module within the system. The Committee shall report its findings, including any recommendations for proposed legislation, to the 2017 General Assembly.

MODIFY STATE EMPLOYEE SUGGESTION PROGRAM

SECTION 32.2.(a) G.S. 126-3(b)(10) is repealed.

SECTION 32.2.(b) G.S. 143-340(1) is repealed.

SECTION 32.2.(c) Article 36A of Chapter 143 of the General Statutes is repealed.

SECTION 32.2.(d) The Office of State Human Resources shall continue the mission of the NC-Thinks program by awarding State employees through the Governor's Awards for Excellence Program pursuant to G.S. 126-4(15) and 25 NCAC 01C .0900. The Governor's Awards for Excellence is the highest honor that an employee may receive for noteworthy service to State government and the citizens of North Carolina. Nominations may be made for an individual or a team in several categories that reflect the core values of NC-Thinks, including Efficiency and Innovation and Outstanding Government Service.

DOA/SPECIAL FUND FOR ELECTRONIC APPLICATION DEVELOPMENT FUNDS

SECTION 32.3. Article 1 of Chapter 138A of the General Statutes is amended by adding a new section to read as follows:

"§ 138A-5. Electronic Application Development Fund.

The Electronic Application Development Fund is established as a special fund in the Department of Administration. The Fund consists of appropriations by the General Assembly. Monies in the Fund shall be used by the State Ethics Commission to fund the development and implementation of a new electronic application system to allow individuals to file and amend statements of economic interest electronically and to provide relevant updates to the ethics training modules. Any appropriated and unencumbered monies remaining in the Fund at the end of each fiscal year shall not revert to the General Fund."

PART XXXIII. DEPARTMENT OF REVENUE [RESERVED]

PART XXXIV. OFFICE OF STATE CONTROLLER [RESERVED]

PART XXXV. DEPARTMENT OF TRANSPORTATION

STABILIZATION OF FUNDING FOR THE FERRY SYSTEM

SECTION 35.1.(a) G.S. 136-82 reads as rewritten:

"§ 136-82. Department of Transportation to establish and maintain ferries.

(a) Powers of Department. – The Department of Transportation is vested with authority to provide for the establishment and maintenance of ferries connecting the parts of the State highway system, whenever in its discretion the public good may ~~require, and shall prescribe and collect~~ require. To accomplish the purpose of this section, the Department is authorized to acquire, own, lease, charter, or otherwise control all necessary vessels, boats, terminals, or other facilities required for the proper operation of the ferries or to enter into contracts with persons, firms, or corporations for the operation thereof and to pay the reasonable sums that in the opinion of the Department represent the fair value of the public service rendered.

(b) Establishment of Tolling. ~~— The Board of Transportation may establish tolls on any untolled ferry route as set forth in this subsection. Prior to establishing tolls on an untolled ferry route, the Board of Transportation must receive a resolution approved by the Transportation Advisory Committee of each affected local transportation planning organization requesting tolls on that route. No later than March 1, 2014, the Department shall hold a separate public hearing in the geographic area of each untolled ferry route and invite each affected local transportation planning organization. At the public hearing, the Department shall present an explanation of the toll setting methodology, the impact of tolling on the availability of funding for other local transportation priorities, and the minimum and maximum toll rates. After the public hearing, an affected local transportation planning organization may consider and adopt a ferry tolling resolution. The Board of Transportation shall adopt the toll at its next regularly scheduled meeting after receipt of the ferry tolling resolutions required by this subsection. The Department shall collect the toll as soon as is feasible following its adoption, but in no case more than 180 days after adoption of the toll. The establishment of tolls by the Board of Transportation pursuant to the authority granted in this section shall be exempt from the provisions of Chapter 150B of the General Statutes. For purposes of this section, "affected local transportation planning organization" means any Metropolitan Planning Organization or Rural Transportation Planning Organization with geographic jurisdiction over any part of an untolled ferry route, and "untolled ferry route" means any ferry route for which no tolls were in effect as of June 30, 2013.~~

(c) Revisions of Tolls. ~~— The Department of Transportation shall report to the Fiscal Research Division, the Joint Legislative Transportation Oversight Committee, and all affected local transportation planning organizations 30 days prior to any change in toll rates or change in the toll setting methodology by the Board of Transportation.~~

(d) Use of Toll Proceeds. ~~— The Department of Transportation shall credit the proceeds from tolls collected on North Carolina Ferry System routes and certain receipts generated under~~

subsection (f) of this section to reserve accounts within the Highway Fund for each of the Highway Divisions in which system terminals are located and fares are earned. For the purposes of this subsection, fares are earned based on the terminals from which a passenger trip originates and terminates. Commuter pass receipts shall be credited proportionately to each reserve account based on the distribution of trips originating and terminating in each Highway Division. The proceeds credited to each reserve account shall be used exclusively for prioritized North Carolina Ferry System ferry passenger vessel replacement projects in the Division in which the proceeds are earned. Proceeds may be used to fund ferry passenger vessel replacement projects or supplement funds allocated for ferry passenger vessel replacement projects approved in the Transportation Improvement Program.

(e) ~~Powers of Department.~~ To accomplish the purpose of this section, the Department of Transportation is authorized to acquire, own, lease, charter or otherwise control all necessary vessels, boats, terminals or other facilities required for the proper operation of the ferries or to enter into contracts with persons, firms or corporations for the operation thereof and to pay the reasonable sums that in the opinion of the Department of Transportation represent the fair value of the public service rendered.

(f) Authority to Generate Certain Receipts. – The Department of Transportation, ~~Department~~, notwithstanding any other provision of law, may operate or contract for the following receipt-generating activities and, except as otherwise provided in subsection ~~(f1)~~(f2) of this section, ~~use credit the proceeds for ferry passenger vessel replacement projects in the manner set forth in subsection (d) of this section to a reserve account within the Highway Fund for the State Ferry System.~~

- (1) Operation of, concessions on the ferries and at ferry facilities to provide to passengers on the ferries food, drink, and other refreshments, personal comfort items, Internet access, and souvenirs publicizing the ferry system.
- (2) Sponsorships, including, but not limited to, the sale of naming rights to any ferry vessel, ferry route, or ferry facility.
- (3) Advertising on or within any ferry vessel or at any ferry facility, including, but not limited to, display advertising and advertising delivered to passengers through the use of video monitors, public address systems installed in passenger areas, and other electronic media.
- (4) Any other receipt-generating activity not otherwise forbidden by applicable law pertaining to public health or safety.

~~The Department may issue rules to implement this subsection.~~

(f1) Use of Funds. – Proceeds and other funds credited to the reserve account described in subsection (f) of this section shall be used exclusively for improvements to the State Ferry System, which includes the following:

- (1) The acquisition, construction, and rehabilitation of marine vessels used for support and the transport of persons or vehicles between Ferry System terminals. For purposes of this subdivision, the term "marine vessels" means tugs, barges, dredges, and ferries other than passenger-only vessels.
- (2) Replacement and rehabilitation of infrastructure allowing connection to Ferry System terminals, including ramps, gantries, and bulkheads.

~~(f1)(f2) Use of Receipts Generated From Shipyard. – The Department of Transportation shall credit the proceeds from receipts generated under subsection (f) of this section from activities performed by the North Carolina State Shipyard to a reserve account within the Highway Fund to be used exclusively for improvements to the Shipyard, including equipment and associated infrastructure. Notwithstanding the restrictions on the use of proceeds set forth in subsections (d) and (f) of this section, the Department may use a proportional amount of the proceeds credited to each reserve account described in subsection (d) of this section to replace or repair equipment in~~

accordance with this subsection if there is an insufficient amount of funds in the reserve account within the Highway Fund for the Shipyard.

(f3) Disposition of Marine Vessels. – It is the intent of the General Assembly to modernize the Ferry System fleet of marine vessels. Once a marine vessel reaches the end of its useful life, as determined by the Department, the Department shall dispose of the vessel in a timely fashion. Notwithstanding any provision of law to the contrary, any proceeds received from the disposition of a marine vessel under this subsection shall be credited to the reserve account described in subsection (f) of this section.

(g) Confidentiality of Personal Information. – Identifying information obtained by the Department related to operation of the ferry system is not a public record under Chapter 132 of the General Statutes and is subject to the disclosure limitations in 18 U.S.C. § 2721 of the federal Driver's Privacy Protection Act. The Department shall maintain the confidentiality of all information required to be kept confidential under 18 U.S.C. § 2721(a), as well as any financial information, transaction history, and information related to the collection of a toll or user fee from a person, including, but not limited to, photographs or other recorded images or automatic vehicle identification or driver account information generated by radio-frequency identification or other electronic means. The Department may use identifying information only for purposes of collecting and enforcing tolls-user fees. Nothing in this section is intended to limit the right of any person to examine that person's own account information, or the right of any party, by authority of a proper court order, to inspect and examine identifying information.

(h) Report Prior to Acquisition or Construction of Marine Vessel. – Prior to the acquisition or construction of a marine vessel pursuant to subsection (f1) of this section, the Department shall report to the chairs of the House of Representatives Committee on Transportation Appropriations and the Senate Appropriations Committee on Department of Transportation. The report shall provide an estimate of the capital costs of acquiring or constructing the vessel, the costs of operating the vessel, the vessel that will be decommissioned, the timing of the disposition of the decommissioned vessel, and an estimate of the net proceeds that will be received from the disposition. If the General Assembly is not in session at the time the report is to be submitted, the Department shall instead report to the Joint Legislative Transportation Oversight Committee.

(i) Quarterly Report. – Beginning October 1, 2016, the Ferry Division of the Department of Transportation shall provide a quarterly report to the following on any updates to its capital improvement plan, any actions taken in deviation from its current capital improvement plan, the status of authorized projects, and any obligations and expenses for the reserve accounts described in subsections (f) and (f2) of this section:

(1) When the General Assembly is in session, to the chairs of the House of Representatives Committee on Transportation Appropriations and the Senate Appropriations Committee on Department of Transportation.

(2) When the General Assembly is not in session, to the chairs of the Joint Legislative Transportation Oversight Committee.

(3) To the Fiscal Research Division of the General Assembly."

SECTION 35.1.(b) G.S. 143B-350(f2) reads as rewritten:

"(f2) Approval of aircraft and ferry purposes. – Before approving the purchase of an aircraft from the Equipment Fund or a ferry in a Transportation Improvement Program Fund, the Board of Transportation shall prepare an estimate of the operational costs and capital costs associated with the addition of the aircraft or ferry and shall report those additional costs to the General Assembly pursuant to G.S. 136-12(b), and to the Joint Legislative Commission on Governmental Operations."

SECTION 35.1.(c) G.S. 7A-312(a) reads as rewritten:

"(a) A juror in the General Court of Justice including a petit juror, or a coroner's juror, but excluding a grand juror, shall receive twelve dollars (\$12.00) for the first day of service and twenty dollars (\$20.00) per day afterwards, except that if any person serves as a juror for more

than five days in any 24-month period, the juror shall receive forty dollars (\$40.00) per day for each day of service in excess of five days. A grand juror shall receive twenty dollars (\$20.00) per day. A juror required to remain overnight at the site of the trial shall be furnished adequate accommodations and subsistence. If required by the presiding judge to remain in a body during the trial of a case, meals shall be furnished the jurors during the period of sequestration. Jurors from out of the county summoned to sit on a special venire shall receive mileage at the same rate as State employees. ~~Persons summoned as jurors shall be exempt during their period of service from paying a ferry toll required under G.S. 136-82 to travel to and from their homes and the site of that service."~~

SECTION 35.1.(d) G.S. 136-189.11(b)(8) is repealed.

SECTION 35.1.(e) G.S. 136-189.10(2)h. is repealed.

SECTION 35.1.(f) The Board of Transportation shall cease collecting ferry tolls on the effective date of this section and shall take action as expeditiously as possible to repeal its regulations implementing ferry tolls. Prepaid tolls or commuter pass payments received by the Department of Transportation for ferry trips on or after the effective date of this section shall be refunded or, in the case of prepaid commuter passes, partially refunded based on the proportion of the time period covered by the commuter pass for which tolls were in effect. Any funds remaining in the reserve accounts described in G.S. 136-82(d) as of the effective date of this section shall be used for any costs associated with the initiation of passenger-only ferry service on the Hatteras-Ocracoke ferry route.

