

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2019

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HOUSE BILL 966
Committee Substitute Favorable 4/30/19
PROPOSED COMMITTEE SUBSTITUTE H966-PCS10621-MGxfap-6

Short Title: 2019 Appropriations Act.

(Public)

Sponsors:

Referred to:

April 26, 2019

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

4 The General Assembly of North Carolina enacts:

5
6 **PART I. TITLE AND INTRODUCTION**

7
8 **TITLE OF ACT**

9 **SECTION 1.1.** This act shall be known as the "Current Operations Appropriations
10 Act of 2019."

11
12 **INTRODUCTION**

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

19
20 **PART II. CURRENT OPERATIONS AND EXPANSION/GENERAL FUND**

21
22 **GENERAL FUND APPROPRIATIONS**

23 **SECTION 2.1.** Appropriations from the General Fund for the budgets of the State
24 departments, institutions, and agencies, and for other purposes as enumerated, are made for each
25 year of the 2019-2021 fiscal biennium, according to the following schedule:

26		FY 2019-2020	FY 2020-2021
27	Current Operations - General Fund		
28			
29	EDUCATION		
30	Community College System		
31	Requirements	1,578,989,901	1,618,593,580
32	Less: Receipts	380,447,392	380,322,392
33	Net Appropriation	1,198,542,509	1,238,271,188

34
35 Public Instruction



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1	Requirements	12,150,580,345	12,634,474,507
2	Less: Receipts	2,196,466,432	2,196,466,432
3	Net Appropriation	9,954,113,913	10,438,008,075
4			
5	University of North Carolina		
6	NC A&T University		
7	Requirements	179,670,122	179,670,122
8	Less: Receipts	87,068,977	87,068,977
9	Net Appropriation	92,601,145	92,601,145
10			
11	NC School of Science and Mathematics		
12	Requirements	25,868,609	28,616,238
13	Less: Receipts	1,796,561	1,796,561
14	Net Appropriation	24,072,048	26,819,677
15			
16	NC State University-Academic Affairs		
17	Requirements	844,689,661	844,689,661
18	Less: Receipts	422,436,564	422,436,564
19	Net Appropriation	422,253,097	422,253,097
20			
21	NC State University-Agric. Research		
22	Requirements	72,792,781	72,792,781
23	Less: Receipts	17,721,640	17,721,640
24	Net Appropriation	55,071,141	55,071,141
25			
26	NC State University-Coop. Extension		
27	Requirements	55,529,168	55,529,168
28	Less: Receipts	14,833,163	14,833,163
29	Net Appropriation	40,696,005	40,696,005
30			
31	North Carolina Central University		
32	Requirements	136,655,404	136,655,404
33	Less: Receipts	51,822,380	51,822,380
34	Net Appropriation	84,833,024	84,833,024
35			
36	UNC at Asheville		
37	Requirements	61,661,158	61,661,158
38	Less: Receipts	21,876,242	21,876,242
39	Net Appropriation	39,784,916	39,784,916
40			
41	UNC at Chapel Hill-Academic Affairs		
42	Requirements	648,856,478	648,856,478
43	Less: Receipts	371,403,527	371,403,527
44	Net Appropriation	277,452,951	277,452,951
45			
46	UNC at Chapel Hill-Area Health Education		
47	Requirements	54,664,072	54,664,072
48	Less: Receipts	0	0
49	Net Appropriation	54,664,072	54,664,072
50			
51	UNC at Chapel Hill-Health Affairs		

1	Requirements	327,723,444	327,723,444
2	Less: Receipts	122,612,306	122,612,306
3	Net Appropriation	205,111,138	205,111,138
4			
5	UNC at Charlotte		
6	Requirements	420,146,272	420,146,272
7	Less: Receipts	164,780,562	164,780,562
8	Net Appropriation	255,365,710	255,365,710
9			
10	UNC at Greensboro		
11	Requirements	287,718,420	287,718,420
12	Less: Receipts	109,591,257	109,591,257
13	Net Appropriation	178,127,163	178,127,163
14			
15	UNC at Pembroke		
16	Requirements	90,161,357	90,165,578
17	Less: Receipts	13,264,333	13,264,333
18	Net Appropriation	76,897,024	76,901,245
19			
20	UNC at Wilmington		
21	Requirements	244,118,982	244,118,982
22	Less: Receipts	98,550,341	98,550,341
23	Net Appropriation	145,568,641	145,568,641
24			
25	UNC Board of Governors		
26	Requirements	42,592,385	42,592,385
27	Less: Receipts	46,899	46,899
28	Net Appropriation	42,545,486	42,545,486
29			
30	UNC BOG - Institutional Programs		
31	Requirements	154,254,932	254,359,087
32	Less: Receipts	34,183,633	34,183,633
33	Net Appropriation	120,071,299	220,175,454
34			
35	UNC BOG - Related Educational Programs		
36	Requirements	195,750,476	197,700,476
37	Less: Receipts	84,481,975	84,481,975
38	Net Appropriation	111,268,501	113,218,501
39			
40	UNC General Administration		
41	Requirements	184,633,089	196,899,756
42	Less: Receipts	0	0
43	Net Appropriation	184,633,089	196,899,756
44			
45	UNC School of the Arts		
46	Requirements	49,623,526	49,623,526
47	Less: Receipts	16,359,089	16,359,089
48	Net Appropriation	33,264,437	33,264,437
49			
50	Western Carolina University		
51	Requirements	159,162,027	159,195,028

1	Less: Receipts	27,714,804	27,714,804
2	Net Appropriation	131,447,223	131,480,224
3			
4	Winston-Salem State University		
5	Requirements	86,145,805	86,145,805
6	Less: Receipts	22,495,553	22,495,553
7	Net Appropriation	63,650,252	63,650,252
8			
9	East Carolina Univ-Academic Affairs		
10	Requirements	414,348,327	414,348,327
11	Less: Receipts	182,150,292	182,150,292
12	Net Appropriation	232,198,035	232,198,035
13			
14	East Carolina Univ-Health Affairs		
15	Requirements	90,335,813	90,335,813
16	Less: Receipts	12,400,019	12,400,019
17	Net Appropriation	77,935,794	77,935,794
18			
19	Elizabeth City State University		
20	Requirements	38,867,498	38,867,498
21	Less: Receipts	3,564,271	3,564,271
22	Net Appropriation	35,303,227	35,303,227
23			
24	Appalachian State University		
25	Requirements	261,453,151	261,453,151
26	Less: Receipts	113,650,398	113,650,398
27	Net Appropriation	147,802,753	147,802,753
28			
29	Fayetteville State University		
30	Requirements	75,646,019	75,646,019
31	Less: Receipts	21,734,797	21,734,797
32	Net Appropriation	53,911,222	53,911,222
33			
34	HEALTH AND HUMAN SERVICES		
35	Aging and Adult Services		
36	Requirements	120,342,567	120,413,026
37	Less: Receipts	70,784,053	70,784,053
38	Net Appropriation	49,558,514	49,628,973
39			
40	Central Management and Support		
41	Requirements	237,662,992	242,115,443
42	Less: Receipts	110,088,177	113,679,163
43	Net Appropriation	127,574,815	128,436,280
44			
45	Child Development and Early Education		
46	Requirements	808,052,594	817,864,179
47	Less: Receipts	572,283,644	572,086,384
48	Net Appropriation	235,768,950	245,777,795
49			
50	Health Benefits (Medicaid and Health Choice)		
51	Requirements	15,444,144,626	15,775,339,989

