

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



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	<b>Total University of North Carolina–Board of Governors</b>	<b>46,483,000</b>
31		
32	<b>HEALTH AND HUMAN SERVICES</b>	
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	<b>Total Health and Human Services</b>	<b>(206,171,543)</b>
48		
49		
50	<b>AGRICULTURE AND NATURAL AND ECONOMIC RESOURCES</b>	
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	<b>JUSTICE AND PUBLIC SAFETY</b>	
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	<b>GENERAL GOVERNMENT</b>	
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	<b>RESERVES, ADJUSTMENTS AND DEBT SERVICE</b>	
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	<b>TOTAL CURRENT OPERATIONS—GENERAL FUND</b>	<b>296,511,922</b>
41		

**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:

	<b>FY 2016-2017</b>	
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	<b>Beginning Unreserved Fund Balance</b>	<b>365,005,068</b>
4		
5	<b>Revenues Based on Existing Tax Structure</b>	<b>21,417,800,000</b>
6		
7	<b>Non-tax Revenues</b>	
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	<b>Subtotal Non-tax Revenues</b>	<b>810,200,000</b>
15		
16	<b>Adjustment for Medicaid Transformation Fund (S.L. 2015-241)</b>	<b>(150,000,000)</b>
17		
18	<b>Total General Fund Availability</b>	<b>22,443,005,068</b>
19		
20	<b>Adjustments to Availability: 2016 Session</b>	
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	<b>Subtotal Adjustments to Availability: 2016 Session</b>	<b>(90,621,999)</b>
29		
30	<b>Revised General Fund Availability</b>	<b>22,352,383,069</b>
31		
32	<b>Less General Fund Appropriations</b>	<b>(22,225,000,000)</b>
33		
34	<b>Unappropriated Balance Remaining</b>	<b>127,383,069</b>
35		

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.

51

**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**

1  
2 **Unappropriated Balance** \$ **0**

3  
4 **PART IV. HIGHWAY TRUST FUND APPROPRIATIONS**

5  
6 **CURRENT OPERATIONS/HIGHWAY TRUST FUND**

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

12

<b>Current Operations – Highway Trust Fund</b>	<b>2016-2017</b>
13 Program Administration	\$ 0
14 Turnpike Authority	0
15 Transfer to Highway Fund	0
16 Debt Service	0
17 Strategic Prioritization Funding Plan for Transportation Investments	32,045,000
18	
19 <b>Total Highway Trust Fund Appropriations</b>	<b>\$ 1,371,280,000</b>

20  
21  
22  
23 **HIGHWAY TRUST FUND AVAILABILITY STATEMENT**

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

26

<b>Highway Trust Fund Availability Statement</b>	<b>2016-2017</b>
27 Unreserved Fund Balance	\$ 0
28 Estimated Revenue	1,370,080,000
29 Adjustment to Revenue Availability:	
30 Title Fees (Mercury Switch Removal)	1,200,000
31	
32 <b>Total Highway Trust Fund Availability</b>	<b>\$ 1,371,280,000</b>
33	
34 <b>Unappropriated Balance</b>	<b>\$ 0</b>

35  
36  
37  
38 **PART V. OTHER APPROPRIATIONS**

39  
40 **EDUCATION LOTTERY FUNDS/UNCLAIMED PRIZES**

41 **SECTION 5.1.(a)** Section 5.2 of S.L. 2015-241 reads as rewritten:  
42 **"SECTION 5.2.(a)** The appropriations made from the Education Lottery Fund for the  
43 2015-2017 fiscal biennium are as follows:

44

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

1 "SECTION 5.2.(b) Notwithstanding ~~G.S. 18C-164, the Office of State Budget and~~  
 2 ~~Management shall not transfer funds to the Education Lottery Reserve Fund for either year of the~~  
 3 ~~2015-2017 fiscal biennium.~~ G.S. 18C-164(b), the net revenues deposited in the Education Lottery  
 4 Fund from the 2015-2016 fiscal year that are in excess of the amounts appropriated in subsection  
 5 (a) of this section for the 2015-2016 fiscal year shall be transferred to the Lottery Reserve Fund.

6 ...."

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

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

- 10 (1) ~~Fifty percent (50%) to enhance prizes under subdivision (a)(1) of this section.~~
- 11 (2) ~~Fifty percent (50%) to the Education Lottery Fund to be allocated in accordance~~  
 12 ~~with G.S. 18C-164(c)."~~

13  
 14 **CIVIL PENALTY AND FORFEITURE FUND/REVISIONS**

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

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

	<b>FY 2015-2016</b>	<b>FY 2016-2017</b>
19 School Technology Fund	\$18,000,000	\$18,000,000
20 Drivers Education	0	27,393,768
21 State Public School Fund	132,320,490	128,341,640
		<u>129,099,877</u>
22		
23		
24		
25 <b>Total Appropriation</b>	<b>\$150,320,490</b>	<b>\$173,735,408</b>
26		<u><b>\$174,493,645</b></u>

27  
 28 "SECTION 5.3.(b) Excess receipts realized in the Civil Penalty and Forfeiture Fund in each  
 29 year of the 2015-2017 fiscal biennium shall be allocated to the School Technology Fund.

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

36  
 37 **PART VI. GENERAL PROVISIONS**

38  
 39 **ESTABLISHING OR INCREASING FEES**

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

43 SECTION 6.1.(b) Notwithstanding G.S. 150B-21.1A(a), an agency may adopt an  
 44 emergency rule in accordance with G.S. 150B-21.1A to establish or increase a fee as authorized by  
 45 this act if the adoption of a rule would otherwise be required under Article 2A of Chapter 150B of  
 46 the General Statutes.

47  
 48 **EXPENDITURES OF FUNDS IN RESERVES LIMITED**

49 SECTION 6.2. All funds appropriated by this act into reserves may be expended only  
 50 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:

	<b>FY 2015-2016</b>	<b>FY 2016-2017</b>
General Fund Appropriation for IT Fund	\$21,755,191	<del>\$21,681,854</del> <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	<del>\$871,497</del> <u>\$1,021,497</u>
Staffing and Strategic Projects	\$7,873,903	<del>\$7,873,903</del> <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	<del>\$9,101,255</del> <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:

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

1  
2 ...  
3 (b) ~~Receipts shall be used solely for the purpose for which they were collected. Any uses~~  
4 ~~of the Information Technology Internal Service Fund not specifically related to providing~~  
5 ~~receipt supported services to State agencies shall immediately be reported to the Joint Legislative~~  
6 ~~Oversight Committee on Information Technology and the Fiscal Research Division.~~

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

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

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

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

19 ...."

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

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

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

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

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

31 ...

32 (2) The State CIO shall develop a biennial State Information Technology Plan  
33 ~~(Plan)-(Plan), including, but not limited to, the use of cloud-based utility~~  
34 computing for use by State agencies."  
35

**USE OF CASH BALANCE FOR IT RATE CREDITS**

37 **SECTION 7.5.** The Department of Information Technology shall use funds available  
38 in cash balance available in fund code 24667 as a credit to the following agencies for subscription  
39 fees, telephone rates, and computer rates billed to the agency for the Internal Service Fund for the  
40 2016-2017 fiscal year:

41 (1) North Carolina Community Colleges System Office – \$102,023

42 (2) Department of Public Instruction – \$1,534,623

43 (3) The University of North Carolina System – \$97,483

44 (4) The Department of Administration – \$190,187

45 (5) The Department of Insurance – \$26,504

46 (6) The Department of Revenue – \$972,197

47 (7) General Assembly – \$14,432

48 (8) Office of State Budget and Management – \$176,700

49 (9) Office of Lieutenant Governor – \$6,474

50 (10) Office of Administrative Hearings – \$38,405

51 (11) Department of State Auditor – \$20,832

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

## 11

### 12 **INFORMATION TECHNOLOGY SPENDING TRANSPARENCY**

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

### 19

### 20 **APPRENTICESHIPS AND CAREER-BASED OPPORTUNITIES IN CYBERSECURITY**

### 21 **FOR DISABLED VETERANS**

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

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

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

### 34

### 35 **ADJUST IT BUDGETS AS NECESSARY DUE TO TRANSFER OF FUNCTIONS**

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

41 **SECTION 7.8.(b)** All information technology budget adjustments authorized by this  
42 section shall be completed by December 1, 2016, and shall be reflected in the base budget for the  
43 2017-2019 fiscal biennium. Adjustments may be made only for the information technology  
44 budgets of the Department of Environmental Quality and the Department of Natural and Cultural  
45 Resources for the purposes stated in this section.

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

### 50

### 51 **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

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

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

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

## 45           **EXEMPT SBI & DPS FROM DIT OVERSIGHT**

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

48           "§ 143B-1320.1. Designation of separate agencies.

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

- 50           (1) The Department of Public Safety.

1           (2)    The State Bureau of Investigation."

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

3           "(d)    Report on Transition Planning. – ~~The Department of Public Safety, the~~ The Community  
4 College System ~~Office, Office~~ and the State Board of Elections shall work with the State CIO to  
5 plan their transition to the Department. By October 1, 2018, these agencies, in conjunction with  
6 the State CIO, shall report to the Joint Legislative Oversight Committee on Information  
7 Technology and the Fiscal Research Division on their respective transition plans."  
8

9           **EXEMPT SBI & DPS FROM ENTERPRISE ACTIVE DIRECTORY PARTICIPATION**

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

11           **"AGENCY USE OF ENTERPRISE ACTIVE DIRECTORY**

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

18           **"SECTION 7.25.(b)** Subsection (a) of this section shall not apply to the State Bureau of  
19 Investigation or to the Department of Public Safety."  
20

21           **CRASH REPORTING PROGRAM MAINTENANCE**

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

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

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

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

- 47           (1)    By April 30, 2017, a report to the Office of State Budget and Management and  
48 chairs of the House of Representatives Committee on Transportation  
49 Appropriations and the Senate Appropriations Committee on Department of  
50 Transportation on (i) the completion of the RFP process, including the name  
51 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

1 each of the five years after the unit becomes ineligible. Funding shall be eliminated in the fifth  
2 fiscal year after the local school administrative unit becomes ineligible.

3 Allotments for eligible local school administrative units under this subsection shall not be  
4 reduced by more than twenty percent (20%) of the amount received in fiscal year 2014-2015 in  
5 any fiscal year. A local school administrative unit shall not become ineligible for funding if either  
6 the higher of the first two months total projected average daily membership for the current year or  
7 the higher of the first two months total prior year average daily membership would otherwise have  
8 made the unit eligible for funds under the schedule in subsection (a) of this section.

9 "SECTION 8.4.(c) Phase-Out Provision for the 2016-2017 Fiscal Year. – If a local school  
10 administrative unit becomes ineligible for funding under the schedule in subsection (a) of this  
11 section in the 2016-2017 fiscal year, funding for that unit shall be phased out over a five-year  
12 period. Funding for such local school administrative units shall be reduced in equal increments in  
13 each of the five years after the unit becomes ineligible. Funding shall be eliminated in the fifth  
14 fiscal year after the local administrative unit becomes ineligible.

15 Allotments for eligible local school administrative units under this subsection shall not be  
16 reduced by more than twenty percent (20%) of the amount received in fiscal year 2015-2016 in  
17 any fiscal year. A local school administrative unit shall not become ineligible for funding if either  
18 the higher of the first two months total projected average daily membership for the current year or  
19 the higher of the first two months total prior year average daily membership would otherwise have  
20 made the unit eligible for funds under the schedule in subsection (a) of this section.

21 ...."

## 22 23 DRIVERS EDUCATION PROGRAM FUNDS

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

25 "SECTION 8.39.(h) Subsections (a), (b), and (c) of this section are effective July 1, 2016,  
26 and apply beginning with the 2016-2017 school year. ~~Subsections (a), (b), and (c) of this section~~  
27 ~~are repealed effective December 31, 2017.~~ The remainder of this section is effective when this act  
28 becomes law."  
29

## 30 LITERACY COACHES TO SUPPORT READ TO ACHIEVE IN LOW-PERFORMING 31 ELEMENTARY SCHOOLS

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

34 "(d) To the extent State funds are allocated to a local school administrative unit for the  
35 placement of literacy coaches in elementary schools, those funds shall be used by local boards of  
36 education to employ literacy coaches who meet the requirements of subsection (d1) of this section  
37 to primarily assist teachers who teach kindergarten through third grade to further the purpose of  
38 this Part in ensuring that every student read at or above grade level by the end of third grade. To  
39 the extent practicable, literacy coaches may also assist teachers who teach fourth and fifth grade.  
40 A literacy coach shall assist teachers in the following ways: (i) provide a resource for professional  
41 development throughout an elementary school to build master teachers of reading schoolwide to  
42 improve student reading achievement, (ii) assist in the administration and analysis of formative,  
43 diagnostic and summative reading assessments, and (iii) provide differentiated reading instruction  
44 and intensive intervention based on student needs. The State Board shall allocate State funds for  
45 literacy coach positions for schools identified by the State Board as the lowest twenty percent  
46 (20%) of elementary schools. For a local school administrative unit with more than one school  
47 identified as eligible for State funds under this subsection, the State Board may allocate funds for  
48 one literacy coach position to serve more than one school in the unit if the schools have less than  
49 five full-time teachers employed in each grade level. The State Board may use up to five percent  
50 (5%) of the State funds appropriated for the purposes under this subsection to provide professional  
51 development to literacy coaches.



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

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

9            a. Demonstrated success as a classroom teacher.

10           b. Knowledge of scientifically based reading practices.

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

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

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

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

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

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

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

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

25        ...

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

## 29 **TEACHER COMPENSATION MODELS AND ADVANCED TEACHING ROLES**

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

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

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

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

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

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

- 8 (1) Description of the program structure, including the process for teacher  
9 advancement based on performance, professional growth, or the specific  
10 teacher roles assumed by the teacher.
- 11 (2) Descriptions of the advanced teaching roles, including minimum qualifications  
12 for the positions that must include at least one of the following:  
13 a. Advanced certifications, such as National Board of Professional  
14 Teaching Standards Certification, or a masters degree in the area in  
15 which the classroom teacher is licensed and teaching.  
16 b. A rating of at least accomplished on each of the Teacher Evaluation  
17 Standards 1-5 on the North Carolina Teacher Evaluation instrument or  
18 equivalent on an out-of-state evaluation system.  
19 c. Exceeding expected student growth based on three years of teacher  
20 evaluation data as calculated by the State Board of Education.  
21 d. Equivalent demonstrated mastery of teaching skills as required by the  
22 new local compensation model.
- 23 (3) Job responsibilities that include at least one of the following:  
24 a. Teaching an increased number of students and being accountable for  
25 their performance as teacher of record for those students.  
26 b. Becoming a lead classroom teacher among a group of teachers and  
27 being the teacher of record for all students taught by that group of  
28 teachers.  
29 c. Leading a school-wide effort to implement data-driven instructional  
30 models that include blended learning environments, utilizing digital  
31 learning and resources, and focusing on methods of improvement for  
32 school-wide performance issues.  
33 d. Complete training that certifies the teacher as an in-house provider of  
34 professional development, function as an instructional content area  
35 coach, or other professional development area.
- 36 (4) Description of how the local school administrative unit will inform all  
37 employees and the public on the criteria and selection for the advanced teaching  
38 roles; the continued eligibility requirements for the advanced teaching roles;  
39 and how the individuals selected for the advanced teaching roles will be  
40 evaluated.
- 41 (5) Description of how the local school administrative unit will inform all  
42 employees and the public on the criteria for movement on the proposed new  
43 local compensation model.
- 44 (6) The process for the voluntary relinquishment of an advanced teaching role,  
45 including the associated additional duties. Voluntary relinquishment of the  
46 advanced teaching role shall not be considered a demotion under Part 3 or Part  
47 3A of Article 22 of Chapter 115C of the General Statutes.
- 48 (7) Salary supplement information including the following:  
49 a. The amount of the salary supplements that will be provided to those  
50 selected for the advanced teaching roles. The supplements may be up to  
51 thirty percent (30%) of the State teacher salary schedule.

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

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

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

25          **SECTION 8.7.(c)** Selection by State Board of Education. – By December 15, 2016,  
26          the State Board of Education shall review the proposals submitted by local boards of education  
27          and shall select up to 10 local school administrative units as follows:

28               (1)    Up to five local school administrative units with an average daily membership  
29               (ADM) equal to or less than 4,000.

30               (2)    Up to three local school administrative units with an ADM of 4,001 to 20,000.

31               (3)    Up to two local school administrative units with an ADM of 20,001 or more.

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

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

39               (1)    Salary supplements for advanced teaching roles.

40               (2)    Development of advanced teaching role plans.

41               (3)    Development of professional development courses.

42               (4)    Transition costs associated with designing and implementing advanced teaching  
43               role models in schools within the local school administrative unit. Transition  
44               costs may include employing staff members or contractors to assist with design  
45               and implementation of the pilot plan.

46               (5)    Development of the design and implementation of compensation plans that  
47               focus on teacher professional growth and student outcomes and the transition  
48               costs associated with designing and implementing new compensation plans,  
49               including employing staff members or contractors to assist with design and  
50               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.

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

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

## 17 **BONUSES FOR INDUSTRY CERTIFICATIONS AND CREDENTIALS PROGRAM**

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

19           "(a) It is the intent of the State to encourage students to enroll in and successfully complete  
20 rigorous coursework and credentialing processes in career and technical education to enable  
21 success in the workplace. To attain this goal, to the extent funds are made available for this  
22 purpose, students shall be supported to earn approved industry certifications and  
23 ~~credentials~~ credentials and teachers shall receive bonuses for each student who earns an approved  
24 industry certification or credential as follows:  
25

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

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

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

9            a.        Academic rigor shall be based on the number of instructional hours,  
 10           including work experience or internship hours, required to earn the  
 11           industry certification or credential, with a bonus given for coursework  
 12           that also provides community college credit.

13           b.        Employment value shall be based on the entry wage, growth rate in  
 14           employment for each occupational category, and average annual  
 15           openings for the primary occupation linked with the industry  
 16           certification or credential."

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

18  
 19    **NBPTS SUPPLEMENT FOR ALL INSTRUCTIONAL COACHES**

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

21           "d.        Spends at least seventy percent (70%) of his or her work time:

- 22           1.        In classroom instruction, if the employee is employed as a  
 23           teacher. Most of the teacher's remaining time shall be spent in  
 24           one or more of the following: mentoring teachers, doing  
 25           demonstration lessons for teachers, writing curricula, developing  
 26           and leading staff development programs for teachers;
- 27           2.        In work within the employee's area of certification or licensure,  
 28           if the employee is employed in an area of NBPTS certification  
 29           other than direct classroom instruction; or
- 30           3.        As an instructional coach, as classified by the Department of  
 31           Public Instruction, ~~in a Title I school. As used in this~~  
 32           ~~sub-sub-subdivision, a Title I school is a school identified under~~  
 33           ~~Part A of Title I of the Elementary and Secondary Education Act~~  
 34           ~~of 1965, as amended.~~Instruction."

35  
 36    **CERTAIN CIHS OPERATING WITHOUT ADDITIONAL FUNDS**

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

44  
 45    **REPORT FOR SCHOOLS FOR STUDENTS WITH VISUAL AND HEARING**  
 46    **IMPAIRMENTS/FOREIGN EXCHANGE STUDENTS**

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

49           **"§ 115C-150.15. Local superintendent to report deaf and blind children.**

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

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

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

9 **"§ 115C-150.14. Tuition and room and board.**

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

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

17 (c) Notwithstanding subsection (b) of this section, foreign exchange students who have  
18 obtained the status of nonimmigrants pursuant to the Immigration and Nationality Act, 8 U.S.C. §  
19 1101(a)(15)(F) may only be enrolled in a school governed by this Article in grades nine through  
20 12 for a maximum of 12 months at the school."

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

## 24 25 **VIRTUAL CHARTER SCHOOL CHANGES**

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

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

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

37 a. Administer tests to multiple grade levels at the same time and location.

38 b. Contract with a test administrator who is not employed by the board of  
39 directors of the school and meets the following criteria:

40 1. Holds a valid, North Carolina educator license.

41 2. Passes a criminal history check as defined in  
42 G.S. 115C-332(a)(1) performed by the school.

43 3. Is trained on test administration in accordance with the North  
44 Carolina Testing Program.

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

48 (3) All teaching staff shall carry the appropriate State certification to instruct any  
49 course and shall receive professional development in virtual instruction  
50 pursuant to the school's application to the State Board of Education to  
51 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.  
 30

### 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.~~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,



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

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

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

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

18 **"§ 115C-174.22. Tools for student learning.**

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

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

32 **SECTION 8.14.(d)** Subsections (a) and (b) of this section apply beginning with the  
33 2017-2018 school year.

## 34 **SCHOOL BUSINESS SYSTEM MODERNIZATION**

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

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

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

## 49 **INTERNATIONAL EXCHANGE TEACHER FUNDS**

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

2           "(5a) Positions allocated for classroom teachers may be converted to dollar  
3           equivalents to contract for visiting international exchange ~~teachers-teachers~~  
4           through a visiting international exchange teacher program approved by the  
5           State. These positions shall be converted at the statewide average salary for  
6           classroom teachers, including benefits. The converted funds shall be used only  
7           to provide visiting international exchange teachers a salary commensurate with  
8           the teacher's experience level, to provide any State-approved bonuses, and to  
9           cover the costs associated with bringing visiting international exchange teachers  
10          to the local school administrative unit through a State-approved visiting  
11          international exchange teacher ~~program and supporting the visiting exchange~~  
12          ~~teachers-program, including cultural activities, background checks, medical~~  
13          coverage, and other program administration services in accordance with the  
14          federal regulations for the Exchange Visitor Program, 22 CFR Part 62."  
15

## 16 **K-12 CYBERSECURITY STUDY**

17           **SECTION 8.17.** The Department of Public Instruction shall conduct a study on  
18          cybersecurity in North Carolina public schools, including charter schools. As part of the study, the  
19          Department may request local school administrative units and charter schools to submit a  
20          summary of their current policies and procedures on cybersecurity practices and procedures to  
21          protect student and employee personally identifiable data. By December 15, 2016, the Department  
22          shall report to the General Assembly in accordance with G.S. 120-29.5.  
23

## 24 **NORTH CAROLINA VIRTUAL PUBLIC SCHOOLS (NCVPS) REVENUES**

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

26           "**§ 66-58. Sale of merchandise or services by governmental units.**

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

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

- 42           (1) Counties and municipalities.
- 43           (2) The Department of Health and Human Services or the Department of  
44           Agriculture and Consumer Services for the sale of serums, vaccines, and other  
45           like products.
- 46           (3) The Department of Administration, except that the agency shall not exceed the  
47           authority granted in the act creating the agency.
- 48           (4) The State hospitals for the mentally ill.
- 49           (5) The Department of Health and Human Services.
- 50           (6) The North Carolina School for the Blind at Raleigh.
- 51           (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**

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

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

### 17 **STUDY ON SCHOOL START AND RELEASE TIMES**

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

## 24 **PART IX. COMPENSATION OF PUBLIC SCHOOL EMPLOYEES**

### 26 **TEACHER SALARY SCHEDULE**

27           **SECTION 9.1.(a)** The following monthly teacher salary schedule shall apply for the  
28 2016-2017 fiscal year to licensed personnel of the public schools who are classified as teachers.  
29 The salary schedule is based on years of teaching experience.

#### 30 **2016-2017 Teacher Monthly Salary Schedule**

31 <b>Years of Experience</b>	32 <b>"A" Teachers</b>
33 0-4	\$3,500
34 5-9	3,800
35 10-14	4,200
36 15-19	4,500
37 20-24	4,800
38 25+	5,100

39           **SECTION 9.1.(b)** Salary Supplements for Teachers Paid on This Salary Schedule. –

- 40           (1) Licensed teachers who have NBPTS certification shall receive a salary  
41 supplement each month of twelve percent (12%) of their monthly salary on the  
42 "A" salary schedule.
- 43           (2) Licensed teachers who are classified as "M" teachers shall receive a salary  
44 supplement each month of ten percent (10%) of their monthly salary on the "A"  
45 salary schedule.
- 46           (3) Licensed teachers with licensure based on academic preparation at the six-year  
47 degree level shall receive a salary supplement of one hundred twenty-six dollars  
48 (\$126.00) per month in addition to the supplement provided to them as "M"  
49 teachers.
- 50           (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

1 (\$253.00) per month in addition to the supplement provided to them as "M"  
 2 teachers.

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

5 **SECTION 9.1.(c)** The first step of the salary schedule for (i) school psychologists, (ii)  
 6 school speech pathologists who are licensed as speech pathologists at the master's degree level or  
 7 higher, and (iii) school audiologists who are licensed as audiologists at the master's degree level or  
 8 higher shall be equivalent to sixth step of the "A" salary schedule. These employees shall receive a  
 9 salary supplement each month of ten percent (10%) of their monthly salary and are eligible to  
 10 receive salary supplements equivalent to those of teachers for academic preparation at the six-year  
 11 degree level or the doctoral degree level.

12 **SECTION 9.1.(d)** The twenty-sixth step of the salary schedule for (i) school  
 13 psychologists, (ii) school speech pathologists who are licensed as speech pathologists at the  
 14 master's degree level or higher, and (iii) school audiologists who are licensed as audiologists at the  
 15 master's degree level or higher shall be seven and one-half percent (7.5%) higher than the salary  
 16 received by these same employees on the twenty-fifth step of the salary schedule.