SECTION 35.1.(g) Notwithstanding G.S. 150B-21.1(a), the Department of Transportation may adopt temporary rules to administer this section.

SECTION 35.1.(h) G.S. 136-82(f3), as enacted by subsection (a) of this section, becomes effective July 1, 2016, and applies to dispositions on or after that date. The remainder of this section becomes effective July 1, 2016.

CASH FLOW HIGHWAY FUND AND HIGHWAY TRUST FUND APPROPRIATIONS

SECTION 35.2.(a) Subsections (a) and (b) of Section 29.1 of S.L. 2015-241 are repealed.

SECTION 35.2.(b) The General Assembly authorizes and certifies anticipated revenues for the Highway Fund as follows:

For Fiscal Year 2017-2018	\$2,027.8 million
For Fiscal Year 2018-2019	\$2,077.8 million
For Fiscal Year 2019-2020	\$2,121.9 million
For Fiscal Year 2020-2021	\$2,170.2 million

SECTION 35.2.(c) The General Assembly authorizes and certifies anticipated revenues for the Highway Trust Fund as follows:

For Fiscal Year 2017-2018	\$1,393.0 million
For Fiscal Year 2018-2019	\$1,423.8 million
For Fiscal Year 2019-2020	\$1,441.9 million
For Fiscal Year 2020-2021	\$1,463.3 million

ELIMINATE PORTION OF DMV TRANSACTION FEES SET ASIDE FOR MERCURY SWITCH REMOVAL ACCOUNT

SECTION 35.3. G.S. 20-85(a1) reads as rewritten:

"(a1) One dollar (\$1.00) of the fee imposed for any transaction assessed a fee under subdivision (a)(1), (a)(2), (a)(3), (a)(7), (a)(8), or (a)(9) of this section shall be credited to the North Carolina Highway Fund. The Division shall use the fees derived from transactions with commission contract agents for the payment of compensation to commission contract agents. ~~An additional fifty cents (50¢) of the fee imposed for any transaction assessed a fee under subdivision~~

(a)(1) of this section shall be credited to the Mercury Switch Removal Account in the Department of Environmental Quality."

PROMOTE NORTH CAROLINA HISTORICAL SITES

SECTION 35.4. G.S. 136-42.3 reads as rewritten:

"§ 136-42.3. Historical marker program.

The Department of Transportation may spend up to ~~fortysixty~~ sixty thousand dollars ~~(\$40,000)~~ (\$60,000) a year to purchase historical markers prepared and delivered to it by the Department of Natural and Cultural Resources. The Department of Transportation shall erect the markers on sites selected by the Department of Natural and Cultural Resources. This expenditure is hereby declared to be a valid expenditure of State highway maintenance funds. No provision in this section shall be construed to prevent the expenditure of any federal highway funds that may be available for this purpose."

INCREASE DOT BID THRESHOLD & REPORT

SECTION 35.5.(a) G.S. 136-28.1 reads as rewritten:

"§ 136-28.1. Letting of contracts to bidders after advertisement; exceptions.

(a) All contracts over ~~twofive~~ five million ~~five hundred thousand~~ dollars ~~(\$2,500,000)~~ (\$5,000,000) that the Department of Transportation may let for construction, maintenance, operations, or repair necessary to carry out the provisions of this ~~Chapter~~ Chapter, shall be let to a responsible bidder after public advertising under rules and regulations to be made and published by the Department of Transportation. The right to reject any and all bids shall be reserved to the Board of Transportation. Contracts for construction or repair for federal aid projects entered into pursuant to this section shall not contain the standardized contract clauses prescribed by 23 U.S.C. § 112(e) and 23 C.F.R. § 635.109 for differing site conditions, suspensions of work ordered by the engineer or significant changes in the character of the work. For those federal aid projects, the Department of Transportation shall use only the contract provisions for differing site conditions, suspensions of work ordered by the engineer, or significant changes in the character of the work developed by the North Carolina Department of Transportation and approved by the Board of Transportation.

(b) For contracts let to carry out the provisions of this Chapter in which the amount of work to be let to contract for transportation infrastructure construction or repair is ~~twofive~~ five million ~~five hundred thousand~~ dollars ~~(\$2,500,000)~~ (\$5,000,000) or less, and for transportation infrastructure maintenance, excluding resurfacing, that is ~~twofive~~ five million ~~five hundred thousand~~ dollars ~~(\$2,500,000)~~ (\$5,000,000) per year or less, at least three informal bids shall be solicited. The term "informal bids" is defined as bids in writing, received pursuant to a written request, without public advertising. All such contracts shall be awarded to the lowest responsible bidder. The Secretary of Transportation shall keep a record of all bids submitted, which record shall be subject to public inspection at any time after the bids are opened.

...

(f) Notwithstanding any other provision of law, the Department of Transportation may solicit proposals under rules and regulations adopted by the Department of Transportation for all contracts for professional engineering services and other kinds of professional or specialized services necessary in connection with the planning, operations, design, maintenance, repair, and construction of transportation infrastructure. In order to promote engineering and design quality and ensure maximum competition by professional firms of all sizes, the Department may establish fiscal guidelines and limitations necessary to promote cost-efficiencies in overhead, salary, and expense reimbursement rates. The right to reject any and all proposals is reserved to the Board of Transportation.

...."

SECTION 35.5.(b) The Department of Transportation shall provide an annual report by May 1 to the chairs of the House of Representatives Committee on Transportation

Appropriations and the Senate Appropriations Committee on Department of Transportation on the impact of the implementation of this section, specifically the impact of the implementation of this section on small businesses.

SECTION 35.5.(c) This section becomes effective July 1, 2016, and applies to bids solicited on or after that date.

REVISE DOT BIDDING PROCESS

SECTION 35.6.(a) G.S. 136-28.1, as amended by Section 35.5 of this act, reads as rewritten:

"§ 136-28.1. Letting of contracts to bidders after advertisement; exceptions.

...

(b) For contracts let to carry out the provisions of this Chapter in which the amount of work to be let to contract for transportation infrastructure construction or repair is five million dollars (\$5,000,000) or less, and for transportation infrastructure maintenance, excluding resurfacing, that is five million dollars (\$5,000,000) per year or less, at least three informal bids shall be solicited. The term "informal bids" is defined as bids in writing, received pursuant to a written request, without public advertising. All such contracts shall be awarded to the lowest responsible bidder. Where public advertising is used for a contract subject to this subsection, the Highway Division shall post the advertisement at least 14 calendar days prior to the letting date of the contract. The Secretary of Transportation shall keep a record of all bids submitted, which record shall be subject to public inspection at any time after the bids are opened. The Highway Divisions shall publish the results of a bidding process no later than three business days after the contract bid upon is awarded.

(b1) Notwithstanding any provision of G.S. 136-28.5 to the contrary, and except as prohibited by other State or federal law, the Department of Transportation shall, at the time and place bids solicited for a contract subject to this section are opened, make public all cost estimates prepared by the Department for the purpose of comparing the bids.

...."

SECTION 35.6.(b) This section becomes effective July 1, 2016, and applies to bids solicited on or after that date.

ADJUST UNPAVED ROADS FUNDING EXPENDITURES

SECTION 35.7.(a) G.S. 136-44.2D reads as rewritten:

"§ 136-44.2D. Secondary unpaved road paving program.

The Department of Transportation shall expend fifty percent (50%) of the funds allocated to the paving of unpaved secondary roads for the paving of unpaved secondary roads based on a statewide prioritization. The Department shall expend the remainder of the funds equally among the 14 Highway Divisions for the paving of unpaved secondary roads within each Highway Division based on the same statewide prioritization. The Department shall pave the eligible unpaved secondary roads that receive the highest priority ranking within this statewide prioritization. Nothing in this subsection shall be interpreted to require the Department to pave any unpaved secondary roads that do not meet secondary road system addition standards as set forth in G.S. 136-44.10 and G.S. 136-102.6. The Highway Trust Fund shall not be used to fund the paving of unpaved secondary roads."

SECTION 35.7.(b) This section becomes effective July 1, 2016, and applies to funds allocated on or after that date.

SECONDARY ROAD MAINTENANCE AND IMPROVEMENT FUND/USE PORTION OF FUNDS FOR LITTER REMOVAL

SECTION 35.8. Of the funds appropriated in this act to the Department of Transportation and allocated to the Secondary Road Maintenance and Improvement Fund, the

Department may use up to the sum of ten million dollars (\$10,000,000) in nonrecurring funds for the 2016-2017 fiscal year to cover costs associated with the removal of litter alongside State-maintained roads.

STUDY/OFF-HIGHWAY PARKING FOR TRACTOR-TRAILERS & SEMI-TRAILERS

SECTION 35.9.(a) Study. – The Department of Transportation, in collaboration with the Department of Public Safety, shall study ways to provide additional off-highway parking and rest areas for tractor-trailers and semi-trailers. Included within the study shall be the feasibility and cost of converting abandoned highway rest stops into parking and rest areas for tractor-trailers and semi-trailers.

SECTION 35.9.(b) Report. – By February 1, 2017, the Departments shall jointly report their findings and recommendations, including any legislative proposals, to the chairs of the House of Representatives Committee on Transportation Appropriations and the Senate Appropriations Committee on Department of Transportation.

CLARIFY THAT DOT MAY PERFORM WORK IMPROVING CULVERTS

SECTION 35.10. Section 34.18(a) of S.L. 2014-100, as amended by Section 29.6 of S.L. 2015-241, reads as rewritten:

"SECTION 34.18.(a) The Department of Transportation shall rename the "system preservation program" (fund center 1500/157839) the "bridge program." Funds allocated to this program shall be used for improvements to culverts associated with a component of the State highway system and improvements to structurally deficient and functionally obsolete bridges. All projects funded under this program, with the exception of inspection, pre-engineering, contract preparation, contract administration and oversight, and planning activities, shall be outsourced to private contractors. No more than ten percent (10%) of the funds allocated to this program shall be used for improvements to culverts associated with a component of the State highway system, ~~and~~ the funds shall only be used for culverts that are 54 inches or greater in size and rated by the Department as in poor ~~condition~~ condition, and the Department may perform the work to improve the culverts."

DOT/REPORT ON RECOMMENDATIONS FOR REVISING METHOD FOR MEASURING OUTSOURCING OF PRECONSTRUCTION ACTIVITIES

SECTION 35.11. Section 34.13(d) of S.L. 2014-100, as amended by Section 29.13(b) of S.L. 2015-241, reads as rewritten:

"SECTION 34.13.(d) The Department shall report no later than October 1, 2015, and quarterly thereafter, to the Joint Legislative Transportation Oversight Committee and the Fiscal Research Division regarding its implementation of this section, including any reductions in force used to meet privatization requirements. In addition, the Department shall report by March 1, 2017, to the chairs of the House of Representatives Committee on Transportation Appropriations and the Senate Appropriations Committee on Department of Transportation on the Department's recommendations for revising, based on the study and review required under Section 29.14(d) of S.L. 2015-241, the method used for measuring the outsourcing of preconstruction activities subject to subsection (a) of this section."

REPEAL LIGHT RAIL FUNDING CAP

SECTION 35.12. Subsection (e1) of G.S. 136-189.11 is repealed.

REPEAL SUNSET ON LATE FEE FOR MOTOR VEHICLE REGISTRATIONS

SECTION 35.13. Subsection (u) of Section 29.30 of S.L. 2015-241 reads as rewritten:

"SECTION 29.30.(u) Subsections (a) and (u) of this section become effective October 1, 2015. Subsections (s) and (t) of this section become effective July 1, 2020. Subsection (m) of this

section becomes effective July 1, 2016, and applies to renewal motor vehicle registrations on or after that date. ~~Subsection (m) of this section expires December 31, 2017.~~ The remainder of this section becomes effective January 1, 2016, and applies to issuances, renewals, restorations, and requests on or after that date."

DMV/FUNDING FOR CONTRACTUAL DRIVER LICENSE EXAMINER STAFFING

SECTION 35.14. Of the funds appropriated in this act to the Department of Transportation, the sum of two million nine hundred one thousand six hundred fifty-six dollars (\$2,901,656) in recurring funds for the 2016-2017 fiscal year shall be allocated to the Division of Motor Vehicles to be used for contractual driver license examiner staffing to provide additional support, improve customer service, and decrease wait times in high-volume Division office locations. Nothing in this section shall be construed as authorizing the Division to hire permanent or temporary employees to serve as additional driver license examiner staffing.