1	Less: Receipts	11,487,747,758	11,639,107,952
2	Net Appropriation	3,956,396,868	4,136,232,037
3			
4	Health Service Regulation		
5	Requirements	71,881,042	72,421,176
6	Less: Receipts	52,610,008	52,610,008
7	Net Appropriation	19,271,034	19,811,168
8			
9	Mental Hlth/Dev. Disabl./Subs. Abuse Serv.		
10	Requirements	1,554,885,983	1,578,873,607
11	Less: Receipts	793,895,541	787,473,601
12	Net Appropriation	760,990,442	791,400,006
13			
14	Public Health		
15	Requirements	906,298,161	905,258,573
16	Less: Receipts	740,511,193	740,167,484
17	Net Appropriation	165,786,968	165,091,089
18			
19	Services for the Blind/Deaf/Hard of Hearing		
20	Requirements	47,144,131	47,267,837
21	Less: Receipts	38,354,656	38,371,368
22	Net Appropriation	8,789,475	8,896,469
23			
24	Social Services		
25	Requirements	1,912,322,294	1,908,994,887
26	Less: Receipts	1,707,238,186	1,705,434,076
27	Net Appropriation	205,084,108	203,560,811
28			
29	Vocational Rehabilitation Services		
30	Requirements	153,195,395	153,389,985
31	Less: Receipts	112,486,771	112,511,632
32	Net Appropriation	40,708,624	40,878,353
33			
34	AGRICULTURE AND NATURAL AND ECONOMIC RESOURCES		
35	Agriculture and Consumer Services		
36	Requirements	197,084,154	190,451,891
37	Less: Receipts	68,929,628	59,329,628
38	Net Appropriation	128,154,526	131,122,263
39			
40	Commerce		
41	Requirements	287,784,743	321,023,536
42	Less: Receipts	142,084,386	138,779,386
43	Net Appropriation	145,700,357	182,244,150
44			
45	Environmental Quality		
46	Requirements	199,936,946	200,572,120
47	Less: Receipts	118,958,863	114,782,705
48	Net Appropriation	80,978,083	85,789,415
49			
50	Labor		
51	Requirements	37,363,324	37,820,268

1	Less: Receipts	18,968,296	18,968,296
2	Net Appropriation	18,395,028	18,851,972
3			
4	Natural and Cultural Resources		
5	Requirements	240,071,842	240,615,134
6	Less: Receipts	45,478,864	42,487,651
7	Net Appropriation	194,592,978	198,127,483
8			
9	Wildlife Resources Commission		
10	Requirements	75,785,741	76,047,837
11	Less: Receipts	64,486,379	64,486,379
12	Net Appropriation	11,299,362	11,561,458
13			
14	JUSTICE AND PUBLIC SAFETY		
15	Administrative Office of the Courts		
16	Requirements	567,155,662	583,013,738
17	Less: Receipts	1,136,462	1,136,462
18	Net Appropriation	566,019,200	581,877,276
19			
20	Indigent Defense Services		
21	Requirements	137,034,908	138,292,620
22	Less: Receipts	10,182,323	10,182,323
23	Net Appropriation	126,852,585	128,110,297
24			
25	Justice		
26	Requirements	92,285,038	94,354,140
27	Less: Receipts	40,484,546	40,487,512
28	Net Appropriation	51,800,492	53,866,628
29			
30	Public Safety		
31	Requirements	2,405,630,304	2,480,186,266
32	Less: Receipts	259,709,909	259,634,879
33	Net Appropriation	2,145,920,395	2,220,551,387
34			
35	GENERAL GOVERNMENT		
36	Administration		
37	Requirements	75,665,504	75,575,106
38	Less: Receipts	11,387,542	9,964,318
39	Net Appropriation	64,277,962	65,610,788
40			
41	Administrative Hearings		
42	Requirements	7,819,208	8,033,336
43	Less: Receipts	1,684,910	1,684,910
44	Net Appropriation	6,134,298	6,348,426
45			
46	Auditor		
47	Requirements	20,092,985	20,416,345
48	Less: Receipts	6,199,884	6,199,884
49	Net Appropriation	13,893,101	14,216,461
50			
51	Budget and Management		

1	Requirements	8,391,020	8,994,936
2	Less: Receipts	0	0
3	Net Appropriation	8,391,020	8,994,936
4			
5	Budget and Management - Special Approp.		
6	Requirements	4,500,000	4,550,000
7	Less: Receipts	0	50,000
8	Net Appropriation	4,500,000	4,500,000
9			
10	Controller		
11	Requirements	25,289,602	25,762,639
12	Less: Receipts	846,028	846,028
13	Net Appropriation	24,443,574	24,916,611
14			
15	Elections		
16	Requirements	6,919,819	7,125,404
17	Less: Receipts	102,000	102,000
18	Net Appropriation	6,817,819	7,023,404
19			
20	General Assembly		
21	Requirements	72,887,826	73,392,924
22	Less: Receipts	2,115,152	861,000
23	Net Appropriation	70,772,674	72,531,924
24			
25	Governor		
26	Requirements	6,103,066	6,213,205
27	Less: Receipts	898,760	898,760
28	Net Appropriation	5,204,306	5,314,445
29			
30	Housing Finance Agency		
31	Requirements	30,660,000	10,660,000
32	Less: Receipts	0	0
33	Net Appropriation	30,660,000	10,660,000
34			
35	Insurance		
36	Requirements	50,787,318	50,789,173
37	Less: Receipts	9,378,222	8,455,565
38	Net Appropriation	41,409,096	42,333,608
39			
40	Insurance - Industrial Commission		
41	Requirements	22,435,112	22,555,319
42	Less: Receipts	13,053,262	13,053,262
43	Net Appropriation	9,381,850	9,502,057
44			
45	Lieutenant Governor		
46	Requirements	885,647	905,331
47	Less: Receipts	0	0
48	Net Appropriation	885,647	905,331
49			
50	Military and Veterans Affairs		
51	Requirements	61,781,710	62,456,741

1	Less: Receipts	52,444,456	52,444,456
2	Net Appropriation	9,337,254	10,012,285
3			
4	Revenue		
5	Requirements	163,251,356	148,260,783
6	Less: Receipts	75,636,207	58,768,852
7	Net Appropriation	87,615,149	89,491,931
8			
9	Secretary of State		
10	Requirements	14,659,852	14,983,845
11	Less: Receipts	291,456	291,456
12	Net Appropriation	14,368,396	14,692,389
13			
14	Treasurer		
15	Requirements	60,611,012	60,904,633
16	Less: Receipts	55,809,044	56,069,539
17	Net Appropriation	4,801,968	4,835,094
18			
19	Treasurer - Additional Retirement Systems		
20	Requirements	31,905,423	32,255,423
21	Less: Receipts	0	0
22	Net Appropriation	31,905,423	32,255,423
23			
24	INFORMATION TECHNOLOGY		
25	Department of Information Technology		
26	Requirements	72,593,107	74,888,017
27	Less: Receipts	15,395,579	15,395,579
28	Net Appropriation	57,197,528	59,492,438
29			
30	RESERVES, DEBT, AND OTHER BUDGETS		
31	General Debt Service		
32	Requirements	730,767,386	748,058,900
33	Less: Receipts	730,767,386	748,058,900
34	Net Appropriation	0	0
35			
36	Federal Debt Service		
37	Requirements	1,616,380	1,616,380
38	Less: Receipts	1,616,380	1,616,380
39	Net Appropriation	0	0
40			
41	Film and Entertainment Grant		
42	Requirements	31,000,000	0
43	Less: Receipts	0	0
44	Net Appropriation	31,000,000	0
45			
46	Statewide Reserves		
47	Requirements	3,050,000	5,400,000
48	Less: Receipts	0	0
49	Net Appropriation	3,050,000	5,400,000
50			
51	OSHR Minimum of Market Adjustment		

1	Requirements	1,624,316	1,624,316
2	Less: Receipts	0	0
3	Net Appropriation	1,624,316	1,624,316
4			
5	Total Requirements	45,933,999,318	47,022,981,744
6	Less: Total Receipts	22,027,499,318	22,150,590,238
7	Total Net Appropriation	23,906,500,000	24,872,391,506

8
9 **GENERAL FUND AVAILABILITY**

10 **SECTION 2.2.(a)** The General Fund availability derived from State tax revenue,
11 nontax revenue, and other adjustments used in developing the budget for each year of the
12 2019-2021 fiscal biennium is as follows:

	FY 2019-2020	FY 2020-2021	
14			
15	Unappropriated Balance	645,592,679	605,033,950
16	Anticipated Reversions	275,000,000	275,000,000
17	Projected Over Collections	150,800,000	-
18	Information Technology Reserve	(73,214,383)	(93,201,702)
19	Total, Prior Year-End Fund Balance	998,178,296	786,832,248
20			
21	Statutory Earmark, State Capital & Infrastructure Fund	(249,544,574)	(196,708,062)
22	Beginning Unreserved Fund Balance	748,633,722	590,124,186
23			
24	Tax Revenues		
25	Personal Income	12,891,800,000	13,407,500,000
26	Sales and Use	8,155,600,000	8,530,800,000
27	Corporate Income	687,000,000	730,400,000
28	Franchise	685,800,000	705,800,000
29	Insurance	602,400,000	620,200,000
30	Alcoholic Beverage	400,600,000	413,000,000
31	Tobacco Products	260,100,000	260,000,000
32	Other Tax Revenues	130,400,000	133,100,000
33	Subtotal, Tax Revenues	23,813,700,000	24,801,100,000
34	Non-tax Revenues		
35	Judicial Fees	232,900,000	232,400,000
36	Investment Income	183,000,000	203,300,000
37	Disproportionate Share	164,700,000	142,100,000
38	Master Settlement Agreement	139,400,000	139,400,000
39	Insurance	83,700,000	84,600,000
40	Other Non-tax Revenues	196,600,000	198,600,000
41	Subtotal, Non-tax Revenues	1,000,300,000	1,000,400,000
42			
43	Total, Net Revenues	24,814,000,000	25,801,500,000
44			
45	Adjustments to Tax Revenues: 2019 Session		
46	Tax Law Changes	(5,300,000)	(144,600,000)
47	Gross Premiums Tax/Prepaid Health Plans (H.B. 114)	12,000,000	191,000,000
48	Statutory Reservations of Tax Revenues		
49	Savings Reserve	(104,610,000)	(154,065,000)
50	State Capital and Infrastructure Fund	(952,816,000)	(993,900,000)
51	Other Adjustments to Availability: 2019 Session		

1	Transfer from Department of Insurance	(436,908)	(1,358,397)
2	Transfer from Department of Treasurer	63,136	30,010
3			
4	Total, Adjustments and Reservations	(1,051,099,772)	(1,102,893,387)
5			
6	Revised Net General Fund Availability	24,511,533,950	25,288,730,799
7			
8	Less General Fund Net Appropriations	(23,906,500,000)	(24,872,391,506)
9			
10	Unappropriated Balance Remaining	605,033,950	416,339,293

11
12 **SECTION 2.2.(b)** The funds reserved on June 30, 2019, to the Repairs and
13 Renovations Reserve pursuant to G.S. 143C-4-3, shall be transferred to the State Capital and
14 Infrastructure Fund established in G.S. 143C-4-3.1. On July 1, 2019, the State Controller shall
15 transfer the funds in this section to the State Capital and Infrastructure Fund.

16 **SECTION 2.2.(c)** The State Controller shall reserve from funds available in the
17 unappropriated General Fund balance the sum of seventy-three million two hundred fourteen
18 thousand three hundred eighty-three dollars (\$73,214,383) for the 2018-2019 fiscal year for the
19 information technology projects listed below. This subsection becomes effective May 31, 2019.
20 The funds reserved in this subsection shall be transferred and deposited in the following special
21 funds, and are hereby appropriated for the 2018-2019 fiscal year for the purposes enumerated in
22 this subsection:

	Budget Code	2018-2019
24		
25		
26		
27		
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30		
31		
32		
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51		

41 **SECTION 2.2.(d)** The State Controller shall reserve from funds available in the
42 unappropriated General Fund balance the sum of ninety-three million two hundred one thousand
43 seven hundred two dollars (\$93,201,702) for the 2019-2020 fiscal year for the information
44 technology projects listed below. The funds reserved in this subsection shall be transferred and
45 deposited in the following special funds, and shall be available for expenditure only upon an
46 appropriation by act of the General Assembly:

	Budget Code	2019-2020
43		
44		
45		
46		
47		
48		
49		
50		
51		

1
2 **SECTION 2.2.(e)** The State Controller shall transfer the sum of two hundred six
3 million one hundred forty-five thousand six hundred twelve dollars (\$206,145,612) for the
4 2019-2020 fiscal year and the sum of sixty-two million five hundred eleven thousand six hundred
5 ninety-two dollars (\$62,511,692) for the 2020-2021 fiscal year from funds available in the
6 Medicaid Transformation Reserve in the General Fund to the Medicaid Transformation Fund
7 established under Section 12H.29 of S.L. 2015-241.

8 **SECTION 2.2.(f)** Notwithstanding the provisions of Section 2.2 of S.L. 2015-241,
9 on July 1, 2020, the State Controller shall transfer eight million one hundred sixty thousand nine
10 hundred six dollars (\$8,160,906) from the unreserved fund balance in the General Fund to the
11 Dry-Cleaning Solvent Fund established in G.S. 143-215.104C.

12 **PART III. HIGHWAY FUND AND HIGHWAY TRUST FUND**

13 **CURRENT OPERATIONS AND EXPANSION/HIGHWAY FUND**

14
15 **SECTION 3.1.** Appropriations from the State Highway Fund for the maintenance
16 and operation of the Department of Transportation and for other purposes as enumerated are
17 made for the fiscal biennium ending June 30, 2021, according to the following schedule:
18

19	Current Operations – Highway Fund	FY 2019-2020	FY 2020-2021
20	Department of Transportation		
21	Administration	\$89,378,517	\$89,388,867
22	Division of Highways		
23	Administration	40,787,566	40,787,566
24	Construction	36,100,000	36,100,000
25	Maintenance	1,451,415,324	1,519,720,518
26	Governor's Highway Safety Program	267,914	267,914
27	OSHA Program	358,030	358,030
28	State Aid to Municipalities	162,250,000	177,000,000
29	Intermodal Divisions		
30	Ferry	50,379,026	50,879,026
31	Public Transportation, Bicycle, and Pedestrian	95,154,993	95,154,993
32	Aviation	135,546,918	131,346,918
33	Rail	53,822,269	84,427,269
34	Division of Motor Vehicles	142,008,846	138,397,373
35	Reserves, Transfers, and Other	38,214,566	31,506,566
36	Capital Improvements	11,716,031	11,964,960
37	Total Highway Fund Appropriations	\$2,307,400,000	\$2,407,300,000

38 **HIGHWAY FUND AVAILABILITY**

39 **SECTION 3.2.** The Highway Fund availability used in developing the 2019-2021
40 fiscal biennial budget is shown below:
41

42	Highway Fund Availability	FY 2019-2020	FY 2020-2021
43	Motor Fuels Tax	\$1,520,100,000	\$1,569,500,000

1	Highway Short-Term Lease	10,000,000	10,000,000
2	Licenses and Fees	772,200,000	828,000,000
3	Investment Income	1,000,000	1,000,000
4	NCCR Dividend Payment	4,100,000	4,200,000
5	Aviation Fuel Tax Adjustment	0	(5,400,000)
6			
7	Total Highway Fund Availability	\$2,307,400,000	\$2,407,300,000

HIGHWAY TRUST FUND APPROPRIATIONS

SECTION 3.3. Appropriations from the State Highway Trust Fund for the maintenance and operation of the Department of Transportation and for other purposes as enumerated are made for the fiscal biennium ending June 30, 2021, according to the following schedule:

15	Current Operations – Highway Trust Fund	FY 2019-2020	FY 2020-2021
17	Program Administration	\$35,626,560	\$35,626,560
18	Bonds	88,334,015	56,824,500
19	Turnpike Authority	49,000,000	49,000,000
20	State Ports Authority	45,000,000	45,000,000
21	FHWA State Match	4,640,000	4,640,000
22	Strategic Prioritization Funding Plan for		
23	Transportation Investments	1,376,699,425	1,465,308,940
24	Transfer to Visitor Center	400,000	400,000
25			
26	Total Highway Trust Fund Appropriations	\$1,599,700,000	\$1,656,800,000

HIGHWAY TRUST FUND AVAILABILITY

SECTION 3.4. The Highway Trust Fund availability used in developing the 2019-2021 fiscal biennial budget is shown below:

31	Highway Trust Fund Availability	FY 2019-2020	FY 2020-2021
33	Highway Use Tax	\$833,900,000	\$855,500,000
34	Motor Fuels Tax	618,500,000	636,400,000
35	Fees	145,300,000	162,900,000
36	Investment Income	2,000,000	2,000,000
37			
38	Total Highway Trust Fund Availability	\$1,599,700,000	\$1,656,800,000

PART IV. OTHER AVAILABILITY AND APPROPRIATIONS

OTHER APPROPRIATIONS

SECTION 4.1.(a) State funds, as defined in G.S. 143C-1-1(d)(25), are appropriated for each year of the 2019-2021 fiscal biennium, as follows:

- (1) All budget codes listed in the Governor's Recommended Base Budget for the 2019-2021 fiscal biennium, submitted pursuant to G.S. 143C-3-5, are appropriated up to the amounts specified, as adjusted by the General Assembly in this act and as delineated in the Committee Report described in Section 42.2 of this act, or in another act of the General Assembly.

(2) Agency receipts up to the amounts needed to implement the legislatively mandated salary increases and employee benefit increases provided in this act for each year of the 2019-2021 fiscal biennium.