17 **SECTION 9.1.(e)** Beginning with the 2014-2015 fiscal year, in lieu of providing  
 18 annual longevity payments to teachers paid on the teacher salary schedule, the amounts of those  
 19 longevity payments are included in the monthly amounts under the teacher salary schedule.

20 **SECTION 9.1.(f)** A teacher compensated in accordance with this salary schedule for  
 21 the 2016-2017 school year shall receive an amount equal to the greater of the following:

- 22 (1) The applicable amount on the salary schedule for the applicable school year.
- 23 (2) For teachers who were eligible for longevity for the 2013-2014 school year, the  
 24 sum of the following:
  - 25 a. The teacher's salary provided in S.L. 2013-360, Section 35.11.
  - 26 b. The longevity that the teacher would have received under the longevity  
 27 system in effect for the 2013-2014 school year provided in S.L.  
 28 2013-360, Section 35.11, based on the teacher's current years of service.
  - 29 c. The annual bonus provided in S.L. 2014-100, Section 9.1(e).
- 30 (3) For teachers who were not eligible for longevity for the 2013-2014 school year,  
 31 the sum of the teacher's salary and annual bonus provided in S.L. 2014-100,  
 32 Section 9.1.

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

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

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

41

42 **SCHOOL-BASED ADMINISTRATOR SALARY SCHEDULE**

43 **SECTION 9.2.(a)** The following base salary schedule for school-based administrators  
 44 shall apply only to principals and assistant principals. This base salary schedule shall apply for the  
 45 2016-2017 fiscal year commencing July 1, 2016.

46 **2016-2017 Principal and Assistant Principal Salary Schedules**

47 **Classification**

48 Years of Exp	Assistant Principal	Prin I (0-10)	Prin II (11-21)	Prin III (22-32)	Prin IV (33-43)
49 0-9	\$3,987	-	-	-	-
50 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 (8) A teacher who becomes an assistant principal ~~without a break in service~~ shall  
41 be paid, on a monthly basis, at least as much as he or she would earn as a  
42 teacher employed by that local school administrative unit.

43 (8a) A teacher who becomes a principal shall be paid on a monthly basis, at least as  
44 much as he or she would earn as a teacher employed by that local school  
45 administrative unit.

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

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

1 **JOINT LEGISLATIVE STUDY COMMITTEE ON SCHOOL-BASED ADMINISTRATOR**  
 2 **PAY**

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

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

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

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

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

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

41  
 42 **CENTRAL OFFICE SALARIES**

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

47 School Administrator I	\$ 3,459	\$ 6,449
48 School Administrator II	\$ 3,664	\$ 6,838
49 School Administrator III	\$ 3,887	\$ 7,252
50 School Administrator IV	\$ 4,041	\$ 7,539
51 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.

36

### 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.

50

### 51 **PART X. COMMUNITY COLLEGES**

1  
2 **UPDATE PERFORMANCE MEASURES**

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

4 **"§ 115D-31.3. Institutional performance accountability.**

5 ...

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

8 (1) Progress of basic skills students.

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

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

11 ~~(3a) Success rate of students in credit-bearing English courses.~~

12 ~~(3b) Success rate of students in credit-bearing Math courses.~~

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

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

15 (5a) Progress of first-year curriculum students.

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

17 (7) Curriculum student retention and graduation.

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

19 (9) Attainment of licensure and certifications by students.

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

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

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

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

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

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

35 ...."

36  
37 **CLARIFY USE OF CAREER COACH FUNDS**

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

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

43  
44 **PART XI. UNIVERSITIES**

45  
46 **EXPAND INTERNSHIPS AND CAREER-BASED OPPORTUNITIES FOR STUDENTS**  
47 **ATTENDING HISTORICALLY BLACK COLLEGES AND UNIVERSITIES (HBCU).**

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

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

1 Colleges and Universities to participate in the internship program which links ~~60a~~ a minimum of 95  
2 students attending Historically Black Colleges and Universities with North Carolina-based  
3 companies. The Board of Governors shall determine the number of institutions that may  
4 participate in the program; however, at least two of the institutions shall be private institutions.  
5 Funds appropriated by this act for this internship program shall be allocated only to constituent  
6 institutions of The University of North Carolina that are designated as an HBCU and private  
7 colleges and universities located in North Carolina that are designated as an HBCU."  
8

#### 9 **MODIFY NC GUARANTEED ADMISSION PROGRAM (NCGAP)**

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

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

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

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

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

31 **"SECTION 11.7.(e)** Based on the analysis conducted by the Board of Governors and the  
32 State Board of Community Colleges pursuant to subsection (b) of this section and the  
33 recommendations made pursuant to subsection (d) of this section, each constituent institution shall  
34 design a deferred admission program as part of NCGAP for implementation at the institution. The  
35 institution shall design the program so that it may be implemented at the institution beginning with  
36 the ~~2016-2017~~ 2017-2018 fiscal year and applied to the institution's admission process for the  
37 ~~2017-2018~~ 2018-2019 academic year and each subsequent academic year."

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

39 **"SECTION 11.7.(g)** NCGAP shall be implemented at all constituent institutions and all  
40 community colleges beginning with the ~~2016-2017~~ 2017-2018 fiscal year and shall apply to  
41 admissions policies at each constituent institution and community college beginning with the  
42 ~~2017-2018~~ 2018-2019 academic year and each subsequent academic year."  
43

#### 44 **UNC PART-WAY HOME STRATEGY/REPORT**

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

1  
2 **SUBPART XI-A. UNIVERSITIES/SEAA**3  
4 **NC SCHOLARSHIP FOR TEACHER ADVANCEMENT AND RETENTION (NCSTAR)**5 **SECTION 11A.1.(a)** Article 23 of Chapter 116 of the General Statutes is amended by  
6 adding a new Part to read:7 "Part 3. North Carolina Scholarship for Teacher Advancement and Retention Program.8 "**§ 116-209.60. Definitions.**9 The following definitions apply in this Part:

- 10 (1)
- Commission. – The North Carolina Scholarship for Teacher Advancement and
- 
- 11
- Retention Commission.
- 
- 12 (2)
- Director. – The Director of the North Carolina Scholarship for Teacher
- 
- 13
- Advancement and Retention Program.
- 
- 14 (3)
- Fund. – The North Carolina Scholarship for Teacher Advancement and
- 
- 15
- Retention Fund.
- 
- 16 (4)
- Program. – The North Carolina Scholarship for Teacher Advancement and
- 
- 17
- Retention Program.
- 
- 18 (5)
- Scholarship loan. – A forgivable scholarship loan made under the Program.

19 "**§ 116-209.61. North Carolina Scholarship for Teacher Advancement and Retention**  
20 **Commission established; membership.**21 (a) Commission Established. – There is established the North Carolina Scholarship for  
22 Teacher Advancement and Retention Commission. The Director of the North Carolina  
23 Scholarship for Teacher Advancement and Retention Program shall staff the Commission. The  
24 Authority shall be responsible for implementing scholarship loan agreements, monitoring,  
25 cancelling through service, collecting, and otherwise enforcing the agreements for the Program  
26 and scholarship loans established in accordance with this Part.27 (b) Membership. – The Commission shall consist of 11 members appointed or shall serve  
28 ex officio as follows:

- 29 (1)
- Two deans of approved schools of education at a postsecondary constituent
- 
- 30
- institution of The University of North Carolina, appointed by the President of
- 
- 31
- The University of North Carolina.
- 
- 32 (2)
- The North Carolina Teacher of the Year, ex officio.
- 
- 33 (3)
- A teacher who graduated from an approved teacher preparation program located
- 
- 34
- in the State within three years of appointment to serve on the Commission,
- 
- 35
- appointed by the General Assembly upon the recommendation of the Speaker
- 
- 36
- of the House of Representatives.
- 
- 37 (4)
- The North Carolina Principal of the Year, ex officio.
- 
- 38 (5)
- A principal, appointed by the General Assembly upon the recommendation of
- 
- 39
- the President Pro Tempore of the Senate.
- 
- 40 (6)
- The North Carolina Superintendent of the Year, ex officio.
- 
- 41 (7)
- One member to represent business and industry appointed by the Governor.
- 
- 42 (8)
- One local school board member appointed by the chair of the State Board of
- 
- 43
- Education.
- 
- 44 (9)
- The chairperson of the Board of the State Education Assistance Authority, ex
- 
- 45
- officio.
- 
- 46 (10)
- The Director of the North Carolina Scholarship for Teacher Advancement and
- 
- 47
- Retention Program, ex officio. The Director shall chair the Commission.

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



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

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

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

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

9 **"§ 116-209.62. North Carolina Scholarship for Teacher Advancement and Retention**  
10 **Program established; administration.**

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

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

27 (c) Uses of Monies in the Fund. – The monies in the Fund may be used only for  
28 scholarship loans granted under the Program, administrative costs associated with the Program,  
29 including recruitment and recovery of funds advanced under the Program, and extracurricular  
30 enhancement activities of the Program. The Authority may use up to two hundred thousand dollars  
31 (\$200,000) from the Fund in each fiscal year for its administrative costs, the salary of the Director  
32 of the Program, and expenses of the Commission. The Commission may use up to four hundred  
33 thousand dollars (\$400,000) each fiscal year for the extracurricular enhancement activities of the  
34 Program.

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

43 (e) Student Selection Criteria for Scholarship Loans. – The Commission shall determine  
44 selection criteria, methods of selection, and shall select recipients to receive scholarship loans. The  
45 Commission shall adopt stringent standards for awarding these scholarship loans based on  
46 multiple measures to ensure that only the strongest applicants receive them, including, but not  
47 limited to, the following:

48 (1) Grade point averages.

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

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

4           (4) Stated commitments to either serving in a hard-to-staff school or licensure in a  
5           hard-to-staff licensure area for a minimum of four years.

6           (f) Program Selection Criteria. – The Authority shall administer the Program in  
7           cooperation with postsecondary constituent institutions of The University of North Carolina with  
8           educator preparation programs selected by the Commission. The Commission shall adopt stringent  
9           standards for selection of only the most effective educator preparation programs, including, but  
10          not limited to, the following:

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

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

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

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

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

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

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

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

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

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

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

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

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

49          (2) Hard-to-staff school. – Annual teacher turnover rates, number and percentage of  
50          teaching positions unfilled for more than half of the school year, number and  
51          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.

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

4 **"§ 116-209.63. Terms of loans; receipt and disbursement of funds.**

5       (a)     Notes. – All scholarship loans shall be evidenced by notes made payable to the  
6 Authority that bear interest at a rate not to exceed ten percent (10%) per year as set by the  
7 Authority and beginning 90 days after completion of the program leading to teacher licensure, or  
8 90 days after termination of the scholarship loan, whichever is earlier. The scholarship loan may  
9 be terminated upon the recipient's withdrawal from school or by the recipient's failure to meet the  
10 standards set by the Commission.

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

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

28             **SECTION 11A.1.(c)**     The Commission shall establish initial selection criteria for  
29 recipients and constituent institutions of The University of North Carolina no later than November  
30 15, 2016, and shall make available applications to prospective students no later than December 31,  
31 2016.

32             **SECTION 11A.1.(d)**     The State Board of Education shall establish criteria and  
33 identify hard-to-staff areas of licensure and hard-to-staff schools by local school administrative  
34 unit and provide that information to the Commission and Authority no later than November 1,  
35 2016.

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

38  
39 **MODIFICATIONS TO THE SPECIAL EDUCATION SCHOLARSHIP GRANT**  
40 **PROGRAM FOR CHILDREN WITH DISABILITIES**

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

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

- 1 f. Meets at least one of the following requirements:
- 2 1. Was enrolled in a North Carolina public school or a Department
- 3 of Defense Elementary and Secondary School, established
- 4 pursuant to 10 U.S.C. § 2164 and located in North Carolina,
- 5 during the previous semester.
- 6 2. Received special education or related services through the North
- 7 Carolina public schools as a preschool child with a disability
- 8 during the previous semester.
- 9 3. Was approved for a scholarship for the previous semester.
- 10 4. Is a child who is identified as a child with a disability prior to the
- 11 end of the year of initial enrollment in kindergarten or first
- 12 grade. An award by the Authority based on eligibility under this
- 13 sub-sub-subdivision shall be conditional. If documentation is not
- 14 provided to the Authority that the child is a child with a
- 15 disability prior to the end of the year of initial enrollment, (i) no
- 16 reimbursement shall be awarded and (ii) the child shall not
- 17 qualify the following year as an eligible student under
- 18 sub-sub-subdivision 3. of this section.
- 19 5. Is a child whose parent or legal guardian is on full-time duty
- 20 status in the active uniformed service of the United States,
- 21 including members of the National Guard and Reserve on active
- 22 duty orders pursuant to 10 U.S.C. § 12301, et seq., and 10
- 23 U.S.C. § 12401, et seq.
- 24 6. Is a child who has been domiciled in the State for at least six
- 25 months."

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

27 **"§ 115C-112.6. Scholarships.**

28 (a) Scholarship Applications. – The Authority shall make available no later than May 1

29 annually applications to eligible students for the award of scholarships. Information about

30 scholarships and the application process shall be made available on the Authority's Web site. ~~The~~

31 ~~Authority shall give priority in awarding scholarships to eligible students who received a~~

32 ~~scholarship during the previous semester. Except as otherwise provided by the Authority for prior~~

33 ~~scholarship recipients, scholarships shall be awarded to eligible students in the order in which the~~

34 ~~applications are received.~~

35 (a1) Web Site Availability. – Information about scholarships and the application process

36 shall be made available on the Authority's Web site. The Authority shall also include information

37 on the Web site notifying parents that federal regulations adopted under IDEA provide that no

38 parentally placed private school child with a disability has an individual right to receive some or

39 all of the special education and related services that the child would receive if enrolled in a public

40 school.

41 (a2) Priority of Awards. – The Authority shall award scholarships according to the

42 following criteria for applications received by June 15 each year:

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

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

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

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

14 (1) ~~Scholarship~~Tuition endorsement for tuition and reimbursement. — The  
15 Authority shall remit, at least two times each school year, scholarship funds  
16 awarded to eligible students for endorsement by at least one of the student's  
17 parents or guardians for tuition to attend (i) a North Carolina public school  
18 other than the public school to which that student has been assigned as provided  
19 in G.S. 115C-366 or (ii) a nonpublic school that meets the requirements of Part  
20 1 or Part 2 of Article 39 of this Chapter as identified by the Department of  
21 Administration, Division of Nonpublic Education. The Authority shall disburse  
22 scholarship funds awarded to eligible students for tuition at a nonpublic school  
23 based upon the method selected by the nonpublic school. A nonpublic school  
24 may elect to participate in the scholarship endorsement for tuition option or the  
25 reimbursement for tuition option as set forth in this subdivision. Scholarship  
26 funds shall not be provided for tuition for home schooled students. If the  
27 student is attending a nonpublic school, the school must be deemed eligible by  
28 the Division of Nonpublic Education, pursuant to G.S. 115C-562.4, and the  
29 school shall be subject to the requirements of G.S. 115C-562.5. The parent or  
30 guardian shall restrictively endorse the scholarship funds awarded to the  
31 eligible student to the school for deposit into the account of the school. The  
32 parent or guardian shall not designate any entity or individual associated with  
33 the school as the parent's attorney-in-fact to endorse the scholarship funds but  
34 shall endorse the scholarship funds in person at the site of the school. A parent's  
35 or guardian's failure to comply with this section shall result in forfeiture of the  
36 scholarship funds. A scholarship forfeited for failure to comply with this  
37 section shall be returned to the Authority to be awarded to another  
38 student.Scholarship funds for tuition shall be disbursed as follows:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

30 ...."

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

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

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

42 **SECTION 11A.2.(d)** Notwithstanding G.S. 115C-112.5(2)f.1., for the 2016-2017  
 43 school year only, a child shall be deemed to have met the eligibility requirement of enrollment in a  
 44 North Carolina public school during the previous semester under G.S. 115C-112.5(2)f.1. if (i) the  
 45 child's parent or guardian submitted an application and was eligible to receive a scholarship grant  
 46 under Part 1H of Article 9 of Chapter 115C of the General Statutes for the 2015-2016 school year  
 47 and was enrolled in a public school for at least 75 days during the spring semester of the  
 48 2014-2015 school year or (ii) the child was enrolled for at least 75 days during the spring semester  
 49 of the 2015-2016 school year.

50 **SECTION 11A.2.(e)** Except as otherwise provided in this section, this section applies  
 51 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

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

- 3 (1) The extent to which the entity has a demonstrated record of preparing school  
4 leaders who implement school leadership practices linked to increased student  
5 achievement.
- 6 (2) The extent to which the entity has a rigorous school leader preparation program  
7 design that includes the following research-based programmatic elements:
- 8 a. A proactive, aggressive, and intentional recruitment strategy.
- 9 b. Rigorous selection criteria based on competencies that are predictive of  
10 success as a school leader, including, but not limited to, evidence of  
11 significant positive effect on student learning growth in the classroom,  
12 at the school-level, and the local school administrative unit-level,  
13 professional recommendations, evidence of problem solving and critical  
14 thinking skills, achievement drive, and leadership of adults.
- 15 c. Alignment to high-quality national standards for school leadership  
16 development.
- 17 d. Rigorous coursework that effectively links theory with practice through  
18 the use of field experiences and problem-based learning.
- 19 e. Full-time clinical practice of at least five months in duration in an  
20 authentic setting, including substantial leadership responsibilities where  
21 candidates are evaluated on leadership skills and effect on student  
22 outcomes as part of program completion.
- 23 f. Multiple opportunities for school leader candidates to be observed and  
24 coached by program faculty and staff.
- 25 g. Clear expectations for and firm commitment from school leaders who  
26 will oversee the clinical practice of candidates.
- 27 h. Evaluation of school leader candidates during and at the end of the  
28 clinical practice based on the North Carolina School Executive  
29 Evaluation Rubric.
- 30 i. A process for continuous review and program improvement based on  
31 feedback from partnering local school administrative units and data  
32 from program completers, including student achievement data.
- 33 j. Established relationship and feedback loop with affiliated local school  
34 administrative units that is used to inform and improve programmatic  
35 elements from year to year based on units' needs."
- 36

## 37 **PART XII. DEPARTMENT OF HEALTH AND HUMAN SERVICES**

### 38 **SUBPART XII-A. CENTRAL MANAGEMENT AND SUPPORT**

#### 39 **FUNDS FOR NORTH CAROLINA FAMILIES ACCESSING SERVICES THROUGH** 40 **TECHNOLOGY (NC FAST)**

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

42 **"SECTION 12A.7.(a)** Funds appropriated in this act in the amount of five million eight  
43 hundred three thousand dollars (\$5,803,000) for the 2015-2016 fiscal year and thirteen million  
44 fifty-two thousand dollars (\$13,052,000) for the 2016-2017 fiscal year along with prior year  
45 earned revenue in the amount of nine million four hundred thousand dollars (\$9,400,000) for the  
46 2015-2016 fiscal year and ten million nine hundred eighty-nine thousand seventeen dollars  
47 (\$10,989,017) for the 2016-2017 fiscal year; and for each of those fiscal years, the cash balance in  
48 Budget Code 24410 Fund 2411 for the North Carolina Families Accessing Services through  
49 Technology (NC FAST) project shall be used to match federal funds in the 2015-2016 and  
50  
51

1 ~~2016-2017 fiscal years~~ to expedite the development and implementation of Child Care, Low  
2 Income Energy Assistance, Crisis Intervention Programs, Child Services, ~~and NC FAST~~  
3 ~~Federally-Facilitated Marketplace (FFM) Interoperability~~ Interoperability, and Additional  
4 Medicaid Eligibility Requirements and Enterprise Program Integrity components of the NC FAST  
5 program. The Department shall report any changes in approved federal funding or federal match  
6 rates within 30 days after the change to the Joint Legislative Oversight Committees on Health and  
7 Human Services and Information Technology and the Fiscal Research Division.

8 "SECTION 12A.7.(b) Departmental receipts appropriated in this act in the amount of  
9 nine million eight hundred seventy-one thousand fifty-nine dollars (\$9,871,059) for the 2015-2016  
10 fiscal year and ~~thirteen million two hundred twenty thousand six hundred sixty five dollars~~  
11 ~~(\$13,220,665)~~ twenty-five million eight hundred fifty-eight thousand one hundred eighty-seven  
12 dollars (\$25,858,187) for the 2016-2017 fiscal year shall be used to provide ongoing maintenance  
13 and operations for the NC FAST system, including the creation of three full-time equivalent  
14 technology support analyst positions."

## 15 16 **ELIMINATION OF NC TRACKS ICD-10 IMPLEMENTATION REPORT**

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

## 18 19 **FINAL REPORT ON COMMUNITY PARAMEDICINE PILOT PROGRAM**

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

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

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

## 32 33 **CONTRACTING SPECIALIST TRAINING PROGRAM**

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

42 **SECTION 12A.4.(b)** The SOG, in collaboration with the Director of Procurement,  
43 Contracts and Grants for the Department of Health and Human Services, shall prepare a proposal  
44 for the implementation and administration of the contracting specialist training program for  
45 management level personnel within the Department. The proposal shall include budget estimates  
46 for program implementation and administration based on the requirements of the program design.  
47 The SOG and the Department shall submit the proposal prepared pursuant to this subsection,  
48 including budget estimates for program implementation and administration, to the House  
49 Appropriations Committee on Health and Human Services, the Senate Appropriations Committee  
50 on Health and Human Services, and the Fiscal Research Division for consideration during the  
51 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.

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

2 (8) Prevent Blindness NC.

3 **SECTION 12A.6.(b)** The report required by subsection (a) of this section shall  
4 include the following information about the fiscal year preceding the year in which the report is  
5 due:

6 (1) The entity's mission, purpose, and governance structure.

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

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

12 (4) Outcome measures that demonstrate the impact and effectiveness of the  
13 programs, services, and activities.

14 (5) A detailed program budget and list of expenditures, including all positions  
15 funded and funding sources.

16 (6) The source and amount of any matching funds received by the entity.  
17

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

### 19 **NC PRE-K/CLARIFY BUILDING STANDARDS**

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

22 **"SECTION 12B.1.(b1)** Building Standards. – Public schools operating prekindergarten  
23 classrooms shall meet the building standards for preschool students as provided in  
24 G.S. 115C-521.1."  
25

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

27 **"SECTION 12B.1.(c)** Programmatic Standards. – ~~All~~ Except as provided in subsection (b1)  
28 of this section, entities operating prekindergarten classrooms shall adhere to all of the policies  
29 prescribed by the Division of Child Development and Early Education regarding programmatic  
30 standards and classroom requirements."  
31

### 32 **STUDY CHILD CARE SUBSIDY RATE SETTING**

33 **SECTION 12B.2.** The Department of Health and Human Services, Division of Child  
34 Development and Early Education, shall study how rates are set for child care subsidy. In  
35 conducting the study, the Division shall, at a minimum, review market rate studies and other  
36 methodologies for establishing rates, including any cost estimation models, along with the pros  
37 and cons of each method reviewed. The Division shall report to the House Appropriations  
38 Committee on Health and Human Services, the Senate Appropriations Committee on Health and  
39 Human Services, and the Fiscal Research Division by March 1, 2017, on any recommendations,  
40 including the suggested methodology to be used for setting rates, as well as time frames for  
41 implementing the methodology.  
42

### 43 **ADDITIONAL CHILD CARE SUBSIDY MARKET RATE INCREASES/CERTAIN AGE** 44 **GROUPS AND COUNTIES**

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

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

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

3 "**SECTION 12B.2A.(b)** Beginning October 1, 2016, the Division shall increase the child care  
4 subsidy market rates to the rates recommended by the 2015 Child Care Market Rate Study from  
5 age three through five years in three-, four-, and five-star-rated child care centers and homes in tier  
6 one and tier two counties."  
7

## 8 **SUBPART XII-C. DIVISION OF SOCIAL SERVICES**

### 9 **CHILD WELFARE SYSTEM CHANGES**

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

18 **SECTION 12C.1.(b)** Statewide Strategic Plan. – The Division of Social Services shall  
19 develop a statewide strategic plan for Child Protective Services that complements the required  
20 federal Program Improvement Plan. The statewide strategic plan shall, at a minimum, address the  
21 findings of the North Carolina Statewide Child Protective Services Evaluation, which was  
22 conducted as required by Section 12C.1(f) of S.L. 2014-100, in the areas of county performance,  
23 caseload sizes, administrative structure, adequacy of funding, social worker turnover, and  
24 monitoring and oversight. The Division shall submit the plan to the Joint Legislative Oversight  
25 Committee on Health and Human Services by December 1, 2016, for consideration by the 2017  
26 General Assembly.  
27

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

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

- 40 (1) The current time line for development and implementation of the child welfare  
41 component to NC FAST.
- 42 (2) Any adjustments and justifications for adjustments to the time line.
- 43 (3) Progress on the development and implementation of the system.
- 44 (4) Address any identified issues in developing or implementing the child welfare  
45 component to NC FAST and solutions to address those issues.
- 46 (5) The level of county participation and involvement in each phase of the project.
- 47 (6) Any budget and expenditure reports, including overall project budget and  
48 expenditures, and current fiscal year budget and expenditures.  
49

### 50 **REVISE REPORT DATE/EBCI ASSUMPTION OF SERVICES**

51 **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**



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

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

21           **SECTION 12E.1.(b)** By March 1, 2017, the Department shall submit a report to the  
22 House Appropriations Committee on Health and Human Services, the Senate Appropriations  
23 Committee on Health and Human Services, and the Fiscal Research Division on the operation of  
24 the program authorized by subsection (a) of this section, including any obstacles to  
25 implementation.  
26

## 27 **HEALTHY OUT-OF-SCHOOL TIME (HOST) RECOGNITION PROGRAM**

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

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

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

46           **SECTION 12E.2.(c)** Program Development. — The Department shall develop a  
47 process, to be administered on its Internet Web site, for an out-of-school time program to be  
48 recognized as a program that meets the HEPA Standards as outlined in this section. The Web site  
49 shall include all resources and links that an out-of-school time program may use to meet the  
50 requirements of this section. Programs being recognized shall demonstrate consistency and  
51 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 35 **DISCONTINUATION OF COMMUNITY-FOCUSED ELIMINATING HEALTH** 36 **DISPARITIES INITIATIVE GRANTS AND REPURPOSING OF FUNDS**

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

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

42 **SECTION 12E.3.(c)** Section 12E.3 of S.L. 2015-241 is repealed effective October 1,  
43 2016.