MAKE TIME-LIMITED POSITIONS IN SUPPORT OF THE COMBINED MOTOR VEHICLE REGISTRATION AND PROPERTY TAX COLLECTION SYSTEM PERMANENT

SECTION 35.15.(a) Section 24.10(a) of S.L. 2012-142, as amended by Section 29.37 of S.L. 2015-241, reads as rewritten:

"**SECTION 24.10.(a)** Upon request from the Department of Transportation and notwithstanding any other provision of law to the contrary, the Office of State Budget and Management may authorize the creation of ~~time-limited~~, permanent, full-time ~~equivalent~~ positions within the Department of Transportation and its Division of Motor Vehicles in excess of the positions authorized by this act for the ~~sole~~ purposes of implementing and administering the combined motor vehicle registration and property tax collection ~~system~~, system and providing other support as determined necessary by the Commissioner of the Division of Motor Vehicles. Positions created under this authorization shall be funded with receipts from the fee assessed under ~~G.S. 105-330.5(b) and shall terminate no later than June 30, 2016.~~ G.S. 105-330.5(b)."

SECTION 35.15.(b) Nothing in subsection (a) of this section shall be construed as authorizing the creation of any positions in addition to the 45 remaining positions authorized under Section 24.10(a) of S.L. 2012-142.

SECTION 35.15.(c) This section becomes effective June 30, 2016.

PERMANENT REGISTRATION PLATES FOR CERTAIN TRANSIT PROVIDERS

SECTION 35.16. Subsection (b) of G.S. 20-84 is amended by adding a new subdivision to read:

"(b) Permanent Registration Plates. – The Division may issue permanent plates for the following motor vehicles:

...

(20) A motor vehicle owned by a public transportation service provider that is a designated recipient or direct recipient of Federal Transit Administration formula grant funds pursuant to 49 U.S.C. § 5311 or 49 U.S.C. § 5307."

PART XXXVI. SALARIES AND BENEFITS

GOVERNOR AND COUNCIL OF STATE

SECTION 36.1.(a) Section 30.1 of S.L. 2015-241 reads as rewritten:

"**SECTION 30.1.(a)** The salary of the Governor as provided by G.S. 147-11(a) shall remain unchanged for the ~~2015-2017 fiscal biennium~~, 2015-2016 fiscal year.

"**SECTION 30.1.(a1)** Effective July 1, 2016, G.S. 147-11(a) reads as rewritten:

"(a) The salary of the Governor shall be ~~one hundred forty-two thousand two hundred sixty-five dollars (\$142,265)~~ one hundred forty-five thousand one hundred ten dollars (\$145,110) annually, payable monthly."

"SECTION 30.1.(b) The annual salaries for members of the Council of State, payable monthly, shall remain unchanged for the ~~2015-2017 fiscal biennium~~, 2015-2016 fiscal year, as follows:

<u>Council of State</u>	<u>Annual Salary</u>
Lieutenant Governor	\$125,676
Attorney General	125,676
Secretary of State	125,676
State Treasurer	125,676
State Auditor	125,676
Superintendent of Public Instruction	125,676
Agriculture Commissioner	125,676
Insurance Commissioner	125,676
Labor Commissioner	125,676

"SECTION 30.1.(b1) Effective July 1, 2016, the annual salaries for members of the Council of State, payable monthly, are increased by two percent (2%), as follows:

<u>Council of State</u>	<u>Annual Salary</u>
Lieutenant Governor	\$128,190
Attorney General	128,190
Secretary of State	128,190
State Treasurer	128,190
State Auditor	128,190
Superintendent of Public Instruction	128,190
Agriculture Commissioner	128,190
Insurance Commissioner	128,190
Labor Commissioner	128,190

...."

CERTAIN EXECUTIVE BRANCH OFFICIALS

SECTION 36.2. Section 30.2 of S.L. 2015-241 reads as rewritten:

"SECTION 30.2.(a) The annual salaries, payable monthly, for the following executive branch officials shall remain unchanged for the ~~2015-2017 fiscal biennium~~, 2015-2016 fiscal year, as follows:

<u>Executive Branch Officials</u>	<u>Annual Salary</u>
Chairman, Alcoholic Beverage Control Commission	\$111,868
State Controller	156,159
Commissioner of Banks	125,676
Chair, Board of Review, Division of Employment Security	123,255
Members, Board of Review, Division of Employment Security	121,737
Chairman, Parole Commission	123,255
Members of the Parole Commission	113,887
Chairman, Utilities Commission	139,849
Members of the Utilities Commission	125,676
Executive Director, North Carolina Agricultural Finance Authority	108,915

"SECTION 30.2.(a1) The annual salaries, payable monthly, for the following executive branch officials for the 2016-2017 fiscal year are increased by two percent (2%), as follows:

<u>Executive Branch Officials</u>	<u>Annual Salary</u>
Chairman, Alcoholic Beverage Control Commission	\$114,105

<u>State Controller</u>	<u>159,282</u>
<u>Commissioner of Banks</u>	<u>128,190</u>
<u>Chair, Board of Review, Division of Employment Security</u>	<u>125,720</u>
<u>Members, Board of Review, Division of Employment Security</u>	<u>124,172</u>
<u>Chairman, Parole Commission</u>	<u>125,720</u>
<u>Members of the Parole Commission</u>	<u>116,165</u>
<u>Chairman, Utilities Commission</u>	<u>142,646</u>
<u>Members of the Utilities Commission</u>	<u>128,190</u>
<u>Executive Director, North Carolina</u>	
<u>Agricultural Finance Authority</u>	<u>111,093"</u>

JUDICIAL BRANCH SALARIES

SECTION 36.3. Section 30.3 of S.L. 2015-241 reads as rewritten:

"**SECTION 30.3.(a)** Effective July 1, 2015, the annual salaries, payable monthly, for specified judicial branch officials for the ~~2015-2017 fiscal biennium~~, 2015-2016 fiscal year, are as follows:

<u>Judicial Branch Officials</u>	<u>Annual Salary</u>
Chief Justice, Supreme Court	\$143,623
Associate Justice, Supreme Court	139,896
Chief Judge, Court of Appeals	137,682
Judge, Court of Appeals	134,109
Judge, Senior Regular Resident Superior Court	130,492
Judge, Superior Court	126,875
Chief Judge, District Court	115,301
Judge, District Court	111,684
District Attorney	121,737
Assistant Administrative Officer of the Courts	118,152
Public Defender	121,737
Director of Indigent Defense Services	125,498

"**SECTION 30.3.(a1)** Effective July 1, 2016, the annual salaries, payable monthly, for specified judicial branch officials for the 2016-2017 fiscal year, are as follows:

<u>Judicial Branch Officials</u>	<u>Annual Salary</u>
Chief Justice, Supreme Court	<u>\$146,495</u>
Associate Justice, Supreme Court	<u>142,694</u>
Chief Judge, Court of Appeals	<u>140,436</u>
Judge, Court of Appeals	<u>136,791</u>
Judge, Senior Regular Resident Superior Court	<u>133,102</u>
Judge, Superior Court	<u>129,413</u>
Chief Judge, District Court	<u>117,607</u>
Judge, District Court	<u>113,918</u>
District Attorney	<u>124,172</u>
Assistant Administrative Officer of the Courts	<u>120,515</u>
Public Defender	<u>124,172</u>
Director of Indigent Defense Services	<u>128,008</u>

"**SECTION 30.3.(b)** The annual salaries of permanent full-time employees of the Judicial Department whose salaries are not itemized in this act shall not be legislatively increased for the ~~2015-2017 fiscal biennium~~, 2015-2016 fiscal year, but may be increased as otherwise allowed by law.

"**SECTION 30.3.(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 do not exceed seventy-two thousand seven hundred ninety-seven dollars (\$72,797) and the minimum salary of any assistant district attorney or assistant public defender is at least thirty-eight thousand six hundred twenty-eight dollars (\$38,628), effective July 1, 2015.

"SECTION 30.3.(c1) The district attorney or public defender of a judicial district, with the approval of the Administrative Officer of the Courts or the Commission on Indigent Defense Services, respectively, shall set the salaries of assistant district attorneys or assistant public defenders, respectively, in that district such that the average salaries of assistant district attorneys or assistant public defenders in that district do not exceed seventy-six thousand four hundred thirty-seven dollars (\$76,437) and the minimum salary of any assistant district attorney or assistant public defender is at least forty thousand five hundred fifty-nine dollars (\$40,559), effective July 1, 2016.

...."

CLERK OF SUPERIOR COURT

SECTION 36.4. Effective July 1, 2016, 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 population of the county as determined in subsection (a1) of this section, according to the following schedule:

Population	Annual Salary
Less than 100,000	\$84,390 <u>\$86,078</u>
100,000 to 149,999	94,578 <u>96,470</u>
150,000 to 249,999	104,766 <u>106,861</u>
250,000 and above	114,958 <u>117,257</u>

When a county changes from one population group to another, the salary of the clerk shall be changed, on July 1 of the fiscal year for which the change is reported, to the salary appropriate for the new population group, except that the salary of an incumbent clerk shall not be decreased by any change in population group during his continuance in office."

ASSISTANT AND DEPUTY CLERKS OF COURT

SECTION 36.5. Effective July, 2016, G.S. 7A-102(c1) reads as rewritten:

"(c1) A full-time assistant clerk or a full-time deputy clerk, and up to one full-time deputy clerk serving as head bookkeeper per county, shall be paid an annual salary subject to the following minimum and maximum rates:

Assistant Clerks and Head Bookkeeper	Annual Salary
Minimum	\$32,609 <u>\$33,261</u>
Maximum	56,424 <u>57,552</u>
Deputy Clerks	Annual Salary
Minimum	\$28,223 <u>\$28,787</u>
Maximum	44,107.44 <u>44,989.</u> "

MAGISTRATES

SECTION 36.6. Effective July 1, 2016, 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

Step Level	Annual Salary
Entry Rate	\$35,275 <u>\$35,981</u>
Step 1	37,950 <u>38,709</u>
Step 2	40,835 <u>41,652</u>
Step 3	43,890 <u>44,768</u>
Step 4	47,550 <u>48,501</u>
Step 5	51,960 <u>52,999</u>
Step 6	56,900 <u>58,038</u>

...

(a1) Notwithstanding subsection (a) of this section, the following salary provisions apply to individuals who were serving as magistrates on June 30, 1994:

~~(1) The minimum and maximum salaries of magistrates who on June 30, 1994, were paid at a salary level of less than five years of service under the table in effect that date shall be as follows:~~

	<u>Minimum</u>	<u>Maximum</u>
Less than 1 year of service		\$27,846
1 or more but less than 3 years of service	28,027	– 29,027
3 or more but less than 5 years of service	30,405	– 31,405

~~Upon completion of five years of service, those magistrates shall receive the salary set as the Entry Rate in the table in subsection (a).~~

(1) The minimum and maximum salaries of magistrates who on June 30, 1994, were paid at a salary level of less than five years of service under the table in effect that date shall be as follows:

	<u>Minimum</u>	<u>Maximum</u>
<u>Less than 1 year of service</u>		<u>\$28,403</u>
<u>1 or more but less than 3 years of service</u>	<u>28,588</u>	<u>– 29,608</u>
<u>3 or more but less than 5 years of service</u>	<u>31,013</u>	<u>– 32,033</u>

Upon completion of five years of service, those magistrates shall receive the salary set as the Entry Rate in the table in subsection (a) of this section.

...."

LEGISLATIVE BRANCH SALARIES

SECTION 36.7. Section 30.4 of S.L. 2015-241 reads as rewritten:

"SECTION 30.4.(a) For the 2015-2017 fiscal biennium, the salaries of members and officers of the General Assembly shall remain unchanged at the amounts set under G.S. 120-3, as provided in 1994 by the 1993 General Assembly.

"SECTION 30.4.(b) The annual salaries of the Legislative Services Officer and of nonelected employees of the General Assembly in effect on June 30, 2015, shall not be legislatively increased for the ~~2015-2017 fiscal biennium, 2015-2016 fiscal year,~~ but may be increased as otherwise allowed by law.