SECTION 4.1.(b) Receipts collected in a fiscal year in excess of the amounts appropriated by this section shall remain unexpended and unencumbered until appropriated by the General Assembly, unless the expenditure of overrealized receipts in the fiscal year in which the receipts were collected is authorized by G.S. 143C-6-4. Overrealized receipts are appropriated in the amounts necessary to implement this subsection.

SECTION 4.1.(c) Funds may be expended only for the specified programs, purposes, objects, and line items or as otherwise authorized by the General Assembly.

OTHER RECEIPTS FROM PENDING AWARD GRANTS

SECTION 4.2.(a) Notwithstanding G.S. 143C-6-4, State agencies may, with approval of the Director of the Budget, spend funds received from grants awarded subsequent to the enactment of this act for grant awards that are for less than two million five hundred thousand dollars (\$2,500,000), do not require State matching funds, and will not be used for a capital project. State agencies shall report to the Joint Legislative Commission on Governmental Operations within 30 days of receipt of such funds.

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

SECTION 4.2.(b) The Office of State Budget and Management shall work with the recipient State agencies to budget grant awards according to the annual program needs and within the parameters of the respective granting entities. Depending on the nature of the award, additional State personnel may be employed on a time-limited basis. Funds received from such grants are hereby appropriated and shall be incorporated into the authorized budget of the recipient State agency.

SECTION 4.2.(c) Notwithstanding the provisions of this section, no State agency may accept a grant not anticipated in this act if acceptance of the grant would obligate the State to make future expenditures relating to the program receiving the grant or would otherwise result in a financial obligation as a consequence of accepting the grant funds.

EDUCATION LOTTERY FUNDS

SECTION 4.3.(a) The allocations made from the Education Lottery Fund for the 2019-2021 fiscal biennium are as follows:

	FY 2019-2020	FY 2020-2021
Noninstructional Support Personnel	\$385,914,455	\$385,914,455
Prekindergarten Program	78,252,110	78,252,110
Public School Building Capital Fund	100,000,000	100,000,000
Needs-Based Public School Capital Fund	67,452,612	67,452,612
Scholarships for Needy Students	30,450,000	30,450,000
UNC Need-Based Financial Aid	10,744,733	10,744,733
LEA Transportation	21,386,090	21,386,090
TOTAL APPROPRIATION	\$694,200,000	\$694,200,000

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

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

INDIAN GAMING EDUCATION REVENUE FUND APPROPRIATION

1 **SECTION 4.4.** Notwithstanding G.S. 143C-9-7, there is allocated from the Indian
 2 Gaming Education Revenue Fund to the Department of Public Instruction, Textbooks, and
 3 Digital Resources Allotment, the sum of ten million dollars (\$10,000,000) in each year of the
 4 2019-2021 fiscal biennium.

5
 6 **CIVIL PENALTY AND FORFEITURE FUND**

7 **SECTION 4.5.(a)** Allocations are made from the Civil Penalty and Forfeiture Fund
 8 for the fiscal biennium ending June 30, 2021, as follows:

	FY 2019-2020	FY 2020-2021
9 School Technology Fund	\$18,000,000	\$18,000,000
10 Drivers Education	27,393,768	27,393,768
11 State Public School Fund	162,941,640	162,941,640
12 Total Appropriation	\$208,335,408	\$208,335,408

13
 14 **SECTION 4.5.(b)** Excess receipts realized in the Civil Penalty and Forfeiture Fund
 15 in each year of the 2019-2021 fiscal biennium shall be allocated to the School Technology Fund.

16
 17 **2019 DISASTER RECOVERY**

18 **SECTION 4.6.(a)** Transfers; Appropriations; Reversions; Reallocations. – The
 19 following applies to this subsection:

- 20 (1) Notwithstanding G.S. 143C-4-2, the State Controller shall transfer the sum of
 21 eighty-four million seven hundred thousand dollars (\$84,700,000) in
 22 nonrecurring funds for the 2019-2020 fiscal year from the Hurricane Florence
 23 Disaster Recovery Reserve in the General Fund to the Hurricane Florence
 24 Disaster Recovery Fund created in S.L. 2018-134 and these funds are
 25 appropriated within the Fund and shall be allocated as provided in subsection
 26 (b) of this section.
- 27 (2) Notwithstanding any other provision of law, the sum of seventeen million
 28 dollars (\$17,000,000) received by the Department of Agriculture and
 29 Consumer Services as reimbursement for composting programs necessitated
 30 by damage to livestock caused by Hurricane Florence shall revert to the
 31 Hurricane Florence Disaster Recovery Fund created in S.L. 2018-134 and is
 32 appropriated within the Fund for the 2019-2020 fiscal year for the purposes
 33 set out in subsection (b) of this section.
- 34 (3) Notwithstanding any provision of S.L. 2018-136 or the Committee Report
 35 described in Section 6.1 of that act to the contrary, of the funds allocated to
 36 the North Carolina Community College System Office for repair and
 37 renovation of local community college facilities damaged by Hurricane
 38 Florence, the sum of one million five hundred thousand dollars (\$1,500,000)
 39 are reallocated for the use set out in subdivision (b)(12) of this section.
- 40 (4) Notwithstanding G.S. 143C-4-2, the State Controller shall transfer the sum of
 41 ten million dollars (\$10,000,000) for the 2019-2020 fiscal year from the
 42 Hurricane Florence Disaster Recovery Reserve in the General Fund to the
 43 State Emergency Response and Disaster Relief Fund and the funds are
 44 appropriated to ensure that sufficient funds are available to provide relief and
 45 assistance from emergencies, as authorized by G.S. 166A-19.42. Up to one
 46 million dollars (\$1,000,000) may be allocated to provide relief and assistance
 47 to the City of Greensboro for recovery from damage caused by tornados in
 48 April of 2018.

49 **SECTION 4.6.(b)** Allocations. – The funds appropriated and reallocated in
 50 subsection (a) of this section in the Hurricane Florence Disaster Recovery Fund shall be allocated
 51 as follows:

- 1 (1) Two million five hundred thousand dollars (\$2,500,000) to the Department of
2 Public Safety, Division of Emergency Management, to be used to support the
3 State Search and Rescue program.
- 4 (2) One million dollars (\$1,000,000) to the Department of Agriculture and
5 Consumer Services, Division of Soil and Water Conservation, for stream
6 debris removal.
- 7 (3) Twelve million dollars (\$12,000,000) to the Department of Environmental
8 Quality for disaster-related infrastructure and cleanup needs including, but not
9 limited to, underground storage tanks, water and waste water infrastructure,
10 coastal management planning, and dam safety. Of the funds allocated under
11 this subdivision, one million five hundred thousand dollars (\$1,500,000) is
12 further allocated collectively to the Division of Waste Management and the
13 Division of Marine Fisheries for resiliency activities.
- 14 (4) Three million three hundred thousand dollars (\$3,300,000) to the Office of
15 State Budget and Management for Carteret County for land acquisition for the
16 Bogue Sound Project.
- 17 (5) Ten million dollars (\$10,000,000) to the Department of Public Safety, Office
18 of Recovery and Resiliency, for the Florence Housing Recovery Program to
19 repair, reconstruct, and purchase 100 residences ineligible for
20 FEMA/CDBG-DR.
- 21 (6) Ten million dollars (\$10,000,000) to the Department of Public Safety, Office
22 of Recovery and Resiliency, State Disaster Resiliency Fund to be used for
23 mitigation programs serving homeowners and communities outside the
24 HUD-designated "most impacted/distressed" counties. The funds may be used
25 for buyouts, relocations, buyout assistance to local governments, and
26 infrastructure projects.
- 27 (7) Thirteen million dollars (\$13,000,000) to the Department of Public Safety,
28 Office of Recovery and Resiliency, State Acquisition and Relocation Fund
29 (SARF) for GAP assistance payments for 214 FEMA expedited HMGP
30 acquisitions.
- 31 (8) Two million dollars (\$2,000,000) to the Department of Public Safety, Division
32 of Emergency Management for a flood insurance pilot program. The pilot
33 program will provide the full cost of two years of flood insurance premiums
34 for 1,667 residential property owners.
- 35 (9) Two million dollars (\$2,000,000) to the Department of Public Safety, Division
36 of Emergency Management for Voluntary Organizations Active in Disasters
37 (VOAD), a grant program for voluntary organizations that provide disaster
38 recovery services using volunteer labor.
- 39 (10) Thirteen million dollars (\$13,000,000) to the Department of Public Safety,
40 Office of Recovery and Resiliency, to provide grants and loans to local
41 governments in disaster areas with immediate cash flow issues during disaster
42 recovery.
- 43 (11) Twenty-six million five hundred forty-two thousand six hundred ninety-three
44 dollars (\$26,542,693) to the Office of State Budget and Management for The
45 Golden L.E.A.F. (Long-Term Economic Advancement Foundation), Inc., a
46 nonprofit corporation, to provide grants to local governments and to water
47 and/or sewer authorities to repair and replace water, wastewater, and storm
48 water infrastructure as well as the replacement, improvement, or construction
49 of new infrastructure to support hazard mitigation.
- 50 (12) Six million seven hundred fifty-seven thousand three hundred seven dollars
51 (\$6,757,307) to the North Carolina Community College System Office to

1 offset the receipts shortfall at affected community colleges due to enrollment
2 declines caused by Hurricane Florence.