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

## 50 51 **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 **MEDICATION-ASSISTED OPIOID USE DISORDER TREATMENT PILOT PROGRAM**

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

- 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.

1 (5) Drug testing and monitoring of program participants.

2 **SECTION 12F.1.(j)** Subsection (i) of this section becomes effective July 1, 2016. The  
3 remainder of this section is effective when it becomes law.  
4

#### 5 **SINGLE-STREAM FUNDING FOR MH/DD/SAS COMMUNITY SERVICES**

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

8 "**SECTION 12F.2.(b)** The DMH/DD/SAS is directed to reduce its allocation for single  
9 stream funding by one hundred ten million eight hundred eight thousand seven hundred fifty-two  
10 dollars (\$110,808,752) in nonrecurring funds for the 2015-2016 fiscal year and by one hundred  
11 ~~fifty-two~~ twenty-two million eight hundred fifty thousand one hundred thirty-three dollars  
12 ~~(\$152,850,133)~~ (\$122,850,133) in nonrecurring funds for the 2016-2017 fiscal year. The  
13 DMH/DD/SAS is directed to allocate this reduction among the LME/MCOs based on the  
14 individual LME/MCO's percentage of the total cash on hand of all of the LME/MCOs in the State.  
15 Cash on hand means the sum of the "Total Cash and Investments" plus the "Short-Term  
16 Investments" reported on Schedule "A" of the financial reporting package submitted by the  
17 LME/MCOs to the Division of Medical Assistance (DMA) on June 30, 2015. The individual  
18 LME/MCO's percentage of the total cash on hand equals the individual LME/MCO's cash on hand  
19 divided by the aggregate amount of cash on hand of all of the LME/MCOs in the State. During  
20 each year of the 2015-2017 fiscal biennium, each LME/MCO shall provide at least the same level  
21 of services paid for by single stream funding during the 2014-2015 fiscal year across the  
22 LME/MCO's catchment area. This requirement shall not be construed to require LME/MCOs to  
23 authorize or maintain the same level of services for any specific individual whose services were  
24 paid for with single-stream funding. Further, this requirement shall not be construed to create a  
25 private right of action for any person or entity against the State of North Carolina or the  
26 Department of Health and Human Services or any of its divisions, agents, or contractors, and shall  
27 not be used as authority in any contested case brought pursuant to Chapters 108C or 108D of the  
28 General Statutes."

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

30 "**SECTION 12F.2.(d)** ~~If, on or after June 1, 2016, the Office of State Budget and~~  
31 ~~Management (OSBM) certifies a Medicaid budget surplus in funds 1310 and 1311 and sufficient~~  
32 ~~cash in Budget Code 14445 to meet total obligations for fiscal year 2015-2016, then the DMA~~  
33 ~~may transfer to the DMH/DD/SAS funds not to exceed the amount of the certified surplus or thirty~~  
34 ~~million dollars (\$30,000,000), whichever is less, to offset the reduction in single stream funding~~  
35 ~~required by this section.~~ If, on or after June 1, 2017, the OSBM certifies a Medicaid budget  
36 surplus in funds 1310 and 1311 and sufficient cash in Budget Code 14445 to meet total obligations  
37 for fiscal year 2016-2017, then the DMA may transfer to the DMH/DD/SAS funds not to exceed  
38 the amount of the certified surplus or thirty million dollars (\$30,000,000), whichever is less, to  
39 offset the reduction in single stream funding required by this section. The DMH/DD/SAS shall  
40 allocate funds transferred pursuant to this subsection among the LME/MCOs based on the  
41 individual LME/MCO's percentage of the total cash on hand of all the LME/MCOs in the State,  
42 calculated in accordance with subsection (b) of this section. These funds shall be allocated as  
43 prescribed by ~~June 30 of each State fiscal year.~~ June 30, 2017."  
44

#### 45 **RESERVE FUND FOR GOVERNOR'S MENTAL HEALTH AND SUBSTANCE USE** 46 **TASK FORCE RECOMMENDATIONS**

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

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

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

- 9 (1) Prior consultation with the Joint Legislative Oversight Committee on Health  
10 and Human Services on the specific amounts and uses of these funds. The  
11 consultation required by this subdivision includes a detailed implementation  
12 plan that includes key milestones and due dates, along with a detailed budget  
13 specifying how all funds allocated from the Reserve Fund will be used. If the  
14 Committee fails to meet within 90 calendar days of a request by the Governor  
15 for its consultation, the consultation required by this subdivision shall be  
16 deemed to have been met.
- 17 (2) Prior approval from the Office of State Budget and Management on the specific  
18 amounts and uses of these funds.  
19

#### 20 **USE OF DOROTHEA DIX HOSPITAL PROPERTY FUNDS**

21 **SECTION 12F.4.(a)** It is the intent of the General Assembly to increase inpatient bed  
22 capacity for short-term care of individuals experiencing an acute mental health, substance abuse,  
23 or developmental disability crisis. Toward that end, the sum of up to twenty-five million dollars  
24 (\$25,000,000) is hereby appropriated from the Dorothea Dix Hospital Property Fund established  
25 under G.S. 143C-9-2(b1) to the Department of Health and Human Services, Division of Mental  
26 Health, Developmental Disabilities, and Substance Abuse Services, for the 2016-2017 fiscal year  
27 to pay for any renovation or building costs associated with converting existing acute care beds into  
28 licensed, short-term inpatient behavioral health beds designated for voluntarily and involuntarily  
29 committed patients in the rural hospitals selected to participate in the pilot program authorized  
30 under subsection (b) of this section. The Department shall not use these funds for any purpose  
31 other than as provided in this subsection and shall not use these funds to supplement or supplant  
32 other State, local, or federal funds appropriated or allocated to the Department.

33 **SECTION 12F.4.(b)** The Department of Health and Human Services (Department)  
34 shall conduct a three-year pilot program to assist rural hospitals in the conversion of existing,  
35 unused acute care beds into licensed, short-term inpatient behavioral health beds. The Secretary  
36 shall select rural hospitals located in three different regions of the State that are currently  
37 participating in the statewide telepsychiatry program established under G.S. 143B-139.4B to  
38 participate in the pilot program. The maximum number of beds that may be converted into  
39 short-term inpatient behavioral health beds in each region is 50. At least one of the regions  
40 selected to participate in the pilot program shall be located in a rural area surrounding Wake  
41 County. Notwithstanding the State Medical Facilities Plan, Article 9 of Chapter 131E of the  
42 General Statutes, or any other provision of law to the contrary, each selected rural hospital shall be  
43 allowed to convert unused acute care beds into licensed, inpatient psychiatric or substance abuse  
44 beds without undergoing certificate of need review by the Division of Health Service Regulation.  
45 All converted beds shall be subject to existing licensure laws and requirements. As a condition of  
46 participating in the pilot program, each selected rural hospital shall reserve at least fifty percent  
47 (50%) of the beds converted under the pilot program for (i) purchase by the Department under the  
48 State-administered three-way contract and (ii) referrals by local management entities/managed  
49 care organizations (LME/MCOs) of individuals who are indigent or Medicaid recipients.

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

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

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

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

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

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

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

## 41 42 **TRAUMATIC BRAIN INJURY FUNDING**

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

44 **"SECTION 12F.6.** Of the funds appropriated in this act to the Department of Health and  
45 Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse  
46 Services, for ~~the 2015-2016 fiscal year~~, each year of the 2015-2017 fiscal biennium, the sum of two  
47 million three hundred seventy-three thousand eighty-six dollars (\$2,373,086) shall be used  
48 exclusively to support traumatic brain injury (TBI) services as follows:

- 49 (1) The sum of three hundred fifty-nine thousand two hundred eighteen dollars  
50 (\$359,218) shall be used to fund contracts with the Brain Injury Association of  
51 North Carolina, Carolinas Rehabilitation, or other appropriate service providers.



- 1 (2) The sum of seven hundred ninety-six thousand nine hundred thirty-four dollars  
2 (\$796,934) shall be used to support residential programs across the State that  
3 are specifically designed to serve individuals with TBI.
- 4 (3) The sum of one million two hundred sixteen thousand nine hundred thirty-four  
5 dollars (\$1,216,934) shall be used to support requests submitted by individual  
6 consumers for assistance with residential support services, home modifications,  
7 transportation, and other requests deemed necessary by the consumer's local  
8 management entity and primary care physician."  
9

## 10 SUBPART XII-G. DIVISION OF HEALTH SERVICE REGULATION

### 11 MORATORIUM ON HOME CARE AGENCY LICENSES FOR IN-HOME AIDE 12 SERVICES

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

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

- 21
- 22 (1) Issuing a license to a certified home health agency as defined in  
23 G.S. 131E-176(12) that intends to offer in-home aide services.
  - 24 (2) Issuing a license to an agency that needs a new license for an existing home  
25 care agency being acquired.
  - 26 (3) Issuing a license for a new home care agency in any area of the State upon a  
27 determination by the Secretary of the Department of Health and Human  
28 Services that increased access to care is necessary in that area."

29 **SECTION 12G.1.(b)** This section is effective when it becomes law.  
30

### 31 ADULT CARE HOME COST REPORTING

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

33 "**§ 131D-4.2. Adult care homes; family care homes; ~~annual~~ cost reports; exemptions;  
34 enforcement.**

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

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

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

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

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

6 (e) ~~Except as otherwise provided in this subsection, the annual reporting period for~~  
7 ~~facilities licensed pursuant to this Chapter or Chapter 131E of the General Statutes shall be~~  
8 ~~October 1 through September 30, with the annual report due by the following December 31, unless~~  
9 ~~the Department determines there is good cause for delay. The annual report for combination~~  
10 ~~facilities and free standing adult care home facilities owned and operated by a hospital shall be~~  
11 ~~due 15 days after the hospital's Medicare cost report is due. The annual report for combination~~  
12 ~~facilities not owned and operated by a hospital shall be due 15 days after the nursing facility's~~  
13 ~~Medicaid cost report is due. The annual reporting period for facilities licensed pursuant to Chapter~~  
14 ~~122C of the General Statutes shall be July 1 through June 30, with the annual report due by the~~  
15 ~~following December 31, unless the Department determines there is good cause for delay. Under~~  
16 ~~this subsection, good cause is an action that is uncontrollable by the provider. The Department~~  
17 ~~shall establish specific reporting deadlines for each type of facility required to report under this~~  
18 ~~section. If the Department finds good cause for delay, it may extend the deadline for filing a report~~  
19 ~~for up to an additional 30 days.~~

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

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

28 (1) Seek a court order to enforce compliance;

29 (2) Suspend or revoke the facility's license, subject to the provisions of Chapter  
30 150B of the General Statutes.

31 (h) The report documentation shall be used to adjust the adult care home rate ~~annually,~~ at  
32 least every two years, an adjustment that is in addition to the annual standard adjustment for  
33 inflation as determined by the Office of State Budget and Management. Rates for family care  
34 homes shall be based on market rate data. The Secretary of Health and Human Services shall  
35 adopt rules for the rate-setting methodology and audited cost reports in accordance with  
36 G.S. 143B-10."  
37

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

### 39 **ACCOUNTING FOR MEDICAID RECEIVABLES AS NONTAX REVENUE**

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

41 **"SECTION 12H.10.(b)** For the 2015-2016 fiscal year, the Department of Health and Human  
42 Services shall deposit from its revenues one hundred thirty-nine million dollars (\$139,000,000)  
43 with the Department of State Treasurer to be accounted for as nontax revenue. For the 2016-2017  
44 fiscal year, the Department of Health and Human Services shall deposit from its revenues one  
45 hundred ~~thirty-nine~~ forty-seven million dollars ~~(\$139,000,000)~~ (\$147,000,000) with the  
46 Department of State Treasurer to be accounted for as nontax revenue. These deposits shall  
47 represent the return of General Fund appropriations, nonfederal revenue, fund balances, or other  
48 resources from State-owned and State-operated hospitals which are used to provide indigent and  
49 nonindigent care services. The return from State-owned and State-operated hospitals to DHHS  
50 will be made from nonfederal resources in an amount equal to the amount of the payments from  
51

1 the Division of Medical Assistance for uncompensated care. The treatment of any revenue derived  
2 from federal programs shall be in accordance with the requirements specified in the Code of  
3 Federal Regulations, Title 2, Part 225."

#### 5 **MEDICAID RECOVERY AND ABLE ACCOUNTS**

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

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

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

#### 14 **MEDICAID AND HEALTH CHOICE PROVIDER SCREENING**

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

16 "**§ 108C-3. Medicaid and Health Choice provider screening.**

17 ...

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

20 ...

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

26 ...

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

#### 31 **CLARIFY DHHS AUTHORITY TO ADMINISTER MEDICAID AND NC HEALTH** 32 **CHOICE PROGRAMS**

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

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

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

43 ...."

#### 45 **EXPAND SUPPORT FOR PATIENTS WITH ALZHEIMER'S DISEASE AND THEIR** 46 **FAMILIES THROUGH COMMUNITY ALTERNATIVES PROGRAM FOR** 47 **DISABLED ADULTS WAIVER SLOTS**

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

1           **SECTION 12H.5.(b)** Of the funds appropriated to the Department of Health and  
2 Human Services, Division of Medical Assistance, one million five hundred thousand dollars  
3 (\$1,500,000) for fiscal year 2016-2017 shall be used to fund these additional slots.  
4

5 **INCREASE RN RATES FOR COMMUNITY ALTERNATIVES PROGRAM FOR**  
6 **CHILDREN**

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

11 **REMOVE SUNSET ON MEDICAID ELIGIBILITY/COLA DISREGARD**

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

13           "**SECTION 10.6.(c)** Subsection (a) of this section becomes effective January 1, 2013. The  
14 remainder of this section is effective when it becomes law. ~~G.S. 108A-54.4, as enacted by~~  
15 ~~subsection (a) of this section, expires on December 31, 2017."~~  
16

17 **STUDY 1% FMAP INCREASE FOR ADULT PREVENTATIVE SERVICES**

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

- 26           (1) A list of all of the adult preventive services recommended by USPSTF and  
27 ACIP.
- 28           (2) Identification of the adult preventive services recommended by USPSTF and  
29 ACIP that are currently not provided as part of the Medicaid program and to  
30 which eligibility group the service coverage applies.
- 31           (3) For the adult preventive services currently covered, whether any cost-sharing is  
32 required.
- 33           (4) The cost of adding any of the adult preventive services without cost-sharing  
34 identified in subdivision (2) of this section.
- 35           (5) The cost of the elimination of any cost-sharing requirements identified in  
36 subdivision (3) of this section.
- 37           (6) The benefit to the State of receiving a one percentage point increase in the  
38 federal Medicaid assistance percentage for the adult preventive services  
39 recommended by USPSTF and ACIP.
- 40           (7) If the Department plans to submit a waiver to implement the changes required  
41 to obtain a one percentage point increase in the federal Medicaid assistance  
42 percentage for preventive services, a detailed description of the plans that  
43 includes a time line for waiver submission.  
44

45 **STUDY MEDICAID COVERAGE FOR SCHOOL-BASED HEALTH SERVICES**

46           **SECTION 12H.9.** The Department of Health and Human Services, Division of  
47 Medical Assistance (Department), shall conduct a study to identify all school-based health  
48 services that are eligible for Medicaid federal matching funds pursuant to federal Medicaid law  
49 and regulations but which currently are not reimbursable under North Carolina's Medicaid State  
50 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:

<b>TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF) FUNDS</b>	<b>FY 2015-2016</b>	<b>FY 2016-2017</b>
Local Program Expenditures		
Division of Social Services		
01. Work First Family Assistance	\$57,167,454	<del>\$57,167,454</del> <u>\$54,167,454</u>
02. Work First County Block Grants	80,093,566	<del>78,073,437</del> <u>80,093,566</u>
<u>02A. Work First Employment Services</u>	<u>0</u>	<u>3,600,000</u>
03. Work First Electing Counties	2,378,213	2,378,213
04. Adoption Services – Special Children Adoption Fund	2,026,877	2,026,877
05. Child Protective Services – Child Welfare Workers for Local DSS	9,412,391	9,412,391
06. Child Welfare Collaborative	632,416	632,416
<u>06A. Child Welfare Initiatives</u>	<u>0</u>	<u>1,400,000</u>
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	<del>12,333,981</del>
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	<del>4,148,001</del>
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	<b>TOTAL TEMPORARY ASSISTANCE FOR</b>		
48	<b>NEEDY FAMILIES (TANF) FUNDS</b>	<b>\$303,306,543</b>	<b><del>\$300,982,109</del></b>
49			<b><u>\$309,614,155</u></b>
50			
51	<b>TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF)</b>		

1	<b>EMERGENCY CONTINGENCY FUNDS</b>		
2			
3	Local Program Expenditures		
4			
5	Division of Child Development and Early Education		
6			
7	01. Subsidized Child Care	29,033,340	28,600,000
8			
9	02. Subsidized Child Care Swap Out	4,547,023	0
10			
11	<u>Division of Social Services</u>		
12			
13	<u>03. County Child Welfare Program</u>		
14	<u>Improvement Resources</u>	<u>0</u>	<u>603,580</u>
15			
16	<u>DHHS Administration</u>		
17			
18	<u>04. DSS State Child Welfare Program</u>		
19	<u>Improvement Resources</u>	<u>0</u>	<u>400,000</u>
20			
21	<b>TOTAL TEMPORARY ASSISTANCE FOR</b>		
22	<b>NEEDY FAMILIES (TANF) EMERGENCY</b>		
23	<b>CONTINGENCY FUNDS</b>	<b>\$33,580,363</b>	<b>\$28,600,000</b>
24			<b><u>\$29,603,580</u></b>
25	<b>SOCIAL SERVICES BLOCK GRANT</b>		
26			
27	Local Program Expenditures		
28			
29	Divisions of Social Services and Aging and Adult Services		
30			
31	01. County Departments of Social Services		
32	(Transfer From TANF \$4,148,001)	\$27,335,458	\$27,108,324
33			<u>\$27,215,583</u>
34			
35	<u>01A. EBCI Tribal Public Health and</u>		
36	<u>Human Services</u>	<u>0</u>	<u>244,740</u>
37			
38	02. Child Protective Services		
39	(Transfer From TANF)	5,040,000	5,040,000
40			
41	03. State In-Home Services Fund	2,209,023	1,943,950
42			
43	04. Adult Protective Services	1,245,363	1,245,363
44			
45	05. State Adult Day Care Fund	2,039,647	1,994,084
46			
47	06. Child Protective Services/CPS		
48	Investigative Services – Child Medical		
49	Evaluation Program	563,868	563,868
50			
51	07. Special Children Adoption Incentive Fund	462,600	462,600

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	<b>TOTAL SOCIAL SERVICES BLOCK GRANT</b>	<b>\$61,804,403</b>	<b>\$61,331,027</b>
12			<b><u>\$62,420,093</u></b>
13			
14	<b>LOW-INCOME ENERGY ASSISTANCE BLOCK GRANT</b>		
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 <del>Environment and Natural</del>		
45	<del>Resources (DENR)</del> <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	<u>475,046</u>
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. <del>DENR</del> <u>DEQ</u> – Weatherization Administration	475,046	<u>475,046</u>
12			<u>449,094</u>
13			
14	12. <del>DENR</del> <u>DEQ</u> – 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	<b>TOTAL LOW-INCOME ENERGY</b>		
22	<b>ASSISTANCE BLOCK GRANT</b>	<b>\$108,144,094</b>	<b><u>\$108,144,094</u></b>
23			<b><u>\$102,449,177</u></b>
24			
25	<b>CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT</b>		
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	<u>\$152,370,856</u>
33			<u>\$154,741,297</u>
34			
35	02. Electronic Tracking System	1,201,240	<u>401,492</u>
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	<u>9,049,505</u>
50			<u>9,042,159</u>
51			

1	Division of Social Services		
2			
3	06. Local Subsidized Child Care		
4	Services Support	15,930,279	15,930,279
5			<u>16,078,301</u>
6			
7	<u>06A. Direct Deposit for Child Care Payments</u>	<u>0</u>	<u>969,610</u>
8			
9	07. NC FAST Development	186,404	586,152
10			
11	Division of Central Administration		
12			
13	08. DHHS Central Administration – DIRM		
14	Technical Services	775,000	775,000
15			
16	09. Central Regional Maintenance	202,000	202,000
17			
18	<u>09A. DHHS Central Administration</u>	<u>0</u>	<u>7,346</u>
19			
20	10. Child Care Health Consultation Contracts	62,205	62,205
21			
22	<b>TOTAL CHILD CARE AND DEVELOPMENT</b>		
23	<b>FUND BLOCK GRANT</b>	<b>\$279,972,606</b>	<b>\$277,170,477</b>
24			<b><u>291,717,505</u></b>
25			
26	<b>MENTAL HEALTH SERVICES BLOCK GRANT</b>		
27			
28	Local Program Expenditures		
29			
30	01. Mental Health Services – Child	\$3,619,833	\$3,619,833
31			
32	<del>02. Administration</del>	<del>200,000</del>	<del>200,000</del>
33			
34	03. Mental Health Services – Adult/Child	11,755,152	11,755,152
35			<u>10,904,077</u>
36			
37	04. Crisis Solutions Initiative – Critical		
38	Time Intervention	750,000	750,000
39			
40	05. Mental Health Services – First		
41	Psychotic Symptom Treatment	643,491	643,491
42			<u>1,430,851</u>
43			
44	<u>DHHS Administration</u>		
45			
46	<u>Division of Mental Health</u>		
47			
48	<u>06. Administration</u>	<u>200,000</u>	<u>200,000</u>
49			
50	<b>TOTAL MENTAL HEALTH SERVICES</b>		
51	<b>BLOCK GRANT</b>	<b>\$16,968,476</b>	<b>\$16,968,476</b>

1			<b><u>\$16,904,761</u></b>
2			
3	<b>SUBSTANCE ABUSE PREVENTION AND TREATMENT BLOCK GRANT</b>		
4			
5	Local Program Expenditures		
6			
7	Division of Mental Health, Developmental Disabilities, and Substance Abuse Services		
8			
9	01. Substance Abuse – HIV and IV Drug	\$3,919,723	\$3,919,723
10			
11	02. Substance Abuse Prevention	8,669,284	8,669,284
12			
13	03. Substance Abuse Services – Treatment for		
14	Children/Adults <u>(Medication-Assisted</u>		
15	<u>Treatment Pilot \$500,000)</u>	29,519,883	<u>29,519,883</u>
16			<u>30,178,039</u>
17			
18	04. Crisis Solutions Initiatives – Walk-In		
19	Crisis Centers	420,000	420,000
20			
21	05. Crisis Solutions Initiatives – Collegiate		
22	Wellness/Addiction Recovery	1,085,000	1,085,000
23			
24	06. Crisis Solutions Initiatives – Community		
25	Paramedic Mobile Crisis Management	60,000	60,000
26			
27	07. Crisis Solutions Initiatives – Innovative		
28	Technologies	41,000	41,000
29			
30	08. Crisis Solutions Initiatives – Veteran's Crisis	250,000	250,000
31			
32	<u>DHHS Administration</u>		
33			
34	<u>Division of Mental Health, Developmental Disabilities, and Substance Abuse Services</u>		
35			
36	09. <u>DMH Administration</u>	454,000	454,000
37			
38	Division of Public Health		
39			
40	10. HIV Testing for Individuals in Substance		
41	Abuse Treatment	765,949	765,949
42			
43	<b>TOTAL SUBSTANCE ABUSE PREVENTION</b>		
44	<b>    AND TREATMENT BLOCK GRANT</b>	<b>\$45,184,839</b>	<b><u>\$45,184,839</u></b>
45			<b><u>\$45,842,995</u></b>
46			
47	<b>MATERNAL AND CHILD HEALTH BLOCK GRANT</b>		
48			
49	Local Program Expenditures		
50			
51	Division of Public Health		

1			
2	01. Children's Health Services		
3	(Safe Sleep Campaign		
4	\$45,000; Prevent Blindness \$560,837;		
5	Community-Based		
6	Sickle Cell Centers \$100,000)	\$7,574,703	\$7,574,703
7			<u>\$7,674,703</u>
8			
9	02. Women's Health		
10	(March of Dimes \$350,000; Teen Pregnancy		
11	Prevention Initiatives \$650,000 [ <u>Public Health Division</u>		
12	<u>\$400,000 &amp; SHIFT NC \$250,000</u> ];		
13	17P Project \$52,000; Nurse-Family		
14	Partnership \$509,018; Carolina Pregnancy		
15	Care Fellowship \$300,000)	6,520,148	6,520,148
16			<u>6,920,148</u>
17			
18	03. Oral Health	44,901	44,901
19			
20	04. Evidence-Based Programs in Counties		
21	With Highest Infant Mortality Rates	1,575,000	1,575,000
22			
23	DHHS Program Expenditures		
24			
25	Division of Public Health		
26			
27	05. Children's Health Services	1,342,928	1,342,928
28			<u>1,427,323</u>
29			
30	06. Women's Health – Maternal Health	107,714	107,714
31			<u>169,864</u>
32			
33	07. State Center for Health Statistics	158,583	158,583
34			
35	08. Health Promotion – Injury and		
36	Violence Prevention	87,271	87,271
37			
38	DHHS Administration		
39			
40	Division of Public Health		
41			
42	09. Division of Public Health Administration	552,571	552,571
43			
44	<b>TOTAL MATERNAL AND CHILD</b>		
45	<b>HEALTH BLOCK GRANT</b>	<b>\$17,963,819</b>	<b>\$17,963,819</b>
46			<u><b>\$18,610,364</b></u>
47			
48	<b>PREVENTIVE HEALTH SERVICES BLOCK GRANT</b>		
49			
50	Local Program Expenditures		
51			

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	<del>173,476</del>
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	<del>192,315</del>
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	<b>TOTAL PREVENTIVE HEALTH</b>		
44	<b>SERVICES BLOCK GRANT</b>	<b>\$8,548,836</b>	<b><del>\$4,943,288</del></b>
45			<b><u>\$4,987,765</u></b>
46			
47	<b>COMMUNITY SERVICES BLOCK GRANT</b>		
48			
49	Local Program Expenditures		
50			
51	Office of Economic Opportunity		

1			
2	01. Community Action Agencies	\$24,047,065	\$24,047,065
3			<u>\$21,428,074</u>
4			
5	02. Limited Purpose Agencies	1,335,948	1,335,948
6			<u>1,190,448</u>
7			
8	DHHS Administration		
9			
10	03. Office of Economic Opportunity	1,335,948	1,335,948
11			<u>1,190,448</u>
12			
13	<b>TOTAL COMMUNITY SERVICES</b>		
14	<b>BLOCK GRANT</b>	<b>\$26,718,961</b>	<b><u>\$26,718,961</u></b>
15			<b><u>\$23,808,970</u></b>
16			

**GENERAL PROVISIONS**

18 **SECTION 12I.1.(b)** Information to Be Included in Block Grant Plans. – The  
 19 Department of Health and Human Services shall submit a separate plan for each Block Grant  
 20 received and administered by the Department, and each plan shall include the following:

- 21 (1) A delineation of the proposed allocations by program or activity, including  
 22 State and federal match requirements.
- 23 (2) A delineation of the proposed State and local administrative expenditures.
- 24 (3) An identification of all new positions to be established through the Block Grant,  
 25 including permanent, temporary, and time-limited positions.
- 26 (4) A comparison of the proposed allocations by program or activity with two prior  
 27 years' program and activity budgets and two prior years' actual program or  
 28 activity expenditures.
- 29 (5) A projection of current year expenditures by program or activity.
- 30 (6) A projection of federal Block Grant funds available, including unspent federal  
 31 funds from the current and prior fiscal years.