"SECTION 30.4.(b1) The annual salaries of the Legislative Services Officer and of nonelected employees of the General Assembly in effect on June 30, 2016, are increased by two percent (2%).

"SECTION 30.4.(c) Legislative employees paid pursuant to subsection (b) of this section shall receive the compensation bonus awarded by this act."

GENERAL ASSEMBLY PRINCIPAL CLERKS

SECTION 36.8. Effective July 1, 2016, 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 six thousand three hundred thirty three dollars (\$106,333)~~, one hundred eight thousand four hundred sixty dollars (\$108,460), 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."

SERGEANT-AT-ARMS AND READING CLERKS

SECTION 36.9. Effective July 1, 2016, 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 four dollars (\$404.00)~~ four hundred twelve dollars (\$412.00) 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 PERSONNEL

SECTION 36.10. Section 30.5 of S.L. 2015-241 reads as rewritten:

"**SECTION 30.5.(a)** The minimum salaries for nine-month, full-time curriculum community college faculty for the ~~2015-2017 fiscal biennium~~ 2015-2016 fiscal year shall remain unchanged as follows:

<u>Education Level</u>	<u>Minimum Salary</u>
Vocational Diploma/Certificate or Less	\$35,314
Associate Degree or Equivalent	35,819
Bachelor's Degree	38,009
Master's Degree or Education Specialist	39,952
Doctoral Degree	42,753

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.

"**SECTION 30.5.(a1)** The minimum salaries for nine-month, full-time curriculum community college faculty for the 2016-2017 fiscal year are as follows:

<u>Education Level</u>	<u>Minimum Salary</u>
Vocational Diploma/Certificate or Less	\$36,020
Associate Degree or Equivalent	36,535
Bachelor's Degree	38,769
Master's Degree or Education Specialist	40,751
Doctoral Degree	43,608

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.

"SECTION 30.5.(b) For the 2015-2017 fiscal biennium, the community college boards of trustees may provide personnel a salary increase pursuant to the policies adopted by the State Board of Community Colleges.

~~Funds~~ For the 2015-2016 fiscal year, funds for 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 policies adopted by the State Board of Community Colleges. The State Board of Community Colleges shall make a report on the use of these funds to the 2016 Regular Session of the 2015 General Assembly no later than March 1, 2016.

For the 2016-2017 fiscal year, the additional compensation funds appropriated in this act are allocated as follows:

(1) The sum of at least eight million dollars (\$8,000,000) shall be used for compensation increases for faculty members.

(2) The sum of up to two million dollars (\$2,000,000) may be used for compensation increases for other community college personnel.

These compensation increases may be used for one or more of the following purposes: (i) merit pay, (ii) recruitment bonuses, (iii) retention increases, and (iv) any other compensation increase, except for across-the-board increases, pursuant to policies adopted by the State Board of Community Colleges. The State Board of Community Colleges shall make a report on the use of these funds to the 2017 General Assembly no later than March 1, 2017.

"SECTION 30.5.(b1) Effective July 1, 2016, the annual compensation of community college faculty and nonfaculty employees is increased by two percent (2%)."

UNIVERSITY OF NORTH CAROLINA SYSTEM

SECTION 36.11. Section 30.6 of S.L. 2015-241 reads as rewritten:

"SECTION 30.6.(a) Effective for the 2015-2017 fiscal biennium, 2015-2016 fiscal year, the annual compensation of all full-time University of North Carolina SHRA and EHRA employees shall not be legislatively increased for the 2015-2017 fiscal biennium, but may be increased as otherwise allowed by law.

"SECTION 30.6.(a1) Effective for the 2016-2017 fiscal year, the annual compensation of all full-time University of North Carolina SHRA and EHRA employees are increased by two percent (2%)."

STATE AGENCY TEACHERS

SECTION 36.12. Employees of schools operated by the Department of Health and Human Services, the Department of Public Safety, the State Board of Education, and employees of the School of Science and Mathematics of The University of North Carolina, who are paid on the Teacher Salary Schedule, shall receive any experience step increases authorized by Section 9.1 of this act.

SBI/ALE/INCREASES

SECTION 36.13. By September 1, 2016, the Director of the State Bureau of Investigation shall report to the Joint Legislative Oversight Committee on Justice and Public Safety and the Fiscal Research Division regarding their plan to adjust the salaries of Alcohol Law Enforcement agents and State Bureau of Investigation officers, respectively.

ALL STATE-SUPPORTED PERSONNEL

SECTION 36.14. Section 30.8 of S.L. 2015-241 reads as rewritten:

"SECTION 30.8.(a) For the ~~2015-2017 fiscal biennium~~ 2015-2016 fiscal year:

(1) Except as provided by Part 9, Section 30.5, Section 30.7, and Section 30.15 of this act, the annual salaries of all employees subject to or exempt from the North Carolina Human Resources Act shall not be legislatively increased, but may be increased as otherwise provided by law.

(2) All eligible State-supported personnel shall receive a compensation bonus as authorized by this Part.

"SECTION 30.8.(a1) For the 2016-2017 fiscal year:

(1) Unless otherwise specifically provided, the annual salaries of all employees subject to or exempt from the North Carolina Human Resources Act are increased by two percent (2%).

(2) All eligible State-supported personnel shall receive a compensation bonus as authorized by this Part.

"SECTION 30.8.(b) Salaries and Related Benefits for Positions That Are Funded. –

(1) Partially from the General Fund or Highway Fund and partially from sources other than the General Fund or Highway Fund shall be increased from the General Fund or Highway Fund appropriation only to the extent of the proportionate part of the salaries paid from the General Fund or Highway Fund.

(2) Fully from sources other than the General Fund or Highway Fund shall be increased as provided by this act. The Director of the Budget may increase expenditures of receipts from these sources by the amount necessary to provide the legislative increase to receipt-supported personnel in the certified budget.

"SECTION 30.8.(c) ~~Except~~ For the 2015-2016 fiscal year, ~~except~~ as otherwise provided, the salary increases provided in this act do not apply to persons separated from State service due to resignation, dismissal, reduction in force, death, or retirement, or whose last workday is prior to July 1, 2015.

"SECTION 30.8.(c1) For the 2016-2017 fiscal year, except as otherwise provided, the salary increases provided in this act do not apply to persons separated from State service due to resignation, dismissal, reduction in force, death, or retirement, or whose last workday is prior to July 1, 2016.

"SECTION 30.8.(d) ~~Employees~~ For the 2015-2016 fiscal year, employees shall receive the statutory increases provided by G.S. 20-187.3, 7A-102, and 7A-171.1. Notwithstanding G.S. 20-187.3, the increases authorized by that statute for members of the State Highway Patrol become effective January 1, 2016. Notwithstanding any provision of law to the contrary, the salary increases authorized on the employee anniversary date by G.S. 7A-171.1 for magistrates and G.S. 7A-102 for assistant and deputy clerks of superior court shall become effective January 1, 2016.

"SECTION 30.8.(e) ~~Payroll~~ For the 2015-2016 fiscal year, payroll checks issued to employees after July 1, 2015, that represent payment of services provided prior to July 1, 2015, shall not be eligible for salary increases provided for in this act. This subsection 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.

"SECTION 30.8.(e1) For the 2016-2017 fiscal year, payroll checks issued to employees after July 1, 2016, that represent payment of services provided prior to July 1, 2016, shall not be eligible for salary increases provided for in this act. This subsection 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.

"SECTION 30.8.(f) Nothing in this act authorizes the transfer of funds between the General Fund and the Highway Fund for salary increases."

MOST STATE EMPLOYEES

SECTION 36.15. Section 30.9 of S.L. 2015-241 reads as rewritten:

"SECTION 30.9.(a) For the ~~2015-2017 fiscal biennium, 2015-2016 fiscal year,~~ except as otherwise provided by this Part, the annual salaries in effect June 30, 2015, for the following employees shall not be legislatively increased, but may be increased as otherwise allowed by law:

- (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 30.9.(a1) For the 2016-2017 fiscal year, except as otherwise specifically provided, the annual salaries in effect June 30, 2016, for the following employees are increased by two percent (2%):

- (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."

COMPENSATION BONUS AWARDED FOR FISCAL YEAR 2016-2017

SECTION 36.16.(a) Any 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 September 1, 2016, shall be awarded a one-time, lump sum compensation bonus for the 2016-2017 fiscal year in the amount of five hundred dollars (\$500.00) payable during the month of October 2016, except as provided by subsection (a1) of this section.

SECTION 36.16.(a1) The following persons are not eligible to receive the bonus awarded by subsection (a) of this section:

- (1) Persons receiving step increases under G.S. 20-187.3, 7A-102, or 7A-171.1.
- (2) Persons compensated under Section 30.3(c1) of S.L. 2015-241, as enacted by this act.
- (3) Teachers paid on the Salary Schedule in Section 9.1 of this act.
- (4) School-based administrators paid on the Salary Schedule in Section 9.2 of this act.

SECTION 36.16.(b) Notwithstanding G.S. 135-1(7a), the compensation bonus 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 36.16.(c) The compensation bonus awarded by this section is 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.

SECTION 36.16.(d) Recipients of disability benefits under Article 6 of Chapter 135 of the General Statutes who have not terminated their employment and who otherwise meet the conditions of this section are eligible to receive the bonus, which shall be paid by the employing agency. The Disability Income Plan will neither pay the bonus nor reimburse the employer for payment.

1 **SECTION 36.16.(e)** The funds available for the bonus authorized by this section shall
2 be paid to The University of North Carolina EHRA employees in accordance with policies
3 adopted by the Board of Governors of The University of North Carolina.

4 **SECTION 36.16.(f)** For part-time employees, the bonus shall be pro rata based on the
5 number of hours worked.

6
7 **USE OF FUNDS APPROPRIATED FOR LEGISLATIVELY MANDATED SALARY**
8 **INCREASES/COMPENSATION BONUSES/EMPLOYEE BENEFITS**

9 **SECTION 36.17.(a)** The appropriations set forth in Section 2.1 of this act include
10 appropriations for legislatively mandated salary increases and compensation bonuses in amounts
11 set forth in the committee report described in Section 39.2 of this act. The Office of State Budget
12 and Management shall ensure that those funds are used only for the purposes of legislatively
13 mandated salary increases, compensation bonuses, and employee benefits. Any funds remaining in
14 the compensation and benefits reserves shall be used to adjust the salaries of any positions that fall
15 below the minimum of the new salary grade assigned to those positions during the realignment of
16 salary grades pursuant to the Office of State Human Resources' Statewide Compensation System
17 Project. Any funds remaining following the adjustment to these positions shall revert in
18 accordance with G.S. 143C-1-2(b), unless otherwise provided by law.

19 **SECTION 36.17.(b)** If the Director of the Budget determines that funds appropriated
20 to a State agency for legislatively mandated salary increases, compensation bonuses, and
21 employee benefits exceed the amount required by that agency for those purposes, the Director may
22 reallocate those funds to other State agencies that received insufficient funds for legislatively
23 mandated salary increases, compensation bonuses, and employee benefits.

24 **SECTION 36.17.(c)** No later than March 1, 2017, the Office of State Budget and
25 Management shall report to the Joint Legislative Commission on Governmental Operations on the
26 expenditure of funds for legislatively mandated salary increases, compensation bonuses, and
27 employee benefits. This report shall include at least the following information for each State
28 agency for the 2016-2017 fiscal year:

- 29 (1) The total amount of funds that the agency received for legislatively mandated
30 salary increases, compensation bonuses, and employee benefits.
31 (2) The total amount of funds transferred from the agency to other State agencies
32 pursuant to subsection (b) of this section. This section of the report shall
33 identify the amounts transferred to each recipient State agency.
34 (3) The total amount of funds used by the agency for legislatively mandated salary
35 increases, compensation bonuses, and employee benefits.
36 (4) The use of any funds under subsection (a) of this section to adjust the salaries of
37 any positions that fall below the minimum of the new salary grade assigned to
38 those positions during the realignment of salary grades pursuant to the Office of
39 State Human Resources' Statewide Compensation System Project.
40 (5) The amount of funds expected to revert under subsection (a) of this section.