3 (13) One hundred thousand dollars (\$100,000) to the Department of Environmental
4 Quality for the Lost Fishing Gear Recovery Project.

5 (14) One million dollars (\$1,000,000) to the Wildlife Resources Commission for
6 derelict vessel removal.

7 **SECTION 4.6.(c)** Expand DACS Farmer Assistance. – Notwithstanding the deadline
8 set forth in Section 5.11(e) of S.L. 2018-136, as amended by S.L. 2018-141, a person who
9 experienced a verifiable loss of agricultural commodities as a result of excessive rain and
10 flooding that occurred during May 15, 2018, through December 31, 2018, and whose farm is
11 located in a North Carolina county that, between January 31, 2019, and February 15, 2019, was
12 included in a Secretarial Disaster Declaration, either as a primary county or as a contiguous
13 county, as a result of excessive rain and flooding that occurred during May 15, 2018, through
14 December 31, 2018, issued by the United States Secretary of Agriculture, is eligible for financial
15 assistance for losses of agricultural commodities pursuant to Section 5.11 of S.L. 2018-136. This
16 subsection is effective when this act becomes law. The Department shall accept completed
17 applications from people eligible for financial assistance pursuant to this subsection for no more
18 than 10 consecutive business days on which the federal government is not partially or fully shut
19 down, beginning on the effective date of this subsection. This subsection shall expire on the date
20 the Department has processed all applications validly received during this period.

21 **SECTION 4.6.(d)** Expand Uses/Golden L.E.A.F. Hurricane Florence Allocation. –
22 Notwithstanding any provision of S.L. 2018-136 or the Committee Report described in Section
23 6.1 of that act to the contrary, the funds allocated to the Office of State Budget and Management
24 for Golden L.E.A.F. (Long Term Economic Advancement Foundation), Inc. for infrastructure
25 may be used for the replacement, improvement, or construction of new infrastructure to support
26 hazard mitigation.

27 **SECTION 4.6.(e)** Clarify Volunteer Fire Department Assistance. – Notwithstanding
28 any provision of S.L. 2018-136 or the Committee Report described in Section 6.1 of that act to
29 the contrary, the funds allocated to the Department of Insurance, Office of State Fire Marshal,
30 for financial assistance to volunteer fire departments is available to be used to repair damages
31 not covered by insurance policy proceeds.

32 **SECTION 4.6.(f)** Applicability. – Unless otherwise provided, this section applies to
33 the North Carolina counties designated under a major disaster declaration by the President of the
34 United States under the Stafford Act (P.L. 93-288) as a result of Hurricane Florence. Sections
35 4.2, 4.3, 5.21, 5.22, 5.23, and 5.24 of S.L. 2018-136 apply to this section and are incorporated by
36 reference.
37

38 **PART V. GENERAL PROVISIONS**

39 **ESTABLISHING OR INCREASING FEES**

40 **SECTION 5.1.(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 5.1.(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
45 by this act if the adoption of a rule would otherwise be required under Article 2A of Chapter
46 150B of the General Statutes.
47

48 **STATE FUNDS/REQUIRE DEPOSIT IN STATE TREASURY**

49 **SECTION 5.2.(a)** Article 6 of Chapter 147 of the General Statutes is amended by
50 adding a new section to read:
51

1 **"§ 147-76.1. Require deposit into the State treasury of funds received by the State.**

2 (a) Definition. – For purposes of this section, the term "cash gift or donation" means any
3 funds provided, without valuable consideration, to the State, for use by the State, or for the benefit
4 of the State.

5 (b) Requirement. – Except as otherwise specifically provided by law, all funds received
6 by the State, including cash gifts and donations, shall be deposited into the State treasury. Nothing
7 in this subsection shall be construed as exempting from the requirement set forth in this
8 subsection funds received by a State officer or employee acting on behalf of the State.

9 (c) Terms Binding. – Except as otherwise provided by subsection (b) of this section, the
10 terms of an instrument evidencing a cash gift or donation are a binding obligation of the State.
11 Nothing in this section shall be construed to supersede, or authorize a deviation from the terms
12 of an instrument evidencing a gift or donation setting forth the purpose for which the funds may
13 be used."

14 **SECTION 5.2.(b)** G.S. 147-83 reads as rewritten:

15 **"§ 147-83. Receipts from federal government ~~and gifts not affected.~~**

16 General Statutes 147-77, 147-78, 147-80, 147-81, 147-82, 147-83 and 147-84 shall not be
17 held or construed to affect or interfere with the receipts and disbursements of any funds received
18 by any institution or department of this State from the federal government ~~or any gift or donation~~
19 ~~to any institution or department of the State or commission or agency thereof~~ when either in the
20 act of Congress, relating to such funds received from the federal government, ~~or in the instrument~~
21 ~~evidencing the said private donation or gift,~~ a contrary disposition or handling is prescribed or
22 required, and the said sections shall not apply to any moneys paid to any department, institution
23 or agency, or undertaking of the State of North Carolina, as a part of any legislative appropriation,
24 or allotment from any contingent fund, as provided by law, after the same has been paid out of
25 the State treasury."

26 **SECTION 5.2.(c)** This section becomes effective July 1, 2019, and applies to funds
27 received on or after that date.

28
29 **DIRECTED GRANTS TO NON-STATE ENTITIES**

30 **SECTION 5.3.(a)** Definitions. – For purposes of this act, the following definitions
31 apply:

- 32 (1) Directed grant. – Funds allocated by a State agency to a non-State entity as
33 directed by an act of the General Assembly.
34 (2) Non-State entity. – As defined in G.S. 143C-1-1.

35 **SECTION 5.3.(b)** Requirements. – Nonrecurring funds appropriated in this act as
36 directed grants are subject to all of the following requirements:

- 37 (1) Directed grants are subject to the provisions of subsections (b) through (k) of
38 G.S. 143C-6-23.
39 (2) Directed grants of one hundred thousand dollars (\$100,000) or less may be
40 made in a single annual payment, in the discretion of the Director of the
41 Budget. Directed grants of more than one hundred thousand dollars
42 (\$100,000) shall be made in quarterly or monthly payments, in the discretion
43 of the Director of the Budget. A State agency administering a directed grant
44 shall begin disbursement of funds as soon as practicable, but no later than
45 September 15, 2019.
46 (3) Beginning September 15, 2019, and quarterly thereafter, State agencies
47 administering directed grants shall report to the Fiscal Research Division on
48 the status of funds disbursed for each directed grant until all funds are fully
49 disbursed.

- 1 (4) Notwithstanding any provision of G.S. 143C-1-2(b) to the contrary,
2 nonrecurring funds appropriated in this act as directed grants shall not revert
3 until June 30, 2021.

4 **SECTION 5.3.(c)** This section expires on June 30, 2021.

5
6 **DEPARTMENTAL POSITION TRANSFERS SUBJECT TO STATE BUDGET ACT**

7 **SECTION 5.4.** G.S. 143B-10(c) reads as rewritten:

8 "(c) Department Staffs. – The head of each principal State department may establish
9 necessary subordinate positions within ~~his~~the department, make appointments to those positions,
10 and remove persons appointed to those positions, all within the limitations of appropriations and
11 subject to the State Budget Act and the North Carolina Human Resources Act. All employees
12 within a principal State department shall be under the supervision, direction, and control of the
13 head of that department. The head of each principal State department may establish or abolish
14 positions, transfer officers and employees between positions, and change the duties, titles, and
15 compensation of existing offices and positions as ~~he~~the head of the department deems necessary
16 for the efficient functioning of the department, subject to the State Budget Act and the North
17 Carolina Human Resources Act and the limitations of available appropriations. For the purposes
18 of the foregoing provisions, a member of a board, commission, council, committee, or other
19 citizen group shall not be considered an "employee within a principal department. Nothing in this
20 subsection shall be construed as authorizing the transfer of officers and employees between
21 departments without express authorization of the General Assembly."