32 **SECTION 12I.1.(c)** Changes in Federal Fund Availability. – If the Congress of the  
 33 United States increases the federal fund availability for any of the Block Grants or contingency  
 34 funds and other grants related to existing Block Grants administered by the Department of Health  
 35 and Human Services from the amounts appropriated in this section, the Department shall allocate  
 36 the increase proportionally across the program and activity appropriations identified for that Block  
 37 Grant in this section. In allocating an increase in federal fund availability, the Office of State  
 38 Budget and Management shall not approve funding for new programs or activities not  
 39 appropriated in this section.

40 If the Congress of the United States decreases the federal fund availability for any of  
 41 the Block Grants or contingency funds and other grants related to existing Block Grants  
 42 administered by the Department of Health and Human Services from the amounts appropriated in  
 43 this section, the Department shall develop a plan to adjust the Block Grants based on reduced  
 44 federal funding.

45 Notwithstanding the provisions of this subsection, for fiscal years 2015-2016 and  
 46 2016-2017, increases in the federal fund availability for the Temporary Assistance to Needy  
 47 Families (TANF) Block Grant shall be used only for the North Carolina Child Care Subsidy  
 48 program to pay for child care in four- or five-star-rated facilities for four-year-old children and  
 49 shall not be used to supplant State funds.

50 Prior to allocating the change in federal fund availability, the proposed allocation must  
 51 be approved by the Office of State Budget and Management. If the Department adjusts the

1 allocation of any Block Grant due to changes in federal fund availability, then a report shall be  
2 made to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal  
3 Research Division.

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

8 **SECTION 12L.1.(e)** All changes to the budgeted allocations to the Block Grants or  
9 contingency funds and other grants related to existing Block Grants administered by the  
10 Department of Health and Human Services that are not specifically addressed in this section shall  
11 be approved by the Office of State Budget and Management, and the Office of State Budget and  
12 Management shall consult with the Joint Legislative Oversight Committee on Health and Human  
13 Services for review prior to implementing the changes. The report shall include an itemized listing  
14 of affected programs, including associated changes in budgeted allocations. All changes to the  
15 budgeted allocations to the Block Grants shall be reported immediately to the Joint Legislative  
16 Oversight Committee on Health and Human Services and the Fiscal Research Division. This  
17 subsection does not apply to Block Grant changes caused by legislative salary increases and  
18 benefit adjustments.

19 **SECTION 12L.1.(f)** Except as otherwise provided, the Department of Health and  
20 Human Services shall have flexibility to transfer funding between the Temporary Assistance for  
21 Needy Families (TANF) Block Grant and the TANF Emergency Contingency Funds Block Grant  
22 so long as the total allocation for the line items within those block grants remains the same.

#### 23 24 **TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF) FUNDS**

25 **SECTION 12L.1.(g)** The sum of eighty million ninety-three thousand five hundred  
26 sixty-six dollars (\$80,093,566) for the 2015-2016 fiscal year and the sum of ~~seventy-eight million~~  
27 ~~seventy-three thousand four hundred thirty-seven dollars (\$78,073,437)~~ eighty million ninety-three  
28 thousand five hundred sixty-six dollars (\$80,093,566) for the 2016-2017 fiscal year appropriated  
29 in this section in TANF funds to the Department of Health and Human Services, Division of  
30 Social Services, shall be used for Work First County Block Grants. The Division shall certify  
31 these funds in the appropriate State-level services based on prior year actual expenditures. The  
32 Division has the authority to realign the authorized budget for these funds among the State-level  
33 services based on current year actual expenditures. The Division shall also have the authority to  
34 realign appropriated funds from Work First Family Assistance for electing counties to the Work  
35 First County Block Grant for electing counties based on current year expenditures so long as the  
36 electing counties meet Maintenance of Effort requirements.

37 **SECTION 12L.1.(g1)** The sum of three million six hundred thousand dollars  
38 (\$3,600,000) for the 2016-2017 fiscal year appropriated in this section in TANF funds to the  
39 Department of Health and Human Services, Division of Social Services, shall be used to support  
40 counties in connecting Work First recipients and low income parents in job placements through  
41 subsidized employment and targeted support services. The Division shall report on the use of these  
42 funds to the Joint Legislative Oversight Committee on Health and Human Services by October 1,  
43 2017.

44 **SECTION 12L.1.(h)** The sum of nine million four hundred twelve thousand three  
45 hundred ninety-one dollars (\$9,412,391) appropriated in this section to the Department of Health  
46 and Human Services, Division of Social Services, in TANF funds for each year of the 2015-2017  
47 fiscal biennium for child welfare improvements shall be allocated to the county departments of  
48 social services for hiring or contracting staff to investigate and provide services in Child Protective  
49 Services cases; to provide foster care and support services; to recruit, train, license, and support  
50 prospective foster and adoptive families; and to provide interstate and post-adoption services for  
51 eligible families.



1 Counties shall maintain their level of expenditures in local funds for Child Protective  
2 Services workers. Of the Block Grant funds appropriated for Child Protective Services workers,  
3 the total expenditures from State and local funds for fiscal years 2015-2016 and 2016-2017 shall  
4 not be less than the total expended from State and local funds for the 2012-2013 fiscal year.

5 **SECTION 12I.1.(i)** The sum of two million twenty-six thousand eight hundred  
6 seventy-seven dollars (\$2,026,877) appropriated in this section in TANF funds to the Department  
7 of Health and Human Services, Special Children Adoption Fund, for each year of the 2015-2017  
8 fiscal biennium shall be used in accordance with G.S. 108A-50.2. The Division of Social Services,  
9 in consultation with the North Carolina Association of County Directors of Social Services and  
10 representatives of licensed private adoption agencies, shall develop guidelines for the awarding of  
11 funds to licensed public and private adoption agencies upon the adoption of children described in  
12 G.S. 108A-50 and in foster care. Payments received from the Special Children Adoption Fund by  
13 participating agencies shall be used exclusively to enhance the adoption services program. No  
14 local match shall be required as a condition for receipt of these funds.

15 **SECTION 12I.1.(i1)** The sum of one million four hundred thousand dollars  
16 (\$1,400,000) appropriated in this section in TANF funds to the Department of Health and Human  
17 Services, Division of Social Services, for the 2016-2017 fiscal year shall be used for child welfare  
18 initiatives to (i) enhance the skills of social workers to improve the outcomes for families and  
19 children involved in child welfare, and (ii) enhance the provision of services to families in their  
20 home in the least restrictive setting.

## 21 SOCIAL SERVICES BLOCK GRANT

22 **SECTION 12I.1.(j)** The sum of twenty-seven million three hundred thirty-five  
23 thousand four hundred fifty-eight dollars (\$27,335,458) for the 2015-2016 fiscal year and the sum  
24 of ~~twenty seven million one hundred eight thousand three hundred twenty four dollars~~  
25 ~~(\$27,108,324)~~ twenty-seven million two hundred fifteen thousand five hundred eighty-three dollars  
26 (\$27,215,583) for the 2016-2017 fiscal year appropriated in this section in the Social Services  
27 Block Grant to the Department of Health and Human Services, Division of Social Services, shall  
28 be used for county block grants. The Division shall certify these funds in the appropriate  
29 State-level services based on prior year actual expenditures. The Division has the authority to  
30 realign the authorized budget for these funds, as well as State Social Services Block Grant funds,  
31 among the State-level services based on current year actual expenditures.

32 **SECTION 12I.1.(k)** The sum of one million three hundred thousand dollars  
33 (\$1,300,000) appropriated in this section in the Social Services Block Grant to the Department of  
34 Health and Human Services, Division of Social Services, for each year of the 2015-2017 fiscal  
35 biennium shall be used to support various child welfare training projects as follows:

- 36 (1) Provide a regional training center in southeastern North Carolina.
- 37 (2) Provide training for residential child caring facilities.
- 38 (3) Provide for various other child welfare training initiatives.

39 **SECTION 12I.1.(l)** The Department of Health and Human Services is authorized,  
40 subject to the approval of the Office of State Budget and Management, to transfer Social Services  
41 Block Grant funding allocated for departmental administration between divisions that have  
42 received administrative allocations from the Social Services Block Grant.

43 **SECTION 12I.1.(m)** Social Services Block Grant funds appropriated for the Special  
44 Children Adoption Incentive Fund will require a fifty-percent (50%) local match.

45 **SECTION 12I.1.(n)** The sum of five million forty thousand dollars (\$5,040,000)  
46 appropriated in this section in the Social Services Block Grant for each year of the 2015-2017  
47 fiscal biennium shall be allocated to the Department of Health and Human Services, Division of  
48 Social Services. The Division shall allocate these funds to local departments of social services to  
49 replace the loss of Child Protective Services State funds that are currently used by county  
50 governments to pay for Child Protective Services staff at the local level. These funds shall be used  
51

1 to maintain the number of Child Protective Services workers throughout the State. These Social  
2 Services Block Grant funds shall be used to pay for salaries and related expenses only and are  
3 exempt from 10A NCAC 71R .0201(3) requiring a local match of twenty-five percent (25%).

4 **SECTION 12I.1.(o)** The sum of three million eight hundred fifty-two thousand five  
5 hundred dollars (\$3,852,500) appropriated in this section in the Social Services Block Grant to the  
6 Department of Health and Human Services, Division of Central Management and Support, shall  
7 be used for DHHS competitive block grants pursuant to Section 12A.8 of this act for each year of  
8 the 2015-2017 fiscal biennium. These funds are exempt from the provisions of 10A NCAC 71R  
9 .0201(3).

10 **SECTION 12I.1.(p)** The sum of three hundred seventy-five thousand dollars  
11 (\$375,000) appropriated in this section in the Social Services Block Grant for each year of the  
12 2015-2017 fiscal biennium to the Department of Health and Human Services, Division of Social  
13 Services, shall be used to continue support for the Child Advocacy Centers, and the funds are  
14 exempt from the provisions of 10A NCAC 71R .0201(3).

15 **SECTION 12I.1.(q)** The sum of four million one hundred seven thousand thirty-two  
16 dollars (\$4,107,032) for the 2015-2016 fiscal year and the sum of four million thirty-five thousand  
17 seven hundred four dollars (\$4,035,704) for the 2016-2017 fiscal year appropriated in this section  
18 in the Social Services Block Grant to the Department of Health and Human Services, Divisions of  
19 Social Services and Aging and Adult Services, shall be used for guardianship services pursuant to  
20 Chapter 35A of the General Statutes. The Department may expend funds appropriated in this  
21 section to support (i) existing corporate guardianship contracts during the 2015-2016 and  
22 2016-2017 fiscal years and (ii) guardianship contracts transferred to the State from local  
23 management entities or managed care organizations during the 2015-2016 and 2016-2017 fiscal  
24 years.

25 **SECTION 12I.1.(q1)** The sum of seven hundred thirty-seven thousand sixty-seven  
26 dollars (\$737,067) appropriated in this section in the Social Services Block Grant for the  
27 2016-2017 fiscal year shall be allocated to the Department of Health and Human Services,  
28 Division of Social Services. These funds shall be used to assist with training needs for county  
29 child welfare training staff and shall not be used to supplant any other source of funding for staff.  
30 County departments of social services are exempt from 10A NCAC 71R .0201(3) requiring a local  
31 match of twenty-five percent (25%).

### 32 **LOW-INCOME ENERGY ASSISTANCE BLOCK GRANT**

33 **SECTION 12I.1.(r)** Additional emergency contingency funds received may be  
34 allocated for Energy Assistance Payments or Crisis Intervention Payments without prior  
35 consultation with the Joint Legislative Oversight Committee on Health and Human Services.  
36 Additional funds received shall be reported to the Joint Legislative Oversight Committee on  
37 Health and Human Services and the Fiscal Research Division upon notification of the award. The  
38 Department of Health and Human Services shall not allocate funds for any activities, including  
39 increasing administration, other than assistance payments, without prior consultation with the Joint  
40 Legislative Oversight Committee on Health and Human Services.

41 **SECTION 12I.1.(s)** The sum of forty million two hundred forty-four thousand five  
42 hundred thirty-four dollars (\$40,244,534) for the 2015-2016 fiscal year and the sum of ~~thirty-nine~~  
43 ~~million three hundred three thousand six hundred seventy-four dollars (\$39,303,674)~~ thirty-seven  
44 million one hundred fifty-six thousand four hundred ninety-two dollars (\$37,156,492) for the  
45 2016-2017 fiscal year appropriated in this section in the Low-Income Energy Assistance Block  
46 Grant to the Department of Health and Human Services, Division of Social Services, shall be used  
47 for Energy Assistance Payments for the households of (i) elderly persons age 60 and above with  
48 income up to one hundred thirty percent (130%) of the federal poverty level and (ii) disabled  
49 persons eligible for services funded through the Division of Aging and Adult Services.  
50

1 County departments of social services shall submit to the Division of Social Services  
2 an outreach plan for targeting households with 60-year-old household members no later than  
3 August 1 of each year. The outreach plan shall comply with the following:

- 4 (1) Ensure that eligible households are made aware of the available assistance, with  
5 particular attention paid to the elderly population age 60 and above and  
6 disabled persons receiving services through the Division of Aging and Adult  
7 Services.  
8 (2) Include efforts by the county department of social services to contact other  
9 State and local governmental entities and community-based organizations to (i)  
10 offer the opportunity to provide outreach and (ii) receive applications for  
11 energy assistance.  
12 (3) Be approved by the local board of social services or human services board prior  
13 to submission.  
14

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

16 **SECTION 12I.1.(t)** Payment for subsidized child care services provided with federal  
17 TANF funds shall comply with all regulations and policies issued by the Division of Child  
18 Development and Early Education for the subsidized child care program.

19 **SECTION 12I.1.(u)** If funds appropriated through the Child Care and Development  
20 Fund Block Grant for any program cannot be obligated or spent in that program within the  
21 obligation or liquidation periods allowed by the federal grants, the Department may move funds to  
22 child care subsidies, unless otherwise prohibited by federal requirements of the grant, in order to  
23 use the federal funds fully.  
24

### 25 **MENTAL HEALTH SERVICES BLOCK GRANT**

26 **SECTION 12I.1.(v)** The sum of six hundred forty-three thousand four hundred  
27 ninety-one dollars (\$643,491) appropriated in this section in the Mental Health Services Block  
28 Grant to the Department of Health and Human Services, Division of Mental Health,  
29 Developmental Disabilities, and Substance Abuse Services, for ~~each year of the 2015-2017 fiscal~~  
30 ~~biennium~~ the 2015-2016 fiscal year and the sum of one million four hundred thirty thousand eight  
31 hundred fifty-one dollars (\$1,430,851) for the 2016-2017 fiscal year is allocated for Mental Health  
32 Services – First Psychotic Symptom Treatment. The Division shall report on (i) the specific  
33 evidence-based treatment and services provided, (ii) the number of persons treated, and (iii) the  
34 measured outcomes or impact on the participants served. The Division shall report to the House of  
35 Representatives Appropriations Committee on Health and Human Services, the Senate  
36 Appropriations Committee on Health and Human Services, and the Fiscal Research Division no  
37 later than December 31, 2016.  
38

### 39 **SUBSTANCE ABUSE PREVENTION AND TREATMENT BLOCK GRANT**

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

49 **SECTION 12I.1.(w1)** The sum of five hundred thousand dollars (\$500,000) allocated  
50 in this section in the Substance Abuse Prevention and Treatment Block Grant to the Department of  
51 Health and Human Services, Division of Mental Health, Developmental Disabilities, and

1 Substance Abuse Services, for the 2016-2017 fiscal year shall be used for a medication-assisted  
2 opioid use disorder treatment pilot program.

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

5 **SECTION 12L.1.(x)** If federal funds are received under the Maternal and Child Health  
6 Block Grant for abstinence education, pursuant to section 912 of Public Law 104-193 (42 U.S.C. §  
7 710), for the 2015-2016 fiscal year or the 2016-2017 fiscal year, then those funds shall be  
8 transferred to the State Board of Education to be administered by the Department of Public  
9 Instruction. The Department of Public Instruction shall use the funds to establish an abstinence  
10 until marriage education program and shall delegate to one or more persons the responsibility of  
11 implementing the program and G.S. 115C-81(e1)(4) and (4a). The Department of Public  
12 Instruction shall carefully and strictly follow federal guidelines in implementing and administering  
13 the abstinence education grant funds.

14 **SECTION 12L.1.(y)** The Department of Health and Human Services shall ensure that  
15 there will be follow-up testing in the Newborn Screening Program.

16 **SECTION 12L.1.(z)** The sum of one million five hundred seventy-five thousand  
17 dollars (\$1,575,000) appropriated in this section in the Maternal and Child Health Block Grant to  
18 the Department of Health and Human Services, Division of Public Health, for each year of the  
19 2015-2017 fiscal biennium shall be used for evidence-based programs in counties with the highest  
20 infant mortality rates. The Division shall report on (i) the counties selected to receive the  
21 allocation, (ii) the specific evidenced-based services provided, (iii) the number of women served,  
22 and (iv) any impact on the counties' infant mortality rate. The Division shall report its findings to  
23 the House of Representatives Appropriations Committee on Health and Human Services, the  
24 Senate Appropriations Committee on Health and Human Services, and the Fiscal Research  
25 Division no later than December 31, 2016.

26 **SECTION 12L.1.(aa)** The sum of one hundred thousand dollars (\$100,000) allocated  
27 in this section in the Maternal and Child Health Block Grant to the Department of Health and  
28 Human Services, Division of Public Health, for each year of the 2015-2017 fiscal biennium for  
29 community-based sickle cell centers shall not be used to supplant existing State or federal funds.

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

### 35 **PART XIII. DEPARTMENT OF AGRICULTURE AND CONSUMER SERVICES**

#### 37 **SPAY/NEUTER PROGRAM ELIGIBILITY**

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

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

- 42 a. A spay/neuter clinic operated by the county or city.
- 43 b. A spay/neuter clinic operated by a non-profit organization under  
44 contract or other arrangement with the county or city, ~~provided that the~~  
45 ~~non-profit organization contracts with a local veterinarian to perform the~~  
46 ~~spay/neuter procedures.~~ city.
- 47 c. A contract or contracts with one or more veterinarians, whether or not  
48 located within the county, to provide reduced-cost spaying and  
49 neutering procedures.
- 50 d. Subvention of the spaying and neutering costs incurred by low-income  
51 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~~,

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

6 ...."

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

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

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

19 ...."

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

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

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

38  
 39 **AIR AND WATER QUALITY ACCOUNT FUNDING**

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

42 **"§ 105-449.125. Distribution of tax revenue among various funds and accounts.**

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

Fund or Account	Amount
46 Commercial Leaking Petroleum	
47 Underground Storage Tank Cleanup Fund	<del>Nineteen thirty seconds</del> <u>Sixty-two and</u> 48 <u>one-half percent (62.5%)</u>
49 Water and Air Quality Account	<del>Five sixteenths</del> <u>Twenty-eight and one-</u> 50 <u>tenth percent (28.1%).</u>

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

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

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

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

#### 10 11 **AUDITOR RECLASSIFICATION**

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

#### 14 15 **RISK-BASED MANAGEMENT ACTIONS PREAPPROVAL**

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

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

#### 27 28 **EXPEDITE CLOSURE OF LOW-RISK PRE-1983 LANDFILLS**

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

#### 35 36 **OYSTER BROOD STOCK FUNDING MODIFICATION**

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

#### 42 43 **COASTAL RECREATIONAL FISHING LICENSES CONFORMING CHANGE**

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

45 "**§ 113-174.1. License required; general provisions governing licenses.**

46 ...

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

1 false information supplied by the license applicant. A cancelled license is void from the date of  
2 issuance. It is a Class 1 misdemeanor for an individual to knowingly do any of the following:  
3 ...."

## 5 **MARINE PATROL/SHELLFISH SANITATION EQUIPMENT SALES**

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

- 9 (1) 1999 48' Sea Ark – patrol vessel "Roanoke".
- 10 (2) 1995 Husky airplane.
- 11 (3) 1998 25' Parker boat hull with trailer.
- 12 (4) 1993 18' Parker boat with engine and trailer.

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

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

## 21 **CULTCH MATERIAL PURCHASING**

22 **SECTION 14.10.** For the purpose of purchasing materials and entering contracts for  
23 shellfish rehabilitation projects, the Division of Marine Fisheries of the Department of  
24 Environmental Quality shall be permitted to carry forward from the 2015-2016 fiscal year to the  
25 2016-2017 fiscal year up to five hundred thousand dollars (\$500,000) of State funds appropriated  
26 for cultch planting.

## 28 **SHELLFISH LEASING REFORMS**

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

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

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

42 "**§ 113-202.1. Water column leases for aquaculture.**

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

50 ...



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

7 ...

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

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

18 "**§ 113-202.2. Water column leases for aquaculture for perpetual franchises.**

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

26 ...

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

33 ...

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

39 ...

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

#### 47 **CLARIFY AQUATIC WEED CONTROL FUNDING ELIGIBILITY**

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

50 "Part 8B. Shallow Draft Navigation Channel and ~~Lake Dredging~~ Aquatic Weed Fund.  
51

1 "§ 143-215.73F. ~~Shallow Draft Navigation Channel Dredging and Lake Maintenance~~  
2 Aquatic Weed Fund.

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

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

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

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

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

17 ...

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

25 ...."

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

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

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

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

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

1 "**§ 105-449.126. Distribution of part of Highway Fund allocation to Wildlife Resources Fund**  
2 **and Shallow Draft Navigation Channel Dredging and ~~Lake Maintenance~~-Aquatic**  
3 **Weed Fund.**

4 ...