41
42 **STUDY SPECIAL BONUS LEAVE/INCENTIVES**

43 **SECTION 36.18.** The Office of State Budget and Management (OSBM) shall study
44 the development of a voluntary bonus leave incentive program to encourage State employees to
45 use or to cash in special bonus leave benefits that have accrued pursuant Section 28.3A of S.L.
46 2002-126, Section 30.12B(a) of S.L. 2003-284, Section 29.14A of S.L. 2005-276, and Section
47 35.10A of S.L. 2014-100. OSBM shall consider how special leave could be liquidated, the funding
48 source to pay employees who cash in bonus leave, a method for collecting demographic
49 information on employees who chose to use or cash in special leave, and any other relevant fiscal
50 or contractual matters. OSBM shall report its findings and recommendations no later than

February 1, 2017, to the chairs of the Senate Appropriations/Base Budget Committee, the chairs of the House Appropriations Committee, and the Fiscal Research Division.

EXTEND VOLUNTARY SHARED LEAVE TO COMMUNITY COLLEGES EMPLOYEES

SECTION 36.19. G.S. 115D-25.3 reads as rewritten:

"§ 115D-25.3. Voluntary shared leave.

(a) The State Board of Community Colleges, in cooperation with the State Board of Education and the State Human Resources Commission, shall adopt rules and policies to allow any employee at a community college to share leave voluntarily with an immediate family member who is an employee of a community college, public school, or State agency; and with a coworker's immediate family member who is an employee of a community college, public school, or State agency. For the purposes of this section, the term "immediate family member" means a spouse, parent, child, brother, sister, grandparent, or grandchild. The term includes the step, half, and in-law relationships. The term "coworker" means that the employee donating the leave is employed by the same agency, department, institution, university, local school administrative unit, or community college as the employee whose immediate family member is receiving the leave.

(b) The State Board of Community Colleges, in cooperation with the State Human Resources Commission, shall adopt rules and policies consistent with policies of the Commission to allow any employee at a community college to share sick leave voluntarily with a nonfamily member who is an employee of a community college. A community college employee who donates sick leave to a community college employee who is a nonfamily member shall not donate more than five days of sick leave per year to any one nonfamily community college employee. The combined total of sick leave donated to a community college employee from nonfamily community college employee donors shall not exceed 20 days per year. Donated sick leave shall not be used for retirement purposes and community college employees who donate sick leave shall be notified in writing of the consequences of donating sick leave in regard to State retirement system service credit.

SALARY-RELATED CONTRIBUTIONS

SECTION 36.20. Section 30.20 of S.L. 2015-241 reads as rewritten:

"SALARY-RELATED CONTRIBUTIONS

...

"SECTION 30.20.(b) Effective July 1, 2015, the State's employer contribution rates budgeted for retirement and related benefits as a percentage of covered salaries for the ~~2015-2017 fiscal biennium~~ 2015-2016 fiscal year are (i) fifteen and thirty-two hundredths percent (15.32%) – Teachers and State Employees; (ii) twenty and thirty-two hundredths percent (20.32%) – State Law Enforcement Officers; (iii) twelve and eighty-five hundredths percent (12.85%) – University Employees' Optional Retirement Program; (iv) twelve and eighty-five hundredths percent (12.85%) – Community College Optional Retirement Program; (v) thirty-two and eighty-one hundredths percent (32.81%) – Consolidated Judicial Retirement System; and (vi) seven and forty hundredths percent (7.40%) – Legislative Retirement System. Each of the foregoing contribution rates includes five and sixty hundredths percent (5.60%) for hospital and medical benefits. The rate for the Teachers and State Employees, State Law Enforcement Officers, University Employees' Optional Retirement Program, and the Community College Optional Retirement Program includes forty-one hundredths percent (0.41%) for the Disability Income Plan. The rates for Teachers and State Employees and State Law Enforcement Officers include sixteen hundredths percent (0.16%) for the Death Benefits Plan. The rate for State Law Enforcement Officers includes five percent (5%) for Supplemental Retirement Income. The rate for Teachers and State Employees and State Law Enforcement Officers includes one hundredth percent (0.01%) for the Qualified Excess Benefit Arrangement.

"SECTION 30.20.(b1) Effective July 1, 2016, the State's employer contribution rates budgeted for retirement and related benefits as a percentage of covered salaries for the 2016-2017 fiscal year are (i) sixteen and fifty-five hundredths percent (16.55%) – Teachers and State Employees; (ii) twenty-one and fifty-five hundredths percent (21.55%) – State Law Enforcement Officers; (iii) thirteen and three hundredths percent (13.03%) – University Employees' Optional Retirement Program; (iv) thirteen and three hundredths percent (13.03%) – Community College Optional Retirement Program; (v) thirty-five and fifty-three hundredths percent (35.53%) – Consolidated Judicial Retirement System; and (vi) twenty-four and twenty-four hundredths percent (24.24%) – Legislative Retirement System. Each of the foregoing contribution rates includes five and eighty-one hundredths percent (5.81%) for hospital and medical benefits. The rate for the Teachers and State Employees, State Law Enforcement Officers, University Employees' Optional Retirement Program, and the Community College Optional Retirement Program includes thirty-eight hundredths percent (0.38%) for the Disability Income Plan. The rates for Teachers and State Employees and State Law Enforcement Officers include sixteen hundredths percent (0.16%) for the Death Benefits Plan. The rate for State Law Enforcement Officers includes five percent (5%) for Supplemental Retirement Income. The rate for Teachers and State Employees and State Law Enforcement Officers includes one hundredths percent (0.01%) for the Qualified Excess Benefit Arrangement.

"SECTION 30.20.(c) Effective July 1, 2015, the maximum annual employer contributions, payable monthly, by the State for each covered employee or retiree for the 2015-2016 fiscal year to the State Health Plan for Teachers and State Employees are (i) Medicare-eligible employees and retirees – four thousand two hundred fifty-one dollars (\$4,251) and (ii) non-Medicare-eligible employees and retirees – five thousand four hundred seventy-one dollars (\$5,471).

"SECTION 30.20.(c1) Effective July 1, 2016, the maximum annual employer contributions, payable monthly, by the State for each covered employee or retiree for the 2016-2017 fiscal year to the State Health Plan for Teachers and State Employees are (i) Medicare-eligible employees and retirees – four thousand three hundred ninety-seven dollars (\$4,397) and (ii) non-Medicare-eligible employees and retirees – five thousand six hundred fifty-nine dollars (\$5,659)."

PROVIDE COST-OF-LIVING INCREASES FOR RETIREES OF THE TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM, THE JUDICIAL RETIREMENT SYSTEM, AND THE LEGISLATIVE RETIREMENT SYSTEM

SECTION 36.21.(a) G.S. 135-5 is amended by adding a new subsection to read:

"(uuu) From and after July 1, 2016, the retirement allowance to or on account of beneficiaries whose retirement commenced on or before July 1, 2015, shall be increased by one and six-tenths percent (1.6%) of the allowance payable on June 1, 2016, in accordance with G.S. 135-5(o). Furthermore, from and after July 1, 2016, the retirement allowance to or on account of beneficiaries whose retirement commenced after July 1, 2015, but before June 30, 2016, shall be increased by a prorated amount of one and six-tenths percent (1.6%) 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, 2015, and June 30, 2016."

SECTION 36.21.(b) G.S. 135-65 is amended by adding a new subsection to read:

"(ff) From and after July 1, 2016, the retirement allowance to or on account of beneficiaries whose retirement commenced on or before July 1, 2015, shall be increased by one and six-tenths percent (1.6%) of the allowance payable on June 1, 2016. Furthermore, from and after July 1, 2016, the retirement allowance to or on account of beneficiaries whose retirement commenced after July 1, 2015, but before June 30, 2016, shall be increased by a prorated amount of one and six-tenths percent (1.6%) 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, 2015, and June 30, 2016."

SECTION 36.21.(c) G.S. 120-4.22A is amended by adding a new subsection to read:

"(z) In accordance with subsection (a) of this section, from and after July 1, 2016, the retirement allowance to or on account of beneficiaries whose retirement commenced on or before January 1, 2016, shall be increased by one and six-tenths percent (1.6%) of the allowance payable on June 1, 2016. Furthermore, from and after July 1, 2016, the retirement allowance to or on account of beneficiaries whose retirement commenced after January 1, 2016, but before June 30, 2016, shall be increased by a prorated amount of one and six-tenths percent (1.6%) 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, 2016, and June 30, 2016."

ENHANCE THE BENEFITS OF PROBATION/PAROLE OFFICERS WHO ARE MEMBERS OF THE TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM

SECTION 36.22.(a) G.S. 135-1 reads as rewritten:

"§ 135-1. Definitions.

The following words and phrases as used in this Chapter, unless a different meaning is plainly required by the context, shall have the following meanings:

...

(11c) "Law-Enforcement Officer" means a full-time paid employee of an employer who is actively serving in a position with assigned primary duties and responsibilities for prevention and detection of crime or the general enforcement of the criminal laws of the State of North Carolina or serving civil processes, and who possesses the power of arrest by virtue of an oath administered under the authority of the State. "Law-Enforcement Officer" also means a probation/parole officer as defined in this section with respect to any service rendered on or after July 1, 2016.

...

(17a) "Probation/Parole Officer" means a full-time paid employee of the Division of Adult Correction of the Department of Public Safety whose duties include supervising, evaluating, or otherwise instructing adult offenders who have been placed on probation, parole, post-release supervision, or have been assigned to any other community-based program operated by the Division of Adult Correction.

...."

SECTION 36.22.(b) G.S. 143-166.41(b) reads as rewritten:

"(b) As used in this section, "creditable service" means the service for which credit is allowed under the retirement system of which the officer is a member, provided that at least fifty percent (50%) of the service is as a law enforcement officer as herein ~~defined~~ defined or as a probation/parole officer as defined in G.S. 135-1(17a)."

SECTION 36.22.(c) This section becomes effective July 1, 2016, and applies to persons retiring on or after that date.

QUALIFIED EXCESS BENEFIT ARRANGEMENT

SECTION 36.23.(a) G.S. 135-151(j) reads as rewritten:

"(j) Sunset of Eligibility to Participate in the QEBA. – No member of the Teachers' and State Employees' Retirement System ~~retiring on or after August 1, 2016, who became a member of the Retirement System on or after January 1, 2015,~~ shall be eligible to participate in the QEBA, and the Retirement System shall not pay any new ~~retiree-member~~ more retirement benefits than allowed under the limitations of section 415(b) of the Internal Revenue Code."

SECTION 36.23.(b) G.S. 128-38.10(k) reads as rewritten:

"(k) Sunset of Eligibility to Participate in the QEBA. – No member of the North Carolina Local Governmental Employees' Retirement System ~~retiring on or after August 1, 2016, who~~

became a member of the Retirement System on or after January 1, 2015, shall be eligible to participate in the QEBA, and the Retirement System shall not pay any new ~~retiree-member~~ more retirement benefits than allowed under the limitations of section 415(b) of the Internal Revenue Code."

STATE HEALTH PLAN COST CONTROLLING MEASURES

SECTION 36.24.(a) The General Assembly finds that the State Treasurer and the Board of Trustees of the State Health Plan for Teachers and State Employees (Board of Trustees) have adopted sufficient measures for the 2017 calendar year to limit projected employer contribution increases. The State Treasurer and the Board of Trustees shall adopt additional measures applicable to the 2018 and 2019 calendar years to limit projected employer contribution increases during the 2017-2019 fiscal biennium.

SECTION 36.24.(b) Section 30.26 of S.L. 2015-241 is repealed.