22
23 **STATE BUDGET ACT AMENDMENTS**

24 **SECTION 5.5.(a)** G.S. 143C-1-3(a) reads as rewritten:

25 "(a) Types. – The Controller shall account for State resources through use of the fund
26 types listed in this subsection. The Controller may not establish a fund type that differs from the
27 listed fund types unless the Governmental Accounting Standards Board has approved the use of
28 the different fund type.

29 The fund types are described as follows, except that where a conflict exists between a
30 description used in this section and the definition of the corresponding fund type issued by the
31 Governmental Accounting Standards Board, it is presumed that the definition issued by the
32 Governmental Accounting Standards Board shall prevail.

33 Governmental Funds.

- 34 (1) Capital Projects Funds. – Accounts for financial resources to be used for the
35 acquisition or construction of major capital facilities other than those financed
36 by proprietary funds or ~~in trust funds for individuals, private organizations, or~~
37 ~~other governments.~~fiduciary funds. Capital outlays financed from general
38 obligation bond proceeds should be accounted for through a capital projects
39 fund.
- 40 (2) Debt Service Funds. – Accounts for the accumulation of resources for, and the
41 payment of, general long-term debt principal and interest.
- 42 (3) General Fund. – Accounts for all financial resources except those required to
43 be reported in another fund.
- 44 (4) Special Revenue Funds. – Accounts for the proceeds of specific revenue
45 sources, other than ~~trusts for individuals, private organizations, or other~~
46 ~~governments~~debt service or for major capital projects, that are legally
47 restricted to expenditure for specified purposes.
- 48 (5) Permanent Funds. – Accounts for resources that are legally restricted to the
49 extent that only earnings, and not principal, may be used for purposes that
50 support the reporting government's programs.

51 Proprietary Funds.

- 1 (6) Enterprise Funds. – Accounts for any activity for which a fee is charged to
 2 external users for goods or services. Activities are required to be reported as
 3 enterprise funds if any one of the following criteria is met. Each of these
 4 criteria should be applied in the context of the activity's principal revenue
 5 sources.
- 6 a. The activity is financed with debt that is secured solely by a pledge of
 7 the net revenues from fees and charges of the activity.
- 8 b. Laws or regulations require that the activity's costs of providing
 9 services, including capital costs, be recovered with fees and charges
 10 rather than with taxes or similar revenues.
- 11 c. The pricing policies of the activity establish fees and charges designed
 12 to recover its costs, including capital costs.
- 13 (7) Internal Service Funds. – Accounts for any activity that provides goods or
 14 services to other funds, departments, or agencies of the primary government
 15 and its component units, or to other governments, on a cost-reimbursement
 16 basis. Internal service funds should be used only if the reporting government
 17 is the predominant participant in the activity. Otherwise, the activity should
 18 be reported as an enterprise fund.

19 ~~Agency and Trust Fiduciary Funds.~~

- 20 (8) ~~Agency Custodial Funds. – Accounts for resources held by the reporting~~
 21 ~~government in a purely custodial capacity. Agency funds typically involve~~
 22 ~~only the receipt, temporary investment, and remittance of fiduciary resources~~
 23 ~~to individuals, private organizations, or other governments capacity.~~
 24 Custodial funds are fiduciary activities that are not required to be reported in
 25 investment trust funds, pensions, and other employee benefit trust funds and
 26 private purpose trust funds as described in this section.
- 27 (9) Investment Trust Funds. – Accounts for the external portion of investment
 28 pools reported by the sponsoring government.
- 29 (10) Pension and Other Employee Benefit Trust Funds. – Accounts for resources
 30 that are required to be held in trust for ~~the members and beneficiaries of~~
 31 ~~defined benefit pension plans, defined contribution plans, other~~
 32 ~~postemployment benefit plans, or other employee benefit plans.~~ pension plans,
 33 other postemployment benefit plans, and other employee benefit plans that
 34 meet certain Governmental Accounting Standards Board (GASB) criteria.
- 35 (11) Private-Purpose Trust Funds. – Accounts for all other trust arrangements
 36 ~~under which principal and income benefit individuals, private organizations,~~
 37 ~~or other governments.~~ that are not required to be reported in investment trust
 38 funds and pension and other employee benefit trust funds."

39 **SECTION 5.5.(b)** G.S. 143C-3-5 reads as rewritten:

40 **"§ 143C-3-5. Budget recommendations and budget message.**

41 (a) Budget Proposals. – The Governor shall present budget recommendations, consistent
 42 with G.S. 143C-3-1, 143C-3-2, and 143C-3-3 to each regular session of the General Assembly
 43 at a mutually agreeable time to be fixed by joint resolution.

44 (b) Odd-Numbered Years. – In odd-numbered years the budget recommendations shall
 45 include the following components:

- 46 (1) A Recommended State Budget setting forth goals for improving the State with
 47 recommended expenditure requirements, funding sources, and performance
 48 information for each State government program and for each proposed capital
 49 improvement. The Recommended State Budget may be presented in a format
 50 chosen by the Director, except that the Recommended State Budget shall
 51 clearly distinguish program base budget requirements, program reductions,

- 1 program eliminations, program expansions, and new programs, and shall
2 explain all proposed capital improvements in the context of the Six-Year
3 Capital Improvements Plan and as required by G.S. 143C-8-6.
- 4 (1a) The Governor's Recommended State Budget shall include a base budget,
5 which shall be presented ~~in the budget support document~~ pursuant to
6 subdivision (2) of this subsection.
- 7 (2) A ~~Budget Support Document~~ Recommended Base Budget showing, for each
8 budget code and purpose or program in State government, accounting detail
9 corresponding to the Recommended State Budget.
- 10 a. The ~~Budget Support Document~~ Recommended Base Budget shall
11 employ the North Carolina Accounting System Uniform Chart of
12 Accounts adopted by the State Controller to show both uses and
13 sources of funds and shall display in separate parallel columns all of
14 the following: (i) actual expenditures and receipts for the most recent
15 fiscal year for which actual information is available, (ii) the certified
16 budget for the preceding fiscal year, (iii) the currently authorized
17 budget for the preceding fiscal year, (iv) program base budget
18 requirements for each fiscal year of the biennium, (v) proposed
19 expenditures and receipts for each fiscal year of the biennium, and (vi)
20 proposed increases and decreases.
- 21 b. The ~~Budget Support Document~~ Recommended Base Budget shall
22 include detailed information on recommended expenditures for capital
23 improvements as required by G.S. 143C-8-6.
- 24 c. The ~~Budget Support Document~~ Recommended Base Budget shall
25 include accurate projections of receipts, expenditures, and fund
26 balances. Estimated receipts, including tuition collected by university
27 or community college institutions, shall be adjusted to reflect actual
28 collections from the previous fiscal year, unless the Director
29 recommends a change that will result in collections in the budget year
30 that differ from prior year actuals, or the Director otherwise determines
31 there is a more reasonable basis upon which to accurately project
32 receipts. Revenue and expenditure detail provided in the Budget
33 Support Document shall be no less detailed than the two-digit level in
34 the North Carolina Accounting System Uniform Chart of Accounts as
35 prescribed by the State Controller.
- 36 d. The ~~Budget Support Document~~ Recommended Base Budget shall
37 clearly identify all proposed expenditures supported by existing or
38 proposed appropriations, including statutory appropriations.
- 39 (3) A recommended Current Operations Appropriations Act that makes
40 appropriations for each fiscal year of the upcoming biennium for the operating
41 and capital expenses of all State agencies as contained in the Recommended
42 State Budget.
- 43 (4) The biennial State Information Technology Plan as outlined in Part 2 of
44 Article 15 of Chapter 143B of the General Statutes to be consistent in
45 facilitating the goals outlined in the Recommended State Budget.
- 46 (5) A list of budget adjustments made during the prior fiscal year pursuant to
47 G.S. 143C-6-4 that are included in the proposed base budget for the upcoming
48 fiscal year.
- 49 (6) The Governor's Recommended State Budget shall include a transfer to the
50 Savings Reserve of fifteen percent (15%) of the estimated growth in State tax
51 revenues that are deposited in the General Fund for each fiscal year of the

1 upcoming biennium. This subdivision applies only if, and to the extent that,
2 the balance of the Savings Reserve remains below the recommended Savings
3 Reserve balance developed pursuant to G.S. 143C-4-2(f).