5 (b) The Secretary shall credit to the Shallow Draft Navigation Channel Dredging and ~~Lake~~  
6 ~~Maintenance~~Aquatic Weed Fund one percent (1%) of the amount that is allocated to the Highway  
7 Fund under G.S. 105-449.125 and is from the excise tax on motor fuel. Revenue credited to the  
8 Shallow Draft Navigation Channel Dredging and ~~Lake Maintenance~~-Aquatic Weed Fund under  
9 this section may be used only for the dredging activities described in G.S. 143-215.73F. The  
10 Secretary shall credit revenue to the Shallow Draft Navigation Channel Dredging and ~~Lake~~  
11 ~~Maintenance~~-Aquatic Weed Fund on a quarterly basis. The Secretary must make the distribution  
12 within 45 days of the end of each quarter."  
13

14 **ENVIRONMENTAL MANAGEMENT OF IMPAIRED WATER BODIES**

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

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

27 **SECTION 14.13.(b)** This section becomes effective on the earlier of July 1, 2016, or  
28 the date of termination of a contract related to in situ water quality remediation strategies that was  
29 extended pursuant to Section 14.5 of S.L. 2015-241.  
30

31 **MATTAMUSKEET LODGE ADVANCED PLANNING**

32 **SECTION 14.14.** The Wildlife Resources Commission shall undertake advanced  
33 planning for the completion of renovations of the Lake Mattamuskeet Lodge and explore  
34 opportunities for a public-private partnership for the future operation of the Lodge to optimize the  
35 sustainability and benefit of the Lodge to the community. In order to conduct these activities, the  
36 Commission may use up to two hundred thousand dollars (\$200,000) of the funds appropriated to  
37 it for the 2016-2017 fiscal year. The Commission shall report to the Joint Legislative Oversight  
38 Committee on Agriculture and Natural and Economic Resources no later than January 15, 2017,  
39 regarding its implementation of the requirements of this section.  
40

41 **PART XV. DEPARTMENT OF COMMERCE**

42  
43 **USE OF DEOBLIGATED CDBG AND FEDERAL FUNDS**

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

45 "**SECTION 15.6.(b)** To allow the Department of Commerce and the Department of  
46 Environment and Natural Resources to quickly deploy deobligated CDBG funds and surplus  
47 federal administrative funds as they are identified throughout each program year, the following  
48 shall apply to the use of deobligated CDBG funds and surplus federal administrative funds, unless  
49 otherwise expressly provided by law:  
50

...

- 1 (2) In the 2015-2017 fiscal biennium, the Department of Commerce shall use the  
 2 sum of ~~five million nine hundred eight thousand four hundred ninety-seven~~  
 3 ~~dollars (\$5,908,497)~~ ten million six hundred forty-eight thousand one hundred  
 4 eighty-nine dollars (\$10,648,189) in deobligated CDBG funds as follows:  
 5 a. Four million six hundred fifty-eight thousand four hundred ninety-seven  
 6 dollars (\$4,658,497) for:  
 7 1. Providing public services and public facilities. The category of  
 8 public services includes providing substance abuse services and  
 9 employment services, including job training, to homeless and  
 10 at-risk veterans in the State.  
 11 2. If House Bill 108, 2015 Regular Session, becomes law,  
 12 providing up to one million dollars (\$1,000,000) in the  
 13 2016-2017 fiscal year to be used to fund a loan fund for site,  
 14 infrastructure, and building development. Program income  
 15 generated from awards made from the loan fund shall be  
 16 captured in the existing CDBG revolving loan fund.  
 17 b. Five hundred thousand dollars (\$500,000) for existing CDBG programs  
 18 that encounter cost overruns.  
 19 c. Up to ~~seven hundred fifty thousand dollars (\$750,000)~~ one million  
 20 dollars (\$1,000,000) for providing training and guidance to local  
 21 governments relative to the CDBG program, its management, and  
 22 administration requirements.  
 23 d. One million dollars (\$1,000,000) to be transferred to the Department of  
 24 Environmental Quality to be used to connect B.F. Grady Elementary  
 25 School in Duplin County to the Pink Hill Municipal Sewer Facility.  
 26 e. Three million dollars (\$3,000,000) to be transferred to the Department  
 27 of Environmental Quality for water and sewer projects for public  
 28 schools.  
 29 f. Three hundred thousand dollars (\$300,000) to be used by the  
 30 Department to provide a source of funding and assistance for small food  
 31 retailers operating in the State in low-income areas to improve access to  
 32 healthy foods.  
 33 (3) ~~All deobligated CDBG funds that arise in a category that the Department of~~  
 34 ~~Commerce is responsible for administering after the provisions of subdivision~~  
 35 ~~(2) of this subsection have been met, and any~~ Any surplus federal  
 36 administrative funds, as provided for in subdivision (1) of this subsection, may  
 37 be used by the Department for ~~all of the following~~:  
 38 a. ~~To issue grants in the CDBG economic development program category.~~  
 39 b. ~~For providing training and guidance to local governments relative to the~~  
 40 ~~CDBG program, its management, and administrative requirements.~~  
 41 e. ~~For any other purpose consistent with the Department's administration~~  
 42 ~~of the CDBG program if an equal amount of State matching funds is~~  
 43 ~~available.~~

44 ...."

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

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

3  
4 **MODIFY DISBURSEMENT PROCESS FROM ECONOMIC DEVELOPMENT**  
5 **RESERVES**

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

7 "**§ 143B-437.63. JDIG Program cash flow requirements.**

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

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

18 "**§ 143B-437.75. Cash flow requirements.**

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

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

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

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

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

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

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

42  
43 **TRANSFER FUNDS TO DPS FOR VETERANS LIFE CENTER**

44 **SECTION 15.3.** Of the funds appropriated in the 2016-2017 fiscal year to the  
45 Department of Commerce for rural economic development grants, the sum of one million dollars  
46 (\$1,000,000) shall be transferred to the Department of Public Safety and shall be used to provide  
47 nonrecurring funding for program development and implementation of the Veterans Life Center.

48  
49 **PART XVI. DEPARTMENT OF NATURAL AND CULTURAL RESOURCES**

50  
51 **QUEEN ANNE'S REVENGE CARRYFORWARD**

1           **SECTION 16.1.** Funds appropriated in the 2015-2017 biennium to continue  
2 archaeological work related to the Queen Anne's Revenge marine archaeology site shall not revert  
3 but shall remain available until expended.  
4

#### 5 **SALVAGE OF ABANDONED SHIPWRECKS CLARIFICATION**

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

7 **"§ 121-25. License to conduct exploration, recovery or salvage operations.**

8           ...

9           (b) All photographs, video recordings, or other documentary materials of a derelict vessel  
10 or shipwreck or its contents, relics, artifacts, or historic materials in the custody of any agency of  
11 North Carolina government or its subdivisions shall be a public record pursuant to ~~G.S. 132-1.~~  
12 ~~There shall be no limitation on the use of or no requirement to alter any such photograph, video~~  
13 ~~recordings, or other documentary material, and any such provision in any agreement, permit, or~~  
14 ~~license shall be void and unenforceable as a matter of public policy.~~ Chapter 132 of the General  
15 Statutes."  
16

#### 17 **UMSTEAD ACT CONFORMING CHANGES**

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

19 **"§ 66-58. Sale of merchandise or services by governmental units.**

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

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

35           ...

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

39           (9a) The North Carolina Forest Service.

40           (9b) The Department of Natural and Cultural Resources for the sale of food pursuant  
41 to G.S. 111-47.2 and the sale of books, crafts, gifts, and other tourism-related  
42 items and revenues from public and private special events, activities, and  
43 programming at State parks, State aquariums, historic sites and museums  
44 administered by the Department, provided that the resulting profits are used to  
45 support the operation of ~~historic sites or museums~~ those facilities and provided  
46 further that the Department shall not construct, maintain, operate, or lease a  
47 hotel or tourist inn in any park-site or facility over which it has  
48 ~~jurisdiction.~~ jurisdiction, other than the State parks.

49           ...

50           ...."

**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 (1) That it is a science center or museum or a children's museum that is physically  
2 located in the State.
- 3 (2) That it has been open, operating, and exhibiting science or science, technology,  
4 engineering, and math (STEM) education objects to the general public at least  
5 120 days of each year for the past two or more years.
- 6 (3) That it is either (i) a nonprofit organization that is exempt from federal income  
7 taxes pursuant to section 501(c)(3) of the Internal Revenue Code or (ii) an  
8 organization that received funding in fiscal year 2015-2016 from the Grassroots  
9 Science Program.
- 10 (4) That it has on its staff at least one full-time professional person.
- 11 (5) That its governing body has adopted a mission statement that includes language  
12 that shows the museum has a concentration on science or STEM ~~education and~~  
13 ~~that the adopted mission statement has been in effect for the past two or more~~  
14 ~~years.~~education.
- 15 (6) In its application, in a format to be determined by the Museum of Natural  
16 Sciences, a detailed plan for (i) the proposed use of the funds and (ii)  
17 measurements to demonstrate at the end of the grant cycle that the use of the  
18 funds has had the projected results.
- 19 (e) The Museum of Natural Sciences shall, in awarding grants under this section, give  
20 priority to museums that:
- 21 (1) When compared to other museum applicants:
- 22 a. Are located in counties that are more economically distressed according  
23 to the annual rankings prepared by the Department of Commerce  
24 pursuant to G.S. 143B-437.08(c).
- 25 b. Generate a larger portion of their operating funds from non-State  
26 revenue.
- 27 c. Have a higher attendance-to-population ratio.
- 28 (2) Partner with other museums in the State to share exhibits, programs, or other  
29 activities.
- 30 (3) Are not located in close proximity to other science or STEM education  
31 museums."  
32

### 33 **MODIFY ZOO AND AQUARIUM SPECIAL FUNDS**

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

#### 35 **"§ 143B-135.209. North Carolina Zoo Fund.**

36 ...

37 (b) Disposition of ~~Fees-Receipts.~~ – All ~~fee~~-receipts derived from the collection of  
38 admissions charges and other fees and the lease or rental of property or facilities shall be credited  
39 to the North Carolina Zoological Park's General Fund operating budget. At the end of each fiscal  
40 year, the Secretary may transfer from the North Carolina Zoological Park's General Fund  
41 operating budget to the North Carolina Zoo Fund an amount not to exceed ~~one million dollars~~  
42 (\$1,000,000), the sum of one million five hundred thousand dollars (\$1,500,000) and any private  
43 donations received by the North Carolina Zoological Park.

44 (c) Approval. – The Secretary may approve the use of the North Carolina Zoo Fund for  
45 repair and renovation projects at the North Carolina Zoological Park recommended by the Council  
46 that comply with the following:

- 47 (1) The total project cost is less than three hundred thousand dollars (\$300,000).
- 48 (2) The project meets the requirements of G.S. 143C-4-3(b).
- 49 (3) The project does not obligate the State to provide increased recurring funding  
50 for operations.

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



1 ...."

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

3 "§ 143B-135.188. North Carolina Aquariums; fees; fund.

4 ...

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

10 (1) ~~One million dollars (\$1,000,000).~~ One million five hundred thousand dollars  
11 (\$1,500,000).

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

14 (3) Any private donations received by the North Carolina aquariums.

15 (d) Approval. – The Secretary may approve the use of the North Carolina Aquariums Fund  
16 for repair and renovation projects at the aquariums-related facilities that comply with the  
17 following:

18 (1) The total project cost is less than three hundred thousand dollars (\$300,000).

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

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

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

23 ...."

## 24 PART XVII. DEPARTMENT OF PUBLIC SAFETY

### 25 REPEAL POSITION RECLASSIFICATION AUTHORITY

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

### 27 SUBPART XVII-B. DIVISION OF LAW ENFORCEMENT

#### 28 REQUIRE QUARTERLY VIPER REPORT

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

30 "VOICE INTEROPERABILITY PLAN FOR EMERGENCY RESPONSE (VIPER)  
31 SYSTEM

32 "SECTION 16B.2. The Department of Public Safety shall report ~~annually~~–no later than March  
33 1 and quarterly thereafter to the chairs of the Joint Legislative Oversight Committee on Justice and  
34 Public Safety on the progress of the State's VIPER system."  
35

#### 36 CHANGE DOMESTIC VIOLENCE HOMICIDE REPORT DUE DATE

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

38 "§ 143B-901. **Reporting system and database on certain domestic-violence-related**  
39 **homicides; reports by law enforcement agencies required; annual report to the**  
40 **General Assembly.**

41 The Department of Public Safety, in consultation with the North Carolina Council for  
42 Women/Domestic Violence Commission, the North Carolina Sheriffs' Association, and the North  
43 Carolina Association of Chiefs of Police, shall develop a reporting system and database that  
44 reflects the number of homicides in the State where the offender and the victim had a personal  
45 relationship, as defined by G.S. 50B-1(b). The information in the database shall also include the  
46 type of personal relationship that existed between the offender and the victim, whether the victim  
47 had obtained an order pursuant to G.S. 50B-3, and whether there was a pending charge for which  
48

1 the offender was on pretrial release pursuant to G.S. 15A-534.1. All State and local law  
2 enforcement agencies shall report information to the Department of Public Safety upon making a  
3 determination that a homicide meets the reporting system's criteria. The report shall be made in the  
4 format adopted by the Department of Public Safety. The Department of Public Safety shall report  
5 to the chairs of the Joint Legislative Oversight Committee on Justice and Public Safety, no later  
6 than ~~February~~ April 1 of each year, with the data collected for the previous calendar year."  
7

## 8 **SUBPART XVII-C. DIVISION OF ADULT CORRECTION**

### 9 **MISDEMEANANT CONFINEMENT FUND**

10 **SECTION 17C.1.** Funds appropriated for the Statewide Misdemeanant Confinement  
11 Program shall not be transferred to a special fund.  
12

### 13 **INMATE GRIEVANCE RESOLUTION BOARD REPORT CHANGES**

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

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

- 20 (1) Brief summary of the inmate grievance process.
- 21 (2) Number of ~~grievances submitted to~~ grievance appeals received by the Board.
- 22 (3) Number of ~~grievances~~ grievance appeals resolved by the Board.
- 23 (4) Type of grievance by category.
- 24 (5) Number of orders ~~filed~~ written by examiners."  
25

### 26 **STUDY WHETHER PROBATION AND PAROLE OFFICERS SHOULD TAKE STATE 27 VEHICLES HOME**

28 **SECTION 17C.3.** The Department of Public Safety in consultation with the Division  
29 of Adult Correction shall study whether probation and parole officers should be allowed to take  
30 their State vehicles home with them and the possible tax implications of doing so and report their  
31 findings and recommendations to the chairs of the Joint Legislative Oversight Committee on  
32 Justice and Public Safety by March 1, 2017.  
33

### 34 **REVISION TO TREATMENT FOR EFFECTIVE COMMUNITY SUPERVISION 35 REPORT**

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

37 **"(c)** ~~The Division of Adult Correction~~ The Department of Public Safety, Community  
38 Corrections Section, shall report by March 1 of each year to the Chairs of the Senate and House of  
39 Representatives Appropriations Subcommittees on Justice and Public Safety and the Joint  
40 Legislative Oversight Committee on Justice and Public Safety on the status of the programs  
41 funded through the Treatment for Effective Community Supervision Program. The report shall  
42 include the following ~~information:~~ information from each of the following components:  
43

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

- 1           e.     The risk level of the offenders served.  
2           f.     The number of successful and unsuccessful core service exits with a  
3                 breakdown of reasons for unsuccessful exits.  
4           g.     The demographics of the population served.  
5           h.     The number and kind of mandatory and optional services received by  
6                 offenders in this program.  
7           i.     Employment status at entry and exit.  
8           j.     Supervision outcomes, including completion, revocation, and  
9                 termination.
- 10         (2)    ~~An analysis of offender participation data received, including the~~  
11                 ~~following:~~Community Intervention Centers (CIC):  
12           a.     ~~The number of people on probation and post-release supervision that are~~  
13                 ~~in the priority population that received services.~~The target population.  
14           b.     ~~The number of people on probation and post-release supervision that are~~  
15                 ~~in the priority population that did not receive services.~~The amount of  
16                 funds contracted for and expended each fiscal year.  
17           c.     ~~The number of people on probation and post-release supervision outside~~  
18                 ~~of the priority population that received services.~~The supervision type.  
19           d.     ~~The type of services provided to these populations, including data on~~  
20                 ~~each program's utilization, capacity, and completion rates.~~The risk level  
21                 of the offenders served.  
22           e.     ~~The rate of revocations and the educational progress and employment~~  
23                 ~~status of people who received services.~~The number of successful and  
24                 unsuccessful core service exits with a breakdown of reasons for  
25                 unsuccessful exits.  
26           f.     ~~Other measures as determined appropriate.~~The demographics of the  
27                 population served.  
28           g.     Supervision outcomes, including completion, revocation, and  
29                 termination.
- 30         (3)    ~~The dollar amount needed to provide additional services to meet the needs of~~  
31                 ~~the priority population in the upcoming budget year.~~Transitional and  
32                 Temporary Housing:  
33           a.     The target population.  
34           b.     The amount of funds contracted for and expended each fiscal year.  
35           c.     The supervision type.  
36           d.     The risk level of the offenders served.  
37           e.     The number of successful and unsuccessful core service exits with a  
38                 breakdown of reasons for unsuccessful exits.  
39           f.     The demographics of the population served.  
40           g.     The employment status at entry and exit.  
41           h.     Supervision outcomes, including completion, revocation, and  
42                 termination.
- 43         (4)    ~~Details of personnel, travel, contractual, operating, and equipment expenditures~~  
44                 ~~for each program type.~~Local Reentry Councils (LRC):  
45           a.     The target population.  
46           b.     The amount of funds contracted for and expended each fiscal year.  
47           c.     The supervision type.  
48           d.     The risk level of the offenders served.  
49           e.     The number of successful and unsuccessful core service exits with a  
50                 breakdown of reasons for unsuccessful exits.  
51           f.     The demographics of the population served.

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

## 17

## 18 **PART XVIII. DEPARTMENT OF JUSTICE**

## 19

### 20 **CREATION OF SOCIAL MEDIA TRAINING FOR LAW ENFORCEMENT**

21           **SECTION 18.1.** The North Carolina Justice Academy shall develop and make  
22 available to law enforcement officers in this State an online training course on the use of social  
23 media. The course shall include methods individual law enforcement officers can take to protect  
24 their personal information.  
25

### 26 **LAW ENFORCEMENT CERTIFICATION AND TRAINING CLARIFICATIONS**

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

#### 29 **"§ 20-188.1 Specialized instructor training.**

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

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

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

- 43           "(7)   Certify and recertify, suspend, revoke, or deny, pursuant to the standards that it  
44 has established for the purpose, criminal justice instructors and school directors  
45 who participate in programs or courses of instruction that are required by this  
46 ~~Chapter.~~Chapter or that are required or approved by their respective agency  
47 head."  
48

## 49 **PART XIX. JUDICIAL DEPARTMENT**

## 50

### 51 **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 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	11
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 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.



1           **SECTION 27.1.(b)** The Office of State Budget and Management shall present its  
2 proposed plan and recommendations to the December 2016 meeting of the Joint Legislative  
3 Oversight Committee on General Government. The Office of State Budget and Management shall  
4 not make any changes to the presentation of the Treasurer's budget until the General Assembly  
5 enacts changes.

#### 6 7 **SYMPHONY CHALLENGE GRANT**

8           **SECTION 27.2.** Section 23.1(a) of S.L. 2015-241 reads as rewritten:

9           **"SECTION 23.1.(a)** Of the funds appropriated in this act to the Office of State Budget and  
10 Management, Special Appropriations, the sum of ~~one two million five hundred thousand~~ dollars  
11 ~~(\$1,500,000)~~(\$2,000,000) in recurring funds for ~~each year of the 2015-2017~~the 2016-2017 fiscal  
12 ~~biennium and the sum of five hundred thousand dollars (\$500,000) in nonrecurring funds for each~~  
13 ~~year of the 2015-2017 fiscal biennium~~ year shall be allocated to the North Carolina Symphony in  
14 accordance with this section. It is the intent of the General Assembly that the North Carolina  
15 Symphony raise at least nine million dollars (\$9,000,000) in non-State funds each year of the  
16 2015-2017 fiscal biennium. The North Carolina Symphony cannot use funds transferred from the  
17 organization's endowment to its operating budget to achieve the fund-raising targets set out in  
18 subsections (b) and (c) of this section."

#### 19 20 **PART XXVIII. STATE AUDITOR [RESERVED]**

#### 21 22 **PART XXIX. HOUSING FINANCE AGENCY [RESERVED]**

#### 23 24 **PART XXX. DEPARTMENT OF THE SECRETARY OF STATE [RESERVED]**

#### 25 26 **PART XXXI. OFFICE OF LT. GOVERNOR [RESERVED]**

#### 27 28 **PART XXXII. DEPARTMENT OF ADMINISTRATION** 29 **STUDY E-PROCUREMENT SERVICE**

30           **SECTION 32.1.** The Joint Legislative Oversight Committee on General Government  
31 shall study the management of North Carolina's E-Procurement Service, including the amount of  
32 the vendor transaction fee charged to suppliers and the delay in implementation of an e-bidding  
33 module within the system. The Committee shall report its findings, including any  
34 recommendations for proposed legislation, to the 2017 General Assembly.

#### 35 **MODIFY STATE EMPLOYEE SUGGESTION PROGRAM**

36           **SECTION 32.2.(a)** G.S. 126-3(b)(10) is repealed.

37           **SECTION 32.2.(b)** G.S. 143-340(1) is repealed.

38           **SECTION 32.2.(c)** Article 36A of Chapter 143 of the General Statutes is repealed.

39           **SECTION 32.2.(d)** The Office of State Human Resources shall continue the mission  
40 of the NC-Thinks program by awarding State employees through the Governor's Awards for  
41 Excellence Program pursuant to G.S. 126-4(15) and 25 NCAC 01C .0900. The Governor's Awards  
42 for Excellence is the highest honor that an employee may receive for noteworthy service to State  
43 government and the citizens of North Carolina. Nominations may be made for an individual or a  
44 team in several categories that reflect the core values of NC-Thinks, including Efficiency and  
45 Innovation and Outstanding Government Service.

#### 46 47 **DOA/SPECIAL FUND FOR ELECTRONIC APPLICATION DEVELOPMENT FUNDS**

48           **SECTION 32.3.** Article 1 of Chapter 138A of the General Statutes is amended by  
49 adding a new section to read as follows:

50 **"§ 138A-5. Electronic Application Development Fund.**

1     The Electronic Application Development Fund is established as a special fund in the  
2 Department of Administration. The Fund consists of appropriations by the General Assembly.  
3 Monies in the Fund shall be used by the State Ethics Commission to fund the development and  
4 implementation of a new electronic application system to allow individuals to file and amend  
5 statements of economic interest electronically and to provide relevant updates to the ethics training  
6 modules. Any appropriated and unencumbered monies remaining in the Fund at the end of each  
7 fiscal year shall not revert to the General Fund."

8  
9     **PART XXXIII. DEPARTMENT OF REVENUE [RESERVED]**

10  
11    **PART XXXIV. OFFICE OF STATE CONTROLLER [RESERVED]**

12  
13    **PART XXXV. DEPARTMENT OF TRANSPORTATION**

14  
15    **STABILIZATION OF FUNDING FOR THE FERRY SYSTEM**

16        **SECTION 35.1.(a)** G.S. 136-82 reads as rewritten:

17    "**§ 136-82. Department of Transportation to establish and maintain ferries.**

18        (a) Powers of Department. – The Department of Transportation is vested with authority to  
19 provide for the establishment and maintenance of ferries connecting the parts of the State highway  
20 system, whenever in its discretion the public good may ~~require, and shall prescribe and collect~~  
21 ~~tolls on the ferry routes as established by the Board of Transportation following the procedures set~~  
22 ~~forth in this section.~~require. To accomplish the purpose of this section, the Department is  
23 authorized to acquire, own, lease, charter, or otherwise control all necessary vessels, boats,  
24 terminals, or other facilities required for the proper operation of the ferries or to enter into  
25 contracts with persons, firms, or corporations for the operation thereof and to pay the reasonable  
26 sums that in the opinion of the Department represent the fair value of the public service rendered.