PART XXXVII. CAPITAL APPROPRIATIONS

CAPITAL APPROPRIATIONS/GENERAL FUND

SECTION 37.1. Section 31.2 of S.L. 2015-241 reads as rewritten:

"**SECTION 31.2.** There is appropriated from the General Fund for the 2015-2017 fiscal biennium the following amounts for capital improvements:

Capital Improvements – General Fund	2015-2016	2016-2017
Department of Agriculture and Consumer Services		
Dorton Arena Roof Replacement	2,305,000	–
<u>DuPont Forest–Bathroom, Utility, and Parking</u>		
<u>Lot Improvements</u>		<u>\$3,000,000</u>
Department of Cultural Resources		
USS North Carolina Hull Repair and Cofferdam	3,500,000	–
Department of Environment and Natural Resources		
Water Resources Development	5,083,000	<u>5,020,000</u>
<u>Department of Health and Human Services</u>		
<u>Chief Medical Examiner Office Planning</u>		<u>1,000,000</u>
Department of Public Safety		
Armory and Facility Development Projects	868,000	5,087,500
University of North Carolina		
North Carolina School of Science and		
Mathematics – Technology Upgrades and		
Building Repair	4,000,000	–
NC State University Engineering Building		
Advance Planning	1,000,000	1,000,000
TOTAL CAPITAL IMPROVEMENTS –		
GENERAL FUND	\$16,756,000	\$6,087,500 <u>\$15,107,500</u>

WATER RESOURCES DEVELOPMENT PROJECTS

SECTION 37.2.(a) 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 in accordance with subsection (b) of this section. These funds will provide a State match for an estimated thirty-two million one hundred fifty thousand dollars (\$32,150,000) in federal funds.

Name of Project	2016-2017
(1) Neuse River – Goldsboro, Section 1135	\$ 150,000
(2) Carolina Beach Coastal Storm Damage Reduction	75,000
(3) Kure Beach Coastal Storm Damage Reduction	81,000
(4) Wrightsville Beach Coastal Storm Damage Reduction	561,000
(5) Ocean Isle Beach Coastal Storm Damage Reduction	1,535,000
(6) Eastern NC Stream Debris Removal	500,000
(7) State/Local Water Resources Development Grants	1,000,000
(8) Cape Fear Lock & Dam #2 Fish Ramp – Phase 1	500,000
(9) North Topsail Beach Shoreline Protection Project – Phase 2	500,000
(10) Environmental Quality Incentives Program- NRCS	2,000,000
(11) Town of Burgaw – Pender Hospital Drainage Improvements	347,000
(12) Ararat River, Surry County	500,000
(13) Town of Rutherfordton Stream Restoration	500,000
(14) Wilmington Harbor Maintenance	-
(15) Morehead City Harbor Maintenance	2,000,000
(16) Water Resources Planning Assistance to Communities	25,000
(17) Stream Database	250,000
TOTALS	\$ 10,524,000

SECTION 37.2.(b) It is the intent of the General Assembly that funds carried forward from previous fiscal years be used to supplement the five million twenty thousand dollars (\$5,020,000) appropriated for water resources development projects in Section 31.2 of S.L. 2015-241, as amended by Section 37.1 of this act. Therefore, the following funds carried forward from previous fiscal years shall be used for the following projects:

Name of Project	Amount Carried Forward
(1) Morehead City Harbor Maintenance	\$ 2,000,000
(2) Ocean Isle Beach CSDR	1,029,000
(3) NRCS Equipment	2,000,000
(4) Planning Assistant to Communities	25,000
(5) Wrightsville Beach CSDR	200,000
(6) Stream Database	250,000
TOTALS	\$ 5,504,000

SECTION 37.2.(c) Where the actual costs are different from the estimated costs under subsection (a) of this section, the Department may adjust the allocations among projects as needed. If any projects funded under subsection (a) of this section are delayed and the budgeted State funds cannot be used during the 2016-2017 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) 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 2016-2017 fiscal year.
 (3) State local water resources development projects.
 Funds subject to this subsection that are not expended or encumbered for the purposes set forth in subdivisions (1) through (3) of this subsection shall revert to the General Fund at the end of the 2017-2018 fiscal year.

SECTION 37.2.(d) The Department shall make semiannual reports on the use of these funds to the Joint Legislative Commission on Governmental Operations, the Fiscal Research Division, and the Office of State Budget and Management. Each report shall include all of the following:

- (1) All projects listed in this section.
- (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 each project.

The semiannual reports also shall show those projects advanced in schedule, those projects delayed in schedule, and an estimate of the amount of funds expected to revert to the General Fund.

SECTION 37.2.(e) 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. This subsection applies to funds appropriated in this act and to funds appropriated prior to the 2015-2017 fiscal biennium that are unencumbered and proposed for reallocation to provide the nonfederal portion of funds for water resources development projects. The limitation on fund usage contained in this subsection applies only to projects in which a local government or local governments participate. This subsection shall not apply to:

- (1) The NRCS EQIP project, also referred to as the NRCS EQIP (65/35) project or the Environmental Quality Incentives Program–NRCS project.
- (2) The Stream Database project.

SECTION 37.2.(f) Section 31.3(a) of S.L. 2015-241 reads as rewritten:

"SECTION 31.3.(a) The Department of Environment and Natural Resources 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 in accordance with subsection (b) of this section. These funds will provide a State match for an estimated forty-four million three hundred fifty-three thousand dollars (\$44,353,000) in federal funds.

Name of Project	2015-2016
...	
(20) Assistance to Counties—EAP Preparation <u>Stream Database</u>	250,000
...."	

NON-GENERAL FUND CAPITAL IMPROVEMENT AUTHORIZATIONS

SECTION 37.3. Section 31.4(a) of S.L. 2015-241, as amended by Section 9.1 of S.L. 2015-268, reads as rewritten:

"SECTION 31.4.(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:

Amount of Non-General Fund

Name of Project	Funding Authorized	
	FY 2015-2016	FY 2016-2017
Department of Agriculture and Consumer Services		
WNC Farmers Market Improvements/Robert		
G. Shaw Piedmont Triad Farmers Market		
Improvements	\$3,000,000	—
WNC Agricultural Center Events/Restroom Building	500,000	—
NC Forest Service Mountain Island Educational		
Forest-Visitor and Interpretive Center	4,000,000	—
Deer Fence on Research Stations	200,000	—
Aviary Egg Layer Research Building	1,750,000	—
State Fair Renovations/Infrastructure Improvements	2,500,000	—
State Fair Horse Complex	1,000,000	—
Animal Disease Diagnostic Laboratory Equipment	500,000	—
Department of Environment and Natural Resources		
Fort Fisher Aquarium Salt Water Well	590,000	590,000
Gorilla Expansion	450,000	—
Department of Public Safety		
National Guard – Wilmington Replacement	14,200,000	—
<u>Nash Print Plant Roof Replacement</u>		<u>1,508,000</u>
<u>Harnett Visitor Center</u>		<u>549,000</u>
Wildlife Resources Commission		
Boating Access New Construction	3,750,000	3,750,000
Land Acquisition	900,000	900,000
Jordan Lake Depot	500,000	—
Fishing Access Construction	—	200,000
TOTAL AMOUNT OF NON-GENERAL		
FUND CAPITAL PROJECTS		
AUTHORIZED	\$33,840,200	<u>5,440,000</u> 7,497,000"

REPAIRS AND RENOVATIONS CHANGES

SECTION 37.4. Section 31.5 of S.L. 2015-241 reads as rewritten:

"**SECTION 31.5.(a)** Of the funds remaining in the Reserve for Repairs and Renovations for the 2015-2016 and the 2016-2017 fiscal ~~years~~, years after the allocations required by subsection (f) of this section have been made, the following allocations shall be made to the following agencies for repairs and renovations pursuant to G.S. 143C-4-3:

- (1) One-third of the funds for the 2015-2016 fiscal year and one-half (1/2) of the funds for the 2016-2017 fiscal year shall be allocated to the Board of Governors of The University of North Carolina.
- (2) Two-thirds of the funds for the 2015-2016 fiscal year and one-half (1/2) of the funds for the 2016-2017 fiscal year shall be allocated to the Office of State Budget and Management.

The Office of State Budget and Management shall consult with or report to the Joint Legislative Commission on Governmental Operations, as appropriate, in accordance with G.S. 143C-4-3(d). The Board of Governors shall report to the Joint Legislative Commission on Governmental Operations in accordance with G.S. 143C-4-3(d).

1 **"SECTION 31.5.(b)** Notwithstanding G.S. 143C-4-3(d), of the funds allocated to the Board
2 of Governors of The University of North Carolina in subsection (a) of this section, a portion shall
3 be used each fiscal year by the Board of Governors for the installation of fire sprinklers in
4 University residence halls. This portion shall be in addition to funds otherwise appropriated in this
5 act for the same purpose. Such funds shall be allocated among the University's constituent
6 institutions by the President of The University of North Carolina, who shall consider the following
7 factors when allocating those funds:

- 8 (1) The safety and well-being of the residents of campus housing programs.
- 9 (2) The current level of housing rents charged to students and how that compares to
10 an institution's public peers and other UNC institutions.
- 11 (3) The level of previous authorizations to constituent institutions for the
12 construction or renovation of residence halls funded from the General Fund or
13 from bonds or certificates of participation supported by the General Fund since
14 1996.
- 15 (4) The financial status of each constituent institution's housing system, including
16 debt capacity, debt coverage ratios, credit rankings, required reserves, the
17 planned use of cash balances for other housing system improvements, and the
18 constituent institution's ability to pay for the installation of fire sprinklers in all
19 residence halls.
- 20 (5) The total cost of each proposed project, including the cost of installing fire
21 sprinklers and the cost of other construction, such as asbestos removal and
22 additional water supply needs.

23 The Board of Governors shall submit progress reports to the Joint Legislative Commission on
24 Governmental Operations. Reports shall include the status of completed, current, and planned
25 projects. Reports also shall include information on the financial status of each constituent
26 institution's housing system, the constituent institution's ability to pay for fire protection in
27 residence halls, and the timing of installation of fire sprinklers. Reports shall be submitted on
28 January 1 and July 1 until all residence halls have fire sprinklers.

29 **"SECTION 31.5.(c)** Notwithstanding G.S. 143C-4-3(d), of the funds allocated to the Board
30 of Governors of The University of North Carolina in subsection (a) of this section, a portion shall
31 be used each fiscal year by the Board of Governors for campus public safety improvements
32 allowable under G.S. 143C-4-3(b).

33 **"SECTION 31.5.(d)** In making campus allocations of funds allocated to the Board of
34 Governors of The University of North Carolina in subsection (a) of this section, the Board of
35 Governors ~~shall negatively weight the availability of non-State resources and carryforward funds~~
36 ~~available for repair and renovations and shall include information about the manner in which this~~
37 ~~subsection was complied with in any report submitted pursuant to G.S. 143C-4-3(d).~~ shall consider
38 all of and only the following:

- 39 (1) The amount of each campus's deficiencies documented pursuant to the
40 Facilities Condition Assessment Program.
- 41 (2) The availability of non-State resources and carryforward funds available for
42 repair and renovations at each campus, which shall be negatively weighted in
43 making allocation decisions.

44 **"SECTION 31.5.(d1)** The Board of Governors shall include information about the manner in
45 which subsection (d) of this section was compiled within any report submitted pursuant to
46 G.S. 143C-4-3(d).

47 **"SECTION 31.5.(e)** Of the funds allocated to the Office of State Budget and Management in
48 subsection (a) of this section, the sum of nine million five hundred thousand dollars (\$9,500,000)
49 shall be used for Legislative Building Roof Replacement and Asbestos Abatement.

"**SECTION 31.5.(f)** Notwithstanding G.S. 143C-4-3(d), of the funds in the Reserve for Repairs and Renovations for the 2016-2017 fiscal year, the following sums shall be allocated for the following projects:

- (1) Six hundred thousand dollars (\$600,000) shall be allocated to renovate and remodel portions of the State Library and Archives and History Building.
- (2) Four million five hundred thousand dollars (\$4,500,000) shall be allocated for repairs and renovations at the North Carolina Zoo.
- (3) Nine hundred twenty-three thousand dollars (\$923,000) shall be allocated for repairs and renovations of the North Carolina State Capitol.
- (4) Three million dollars (\$3,000,000) shall be allocated for repairs and renovations to the Western North Carolina Agricultural Center."