4 (7) The Governor's Recommended State Budget shall include a transfer to the
5 State Capital and Infrastructure Fund of four percent (4%) of the estimated net
6 State tax revenues that are deposited in the General Fund for each fiscal year
7 of the upcoming biennium.

8 (c) Even-Numbered Years. – In even-numbered years, the Governor may recommend
9 changes in the enacted budget for the second year of the biennium. These recommendations shall
10 be presented as amendments to the enacted budget and shall be incorporated in a recommended
11 Current Operations Appropriations Act. Any recommended changes shall clearly distinguish
12 program reductions, program eliminations, program expansions, and new programs, and shall
13 explain all proposed capital improvements in the context of the Six-Year Capital Improvements
14 Plan and as required by G.S. 143C-8-6. The Governor shall provide sufficient supporting
15 documentation and accounting detail, consistent with that required by G.S. 143C-3-5(b),
16 corresponding to the recommended amendments to the enacted budget.

17 (d) Funds Included in Budget. – Consistent with requirements of the North Carolina
18 Constitution, Article 5, Section 7(1), the Governor's Recommended State Budget, together with
19 the Recommended Base Budget and Recommended Capital Improvements Budget Support
20 Document, shall include recommended expenditures of State funds from all Governmental and
21 Proprietary Funds, as those funds are described in G.S. 143C-1-3, and all funds established for
22 The University of North Carolina and its constituent institutions that are subject to this Chapter.
23 Except where provided otherwise by federal law, funds received from the federal government
24 become State funds when deposited in the State treasury and shall be classified and accounted
25 for in the Governor's budget recommendations no differently than funds from other sources.

26 (e) Availability Estimates. – The recommended Current Operations Appropriations Act
27 shall contain a statement showing the estimates of General Fund availability, Highway Fund
28 availability, and Highway Trust Fund availability upon which the Recommended State Budget
29 is based.

30 (f) Budget Message. – The Governor's budget recommendations shall be accompanied
31 by a written budget message that does all of the following:

- 32 (1) Explains the goals embodied in the recommended budget.
- 33 (2) Explains important features of the activities anticipated in the budget.
- 34 (3) Explains the assumptions underlying the statement of revenue availability.
- 35 (4) Sets forth the reasons for changes from the previous biennium or fiscal year,
36 as appropriate, in terms of programs, program goals, appropriation levels, and
37 revenue yields.
- 38 (5) Identifies anticipated sources of funding for major spending initiatives.
- 39 (6) Prepares a fiscal analysis that addresses the State's budget outlook for the
40 upcoming five-year period. This fiscal analysis shall include detailed
41 estimates for five years for any proposals to create new or significantly expand
42 programs and for proposals to create new or change existing law.

43 (g) Different Gubernatorial Administrations. – For years in which there will be a change
44 in gubernatorial administrations, the incumbent Governor shall complete the budget
45 recommendations and budget message by December 15 and deliver them to the Governor-elect."

46 **SECTION 5.5.(c)** G.S. 143C-8-6 reads as rewritten:

47 **"§ 143C-8-6. Recommendations for capital improvements set forth in the Recommended**
48 **State Budget.**

49 (a) Budget Director's Recommendations. – The Director of the Budget shall recommend
50 expenditures for repairs and renovations of existing facilities, and real property acquisition, new

1 construction, or rehabilitation of existing facilities in the Recommended State Budget in
2 accordance with G.S. 143C-3-5.

3 (b) Repairs and Renovations in the Recommended State Budget. – The Recommended
4 State Budget shall contain for repairs and renovations of existing facilities: (i) the amount
5 recommended for each State agency, (ii) a summary of the recommendations by project type, and
6 (iii) the means of financing.

7 (c) Repairs and Renovations in the Recommended Capital Improvements Budget
8 Support Document. – The Recommended Capital Improvements Budget Support Document shall
9 contain for each repair and renovation project recommended in accordance with subsection (b)
10 of this section: (i) a project description and justification, (ii) a detailed cost estimate, (iii) an
11 estimated schedule for the completion of the project, and (iv) an explanation of the means of
12 financing.

13 (d) Other Capital Projects in the Recommended State Budget. – The Recommended State
14 Budget shall contain for each capital project involving real property acquisition, new
15 construction, building area (sq. ft.) expansions, or the rehabilitation of existing facilities to
16 accommodate new or expanded uses: (i) a project description and statement of need, (ii) an
17 estimate of acquisition and construction or rehabilitation costs, and (iii) a means of financing the
18 project.

19 (e) Other Capital Projects in the Capital Improvements Budget Support Document. – The
20 Capital Improvements Budget Support Document shall contain for each capital project
21 recommended in accordance with subsection (d) of this section: (i) a detailed project description
22 and justification, (ii) a detailed estimate of acquisition, planning, design, site development,
23 construction, contingency and other related costs, (iii) an estimated schedule of cash flow
24 requirements over the life of the project, (iv) an estimated schedule for the completion of the
25 project, (v) an estimate of revenues, if any, likely to be derived from the project, covering the
26 first five years of operation, and (vi) an explanation of the means of financing.

27 (f) All Recommended Capital Projects. – The Director of the Budget shall ensure that
28 recommendations in the Recommended State Budget for repairs and renovations of existing
29 facilities, real property acquisition, new construction, or rehabilitation of existing facilities
30 include all of the following information:

31 (1) An estimate of maintenance and operating costs, including personnel, for the
32 project, covering the first five years of operation. If no increase in these
33 expenditures is anticipated because the recommended project would replace
34 an existing facility, then the level of expenditures for the previous five years
35 of operation shall be included instead.

36 (2) A recommended funding source for the operating costs identified pursuant to
37 subdivision (1) of this subsection."
38

39 **DISTRIBUTION OF SALARY RESERVES**

40 **SECTION 5.6.** The funds appropriated for salaries and benefits set forth in this act
41 shall be distributed to the respective State agencies, departments, and institutions based on the
42 provisions of Part VII-A and Part XXXVIII of this act.
43

44 **PART VI. COMMUNITY COLLEGE SYSTEM**

45 **CODIFY REORGANIZATION AUTHORITY OF CC SYSTEM OFFICE**

46 **SECTION 6.1.** G.S. 115D-3 reads as rewritten:

47 "**§ 115D-3. Community Colleges System Office; ~~staff; staff; reorganization authority.~~**

48 (a) The Community Colleges System Office shall be a principal administrative
49 department of State government under the direction of the State Board of Community Colleges,
50 and shall be separate from the free public school system of the State, the State Board of
51

1 Education, and the Department of Public Instruction. The State Board has authority to adopt and
2 administer all policies, regulations, and standards which it deems necessary for the operation of
3 the System Office.

4 The State Board shall elect a President of the North Carolina System of Community Colleges
5 who shall serve as chief administrative officer of the Community Colleges System Office. The
6 compensation of this position shall be fixed by the State Board from funds provided by the
7 General Assembly in the Current Operations Appropriations Act.

8 The President shall be assisted by such professional staff members as may be deemed
9 necessary to carry out the provisions of this Chapter, who shall be elected by the State Board on
10 nomination of the President. The compensation of the staff members elected by the Board shall
11 be fixed by the State Board of Community Colleges, upon recommendation of the President of
12 the Community College System, from funds provided in the Current Operations Appropriations
13 Act. These staff members shall include such officers as may be deemed desirable by the President
14 and State Board. Provision shall be made for persons of high competence and strong professional
15 experience in such areas as academic affairs, public service programs, business and financial
16 affairs, institutional studies and long-range planning, student affairs, research, legal affairs,
17 health affairs and institutional development, and for State and federal programs administered by
18 the State Board. In addition, the President shall be assisted by such other employees as may be
19 needed to carry out the provisions of this Chapter, who shall be subject to the provisions of
20 Chapter 126 of the General Statutes. The staff complement shall be established by the State Board
21 on recommendation of the President to insure that there are persons on the staff who have the
22 professional competence and experience to carry out the duties assigned and to insure that there
23 are persons on the staff who are familiar with the problems and capabilities of all of the principal
24 types of institutions represented in the system. The State Board of Community Colleges shall
25 have all other powers, duties, and responsibilities delegated to the State Board of Education
26 affecting the Community Colleges System Office not otherwise stated in this Chapter.