27        (b) Establishment of Tolling. — ~~The Board of Transportation may establish tolls on any~~  
28 ~~untolled ferry route as set forth in this subsection. Prior to establishing tolls on an untolled ferry~~  
29 ~~route, the Board of Transportation must receive a resolution approved by the Transportation~~  
30 ~~Advisory Committee of each affected local transportation planning organization requesting tolls~~  
31 ~~on that route. No later than March 1, 2014, the Department shall hold a separate public hearing in~~  
32 ~~the geographic area of each untolled ferry route and invite each affected local transportation~~  
33 ~~planning organization. At the public hearing, the Department shall present an explanation of the~~  
34 ~~toll setting methodology, the impact of tolling on the availability of funding for other local~~  
35 ~~transportation priorities, and the minimum and maximum toll rates. After the public hearing, an~~  
36 ~~affected local transportation planning organization may consider and adopt a ferry tolling~~  
37 ~~resolution. The Board of Transportation shall adopt the toll at its next regularly scheduled meeting~~  
38 ~~after receipt of the ferry tolling resolutions required by this subsection. The Department shall~~  
39 ~~collect the toll as soon as is feasible following its adoption, but in no case more than 180 days~~  
40 ~~after adoption of the toll. The establishment of tolls by the Board of Transportation pursuant to the~~  
41 ~~authority granted in this section shall be exempt from the provisions of Chapter 150B of the~~  
42 ~~General Statutes. For purposes of this section, "affected local transportation planning~~  
43 ~~organization" means any Metropolitan Planning Organization or Rural Transportation Planning~~  
44 ~~Organization with geographic jurisdiction over any part of an untolled ferry route, and "untolled~~  
45 ~~ferry route" means any ferry route for which no tolls were in effect as of June 30, 2013.~~

46        (c) Revisions of Tolls. — ~~The Department of Transportation shall report to the Fiscal~~  
47 ~~Research Division, the Joint Legislative Transportation Oversight Committee, and all affected~~  
48 ~~local transportation planning organizations 30 days prior to any change in toll rates or change in~~  
49 ~~the toll setting methodology by the Board of Transportation.~~

50        (d) Use of Toll Proceeds. — ~~The Department of Transportation shall credit the proceeds~~  
51 ~~from tolls collected on North Carolina Ferry System routes and certain receipts generated under~~

1 subsection (f) of this section to reserve accounts within the Highway Fund for each of the  
2 Highway Divisions in which system terminals are located and fares are earned. For the purposes of  
3 this subsection, fares are earned based on the terminals from which a passenger trip originates and  
4 terminates. Commuter pass receipts shall be credited proportionately to each reserve account  
5 based on the distribution of trips originating and terminating in each Highway Division. The  
6 proceeds credited to each reserve account shall be used exclusively for prioritized North Carolina  
7 Ferry System ferry passenger vessel replacement projects in the Division in which the proceeds  
8 are earned. Proceeds may be used to fund ferry passenger vessel replacement projects or  
9 supplement funds allocated for ferry passenger vessel replacement projects approved in the  
10 Transportation Improvement Program.

11 (e) Powers of Department. — To accomplish the purpose of this section, the Department of  
12 Transportation is authorized to acquire, own, lease, charter or otherwise control all necessary  
13 vessels, boats, terminals or other facilities required for the proper operation of the ferries or to  
14 enter into contracts with persons, firms or corporations for the operation thereof and to pay the  
15 reasonable sums that in the opinion of the Department of Transportation represent the fair value of  
16 the public service rendered.

17 (f) Authority to Generate Certain Receipts. — The Department of  
18 Transportation, Department, notwithstanding any other provision of law, may operate or contract  
19 for the following receipt-generating activities and, except as otherwise provided in subsection  
20 (f1)(f2) of this section, use credit the proceeds for ferry passenger vessel replacement projects in  
21 the manner set forth in subsection (d) of this section: to a reserve account within the Highway Fund  
22 for the State Ferry System:

- 23 (1) Operation of, concessions on the ferries and at ferry facilities to provide to  
24 passengers on the ferries food, drink, and other refreshments, personal comfort  
25 items, Internet access, and souvenirs publicizing the ferry system.
- 26 (2) Sponsorships, including, but not limited to, the sale of naming rights to any  
27 ferry vessel, ferry route, or ferry facility.
- 28 (3) Advertising on or within any ferry vessel or at any ferry facility, including, but  
29 not limited to, display advertising and advertising delivered to passengers  
30 through the use of video monitors, public address systems installed in passenger  
31 areas, and other electronic media.
- 32 (4) Any other receipt-generating activity not otherwise forbidden by applicable law  
33 pertaining to public health or safety.

34 ~~The Department may issue rules to implement this subsection.~~

35 (f1) Use of Funds. — Proceeds and other funds credited to the reserve account described in  
36 subsection (f) of this section shall be used exclusively for improvements to the State Ferry System,  
37 which includes the following:

- 38 (1) The acquisition, construction, and rehabilitation of marine vessels used for  
39 support and the transport of persons or vehicles between Ferry System  
40 terminals. For purposes of this subdivision, the term "marine vessels" means  
41 tugs, barges, dredges, and ferries other than passenger-only vessels.
- 42 (2) Replacement and rehabilitation of infrastructure allowing connection to Ferry  
43 System terminals, including ramps, gantries, and bulkheads.

44 (f1)(f2) ~~Use of Receipts Generated From Shipyard. — The Department of Transportation shall~~  
45 ~~credit the proceeds from receipts generated under subsection (f) of this section from activities~~  
46 ~~performed by the North Carolina State Shipyard to a reserve account within the Highway Fund to~~  
47 ~~be used exclusively for improvements to the Shipyard, including equipment and associated~~  
48 ~~infrastructure. Notwithstanding the restrictions on the use of proceeds set forth in subsections (d)~~  
49 ~~and (f) of this section, the Department may use a proportional amount of the proceeds credited to~~  
50 ~~each reserve account described in subsection (d) of this section to replace or repair equipment in~~

1 accordance with this subsection if there is an insufficient amount of funds in the reserve account  
2 within the Highway Fund for the Shipyard.

3 (f3) Disposition of Marine Vessels. – It is the intent of the General Assembly to modernize  
4 the Ferry System fleet of marine vessels. Once a marine vessel reaches the end of its useful life, as  
5 determined by the Department, the Department shall dispose of the vessel in a timely fashion.  
6 Notwithstanding any provision of law to the contrary, any proceeds received from the disposition  
7 of a marine vessel under this subsection shall be credited to the reserve account described in  
8 subsection (f) of this section.

9 (g) Confidentiality of Personal Information. – Identifying information obtained by the  
10 Department related to operation of the ferry system is not a public record under Chapter 132 of the  
11 General Statutes and is subject to the disclosure limitations in 18 U.S.C. § 2721 of the federal  
12 Driver's Privacy Protection Act. The Department shall maintain the confidentiality of all  
13 information required to be kept confidential under 18 U.S.C. § 2721(a), as well as any financial  
14 information, transaction history, and information related to the collection of a toll or user fee from  
15 a person, including, but not limited to, photographs or other recorded images or automatic vehicle  
16 identification or driver account information generated by radio-frequency identification or other  
17 electronic means. The Department may use identifying information only for purposes of collecting  
18 and enforcing tolls-user fees. Nothing in this section is intended to limit the right of any person to  
19 examine that person's own account information, or the right of any party, by authority of a proper  
20 court order, to inspect and examine identifying information.

21 (h) Report Prior to Acquisition or Construction of Marine Vessel. – Prior to the acquisition  
22 or construction of a marine vessel pursuant to subsection (f1) of this section, the Department shall  
23 report to the chairs of the House of Representatives Committee on Transportation Appropriations  
24 and the Senate Appropriations Committee on Department of Transportation. The report shall  
25 provide an estimate of the capital costs of acquiring or constructing the vessel, the costs of  
26 operating the vessel, the vessel that will be decommissioned, the timing of the disposition of the  
27 decommissioned vessel, and an estimate of the net proceeds that will be received from the  
28 disposition. If the General Assembly is not in session at the time the report is to be submitted, the  
29 Department shall instead report to the Joint Legislative Transportation Oversight Committee.

30 (i) Quarterly Report. – Beginning October 1, 2016, the Ferry Division of the Department  
31 of Transportation shall provide a quarterly report to the following on any updates to its capital  
32 improvement plan, any actions taken in deviation from its current capital improvement plan, the  
33 status of authorized projects, and any obligations and expenses for the reserve accounts described  
34 in subsections (f) and (f2) of this section:

35 (1) When the General Assembly is in session, to the chairs of the House of  
36 Representatives Committee on Transportation Appropriations and the Senate  
37 Appropriations Committee on Department of Transportation.

38 (2) When the General Assembly is not in session, to the chairs of the Joint  
39 Legislative Transportation Oversight Committee.

40 (3) To the Fiscal Research Division of the General Assembly."

41 **SECTION 35.1.(b)** G.S. 143B-350(f2) reads as rewritten:

42 "(f2) Approval of aircraft and ferry purposes. – Before approving the purchase of an aircraft  
43 from the Equipment Fund or a ferry in a Transportation Improvement Program Fund, the Board of  
44 Transportation shall prepare an estimate of the operational costs and capital costs associated with  
45 the addition of the aircraft or ferry and shall report those additional costs to the General Assembly  
46 pursuant to G.S. 136-12(b), and to the Joint Legislative Commission on Governmental  
47 Operations."

48 **SECTION 35.1.(c)** G.S. 7A-312(a) reads as rewritten:

49 "(a) A juror in the General Court of Justice including a petit juror, or a coroner's juror, but  
50 excluding a grand juror, shall receive twelve dollars (\$12.00) for the first day of service and  
51 twenty dollars (\$20.00) per day afterwards, except that if any person serves as a juror for more

1 than five days in any 24-month period, the juror shall receive forty dollars (\$40.00) per day for  
2 each day of service in excess of five days. A grand juror shall receive twenty dollars (\$20.00) per  
3 day. A juror required to remain overnight at the site of the trial shall be furnished adequate  
4 accommodations and subsistence. If required by the presiding judge to remain in a body during the  
5 trial of a case, meals shall be furnished the jurors during the period of sequestration. Jurors from  
6 out of the county summoned to sit on a special venire shall receive mileage at the same rate as  
7 State employees. ~~Persons summoned as jurors shall be exempt during their period of service from  
8 paying a ferry toll required under G.S. 136-82 to travel to and from their homes and the site of that  
9 service."~~

10 **SECTION 35.1.(d)** G.S. 136-189.11(b)(8) is repealed.

11 **SECTION 35.1.(e)** G.S. 136-189.10(2)h. is repealed.

12 **SECTION 35.1.(f)** The Board of Transportation shall cease collecting ferry tolls on  
13 the effective date of this section and shall take action as expeditiously as possible to repeal its  
14 regulations implementing ferry tolls. Prepaid tolls or commuter pass payments received by the  
15 Department of Transportation for ferry trips on or after the effective date of this section shall be  
16 refunded or, in the case of prepaid commuter passes, partially refunded based on the proportion of  
17 the time period covered by the commuter pass for which tolls were in effect. Any funds remaining  
18 in the reserve accounts described in G.S. 136-82(d) as of the effective date of this section shall be  
19 used for any costs associated with the initiation of passenger-only ferry service on the  
20 Hatteras-Ocracoke ferry route.

21 **SECTION 35.1.(g)** Notwithstanding G.S. 150B-21.1(a), the Department of  
22 Transportation may adopt temporary rules to administer this section.

23 **SECTION 35.1.(h)** G.S. 136-82(f3), as enacted by subsection (a) of this section,  
24 becomes effective July 1, 2016, and applies to dispositions on or after that date. The remainder of  
25 this section becomes effective July 1, 2016.

## 26 **CASH FLOW HIGHWAY FUND AND HIGHWAY TRUST FUND APPROPRIATIONS**

27 **SECTION 35.2.(a)** Subsections (a) and (b) of Section 29.1 of S.L. 2015-241 are  
28 repealed.

29 **SECTION 35.2.(b)** The General Assembly authorizes and certifies anticipated  
30 revenues for the Highway Fund as follows:

31 For Fiscal Year 2017-2018	\$2,027.8 million
32 For Fiscal Year 2018-2019	\$2,077.8 million
33 For Fiscal Year 2019-2020	\$2,121.9 million
34 For Fiscal Year 2020-2021	\$2,170.2 million

35 **SECTION 35.2.(c)** The General Assembly authorizes and certifies anticipated  
36 revenues for the Highway Trust Fund as follows:

37 For Fiscal Year 2017-2018	\$1,393.0 million
38 For Fiscal Year 2018-2019	\$1,423.8 million
39 For Fiscal Year 2019-2020	\$1,441.9 million
40 For Fiscal Year 2020-2021	\$1,463.3 million

## 41 **ELIMINATE PORTION OF DMV TRANSACTION FEES SET ASIDE FOR MERCURY 42 SWITCH REMOVAL ACCOUNT**

43 **SECTION 35.3.** G.S. 20-85(a1) reads as rewritten:

44 "(a1) One dollar (\$1.00) of the fee imposed for any transaction assessed a fee under  
45 subdivision (a)(1), (a)(2), (a)(3), (a)(7), (a)(8), or (a)(9) of this section shall be credited to the  
46 North Carolina Highway Fund. The Division shall use the fees derived from transactions with  
47 commission contract agents for the payment of compensation to commission contract agents. ~~An  
48 additional fifty cents (50¢) of the fee imposed for any transaction assessed a fee under subdivision  
49~~

1 (a)(1) of this section shall be credited to the Mercury Switch Removal Account in the Department  
2 of Environmental Quality."

3 **PROMOTE NORTH CAROLINA HISTORICAL SITES**

4 **SECTION 35.4.** G.S. 136-42.3 reads as rewritten:

5 **"§ 136-42.3. Historical marker program.**

6 The Department of Transportation may spend up to ~~fortysixty~~ sixty thousand dollars  
7 ~~(\$40,000)~~(\$60,000) a year to purchase historical markers prepared and delivered to it by the  
8 Department of Natural and Cultural Resources. The Department of Transportation shall erect the  
9 markers on sites selected by the Department of Natural and Cultural Resources. This expenditure  
10 is hereby declared to be a valid expenditure of State highway maintenance funds. No provision in  
11 this section shall be construed to prevent the expenditure of any federal highway funds that may be  
12 available for this purpose."  
13

14 **INCREASE DOT BID THRESHOLD & REPORT**

15 **SECTION 35.5.(a)** G.S. 136-28.1 reads as rewritten:

16 **"§ 136-28.1. Letting of contracts to bidders after advertisement; exceptions.**

17 (a) All contracts over ~~twofive~~ five million ~~five hundred thousand~~ dollars  
18 ~~(\$2,500,000)~~(\$5,000,000) that the Department of Transportation may let for construction,  
19 maintenance, operations, or repair necessary to carry out the provisions of this ~~Chapter~~Chapter,  
20 shall be let to a responsible bidder after public advertising under rules and regulations to be made  
21 and published by the Department of Transportation. The right to reject any and all bids shall be  
22 reserved to the Board of Transportation. Contracts for construction or repair for federal aid  
23 projects entered into pursuant to this section shall not contain the standardized contract clauses  
24 prescribed by 23 U.S.C. § 112(e) and 23 C.F.R. § 635.109 for differing site conditions,  
25 suspensions of work ordered by the engineer or significant changes in the character of the work.  
26 For those federal aid projects, the Department of Transportation shall use only the contract  
27 provisions for differing site conditions, suspensions of work ordered by the engineer, or significant  
28 changes in the character of the work developed by the North Carolina Department of  
29 Transportation and approved by the Board of Transportation.

30 (b) For contracts let to carry out the provisions of this Chapter in which the amount of  
31 work to be let to contract for transportation infrastructure construction or repair is ~~twofive~~ five million  
32 ~~five hundred thousand~~ dollars ~~(\$2,500,000)~~(\$5,000,000) or less, and for transportation  
33 infrastructure maintenance, excluding resurfacing, that is ~~twofive~~ five million ~~five hundred thousand~~  
34 dollars ~~(\$2,500,000)~~(\$5,000,000) per year or less, at least three informal bids shall be solicited.  
35 The term "informal bids" is defined as bids in writing, received pursuant to a written request,  
36 without public advertising. All such contracts shall be awarded to the lowest responsible bidder.  
37 The Secretary of Transportation shall keep a record of all bids submitted, which record shall be  
38 subject to public inspection at any time after the bids are opened.

39 ...

40 (f) Notwithstanding any other provision of law, the Department of Transportation may  
41 solicit proposals under rules and regulations adopted by the Department of Transportation for all  
42 contracts for professional engineering services and other kinds of professional or specialized  
43 services necessary in connection with the planning, operations, design, maintenance, repair, and  
44 construction of transportation infrastructure. In order to promote engineering and design quality  
45 and ensure maximum competition by professional firms of all sizes, the Department may establish  
46 fiscal guidelines and limitations necessary to promote cost-efficiencies in overhead, salary, and  
47 expense reimbursement rates. The right to reject any and all proposals is reserved to the Board of  
48 Transportation.

49 ...."

50 **SECTION 35.5.(b)** The Department of Transportation shall provide an annual report  
51 by May 1 to the chairs of the House of Representatives Committee on Transportation

1 Appropriations and the Senate Appropriations Committee on Department of Transportation on the  
2 impact of the implementation of this section, specifically the impact of the implementation of this  
3 section on small businesses.

4 **SECTION 35.5.(c)** This section becomes effective July 1, 2016, and applies to bids  
5 solicited on or after that date.

#### 6 **REVISE DOT BIDDING PROCESS**

7 **SECTION 35.6.(a)** G.S. 136-28.1, as amended by Section 35.5 of this act, reads as  
8 rewritten:

9 **"§ 136-28.1. Letting of contracts to bidders after advertisement; exceptions.**

10 ...

11 (b) For contracts let to carry out the provisions of this Chapter in which the amount of  
12 work to be let to contract for transportation infrastructure construction or repair is five million  
13 dollars (\$5,000,000) or less, and for transportation infrastructure maintenance, excluding  
14 resurfacing, that is five million dollars (\$5,000,000) per year or less, at least three informal bids  
15 shall be solicited. The term "informal bids" is defined as bids in writing, received pursuant to a  
16 written request, without public advertising. All such contracts shall be awarded to the lowest  
17 responsible bidder. Where public advertising is used for a contract subject to this subsection, the  
18 Highway Division shall post the advertisement at least 14 calendar days prior to the letting date of  
19 the contract. The Secretary of Transportation shall keep a record of all bids submitted, which  
20 record shall be subject to public inspection at any time after the bids are opened. The Highway  
21 Divisions shall publish the results of a bidding process no later than three business days after the  
22 contract bid upon is awarded.

23 (b1) Notwithstanding any provision of G.S. 136-28.5 to the contrary, and except as  
24 prohibited by other State or federal law, the Department of Transportation shall, at the time and  
25 place bids solicited for a contract subject to this section are opened, make public all cost estimates  
26 prepared by the Department for the purpose of comparing the bids.

27 ...."

28 **SECTION 35.6.(b)** This section becomes effective July 1, 2016, and applies to bids  
29 solicited on or after that date.

#### 30 **ADJUST UNPAVED ROADS FUNDING EXPENDITURES**

31 **SECTION 35.7.(a)** G.S. 136-44.2D reads as rewritten:

32 **"§ 136-44.2D. Secondary unpaved road paving program.**

33 The Department of Transportation shall expend fifty percent (50%) of the funds allocated to  
34 the paving of unpaved secondary roads for the paving of unpaved secondary roads based on a  
35 statewide prioritization. The Department shall expend the remainder of the funds equally among  
36 the 14 Highway Divisions for the paving of unpaved secondary roads within each Highway  
37 Division based on the same statewide prioritization. The Department shall pave the eligible  
38 unpaved secondary roads that receive the highest priority ranking within this statewide  
39 prioritization. Nothing in this subsection shall be interpreted to require the Department to pave any  
40 unpaved secondary roads that do not meet secondary road system addition standards as set forth in  
41 G.S. 136-44.10 and G.S. 136-102.6. The Highway Trust Fund shall not be used to fund the paving  
42 of unpaved secondary roads."

43 **SECTION 35.7.(b)** This section becomes effective July 1, 2016, and applies to funds  
44 allocated on or after that date.

#### 45 **SECONDARY ROAD MAINTENANCE AND IMPROVEMENT FUND/USE PORTION** 46 **OF FUNDS FOR LITTER REMOVAL**

47 **SECTION 35.8.** Of the funds appropriated in this act to the Department of  
48 Transportation and allocated to the Secondary Road Maintenance and Improvement Fund, the  
49

1 Department may use up to the sum of ten million dollars (\$10,000,000) in nonrecurring funds for  
2 the 2016-2017 fiscal year to cover costs associated with the removal of litter alongside  
3 State-maintained roads.  
4

#### 5 **STUDY/OFF-HIGHWAY PARKING FOR TRACTOR-TRAILERS & SEMI-TRAILERS**

6 **SECTION 35.9.(a)** Study. – The Department of Transportation, in collaboration with  
7 the Department of Public Safety, shall study ways to provide additional off-highway parking and  
8 rest areas for tractor-trailers and semi-trailers. Included within the study shall be the feasibility and  
9 cost of converting abandoned highway rest stops into parking and rest areas for tractor-trailers and  
10 semi-trailers.

11 **SECTION 35.9.(b)** Report. – By February 1, 2017, the Departments shall jointly  
12 report their findings and recommendations, including any legislative proposals, to the chairs of the  
13 House of Representatives Committee on Transportation Appropriations and the Senate  
14 Appropriations Committee on Department of Transportation.  
15

#### 16 **CLARIFY THAT DOT MAY PERFORM WORK IMPROVING CULVERTS**

17 **SECTION 35.10.** Section 34.18(a) of S.L. 2014-100, as amended by Section 29.6 of  
18 S.L. 2015-241, reads as rewritten:

19 "SECTION 34.18.(a) The Department of Transportation shall rename the "system  
20 preservation program" (fund center 1500/157839) the "bridge program." Funds allocated to this  
21 program shall be used for improvements to culverts associated with a component of the State  
22 highway system and improvements to structurally deficient and functionally obsolete bridges. All  
23 projects funded under this program, with the exception of inspection, pre-engineering, contract  
24 preparation, contract administration and oversight, and planning activities, shall be outsourced to  
25 private contractors. No more than ten percent (10%) of the funds allocated to this program shall be  
26 used for improvements to culverts associated with a component of the State highway system, ~~and~~  
27 the funds shall only be used for culverts that are 54 inches or greater in size and rated by the  
28 Department as in poor ~~condition~~-condition, and the Department may perform the work to improve  
29 the culverts."  
30

#### 31 **DOT/REPORT ON RECOMMENDATIONS FOR REVISING METHOD FOR** 32 **MEASURING OUTSOURCING OF PRECONSTRUCTION ACTIVITIES**

33 **SECTION 35.11.** Section 34.13(d) of S.L. 2014-100, as amended by Section 29.13(b)  
34 of S.L. 2015-241, reads as rewritten:

35 "SECTION 34.13.(d) The Department shall report no later than October 1, 2015, and  
36 quarterly thereafter, to the Joint Legislative Transportation Oversight Committee and the Fiscal  
37 Research Division regarding its implementation of this section, including any reductions in force  
38 used to meet privatization requirements. In addition, the Department shall report by March 1,  
39 2017, to the chairs of the House of Representatives Committee on Transportation Appropriations  
40 and the Senate Appropriations Committee on Department of Transportation on the Department's  
41 recommendations for revising, based on the study and review required under Section 29.14(d) of  
42 S.L. 2015-241, the method used for measuring the outsourcing of preconstruction activities subject  
43 to subsection (a) of this section."  
44

#### 45 **REPEAL LIGHT RAIL FUNDING CAP**

46 **SECTION 35.12.** Subsection (e1) of G.S. 136-189.11 is repealed.  
47

#### 48 **REPEAL SUNSET ON LATE FEE FOR MOTOR VEHICLE REGISTRATIONS**

49 **SECTION 35.13.** Subsection (u) of Section 29.30 of S.L. 2015-241 reads as rewritten:

50 "SECTION 29.30.(u) Subsections (a) and (u) of this section become effective October 1,  
51 2015. Subsections (s) and (t) of this section become effective July 1, 2020. Subsection (m) of this



1 section becomes effective July 1, 2016, and applies to renewal motor vehicle registrations on or  
2 after that date. ~~Subsection (m) of this section expires December 31, 2017.~~ The remainder of this  
3 section becomes effective January 1, 2016, and applies to issuances, renewals, restorations, and  
4 requests on or after that date."  
5

#### 6 **DMV/FUNDING FOR CONTRACTUAL DRIVER LICENSE EXAMINER STAFFING**

7 **SECTION 35.14.** Of the funds appropriated in this act to the Department of  
8 Transportation, the sum of two million nine hundred one thousand six hundred fifty-six dollars  
9 (\$2,901,656) in recurring funds for the 2016-2017 fiscal year shall be allocated to the Division of  
10 Motor Vehicles to be used for contractual driver license examiner staffing to provide additional  
11 support, improve customer service, and decrease wait times in high-volume Division office  
12 locations. Nothing in this section shall be construed as authorizing the Division to hire permanent  
13 or temporary employees to serve as additional driver license examiner staffing.  
14

#### 15 **MAKE TIME-LIMITED POSITIONS IN SUPPORT OF THE COMBINED MOTOR** 16 **VEHICLE REGISTRATION AND PROPERTY TAX COLLECTION SYSTEM** 17 **PERMANENT**

18 **SECTION 35.15.(a)** Section 24.10(a) of S.L. 2012-142, as amended by Section 29.37  
19 of S.L. 2015-241, reads as rewritten:

20 "**SECTION 24.10.(a)** Upon request from the Department of Transportation and  
21 notwithstanding any other provision of law to the contrary, the Office of State Budget and  
22 Management may authorize the creation of ~~time-limited, permanent,~~ full-time equivalent positions  
23 within the Department of Transportation and its Division of Motor Vehicles in excess of the  
24 positions authorized by this act for the ~~sole~~ purposes of implementing and administering the  
25 combined motor vehicle registration and property tax collection ~~system~~ system and providing  
26 other support as determined necessary by the Commissioner of the Division of Motor Vehicles.  
27 Positions created under this authorization shall be funded with receipts from the fee assessed under  
28 G.S. 105-330.5(b) and shall terminate no later than June 30, 2016. G.S. 105-330.5(b)."  
29

30 **SECTION 35.15.(b)** Nothing in subsection (a) of this section shall be construed as  
31 authorizing the creation of any positions in addition to the 45 remaining positions authorized  
32 under Section 24.10(a) of S.L. 2012-142.