ALLOW REPAIRS & RENOVATIONS FUNDS TO BE USED FOR BUILDING DEMOLITION AND INSTALLATION OF ELECTRICAL, PLUMBING, AND RELATED SYSTEMS

SECTION 37.5. G.S. 143C-4-3(b) reads as rewritten:

"(b) Use of Funds. – The funds in the Repairs and Renovations Reserve shall be used only for the repair and renovation of (i) State facilities and related infrastructure that are supported from the General Fund or (ii) Department of Information Technology facilities and related infrastructure. Funds from the Repairs and Renovations Reserve shall be used only for the following types of projects:

- (1) Roof repairs and replacements;
- (2) Structural repairs;
- (3) Repairs and renovations to meet federal and State standards;
- (4) Repairs to or installation of new electrical, plumbing, and heating, ventilating, and air-conditioning systems;
- (5) Improvements to meet the requirements of the Americans with Disabilities Act, 42 U.S.C. § 12101, et seq., as amended;
- (6) Improvements to meet fire safety needs;
- (7) Improvements to existing facilities for energy efficiency;
- (8) Improvements to remove asbestos, lead paint, and other contaminants, including the removal and replacement of underground storage tanks;
- (9) Improvements and renovations to improve use of existing space;
- (10) Historical restoration;
- (11) Improvements to roads, walks, drives, utilities infrastructure; and
- (12) Drainage and landscape improvements.
- (13) Building demolition.

Funds from the Repairs and Renovations Reserve shall not be used for new construction or the expansion of the building area (sq. ft.) of an existing facility unless required in order to comply with federal or State codes or standards."

UNC DEBT AFFORDABILITY STUDY MODIFICATIONS

SECTION 37.6. G.S. 116D-56(b) and (c) read as rewritten:

"(b) Board of Governors Reporting Required. – The Board shall report its findings and recommendations to the Office of State Budget and Management, the Joint Legislative Commission on Governmental Operations, the State Treasurer, and The University of North Carolina General Administration by ~~February 1~~ April 1 of each year. The report shall be accompanied by each of the reports provided to the Board pursuant to subsection (c) of this section.

(c) Constituent Institution Reporting Required. – No later than ~~November 1~~ February 1 of each year, each constituent institution shall report to the Board of Governors on its current and

1 anticipated debt levels. The report shall be made in a uniform format to be prescribed by the Board
2 of Governors. Each report shall include at least the following:

- 3 (1) The amount and type of outstanding debt of the institution.
- 4 (2) The sources of repayment of the debt.
- 5 (3) The amount of debt that the institution plans to issue or incur during the next
6 five years.
- 7 (4) A description of projects financed with the debt.
- 8 (5) The current bond rating of the institution and information about any changes to
9 that bond rating since the last report was submitted.
- 10 (6) Information about the constituent institution's debt management policies and
11 any recommendations for methods to maintain or improve the University's bond
12 rating.
- 13 (7) Debt burden comparisons to comparable peer institutions.
- 14 (8) Any other information requested by the Board of Governors."
- 15

16 **ENHANCE OVERSIGHT OF CERTAIN CAPITAL PROJECTS**

17 **SECTION 37.7.(a)** G.S. 146-25 reads as rewritten:

18 **"§ 146-25. Leases and rentals.**

19 (a) General Procedure. – If, after investigation, the Department of Administration
20 determines that it is in the best interest of the State that land be leased or rented for the use of the
21 State or of any State agency, the Department shall proceed to negotiate with the owners for the
22 lease or rental of such property. All lease and rental agreements entered into by the Department
23 shall be promptly submitted to the Governor and Council of State for approval or disapproval.

24 (b) Leases Exceeding 30-Year Terms. – The Department of Administration shall not enter
25 into a lease of real property for a period of more than 30 years, or a renewal of a lease of real
26 property if the renewal would make the total term of the lease exceed 30 years, unless specifically
27 authorized to do so by the General Assembly. The Department of Administration shall report to
28 the Joint Legislative Commission on Governmental Operations at least 30 days prior to entering or
29 renewing such a lease and shall include a copy of the legislation authorizing the lease or lease
30 renewal in the report."

31 **SECTION 37.7.(b)** G.S. 146-29 reads as rewritten:

32 **"§ 146-29. Procedure for sale, lease, or rental.**

33 (a) General Procedure. – If, after investigation, the Department of Administration
34 determines that it is in the best interest of the State that land be sold, leased, or rented, the
35 Department shall proceed with its sale, lease, or rental, as the case may be, in accordance with
36 rules adopted by the Governor and approved by the Council of State. If an agreement of sale,
37 lease, or rental is reached, the proposed transaction shall then be submitted to the Governor and
38 Council of State for their approval or disapproval. Every conveyance in fee of land owned by the
39 State or by any State agency shall be made and executed in the manner prescribed in G.S. 146-74
40 through 146-78.

41 (b) Limitations on Certain Leases. – The Department of Administration shall not enter into
42 a lease or lease renewal of the following types unless specifically authorized to do so by the
43 General Assembly:

- 44 (1) A lease of real property for a period of more than 30 years, or a renewal of a
45 lease of real property if the renewal would make the total term of the lease
46 exceed 30 years.
- 47 (2) A lease of real property, or a renewal of a lease of real property, for any term if
48 both of the following conditions are satisfied:
 - 49 a. State personnel or State functions would need to be relocated as a result
50 of the lease or renewal.

b. The agency to which the property is currently allocated possesses insufficient operating funds to cover the cost of both the relocation and the ongoing provision of State functions affected by the relocation.

(c) Reporting Required. – The Department of Administration shall report to the Joint Legislative Commission on Governmental Operations at least 30 days prior to entering or renewing any lease described in subdivision (b)(1) of this section or any lease or renewal that will require the relocation of State personnel or State functions. The report shall include all of the following:

(1) If the lease or lease renewal will require State personnel or State functions to be relocated, a statement of the legislation authorizing the lease or lease renewal or a detailed statement of the operating funds that will be used to cover the cost of both the relocation and the ongoing provision of State functions affected by the relocation, as applicable.

(2) If the lease or lease renewal will have a term of more than 30 years, a statement of the legislation authorizing the lease or lease renewal."

SECTION 37.7.(c) G.S. 146-29.1 is amended by adding a new subsection to read:

"(h) Any lease or rental entered into pursuant to this section shall be subject to the requirements and limitations of G.S. 146-29."

SECTION 37.7.(d) G.S. 146-29.2 is amended by adding a new subsection to read:

"(g) Any lease or rental entered into pursuant to this section shall be subject to the requirements and limitations of G.S. 146-29."

SECTION 37.7.(e) G.S. 146-32 reads as rewritten:

"§ 146-32. Exemptions as to leases, etc.

(a) The Governor, acting with the approval of the Council of State, may adopt rules and regulations:

(1) Exempting from any or all of the requirements of this Subchapter such classes of lease, rental, easement, and right-of-way transactions as he deems advisable; and

(2) Authorizing any State agency to enter into and/or approve those classes of transactions exempted by such rules and regulations from the requirements of this Chapter.

(3) No rule or regulation adopted under this section may exempt from the provisions of G.S. 146-25.1 any class of lease or rental which has a duration of more than 21 days, unless the class of lease or rental:

a. Is a lease or rental necessitated by a fire, flood, or other disaster that forces the agency seeking the new lease or rental to cease use of real property;

b. Is a lease or rental necessitated because an agency had intended to move to new or renovated real property that was not completed when planned, but a lease or rental exempted under this subparagraph may not be for a period of more than six months; or

c. Is a lease or rental which requires a unique location or a location that adjoins or is in close proximity to an existing rental location.

(b) No rule or regulation adopted pursuant to subsection (a) of this section may exempt any lease from the provisions of G.S. 146-25(b) or G.S. 146-29(b) or (c)."

SECTION 37.7.(f) G.S. 143C-8-4 reads as rewritten:

"§ 143C-8-4. Agency capital improvement needs estimates.

...

(c) Real Property and New Construction or Facility Rehabilitation Needs Estimate. – The second part of the capital improvement needs estimates shall include only proposals for real property acquisition and projects involving construction of new facilities or rehabilitation of

existing facilities to accommodate uses for which the existing facilities were not originally designed. Each project included in this part shall be justified by reference to the needs evaluation criteria established by the Office of State Budget and Management pursuant to ~~G.S. 143C-8-3~~G.S. 143C-8-3 and shall include the information required by G.S. 143C-3-3(d)(5).

For capital projects of The University of North Carolina and its constituent institutions, the Office of State Budget and Management shall utilize the needs evaluation information approved by the Board of Governors of The University of North Carolina developed pursuant to ~~G.S. 116-11(9)~~G.S. 116-11(9) and shall include the information required by G.S. 143C-3-3(d)(5)."

SECTION 37.7.(g) G.S. 143C-8-5 reads as rewritten:

"§ 143C-8-5. Six-year capital improvements plan.

...

(c) Real Property Acquisition, New Construction, or Facility Rehabilitations. – The second part of the capital improvement plan shall set forth an integrated schedule for real property acquisition, new construction, or rehabilitation of existing facilities that, in the judgment of the Director of the Budget, should be initiated within each year of the six-year planning period. The plan shall contain for each project (i) estimates of real property acquisition, and construction or rehabilitation ~~costs~~costs, (ii) a means of financing the ~~project, and project~~, (iii) an estimated schedule for the completion of the ~~project-project~~, and (iv) an estimate of maintenance and operating costs, including personnel, for the project, covering the first five years of operation. Where the means of financing would involve direct or indirect debt service obligations, a schedule of those obligations shall be presented."

SECTION 37.7.(h) G.S. 143C-8-6 reads as rewritten:

"§ 143C-8-6. Recommendations for capital improvements set forth in the Recommended State Budget.

...

(e) Other Capital Projects in the Budget Support Document. – The Budget Support Document shall contain for each capital project recommended in accordance with subsection (d) of this section: (i) a detailed project description and justification, (ii) a detailed estimate of acquisition, planning, design, site development, construction, contingency and other related costs, (iii) an estimated schedule of cash flow requirements over the life of the project, (iv) an estimated schedule for the completion of the project, ~~(v) an estimate of maintenance and operating costs, including personnel, for the project, covering the first five years of operation, (vi)(v)~~ an estimate of revenues, if any, likely to be derived from the project, covering the first five years of operation, and ~~(vii)(vi)~~ an explanation of the means of financing.

(f) All Recommended Capital Projects. – The Director of the Budget shall ensure that recommendations in the Recommended State Budget for repairs and renovations of existing facilities, real property acquisition, new construction, or rehabilitation of existing facilities include all of the following information:

(1) An estimate of maintenance and operating costs, including personnel, for the project, covering the first five years of operation. If no increase in these expenditures is anticipated because the recommended project would replace an existing facility, then the level of expenditures for the previous five years of operation shall be included instead.

(2) A recommended funding source for the operating costs identified pursuant to subdivision (1) of this subsection."

SECTION 37.7.(i) No later than October 1, 2016, the Director of the Budget shall prepare and transmit to the General Assembly a preliminary six-year capital improvement plan that complies with the requirements of G.S. 143C-8-5, as amended by subsection (g) of this section, and G.S. 143C-8-3(b), as enacted by subsection (j) of this section. This plan shall be in addition to any other six-year capital improvement plan required by G.S. 143C-8-5.

SECTION 37.7.(j) G.S. 143C-8-3 reads as rewritten:

"§ 143C-8-3. Capital improvement needs criteria.

(a) Criteria. – The Office of State Budget and Management shall develop a weighted list of factors that may be used to evaluate the need for capital improvement projects. The list shall include all of the following:

- (1) Preservation, adequacy and use of existing facilities.
- (2) Health and safety considerations.
- (3) Operational efficiencies.
- (4) Projected demand for governmental services.

(b) Reporting. – The Office of State Budget and Management shall include the following in each six-year capital improvement plan submitted to the General Assembly pursuant to G.S. 143C-8-5:

- (1) The list of factors developed pursuant to subsection (a) of this section.
- (2) The most recent results of applying the factors developed pursuant to subsection (a) of this section to capital funds requests from State agencies."

SECTION 37.7.(k) This section is effective when it becomes law and applies to leases entered into or renewed, and to budgets recommended by the Director of the Budget, on or after that date.

PART XXXVIII. FINANCE PROVISIONS

INCREASE ZERO TAX BRACKET

SECTION 38.1.(a) Effective for taxable years beginning on or after January 1, 2017, G.S. 105-153.5(a)(1) reads as rewritten:

"(1) Standard deduction amount. – The standard deduction amount is zero for a person who is not eligible for a standard deduction under section 63 of the Code. For all other taxpayers, the standard deduction amount is equal to the amount listed in the table below based on the taxpayer's filing status:

Filing Status	Standard Deduction
Married, filing jointly	\$15,500 <u>\$16,000</u>
Head of Household	12,400 <u>12,800</u>
Single	7,750 <u>8,000</u>
Married, filing separately	7,750 <u>8,000."</u>

SECTION 38.1.(b) Effective for taxable years beginning on or after January 1, 2018, G.S. 105-153.5(a)(1), as amended by subsection (a) of this section, reads as rewritten:

"(1) Standard deduction amount. – The standard deduction amount is zero for a person who is not eligible for a standard deduction under section 63 of the Code. For all other taxpayers, the standard deduction amount is equal to the amount listed in the table below based on the taxpayer's filing status:

Filing Status	Standard Deduction
Married, filing jointly	\$16,000 <u>\$16,500</u>
Head of Household	12,800 <u>13,200</u>
Single	8,000 <u>8,250</u>
Married, filing separately	8,000 <u>8,250."</u>

SECTION 38.1.(c) Effective for taxable years beginning on or after January 1, 2019, G.S. 105-153.5(a)(1), as amended by subsection (b) of this section, reads as rewritten:

"(1) Standard deduction amount. – The standard deduction amount is zero for a person who is not eligible for a standard deduction under section 63 of the Code. For all other taxpayers, the standard deduction amount is equal to the amount listed in the table below based on the taxpayer's filing status:

Filing Status	Standard Deduction
Married, filing jointly	\$16,500 <u>\$17,000</u>

1 Head of Household 13,20013,600
 2 Single 8,2508,500
 3 Married, filing separately 8,2508,500."
 4 **SECTION 38.1.(d)** Effective for taxable years beginning on or after January 1, 2020,
 5 G.S. 105-153.5(a)(1), as amended by subsection (c) of this section, reads as rewritten:

6 "(1) Standard deduction amount. – The standard deduction amount is zero for a
 7 person who is not eligible for a standard deduction under section 63 of the
 8 Code. For all other taxpayers, the standard deduction amount is equal to the
 9 amount listed in the table below based on the taxpayer's filing status:

Filing Status	Standard Deduction
Married, filing jointly	\$17,000\$17,500
Head of Household	13,60014,000
Single	8,5008,750
Married, filing separately	8,5008,750."

15 **SECTION 38.1.(e)** Except as otherwise provided, this section is effective when it
 16 becomes law.

18 REDUCE TAXATION OF MILL MACHINERY

19 **SECTION 38.2.1.(a)** G.S. 105-187.51B reads as rewritten:

20 "**§ 105-187.51B. Tax imposed on machinery, equipment, and other tangible personal**
 21 **property purchased by certain recyclers, research and development companies,**
 22 **industrial machinery refurbishing companies, and companies located at ports**
 23 **facilities.companies.**

24 (a) Tax. – A privilege tax is imposed on the following:

25 ...
 26 (5) A company located at a ports facility for waterborne commerce that purchases
 27 ~~specialized equipment to be used at the facility to unload or process bulk cargo~~
 28 ~~to make it suitable for delivery to and use by manufacturing facilities.~~
 29 any of the following:

- 30 a. Machinery and equipment that is used at the facility to unload or to
 31 facilitate the unloading or processing of bulk cargo to make it suitable
 32 for delivery to and use by manufacturing facilities.
- 33 b. Parts, accessories, or attachments used to maintain, repair, replace,
 34 upgrade, improve, or otherwise modify such machinery and equipment.

35 (b) Rate. – The tax is one percent (1%) of the sales price of the equipment or other tangible
 36 personal property. The maximum tax is eighty dollars (\$80.00) per article."

37 **SECTION 38.2.1.(b)** G.S. 105-187.51B(a), as amended by subsection (a) of this
 38 section, is amended by adding the following new subdivision:

39 "(6) A company primarily engaged at the establishment in either (i) recycling if the
 40 company is a secondary metals recycler, as defined in G.S. 66-420, or (ii)
 41 processing tangible personal property for the purpose of extracting precious
 42 metals, as defined in G.S. 66-406, to determine the value for potential purchase
 43 for the purchase of equipment, or an attachment or repair part for equipment,
 44 that meets all of the requirements listed in this subdivision. This subdivision
 45 does not apply to equipment, including a motor vehicle, or an attachment or
 46 repair part for equipment, used to transport converted products from the
 47 establishment. The requirements are as follows:

- 48 a. The equipment is capitalized by the company for tax purposes under the
 49 Code.
- 50 b. The equipment is primarily for use in a process by which ferrous metals,
 51 nonferrous metals, or precious metals are gathered or obtained and

converted into products consisting of prepared grades and that have an existing or potential economic value by methods including the processing, sorting, cutting, classifying, cleaning, baling, wrapping, shredding, shearing, or changing of the physical form or chemical content of the metals, but not including the exclusive use of hand tools."

SECTION 38.2.1.(c) Subsection (a) of this section is effective when it becomes law, applies retroactively to purchases made on or after July 1, 2013. Subsection (b) of this section is effective when it becomes law, applies retroactively to purchases made on or after July 1, 2010. Notwithstanding G.S. 105-241.6, a taxpayer that paid sales and use tax on items that are taxable under G.S. 105-187.51B, as amended by this section, may apply to the Department of Revenue for a refund of the excess tax paid to the extent the refund is the result of the change in the law enacted by this section. Except as otherwise provided, this section is effective when it becomes law.

SECTION 38.2.2.(a) Article 5F of Chapter 105 of the General Statutes and G.S. 105-164.13(5a) are repealed.

SECTION 38.2.2.(b) G.S. 105-164.4I(b) reads as rewritten:

"(b) Exemptions. – The tax imposed by this section does not apply to the sales price of or the gross receipts derived from a service contract applicable to any of the following items:

...

~~(4) An item subject to tax under Article 5F of Chapter 105 of the General Statutes.~~

...."

SECTION 38.2.2.(c) G.S. 105-164.13 is amended by adding the following new subdivisions to read:

"§ 105-164.13. Retail sales and use tax.

...

(5e) Sales of mill machinery or mill machinery parts or accessories to any of the following:

a. A manufacturing industry or plant. A manufacturing industry or plant does not include (i) a delicatessen, cafe, cafeteria, restaurant, or another similar retailer that is principally engaged in the retail sale of foods prepared by it for consumption on or off its premises; or (ii) a production company.

b. A contractor or subcontractor if the purchase is for use in the performance of a contract with a manufacturing industry or plant.

c. A subcontractor if the purchase is for use in the performance of a contract with a general contractor that has a contract with a manufacturing industry or plant.

(5f) Sales to a major recycling facility of any of the following tangible personal property for use in connection with the facility:

a. Cranes, structural steel crane support systems, and foundations related to the cranes and support systems.

b. Port and dock facilities.

c. Rail equipment.

d. Material handling equipment.

(5g) Sales of equipment, or an attachment or repair part for equipment, that meets all of the following requirements:

a. Is sold to a company primarily engaged at the establishment in research and development activities in the physical, engineering, and life sciences included in industry group 54171 of NAICS.

b. Is capitalized by the company for tax purposes under the Code.

- 1 c. Is used by the company at the establishment in the research and
2 development of tangible personal property.
- 3 (5h) Sales of equipment, or an attachment or repair part for equipment, that meets all
4 of the following requirements:
- 5 a. Is sold to a company primarily engaged at the establishment in software
6 publishing activities included in industry group 5112 of NAICS.
7 b. Is capitalized by the company for tax purposes under the Code.
8 c. Is used by the company at the establishment in the research and
9 development of tangible personal property.
- 10 (5i) Sales of equipment, or an attachment or repair part for equipment, that meets all
11 of the following requirements:
- 12 a. Is sold to a company primarily engaged at the establishment in industrial
13 machinery refurbishing activities included in industry group 811310 of
14 NAICS.
15 b. Is capitalized by the company for tax purposes under the Code.
16 c. Is used by the company at the establishment in repairing or refurbishing
17 tangible personal property.
- 18 (5j) Sales of the following to a company located at a ports facility for waterborne
19 commerce:
- 20 a. Machinery and equipment used at the facility to unload or to facilitate
21 the unloading or processing of bulk cargo and to make it suitable for
22 delivery to and use by manufacturing facilities.
23 b. Parts, accessories, or attachments used to maintain, repair, replace,
24 upgrade, improve, or otherwise modify such machinery and equipment.
- 25 (5k) Sales of equipment, or an attachment or repair part for equipment, that meets all
26 of the following requirements:
- 27 a. Is sold to a company that is engaged in the fabrication of metal work
28 and that has annual gross receipts, including the gross receipts of all
29 related persons as defined in G.S. 105-163.010, from the fabrication of
30 metal work of at least eight million dollars (\$8,000,000).
31 b. Is capitalized by the company for tax purposes under the Code.
32 c. Is used by the company at the establishment to create metal products for
33 use by the company.
- 34 (5l) Sales of equipment, or an attachment or repair part for equipment, that meets all
35 of the requirements listed in this subdivision. This subdivision does not apply to
36 sales of equipment, including a motor vehicle, or an attachment or repair part
37 for equipment, that is used to transport converted products to or from the
38 establishment. The requirements are:
- 39 a. The equipment is sold to a company primarily engaged at the
40 establishment in either (i) recycling if the company is a secondary
41 metals recycler, as defined in G.S. 66-420, or (ii) processing tangible
42 personal property for the purpose of extracting precious metals, as
43 defined in G.S. 66-406, to determine the value for potential purchase.
44 b. The equipment is capitalized by the company for tax purposes under the
45 Code.
46 c. The equipment is primarily for use in a process by which ferrous metals,
47 nonferrous metals, or precious metals are gathered or obtained and
48 converted into products consisting of prepared grades and that have an
49 existing or potential economic value by methods including the
50 processing, sorting, cutting, classifying, cleaning, baling, wrapping,

shredding, shearing, or changing of the physical form or chemical content of the metals, but not including the exclusive use of hand tools.

(5m) Sales of repair or replacement parts for a ready-mix concrete mill, regardless of whether the mill is freestanding or affixed to a motor vehicle, to a company that primarily sells ready-mix concrete.

...

(57a) Fuel, piped natural gas, and electricity sold to a secondary metals recycler for use in recycling at its facility at which the primary activity is recycling.

...."

SECTION 38.2.2.(d) This section becomes effective July 1, 2016, and applies to sales made on or after that date.

PART XXXIX. MISCELLANEOUS PROVISIONS

STATE BUDGET ACT APPLIES

SECTION 39.1. 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 39.2.(a) The N.C. House of Representatives Appropriations Committee Report on the Base, Expansion and Capital Budgets for House Bill 1030, dated May 17, 2016, which was distributed in the House of Representatives 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, as appropriate, 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 39.2.(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 2016-2017 budget as provided in G.S. 143C-3-5. This budget includes the appropriations of State funds as defined in G.S. 143C-1-1(d)(25).

SECTION 39.2.(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.

REPORT BY FISCAL RESEARCH DIVISION

SECTION 39.3. The Fiscal Research Division shall issue a report on budget actions taken by the 2015 Regular Session of the General Assembly in 2016. The report shall be in the form of a revision of the Committee Report adopted for House Bill 1030 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 2015-2017 FISCAL BIENNIUM

SECTION 39.4. Except for statutory changes or other provisions that clearly indicate an intention to have effects beyond the 2015-2017 fiscal biennium, the textual provisions of this act apply only to funds appropriated for, and activities occurring during, the 2015-2017 fiscal biennium.

EFFECT OF HEADINGS

SECTION 39.5. The headings to the parts 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.

APPROPRIATIONS LIMITATIONS AND DIRECTIONS APPLY

SECTION 39.6.(a) Except where expressly repealed or amended by this act, the provisions of S.L. 2015-241 and S.L. 2015-268 remain in effect.

SECTION 39.6.(b) Notwithstanding any modifications by this act in the amounts appropriated, except where expressly repealed or amended, the limitations and directions for the 2015-2017 fiscal year in S.L. 2015-241 and S.L. 2015-268 that applied to appropriations to particular agencies or for particular purposes apply to the newly enacted appropriations and budget reductions of this act for those same particular purposes.

SEVERABILITY CLAUSE

SECTION 39.7. 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 39.8. Except as otherwise provided, this act becomes effective July 1, 2016.