33 **SECTION 35.15.(c)** This section becomes effective June 30, 2016.

#### 34 **PERMANENT REGISTRATION PLATES FOR CERTAIN TRANSIT PROVIDERS**

35 **SECTION 35.16.** Subsection (b) of G.S. 20-84 is amended by adding a new  
36 subdivision to read:

37 "(b) Permanent Registration Plates. – The Division may issue permanent plates for the  
38 following motor vehicles:

39 ...  
40 (20) A motor vehicle owned by a public transportation service provider that is a  
41 designated recipient or direct recipient of Federal Transit Administration  
42 formula grant funds pursuant to 49 U.S.C. § 5311 or 49 U.S.C. § 5307."  
43

#### 44 **PART XXXVI. SALARIES AND BENEFITS**

##### 45 **GOVERNOR AND COUNCIL OF STATE**

46 **SECTION 36.1.(a)** Section 30.1 of S.L. 2015-241 reads as rewritten:

47 "**SECTION 30.1.(a)** The salary of the Governor as provided by G.S. 147-11(a) shall remain  
48 unchanged for the ~~2015-2017 fiscal biennium~~ 2015-2016 fiscal year.

49 "SECTION 30.1.(a1) Effective July 1, 2016, G.S. 147-11(a) reads as rewritten:  
50

1       "(a) The salary of the Governor shall be ~~one hundred forty-two thousand two hundred~~  
2 ~~sixty-five dollars (\$142,265)~~ one hundred forty-five thousand one hundred ten dollars (\$145,110)  
3 annually, payable monthly."

4       "**SECTION 30.1.(b)** The annual salaries for members of the Council of State, payable  
5 monthly, shall remain unchanged for the ~~2015-2017 fiscal biennium,~~ 2015-2016 fiscal year, as  
6 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

17       "**SECTION 30.1.(b1)** Effective July 1, 2016, the annual salaries for members of the Council  
18 of State, payable monthly, are increased by two percent (2%), as follows:

<u>Council of State</u>	<u>Annual Salary</u>
<u>Lieutenant Governor</u>	<u>\$128,190</u>
<u>Attorney General</u>	<u>128,190</u>
<u>Secretary of State</u>	<u>128,190</u>
<u>State Treasurer</u>	<u>128,190</u>
<u>State Auditor</u>	<u>128,190</u>
<u>Superintendent of Public Instruction</u>	<u>128,190</u>
<u>Agriculture Commissioner</u>	<u>128,190</u>
<u>Insurance Commissioner</u>	<u>128,190</u>
<u>Labor Commissioner</u>	<u>128,190</u>

29       "...."

### 31       **CERTAIN EXECUTIVE BRANCH OFFICIALS**

32       **SECTION 36.2.** Section 30.2 of S.L. 2015-241 reads as rewritten:

33       "**SECTION 30.2.(a)** The annual salaries, payable monthly, for the following executive branch  
34 officials shall remain unchanged for the ~~2015-2017 fiscal biennium,~~ 2015-2016 fiscal year, as  
35 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

48       "**SECTION 30.2.(a1)** The annual salaries, payable monthly, for the following executive  
49 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>
<u>Chairman, Alcoholic Beverage Control Commission</u>	<u>\$114,105</u>

1	<u>State Controller</u>	<u>159,282</u>
2	<u>Commissioner of Banks</u>	<u>128,190</u>
3	<u>Chair, Board of Review, Division of Employment Security</u>	<u>125,720</u>
4	<u>Members, Board of Review, Division of Employment Security</u>	<u>124,172</u>
5	<u>Chairman, Parole Commission</u>	<u>125,720</u>
6	<u>Members of the Parole Commission</u>	<u>116,165</u>
7	<u>Chairman, Utilities Commission</u>	<u>142,646</u>
8	<u>Members of the Utilities Commission</u>	<u>128,190</u>
9	<u>Executive Director, North Carolina</u>	
10	<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>
18	Chief Justice, Supreme Court	\$143,623
19	Associate Justice, Supreme Court	139,896
20	Chief Judge, Court of Appeals	137,682
21	Judge, Court of Appeals	134,109
22	Judge, Senior Regular Resident Superior Court	130,492
23	Judge, Superior Court	126,875
24	Chief Judge, District Court	115,301
25	Judge, District Court	111,684
26	District Attorney	121,737
27	Assistant Administrative Officer of the Courts	118,152
28	Public Defender	121,737
29	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>
33	<u>Chief Justice, Supreme Court</u>	<u>\$146,495</u>
34	<u>Associate Justice, Supreme Court</u>	<u>142,694</u>
35	<u>Chief Judge, Court of Appeals</u>	<u>140,436</u>
36	<u>Judge, Court of Appeals</u>	<u>136,791</u>
37	<u>Judge, Senior Regular Resident Superior Court</u>	<u>133,102</u>
38	<u>Judge, Superior Court</u>	<u>129,413</u>
39	<u>Chief Judge, District Court</u>	<u>117,607</u>
40	<u>Judge, District Court</u>	<u>113,918</u>
41	<u>District Attorney</u>	<u>124,172</u>
42	<u>Assistant Administrative Officer of the Courts</u>	<u>120,515</u>
43	<u>Public Defender</u>	<u>124,172</u>
44	<u>Director of Indigent Defense Services</u>	<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

1 defenders, respectively, in that district such that the average salaries of assistant district attorneys  
 2 or assistant public defenders in that district do not exceed seventy-two thousand seven hundred  
 3 ninety-seven dollars (\$72,797) and the minimum salary of any assistant district attorney or  
 4 assistant public defender is at least thirty-eight thousand six hundred twenty-eight dollars  
 5 (\$38,628), effective July 1, 2015.

6 "SECTION 30.3.(c1) The district attorney or public defender of a judicial district, with the  
 7 approval of the Administrative Officer of the Courts or the Commission on Indigent Defense  
 8 Services, respectively, shall set the salaries of assistant district attorneys or assistant public  
 9 defenders, respectively, in that district such that the average salaries of assistant district attorneys  
 10 or assistant public defenders in that district do not exceed seventy-six thousand four hundred  
 11 thirty-seven dollars (\$76,437) and the minimum salary of any assistant district attorney or assistant  
 12 public defender is at least forty thousand five hundred fifty-nine dollars (\$40,559), effective July  
 13 1, 2016.

14 ...."

15  
 16 **CLERK OF SUPERIOR COURT**

17 **SECTION 36.4.** Effective July 1, 2016, G.S. 7A-101(a) reads as rewritten:

18 "(a) The clerk of superior court is a full-time employee of the State and shall receive an  
 19 annual salary, payable in equal monthly installments, based on the population of the county as  
 20 determined in subsection (a1) of this section, according to the following schedule:

21	Population	Annual Salary
22	Less than 100,000	<del>\$84,390</del> <u>\$86,078</u>
23	100,000 to 149,999	<del>94,578</del> <u>96,470</u>
24	150,000 to 249,999	<del>104,766</del> <u>106,861</u>
25	250,000 and above	<del>114,958</del> <u>117,257</u>

26 When a county changes from one population group to another, the salary of the clerk shall be  
 27 changed, on July 1 of the fiscal year for which the change is reported, to the salary appropriate for  
 28 the new population group, except that the salary of an incumbent clerk shall not be decreased by  
 29 any change in population group during his continuance in office."  
 30

31 **ASSISTANT AND DEPUTY CLERKS OF COURT**

32 **SECTION 36.5.** Effective July, 2016, G.S. 7A-102(c1) reads as rewritten:

33 "(c1) A full-time assistant clerk or a full-time deputy clerk, and up to one full-time deputy  
 34 clerk serving as head bookkeeper per county, shall be paid an annual salary subject to the  
 35 following minimum and maximum rates:

36	Assistant Clerks and Head Bookkeeper	Annual Salary
37	Minimum	<del>\$32,609</del> <u>\$33,261</u>
38	Maximum	<del>56,424</del> <u>57,552</u>
39	Deputy Clerks	Annual Salary
40	Minimum	<del>\$28,223</del> <u>\$28,787</u>
41	Maximum	<del>44,107</del> <u>44,989.</u> "

42  
 43 **MAGISTRATES**

44 **SECTION 36.6.** Effective July 1, 2016, G.S. 7A-171.1 reads as rewritten:

45 "**§ 7A-171.1. Duty hours, salary, and travel expenses within county.**

46 (a) The Administrative Officer of the Courts, after consultation with the chief district  
 47 judge and pursuant to the following provisions, shall set an annual salary for each magistrate.

48 (1) A full-time magistrate shall be paid the annual salary indicated in the table set  
 49 out in this subdivision. A full-time magistrate is a magistrate who is assigned to  
 50 work an average of not less than 40 hours a week during the term of office. The  
 51 Administrative Officer of the Courts shall designate whether a magistrate is

1 full-time. Initial appointment shall be at the entry rate. A magistrate's salary  
 2 shall increase to the next step every two years on the anniversary of the date the  
 3 magistrate was originally appointed for increases to Steps 1 through 3, and  
 4 every four years on the anniversary of the date the magistrate was originally  
 5 appointed for increases to Steps 4 through 6.

6 Table of Salaries of Full-Time Magistrates

7	Step Level	Annual Salary
8	Entry Rate	<del>\$35,275</del> <u>\$35,981</u>
9	Step 1	<del>37,950</del> <u>38,709</u>
10	Step 2	<del>40,835</del> <u>41,652</u>
11	Step 3	<del>43,890</del> <u>44,768</u>
12	Step 4	<del>47,550</del> <u>48,501</u>
13	Step 5	<del>51,960</del> <u>52,999</u>
14	Step 6	<del>56,900</del> <u>58,038</u>

15 ...

16 (a1) Notwithstanding subsection (a) of this section, the following salary provisions apply to  
 17 individuals who were serving as magistrates on June 30, 1994:

18 ~~(1) The minimum and maximum salaries of magistrates who on June 30, 1994,~~  
 19 ~~were paid at a salary level of less than five years of service under the table in~~  
 20 ~~effect that date shall be as follows:~~

21		<u>Minimum</u>	<u>Maximum</u>
22	<del>Less than 1 year of service</del>		<del>\$27,846</del>
23	<del>1 or more but less than 3 years of service</del>	<del>28,027</del>	<del>– 29,027</del>
24	<del>3 or more but less than 5 years of service</del>	<del>30,405</del>	<del>– 31,405</del>

25 ~~Upon completion of five years of service, those magistrates shall receive the~~  
 26 ~~salary set as the Entry Rate in the table in subsection (a).~~

27 (1) The minimum and maximum salaries of magistrates who on June 30, 1994,  
 28 were paid at a salary level of less than five years of service under the table in  
 29 effect that date shall be as follows:

30		<u>Minimum</u>	<u>Maximum</u>
31	<del>Less than 1 year of service</del>		<del>\$28,403</del>
32	<del>1 or more but less than 3 years of service</del>	<del>28,588</del>	<del>– 29,608</del>
33	<del>3 or more but less than 5 years of service</del>	<del>31,013</del>	<del>– 32,033</del>

34 Upon completion of five years of service, those magistrates shall receive the  
 35 salary set as the Entry Rate in the table in subsection (a) of this section.

36 ...."

37  
 38 **LEGISLATIVE BRANCH SALARIES**

39 **SECTION 36.7.** Section 30.4 of S.L. 2015-241 reads as rewritten:

40 **"SECTION 30.4.(a)** For the 2015-2017 fiscal biennium, the salaries of members and officers  
 41 of the General Assembly shall remain unchanged at the amounts set under G.S. 120-3, as provided  
 42 in 1994 by the 1993 General Assembly.

43 **"SECTION 30.4.(b)** The annual salaries of the Legislative Services Officer and of nonelected  
 44 employees of the General Assembly in effect on June 30, 2015, shall not be legislatively increased  
 45 for the ~~2015-2017 fiscal biennium, 2015-2016 fiscal year,~~ but may be increased as otherwise  
 46 allowed by law.

47 **"SECTION 30.4.(b1)** The annual salaries of the Legislative Services Officer and of  
 48 nonelected employees of the General Assembly in effect on June 30, 2016, are increased by two  
 49 percent (2%).

50 **"SECTION 30.4.(c)** Legislative employees paid pursuant to subsection (b) of this section  
 51 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>
<u>Vocational Diploma/Certificate or Less</u>	<u>\$36,020</u>
<u>Associate Degree or Equivalent</u>	<u>36,535</u>
<u>Bachelor's Degree</u>	<u>38,769</u>
<u>Master's Degree or Education Specialist</u>	<u>40,751</u>
<u>Doctoral Degree</u>	<u>43,608</u>

No full-time faculty member shall earn less than the minimum salary for his or her education level.

The pro rata hourly rate of the minimum salary for each education level shall be used to determine the minimum salary for part-time faculty members.

**"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 (1) Except as provided by Part 9, Section 30.5, Section 30.7, and Section 30.15 of  
2 this act, the annual salaries of all employees subject to or exempt from the  
3 North Carolina Human Resources Act shall not be legislatively increased, but  
4 may be increased as otherwise provided by law.

5 (2) All eligible State-supported personnel shall receive a compensation bonus as  
6 authorized by this Part.

7 **"SECTION 30.8.(a1) For the 2016-2017 fiscal year:**

8 (1) Unless otherwise specifically provided, the annual salaries of all employees  
9 subject to or exempt from the North Carolina Human Resources Act are  
10 increased by two percent (2%).

11 (2) All eligible State-supported personnel shall receive a compensation bonus as  
12 authorized by this Part.

13 **"SECTION 30.8.(b) Salaries and Related Benefits for Positions That Are Funded. –**

14 (1) Partially from the General Fund or Highway Fund and partially from sources  
15 other than the General Fund or Highway Fund shall be increased from the  
16 General Fund or Highway Fund appropriation only to the extent of the  
17 proportionate part of the salaries paid from the General Fund or Highway Fund.

18 (2) Fully from sources other than the General Fund or Highway Fund shall be  
19 increased as provided by this act. The Director of the Budget may increase  
20 expenditures of receipts from these sources by the amount necessary to provide  
21 the legislative increase to receipt-supported personnel in the certified budget.

22 **"SECTION 30.8.(c) Except**~~For the 2015-2016 fiscal year, except~~ as otherwise provided, the  
23 salary increases provided in this act do not apply to persons separated from State service due to  
24 resignation, dismissal, reduction in force, death, or retirement, or whose last workday is prior to  
25 July 1, 2015.

26 **"SECTION 30.8.(c1) For the 2016-2017 fiscal year, except as otherwise provided, the salary**  
27 **increases provided in this act do not apply to persons separated from State service due to**  
28 **resignation, dismissal, reduction in force, death, or retirement, or whose last workday is prior to**  
29 **July 1, 2016.**

30 **"SECTION 30.8.(d) Employees**~~For the 2015-2016 fiscal year, employees~~ shall receive the  
31 statutory increases provided by G.S. 20-187.3, 7A-102, and 7A-171.1. Notwithstanding  
32 G.S. 20-187.3, the increases authorized by that statute for members of the State Highway Patrol  
33 become effective January 1, 2016. Notwithstanding any provision of law to the contrary, the salary  
34 increases authorized on the employee anniversary date by G.S. 7A-171.1 for magistrates and  
35 G.S. 7A-102 for assistant and deputy clerks of superior court shall become effective January 1,  
36 2016.

37 **"SECTION 30.8.(e) Payroll**~~For the 2015-2016 fiscal year, payroll~~ checks issued to  
38 employees after July 1, 2015, that represent payment of services provided prior to July 1, 2015,  
39 shall not be eligible for salary increases provided for in this act. This subsection applies to all  
40 employees paid from State funds, whether or not subject to or exempt from the North Carolina  
41 Human Resources Act, including employees of public schools, community colleges, and The  
42 University of North Carolina.

43 **"SECTION 30.8.(e1) For the 2016-2017 fiscal year, payroll checks issued to employees after**  
44 **July 1, 2016, that represent payment of services provided prior to July 1, 2016, shall not be**  
45 **eligible for salary increases provided for in this act. This subsection applies to all employees paid**  
46 **from State funds, whether or not subject to or exempt from the North Carolina Human Resources**  
47 **Act, including employees of public schools, community colleges, and The University of North**  
48 **Carolina.**

49 **"SECTION 30.8.(f) Nothing in this act authorizes the transfer of funds between the General**  
50 **Fund and the Highway Fund for salary increases."**

51



**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

1 February 1, 2017, to the chairs of the Senate Appropriations/Base Budget Committee, the chairs of  
2 the House Appropriations Committee, and the Fiscal Research Division.

3  
4 **EXTEND VOLUNTARY SHARED LEAVE TO COMMUNITY COLLEGES**  
5 **EMPLOYEES**

6 **SECTION 36.19.** G.S. 115D-25.3 reads as rewritten:

7 "**§ 115D-25.3. Voluntary shared leave.**

8 (a) The State Board of Community Colleges, in cooperation with the State Board of  
9 Education and the State Human Resources Commission, shall adopt rules and policies to allow  
10 any employee at a community college to share leave voluntarily with an immediate family  
11 member who is an employee of a community college, public school, or State agency; and with a  
12 coworker's immediate family member who is an employee of a community college, public school,  
13 or State agency. For the purposes of this section, the term "immediate family member" means a  
14 spouse, parent, child, brother, sister, grandparent, or grandchild. The term includes the step, half,  
15 and in-law relationships. The term "coworker" means that the employee donating the leave is  
16 employed by the same agency, department, institution, university, local school administrative unit,  
17 or community college as the employee whose immediate family member is receiving the leave.

18 (b) The State Board of Community Colleges, in cooperation with the State Human  
19 Resources Commission, shall adopt rules and policies consistent with policies of the Commission  
20 to allow any employee at a community college to share sick leave voluntarily with a nonfamily  
21 member who is an employee of a community college. A community college employee who  
22 donates sick leave to a community college employee who is a nonfamily member shall not donate  
23 more than five days of sick leave per year to any one nonfamily community college employee.  
24 The combined total of sick leave donated to a community college employee from nonfamily  
25 community college employee donors shall not exceed 20 days per year. Donated sick leave shall  
26 not be used for retirement purposes and community college employees who donate sick leave shall  
27 be notified in writing of the consequences of donating sick leave in regard to State retirement  
28 system service credit."

29  
30 **SALARY-RELATED CONTRIBUTIONS**

31 **SECTION 36.20.** Section 30.20 of S.L. 2015-241 reads as rewritten:

32 "**SALARY-RELATED CONTRIBUTIONS**

33 ...

34 "**SECTION 30.20.(b)** Effective July 1, 2015, the State's employer contribution rates budgeted  
35 for retirement and related benefits as a percentage of covered salaries for the ~~2015-2017 fiscal~~  
36 ~~biennium~~ 2015-2016 fiscal year are (i) fifteen and thirty-two hundredths percent (15.32%) –  
37 Teachers and State Employees; (ii) twenty and thirty-two hundredths percent (20.32%) – State  
38 Law Enforcement Officers; (iii) twelve and eighty-five hundredths percent (12.85%) – University  
39 Employees' Optional Retirement Program; (iv) twelve and eighty-five hundredths percent  
40 (12.85%) – Community College Optional Retirement Program; (v) thirty-two and eighty-one  
41 hundredths percent (32.81%) – Consolidated Judicial Retirement System; and (vi) seven and forty  
42 hundredths percent (7.40%) – Legislative Retirement System. Each of the foregoing contribution  
43 rates includes five and sixty hundredths percent (5.60%) for hospital and medical benefits. The  
44 rate for the Teachers and State Employees, State Law Enforcement Officers, University  
45 Employees' Optional Retirement Program, and the Community College Optional Retirement  
46 Program includes forty-one hundredths percent (0.41%) for the Disability Income Plan. The rates  
47 for Teachers and State Employees and State Law Enforcement Officers include sixteen hundredths  
48 percent (0.16%) for the Death Benefits Plan. The rate for State Law Enforcement Officers includes  
49 five percent (5%) for Supplemental Retirement Income. The rate for Teachers and State  
50 Employees and State Law Enforcement Officers includes one hundredth percent (0.01%) for the  
51 Qualified Excess Benefit Arrangement.

1 "SECTION 30.20.(b1) Effective July 1, 2016, the State's employer contribution rates  
2 budgeted for retirement and related benefits as a percentage of covered salaries for the 2016-2017  
3 fiscal year are (i) sixteen and fifty-five hundredths percent (16.55%) – Teachers and State  
4 Employees; (ii) twenty-one and fifty-five hundredths percent (21.55%) – State Law Enforcement  
5 Officers; (iii) thirteen and three hundredths percent (13.03%) – University Employees' Optional  
6 Retirement Program; (iv) thirteen and three hundredths percent (13.03%) – Community College  
7 Optional Retirement Program; (v) thirty-five and fifty-three hundredths percent (35.53%) –  
8 Consolidated Judicial Retirement System; and (vi) twenty-four and twenty-four hundredths  
9 percent (24.24%) – Legislative Retirement System. Each of the foregoing contribution rates  
10 includes five and eighty-one hundredths percent (5.81%) for hospital and medical benefits. The  
11 rate for the Teachers and State Employees, State Law Enforcement Officers, University  
12 Employees' Optional Retirement Program, and the Community College Optional Retirement  
13 Program includes thirty-eight hundredths percent (0.38%) for the Disability Income Plan. The  
14 rates for Teachers and State Employees and State Law Enforcement Officers include sixteen  
15 hundredths percent (0.16%) for the Death Benefits Plan. The rate for State Law Enforcement  
16 Officers includes five percent (5%) for Supplemental Retirement Income. The rate for Teachers  
17 and State Employees and State Law Enforcement Officers includes one hundredths percent  
18 (0.01%) for the Qualified Excess Benefit Arrangement.

19 "SECTION 30.20.(c) Effective July 1, 2015, the maximum annual employer contributions,  
20 payable monthly, by the State for each covered employee or retiree for the 2015-2016 fiscal year  
21 to the State Health Plan for Teachers and State Employees are (i) Medicare-eligible employees and  
22 retirees – four thousand two hundred fifty-one dollars (\$4,251) and (ii) non-Medicare-eligible  
23 employees and retirees – five thousand four hundred seventy-one dollars (\$5,471).

24 "SECTION 30.20.(c1) Effective July 1, 2016, the maximum annual employer contributions,  
25 payable monthly, by the State for each covered employee or retiree for the 2016-2017 fiscal year  
26 to the State Health Plan for Teachers and State Employees are (i) Medicare-eligible employees and  
27 retirees – four thousand three hundred ninety-seven dollars (\$4,397) and (ii) non-Medicare-eligible  
28 employees and retirees – five thousand six hundred fifty-nine dollars (\$5,659)."

29  
30 **PROVIDE COST-OF-LIVING INCREASES FOR RETIREES OF THE TEACHERS' AND**  
31 **STATE EMPLOYEES' RETIREMENT SYSTEM, THE JUDICIAL RETIREMENT**  
32 **SYSTEM, AND THE LEGISLATIVE RETIREMENT SYSTEM**

33 **SECTION 36.21.(a)** G.S. 135-5 is amended by adding a new subsection to read:

34 "(uuu) From and after July 1, 2016, the retirement allowance to or on account of beneficiaries  
35 whose retirement commenced on or before July 1, 2015, shall be increased by one and six-tenths  
36 percent (1.6%) of the allowance payable on June 1, 2016, in accordance with G.S. 135-5(o).  
37 Furthermore, from and after July 1, 2016, the retirement allowance to or on account of  
38 beneficiaries whose retirement commenced after July 1, 2015, but before June 30, 2016, shall be  
39 increased by a prorated amount of one and six-tenths percent (1.6%) of the allowance payable as  
40 determined by the Board of Trustees based upon the number of months that a retirement allowance  
41 was paid between July 1, 2015, and June 30, 2016."

42 **SECTION 36.21.(b)** G.S. 135-65 is amended by adding a new subsection to read:

43 "(ff) From and after July 1, 2016, the retirement allowance to or on account of beneficiaries  
44 whose retirement commenced on or before July 1, 2015, shall be increased by one and six-tenths  
45 percent (1.6%) of the allowance payable on June 1, 2016. Furthermore, from and after July 1,  
46 2016, the retirement allowance to or on account of beneficiaries whose retirement commenced  
47 after July 1, 2015, but before June 30, 2016, shall be increased by a prorated amount of one and  
48 six-tenths percent (1.6%) of the allowance payable as determined by the Board of Trustees based  
49 upon the number of months that a retirement allowance was paid between July 1, 2015, and June  
50 30, 2016."

51 **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~~

1 became a member of the Retirement System on or after January 1, 2015, shall be eligible to  
 2 participate in the QEBA, and the Retirement System shall not pay any new ~~retiree-member~~ more  
 3 retirement benefits than allowed under the limitations of section 415(b) of the Internal Revenue  
 4 Code."

5  
 6 **STATE HEALTH PLAN COST CONTROLLING MEASURES**

7 **SECTION 36.24.(a)** The General Assembly finds that the State Treasurer and the  
 8 Board of Trustees of the State Health Plan for Teachers and State Employees (Board of Trustees)  
 9 have adopted sufficient measures for the 2017 calendar year to limit projected employer  
 10 contribution increases. The State Treasurer and the Board of Trustees shall adopt additional  
 11 measures applicable to the 2018 and 2019 calendar years to limit projected employer contribution  
 12 increases during the 2017-2019 fiscal biennium.

13 **SECTION 36.24.(b)** Section 30.26 of S.L. 2015-241 is repealed.  
 14

15 **PART XXXVII. CAPITAL APPROPRIATIONS**

16  
 17 **CAPITAL APPROPRIATIONS/GENERAL FUND**

18 **SECTION 37.1.** Section 31.2 of S.L. 2015-241 reads as rewritten:

19 "SECTION 31.2. There is appropriated from the General Fund for the 2015-2017 fiscal  
 20 biennium the following amounts for capital improvements:  
 21

22 <b>Capital Improvements – General Fund</b>	23 <b>2015-2016</b>	24 <b>2016-2017</b>
25 Department of Agriculture and Consumer Services		
26     Dorton Arena Roof Replacement	2,305,000	–
27 <u>DuPont Forest–Bathroom, Utility, and Parking</u>		
28 <u>Lot Improvements</u>		<u>\$3,000,000</u>
29 Department of Cultural Resources		
30     USS North Carolina Hull Repair and Cofferdam	3,500,000	–
31		
32 Department of Environment and Natural Resources		
33     Water Resources Development	5,083,000	<u>5,020,000</u>
34		
35 <u>Department of Health and Human Services</u>		
36 <u>Chief Medical Examiner Office Planning</u>		<u>1,000,000</u>
37		
38 Department of Public Safety		
39     Armory and Facility Development Projects	868,000	5,087,500
40		
41 University of North Carolina		
42     North Carolina School of Science and		
43         Mathematics – Technology Upgrades and		
44         Building Repair	4,000,000	–
45 NC State University Engineering Building		
46     Advance Planning	1,000,000	1,000,000
47		
48 <b>TOTAL CAPITAL IMPROVEMENTS –</b>		
49 <b>GENERAL FUND</b>	<b>\$16,756,000</b>	<b><del>\$6,087,500</del> <u>\$15,107,500</u></b>

50  
 51 **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
<b>TOTALS</b>	<b>\$ 10,524,000</b>

**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
<b>TOTALS</b>	<b>\$ 5,504,000</b>

**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 (1) U.S. Army Corps of Engineers project feasibility studies.  
 2 (2) U.S. Army Corps of Engineers projects whose schedules have advanced and  
 3 require State-matching funds in the 2016-2017 fiscal year.  
 4 (3) State local water resources development projects.  
 5 Funds subject to this subsection that are not expended or encumbered for the purposes  
 6 set forth in subdivisions (1) through (3) of this subsection shall revert to the General Fund at the  
 7 end of the 2017-2018 fiscal year.

8 **SECTION 37.2.(d)** The Department shall make semiannual reports on the use of these  
 9 funds to the Joint Legislative Commission on Governmental Operations, the Fiscal Research  
 10 Division, and the Office of State Budget and Management. Each report shall include all of the  
 11 following:

- 12 (1) All projects listed in this section.
- 13 (2) The estimated cost of each project.
- 14 (3) The date that work on each project began or is expected to begin.
- 15 (4) The date that work on each project was completed or is expected to be  
 16 completed.
- 17 (5) The actual cost of each project.

18 The semiannual reports also shall show those projects advanced in schedule, those  
 19 projects delayed in schedule, and an estimate of the amount of funds expected to revert to the  
 20 General Fund.

21 **SECTION 37.2.(e)** Notwithstanding any provision of law to the contrary, funds  
 22 appropriated for a water resources development project shall be used to provide no more than fifty  
 23 percent (50%) of the nonfederal portion of funds for the project. This subsection applies to funds  
 24 appropriated in this act and to funds appropriated prior to the 2015-2017 fiscal biennium that are  
 25 unencumbered and proposed for reallocation to provide the nonfederal portion of funds for water  
 26 resources development projects. The limitation on fund usage contained in this subsection applies  
 27 only to projects in which a local government or local governments participate. This subsection  
 28 shall not apply to:

- 29 (1) The NRCS EQIP project, also referred to as the NRCS EQIP (65/35) project or  
 30 the Environmental Quality Incentives Program–NRCS project.
- 31 (2) The Stream Database project.

32 **SECTION 37.2.(f)** Section 31.3(a) of S.L. 2015-241 reads as rewritten:

33 **"SECTION 31.3.(a)** The Department of Environment and Natural Resources shall allocate  
 34 funds for water resources development projects in accordance with the schedule that follows. The  
 35 amounts set forth in the schedule include funds appropriated in this act for water resources  
 36 development projects and funds carried forward from previous fiscal years in accordance with  
 37 subsection (b) of this section. These funds will provide a State match for an estimated forty-four  
 38 million three hundred fifty-three thousand dollars (\$44,353,000) in federal funds.  
 39

<b>Name of Project</b>	<b>2015-2016</b>
40 ...	
41 (20) <del>Assistance to Counties—EAP Preparation</del> <u>Stream Database</u>	250,000
42 ...."	
43	
44	

45 **NON-GENERAL FUND CAPITAL IMPROVEMENT AUTHORIZATIONS**

46 **SECTION 37.3.** Section 31.4(a) of S.L. 2015-241, as amended by Section 9.1 of S.L.  
 47 2015-268, reads as rewritten:

48 **"SECTION 31.4.(a)** The General Assembly authorizes the following capital projects to be  
 49 funded with receipts or from other non-General Fund sources available to the appropriate  
 50 department:

**Amount of Non-General Fund**



1	Name of Project	Funding Authorized	
		FY 2015-2016	FY 2016-2017
2			
3			
4	Department of Agriculture and Consumer Services		
5	WNC Farmers Market Improvements/Robert		
6	G. Shaw Piedmont Triad Farmers Market		
7	Improvements	\$3,000,000	–
8	WNC Agricultural Center Events/Restroom Building	500,000	–
9	NC Forest Service Mountain Island Educational		
10	Forest-Visitor and Interpretive Center	4,000,000	–
11	Deer Fence on Research Stations	200,000	–
12	Aviary Egg Layer Research Building	1,750,000	–
13	State Fair Renovations/Infrastructure Improvements	2,500,000	–
14	State Fair Horse Complex	1,000,000	–
15	Animal Disease Diagnostic Laboratory Equipment	500,000	–
16			
17	Department of Environment and Natural Resources		
18	Fort Fisher Aquarium Salt Water Well	590,000	590,000
19	Gorilla Expansion	450,000	–
20			
21	Department of Public Safety		
22	National Guard – Wilmington Replacement	14,200,000	–
23	<u>Nash Print Plant Roof Replacement</u>		<u>1,508,000</u>
24	<u>Harnett Visitor Center</u>		<u>549,000</u>
25			
26	Wildlife Resources Commission		
27	Boating Access New Construction	3,750,000	3,750,000
28	Land Acquisition	900,000	900,000
29	Jordan Lake Depot	500,000	–
30	Fishing Access Construction	–	200,000
31			
32	<b>TOTAL AMOUNT OF NON-GENERAL</b>		
33	<b>FUND CAPITAL PROJECTS</b>		
34	<b>AUTHORIZED</b>	<b>\$33,840,200</b>	<b><u>5,440,000</u></b> <b>7,497,000"</b>

**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 compiled 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.

1 "SECTION 31.5.(f) Notwithstanding G.S. 143C-4-3(d), of the funds in the Reserve for  
 2 Repairs and Renovations for the 2016-2017 fiscal year, the following sums shall be allocated for  
 3 the following projects:

- 4 (1) Six hundred thousand dollars (\$600,000) shall be allocated to renovate and  
 5 remodel portions of the State Library and Archives and History Building.  
 6 (2) Four million five hundred thousand dollars (\$4,500,000) shall be allocated for  
 7 repairs and renovations at the North Carolina Zoo.  
 8 (3) Nine hundred twenty-three thousand dollars (\$923,000) shall be allocated for  
 9 repairs and renovations of the North Carolina State Capitol.  
 10 (4) Three million dollars (\$3,000,000) shall be allocated for repairs and renovations  
 11 to the Western North Carolina Agricultural Center."

12  
 13 **ALLOW REPAIRS & RENOVATIONS FUNDS TO BE USED FOR BUILDING**  
 14 **DEMOLITION AND INSTALLATION OF ELECTRICAL, PLUMBING, AND**  
 15 **RELATED SYSTEMS**

16 **SECTION 37.5.** G.S. 143C-4-3(b) reads as rewritten:

17 "(b) Use of Funds. – The funds in the Repairs and Renovations Reserve shall be used only  
 18 for the repair and renovation of (i) State facilities and related infrastructure that are supported from  
 19 the General Fund or (ii) Department of Information Technology facilities and related  
 20 infrastructure. Funds from the Repairs and Renovations Reserve shall be used only for the  
 21 following types of projects:

- 22 (1) Roof repairs and replacements;  
 23 (2) Structural repairs;  
 24 (3) Repairs and renovations to meet federal and State standards;  
 25 (4) Repairs to or installation of new electrical, plumbing, and heating, ventilating,  
 26 and air-conditioning systems;  
 27 (5) Improvements to meet the requirements of the Americans with Disabilities Act,  
 28 42 U.S.C. § 12101, et seq., as amended;  
 29 (6) Improvements to meet fire safety needs;  
 30 (7) Improvements to existing facilities for energy efficiency;  
 31 (8) Improvements to remove asbestos, lead paint, and other contaminants,  
 32 including the removal and replacement of underground storage tanks;  
 33 (9) Improvements and renovations to improve use of existing space;  
 34 (10) Historical restoration;  
 35 (11) Improvements to roads, walks, drives, utilities infrastructure; and  
 36 (12) Drainage and landscape improvements.  
 37 (13) Building demolition.

38 Funds from the Repairs and Renovations Reserve shall not be used for new construction or the  
 39 expansion of the building area (sq. ft.) of an existing facility unless required in order to comply  
 40 with federal or State codes or standards."  
 41

42 **UNC DEBT AFFORDABILITY STUDY MODIFICATIONS**

43 **SECTION 37.6.** G.S. 116D-56(b) and (c) read as rewritten:

44 "(b) Board of Governors Reporting Required. – The Board shall report its findings and  
 45 recommendations to the Office of State Budget and Management, the Joint Legislative  
 46 Commission on Governmental Operations, the State Treasurer, and The University of North  
 47 Carolina General Administration by ~~February 1~~ April 1 of each year. The report shall be  
 48 accompanied by each of the reports provided to the Board pursuant to subsection (c) of this  
 49 section.

50 (c) Constituent Institution Reporting Required. – No later than ~~November 1~~ February 1 of  
 51 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.

1           **b.**     The agency to which the property is currently allocated possesses  
2                    insufficient operating funds to cover the cost of both the relocation and  
3                    the ongoing provision of State functions affected by the relocation.

4           **(c)**     Reporting Required. – The Department of Administration shall report to the Joint  
5            Legislative Commission on Governmental Operations at least 30 days prior to entering or  
6            renewing any lease described in subdivision (b)(1) of this section or any lease or renewal that will  
7            require the relocation of State personnel or State functions. The report shall include all of the  
8            following:

9                    **(1)**     If the lease or lease renewal will require State personnel or State functions to be  
10                    relocated, a statement of the legislation authorizing the lease or lease renewal or  
11                    a detailed statement of the operating funds that will be used to cover the cost of  
12                    both the relocation and the ongoing provision of State functions affected by the  
13                    relocation, as applicable.

14                    **(2)**     If the lease or lease renewal will have a term of more than 30 years, a statement  
15                    of the legislation authorizing the lease or lease renewal."

16            **SECTION 37.7.(c)** G.S. 146-29.1 is amended by adding a new subsection to read:

17            **"(h)**     Any lease or rental entered into pursuant to this section shall be subject to the  
18            requirements and limitations of G.S. 146-29."

19            **SECTION 37.7.(d)** G.S. 146-29.2 is amended by adding a new subsection to read:

20            **"(g)**     Any lease or rental entered into pursuant to this section shall be subject to the  
21            requirements and limitations of G.S. 146-29."

22            **SECTION 37.7.(e)** G.S. 146-32 reads as rewritten:

23            **"§ 146-32. Exemptions as to leases, etc.**

24                    **(a)**     The Governor, acting with the approval of the Council of State, may adopt rules and  
25            regulations:

26                    **(1)**     Exempting from any or all of the requirements of this Subchapter such classes  
27                    of lease, rental, easement, and right-of-way transactions as he deems advisable;  
28                    and

29                    **(2)**     Authorizing any State agency to enter into and/or approve those classes of  
30                    transactions exempted by such rules and regulations from the requirements of  
31                    this Chapter.

32                    **(3)**     No rule or regulation adopted under this section may exempt from the  
33                    provisions of G.S. 146-25.1 any class of lease or rental which has a duration of  
34                    more than 21 days, unless the class of lease or rental:

35                            **a.**     Is a lease or rental necessitated by a fire, flood, or other disaster that  
36                            forces the agency seeking the new lease or rental to cease use of real  
37                            property;

38                            **b.**     Is a lease or rental necessitated because an agency had intended to move  
39                            to new or renovated real property that was not completed when planned,  
40                            but a lease or rental exempted under this subparagraph may not be for a  
41                            period of more than six months; or

42                            **c.**     Is a lease or rental which requires a unique location or a location that  
43                            adjoins or is in close proximity to an existing rental location.

44                    **(b)**     No rule or regulation adopted pursuant to subsection (a) of this section may exempt  
45            any lease from the provisions of G.S. 146-25(b) or G.S. 146-29(b) or (c)."

46            **SECTION 37.7.(f)** G.S. 143C-8-4 reads as rewritten:

47            **"§ 143C-8-4. Agency capital improvement needs estimates.**

48            ...

49                    **(c)**     Real Property and New Construction or Facility Rehabilitation Needs Estimate. – The  
50            second part of the capital improvement needs estimates shall include only proposals for real  
51            property acquisition and projects involving construction of new facilities or rehabilitation of

1 existing facilities to accommodate uses for which the existing facilities were not originally  
 2 designed. Each project included in this part shall be justified by reference to the needs evaluation  
 3 criteria established by the Office of State Budget and Management pursuant to  
 4 G.S. 143C-8-3. G.S. 143C-8-3 and shall include the information required by G.S. 143C-3-3(d)(5).

5 For capital projects of The University of North Carolina and its constituent institutions, the  
 6 Office of State Budget and Management shall utilize the needs evaluation information approved  
 7 by the Board of Governors of The University of North Carolina developed pursuant to ~~G.S.~~  
 8 ~~116-11(9)~~. G.S. 116-11(9) and shall include the information required by G.S. 143C-3-3(d)(5)."

9 **SECTION 37.7.(g)** G.S. 143C-8-5 reads as rewritten:

10 "**§ 143C-8-5. Six-year capital improvements plan.**

11 ...

12 (c) Real Property Acquisition, New Construction, or Facility Rehabilitations. – The second  
 13 part of the capital improvement plan shall set forth an integrated schedule for real property  
 14 acquisition, new construction, or rehabilitation of existing facilities that, in the judgment of the  
 15 Director of the Budget, should be initiated within each year of the six-year planning period. The  
 16 plan shall contain for each project (i) estimates of real property acquisition, and construction or  
 17 rehabilitation ~~costs~~costs, (ii) a means of financing the ~~project, and project~~, (iii) an estimated  
 18 schedule for the completion of the ~~project~~project, and (iv) an estimate of maintenance and  
 19 operating costs, including personnel, for the project, covering the first five years of operation.  
 20 Where the means of financing would involve direct or indirect debt service obligations, a schedule  
 21 of those obligations shall be presented."

22 **SECTION 37.7.(h)** G.S. 143C-8-6 reads as rewritten:

23 "**§ 143C-8-6. Recommendations for capital improvements set forth in the Recommended**  
 24 **State Budget.**

25 ...

26 (e) Other Capital Projects in the Budget Support Document. – The Budget Support  
 27 Document shall contain for each capital project recommended in accordance with subsection (d)  
 28 of this section: (i) a detailed project description and justification, (ii) a detailed estimate of  
 29 acquisition, planning, design, site development, construction, contingency and other related costs,  
 30 (iii) an estimated schedule of cash flow requirements over the life of the project, (iv) an estimated  
 31 schedule for the completion of the project, ~~(v) an estimate of maintenance and operating costs,~~  
 32 ~~including personnel, for the project, covering the first five years of operation,~~ (v) an estimate  
 33 of revenues, if any, likely to be derived from the project, covering the first five years of operation,  
 34 and ~~(vi)~~(vi) an explanation of the means of financing.

35 (f) All Recommended Capital Projects. – The Director of the Budget shall ensure that  
 36 recommendations in the Recommended State Budget for repairs and renovations of existing  
 37 facilities, real property acquisition, new construction, or rehabilitation of existing facilities include  
 38 all of the following information:

39 (1) An estimate of maintenance and operating costs, including personnel, for the  
 40 project, covering the first five years of operation. If no increase in these  
 41 expenditures is anticipated because the recommended project would replace an  
 42 existing facility, then the level of expenditures for the previous five years of  
 43 operation shall be included instead.

44 (2) A recommended funding source for the operating costs identified pursuant to  
 45 subdivision (1) of this subsection."

46 **SECTION 37.7.(i)** No later than October 1, 2016, the Director of the Budget shall  
 47 prepare and transmit to the General Assembly a preliminary six-year capital improvement plan  
 48 that complies with the requirements of G.S. 143C-8-5, as amended by subsection (g) of this  
 49 section, and G.S. 143C-8-3(b), as enacted by subsection (j) of this section. This plan shall be in  
 50 addition to any other six-year capital improvement plan required by G.S. 143C-8-5.

51 **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:

<b>Filing Status</b>	<b>Standard Deduction</b>
Married, filing jointly	<del>\$15,500</del> <u>\$16,000</u>
Head of Household	<del>12,400</del> <u>12,800</u>
Single	<del>7,750</del> <u>8,000</u>
Married, filing separately	<del>7,750</del> <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:

<b>Filing Status</b>	<b>Standard Deduction</b>
Married, filing jointly	<del>\$16,000</del> <u>\$16,500</u>
Head of Household	<del>12,800</del> <u>13,200</u>
Single	<del>8,000</del> <u>8,250</u>
Married, filing separately	<del>8,000</del> <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:

<b>Filing Status</b>	<b>Standard Deduction</b>
Married, filing jointly	<del>\$16,500</del> <u>\$17,000</u>

1	Head of Household	13,200	13,600
2	Single	8,250	8,500
3	Married, filing separately	8,250	8,500."
4	<b>SECTION 38.1.(d)</b> 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:		
10	<b>Filing Status</b>	<b>Standard Deduction</b>	
11	Married, filing jointly	\$17,000	\$17,500
12	Head of Household	13,600	14,000
13	Single	8,500	8,750
14	Married, filing separately	8,500	8,750."

15 **SECTION 38.1.(e)** Except as otherwise provided, this section is effective when it  
 16 becomes law.

17  
 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



1 converted into products consisting of prepared grades and that have an  
2 existing or potential economic value by methods including the  
3 processing, sorting, cutting, classifying, cleaning, baling, wrapping,  
4 shredding, shearing, or changing of the physical form or chemical  
5 content of the metals, but not including the exclusive use of hand tools."

6 **SECTION 38.2.1.(c)** Subsection (a) of this section is effective when it becomes law,  
7 applies retroactively to purchases made on or after July 1, 2013. Subsection (b) of this section is  
8 effective when it becomes law, applies retroactively to purchases made on or after July 1, 2010.  
9 Notwithstanding G.S. 105-241.6, a taxpayer that paid sales and use tax on items that are taxable  
10 under G.S. 105-187.51B, as amended by this section, may apply to the Department of Revenue for  
11 a refund of the excess tax paid to the extent the refund is the result of the change in the law  
12 enacted by this section. Except as otherwise provided, this section is effective when it becomes  
13 law.

14 **SECTION 38.2.2.(a)** Article 5F of Chapter 105 of the General Statutes and  
15 G.S. 105-164.13(5a) are repealed.

16 **SECTION 38.2.2.(b)** G.S. 105-164.4I(b) reads as rewritten:

17 "(b) Exemptions. – The tax imposed by this section does not apply to the sales price of or  
18 the gross receipts derived from a service contract applicable to any of the following items:

19 ...

20 ~~(4) An item subject to tax under Article 5F of Chapter 105 of the General Statutes.~~

21 ~~...."~~

22 **SECTION 38.2.2.(c)** G.S. 105-164.13 is amended by adding the following new  
23 subdivisions to read:

24 "**§ 105-164.13. Retail sales and use tax.**

25 ...

26 **(5e)** Sales of mill machinery or mill machinery parts or accessories to any of the  
27 following:

28 a. A manufacturing industry or plant. A manufacturing industry or plant  
29 does not include (i) a delicatessen, cafe, cafeteria, restaurant, or another  
30 similar retailer that is principally engaged in the retail sale of foods  
31 prepared by it for consumption on or off its premises; or (ii) a  
32 production company.

33 b. A contractor or subcontractor if the purchase is for use in the  
34 performance of a contract with a manufacturing industry or plant.

35 c. A subcontractor if the purchase is for use in the performance of a  
36 contract with a general contractor that has a contract with a  
37 manufacturing industry or plant.

38 **(5f)** Sales to a major recycling facility of any of the following tangible personal  
39 property for use in connection with the facility:

40 a. Cranes, structural steel crane support systems, and foundations related  
41 to the cranes and support systems.

42 b. Port and dock facilities.

43 c. Rail equipment.

44 d. Material handling equipment.

45 **(5g)** Sales of equipment, or an attachment or repair part for equipment, that meets all  
46 of the following requirements:

47 a. Is sold to a company primarily engaged at the establishment in research  
48 and development activities in the physical, engineering, and life  
49 sciences included in industry group 54171 of NAICS.

50 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,

1 shredding, shearing, or changing of the physical form or chemical  
2 content of the metals, but not including the exclusive use of hand tools.

3 (5m) Sales of repair or replacement parts for a ready-mix concrete mill, regardless of  
4 whether the mill is freestanding or affixed to a motor vehicle, to a company that  
5 primarily sells ready-mix concrete.

6 ...  
7 (57a) Fuel, piped natural gas, and electricity sold to a secondary metals recycler for  
8 use in recycling at its facility at which the primary activity is recycling.

9 ...."

10 **SECTION 38.2.2.(d)** This section becomes effective July 1, 2016, and applies to sales  
11 made on or after that date.

## 12 **PART XXXIX. MISCELLANEOUS PROVISIONS**

### 13 **STATE BUDGET ACT APPLIES**

14  
15 **SECTION 39.1.** The provisions of the State Budget Act, Chapter 143C of the General  
16 Statutes, are reenacted and shall remain in full force and effect and are incorporated in this act by  
17 reference.  
18

### 19 **COMMITTEE REPORT**

20 **SECTION 39.2.(a)** The N.C. House of Representatives Appropriations Committee  
21 Report on the Base, Expansion and Capital Budgets for House Bill 1030, dated May 17, 2016,  
22 which was distributed in the House of Representatives and used to explain this act, shall indicate  
23 action by the General Assembly on this act and shall, therefore, be used to construe this act, as  
24 provided in the State Budget Act, Chapter 143C of the General Statutes, as appropriate, and for  
25 these purposes shall be considered a part of this act and, as such, shall be printed as a part of the  
26 Session Laws.  
27

28 **SECTION 39.2.(b)** The budget enacted by the General Assembly is for the  
29 maintenance of the various departments, institutions, and other spending agencies of the State for  
30 the 2016-2017 budget as provided in G.S. 143C-3-5. This budget includes the appropriations of  
31 State funds as defined in G.S. 143C-1-1(d)(25).

32 **SECTION 39.2.(c)** The budget enacted by the General Assembly shall also be  
33 interpreted in accordance with G.S. 143C-5-5, the special provisions in this act, and other  
34 appropriate legislation. In the event that there is a conflict between the line-item budget certified  
35 by the Director of the Budget and the budget enacted by the General Assembly, the budget enacted  
36 by the General Assembly shall prevail.  
37

### 38 **REPORT BY FISCAL RESEARCH DIVISION**

39 **SECTION 39.3.** The Fiscal Research Division shall issue a report on budget actions  
40 taken by the 2015 Regular Session of the General Assembly in 2016. The report shall be in the  
41 form of a revision of the Committee Report adopted for House Bill 1030 pursuant to  
42 G.S. 143C-5-5. The Director of the Fiscal Research Division shall send a copy of the report issued  
43 pursuant to this section to the Director of the Budget. The report shall be published on the General  
44 Assembly's Internet Web site for public access.  
45

### 46 **MOST TEXT APPLIES ONLY TO THE 2015-2017 FISCAL BIENNIUM**

47 **SECTION 39.4.** Except for statutory changes or other provisions that clearly indicate  
48 an intention to have effects beyond the 2015-2017 fiscal biennium, the textual provisions of this  
49 act apply only to funds appropriated for, and activities occurring during, the 2015-2017 fiscal  
50 biennium.  
51

**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.