27 (b) Notwithstanding any other provision of law, the President may reorganize the System
28 Office in accordance with recommendations and plans submitted to and approved by the State
29 Board of Community Colleges. If a reorganization is implemented pursuant to this subsection,
30 including any movement of positions and funds between fund codes on a recurring basis, the
31 President shall report by June 30 of the fiscal year in which the reorganization occurred to the
32 Joint Legislative Education Oversight Committee and the Fiscal Research Division of the
33 General Assembly."

34 35 **CC TUITION WAIVER/CAMPUS POLICE OF PRIVATE INSTITUTIONS OF** 36 **HIGHER EDUCATION**

37 **SECTION 6.2.(a)** G.S. 115D-5(b) reads as rewritten:

38 "(b) In order to make instruction as accessible as possible to all citizens, the teaching of
39 curricular courses and of noncurricular extension courses at convenient locations away from
40 institution campuses as well as on campuses is authorized and shall be encouraged. A pro rata
41 portion of the established regular tuition rate charged a full-time student shall be charged a
42 part-time student taking any curriculum course. In lieu of any tuition charge, the State Board of
43 Community Colleges shall establish a uniform registration fee, or a schedule of uniform
44 registration fees, to be charged students enrolling in extension courses for which instruction is
45 financed primarily from State funds. The State Board of Community Colleges may provide by
46 general and uniform regulations for waiver of tuition and registration fees for the following:

- 47 (1) Persons not enrolled in elementary or secondary schools taking courses
48 leading to a high school diploma or equivalent certificate.
- 49 (2) Courses requested by the following entities that support the organizations'
50 training needs and are on a specialized course list approved by the State Board
51 of Community Colleges:

- 1 a. Volunteer fire departments.
- 2 b. Municipal, county, or State fire departments.
- 3 c. Volunteer EMS or rescue and lifesaving departments.
- 4 d. Municipal, county, or State EMS or rescue and lifesaving departments.
- 5 d1. Law enforcement, fire, EMS or rescue and lifesaving entities serving
- 6 a lake authority that was created by a county board of commissioners
- 7 prior to July 1, 2012.
- 8 e. Radio Emergency Associated Communications Teams (REACT)
- 9 under contract to a county as an emergency response agency.
- 10 f. Municipal, county, or State law enforcement agencies.
- 11 f1. Campus police agencies of private institutions of higher education
- 12 certified by the Attorney General pursuant to Chapter 74G of the
- 13 General Statutes.
- 14 g. The Division of Adult Correction and Juvenile Justice of the
- 15 Department of Public Safety for the training of full-time custodial
- 16 employees and employees of the Division required to be certified
- 17 under Article 1 of Chapter 17C of the General Statutes and the rules
- 18 of the Criminal Justice and Training Standards Commission.
- 19 h. Repealed by Session Laws 2017-186, s. 2(hhhhh), effective December
- 20 1, 2017.
- 21 i. The Eastern Band of Cherokee Indians law enforcement, fire, EMS or
- 22 rescue and lifesaving tribal government departments or programs.
- 23 j. The Criminal Justice Standards Division of the Department of Justice
- 24 for the training of criminal justice professionals, as defined in
- 25 G.S. 17C-20(6), who are required to be certified under (i) Article 1 of
- 26 Chapter 17C of the General Statutes and the rules of the North
- 27 Carolina Criminal Justice Education and Training Standards
- 28 Commission or (ii) Chapter 17E of the General Statutes and the rules
- 29 of the North Carolina Sheriffs' Education and Training Standards
- 30 Commission. The waivers provided for in this sub-subdivision apply
- 31 to participants and recent graduates of the North Carolina Criminal
- 32 Justice Fellows Program to obtain certifications for eligible criminal
- 33 justice professions as defined in G.S. 17C-20(6).

...."

SECTION 6.2.(b) This section applies beginning with the 2019-2020 academic year.

NC CAREER COACHES/LOCAL MATCHING FUNDS

SECTION 6.3. G.S. 115D-21.5(c) reads as rewritten:

"(c) Application for NC Career Coach Program Funding. – The board of trustees of a community college and a local board of education of a local school administrative unit within the service area of the community college jointly may apply for available funds for NC Career Coach Program funding from the State Board of Community Colleges. The State Board of Community Colleges shall establish a process for award of funds as follows:

- (1) Advisory committee. – Establishment of an advisory committee, which shall include representatives from the NC Community College System, the Department of Public Instruction, the Department of Commerce, and at least three representatives of the business community, to review applications and make recommendations for funding awards to the State Board.
- (2) Application submission requirements. – The State Board of Community Colleges shall require at least the following:

- 1 a. Evidence of a signed memorandum of understanding that meets, at a
- 2 minimum, the requirements of this section.
- 3 b. Evidence that the funding request will be matched ~~dollar for dollar~~
- 4 with local ~~funds-funds~~ in accordance with the following:
- 5 1. Matching funds may come from public or private sources.
- 6 2. The match amount shall be determined based on the location
- 7 of a community college's main campus as follows:
- 8 I. If located in a tier-one county as defined in
- 9 G.S. 143B-437.08, no local match shall be required.
- 10 II. If located in a tier-two county as defined in
- 11 G.S. 143B-437.08, one dollar (\$1.00) of local funds for
- 12 every two dollars (\$2.00) in State funds shall be
- 13 required.
- 14 III. If located in a tier-three county as defined in
- 15 G.S. 143B-437.08, one dollar (\$1.00) of local funds for
- 16 every one dollar (\$1.00) in State funds shall be
- 17 required.
- 18 (3) Awards criteria. – The State Board of Community Colleges shall develop
- 19 criteria for consideration in determining the award of funds that shall include
- 20 the following:
- 21 a. Consideration of the workforce needs of business and industry in the
- 22 region.
- 23 b. Targeting of resources to enhance ongoing economic activity within
- 24 the community college service area and surrounding counties.
- 25 c. Geographic diversity of awards."
- 26

ALLOW CCS TO EARN FTE FOR INSTRUCTION IN LOCAL JAILS

SECTION 6.4.(a) Section 8.3(b) of S.L. 2010-31 reads as rewritten:

"**SECTION 8.3.(b)** Courses in federal prisons ~~or local jails~~ shall not earn regular budget full-time equivalents, but may be offered on a self-supporting basis."

SECTION 6.4.(b) G.S. 115D-5 reads as rewritten:

"§ 115D-5. Administration of institutions by State Board of Community Colleges; personnel exempt from North Carolina Human Resources Act; extension courses; tuition waiver; in-plant training; contracting, etc., for establishment and operation of extension units of the community college system; use of existing public school facilities.

...

(c) No course of instruction shall be offered by any community college at State expense or partial State expense to any captive or co-opted group of students, as defined by the State Board of Community Colleges, without prior approval of the State Board of Community Colleges. All course offerings approved for State prison inmates or prisoners in local jails must be tied to clearly identified job skills, transition needs, or both. Approval by the State Board of Community Colleges shall be presumed to constitute approval of both the course and the group served by that institution. The State Board of Community Colleges may delegate to the President the power to make an initial approval, with final approval to be made by the State Board of Community Colleges. A course taught without such approval will not yield any full-time equivalent students, as defined by the State Board of Community Colleges.

(c1) Community colleges shall report full-time equivalent (FTE) student hours for correction education programs on the basis of ~~contact hours rather than~~ student membership hours. No community college shall operate a multi-entry/multi-exit class or program in a prison facility, except for a literacy class or program.

1 The State Board shall work with the Division of Adult Correction and Juvenile Justice of the
2 Department of Public Safety on offering classes and programs that match the average length of
3 stay of an inmate in a prison facility.

4"

5 **SECTION 6.4.(c)** Beginning with the 2019-2020 academic year, community college
6 courses offered in local jails shall earn regular budget full-time equivalents.

7 8 **WAIVE TUITION/DEPENDENTS OF FALLEN CORRECTIONAL OFFICERS**

9 **SECTION 6.5.(a)** G.S. 115B-1 reads as rewritten:

10 **"§ 115B-1. Definitions.**

11 The following definitions apply in this Chapter:

12 (1) Correctional officer. – An employee of an employer who is certified as a State
13 correctional officer under the provisions of Article 1 of Chapter 17C of the
14 General Statutes.

15 ~~(1)~~(1a) Employer. – The State of North Carolina and its departments, agencies, and
16 institutions; or a county, city, town, or other political subdivision of the State.

17 ...

18 (4) Permanently and totally disabled as a direct result of a traumatic injury
19 sustained in the line of duty. – A person: (i) who as a law enforcement officer,
20 correctional officer, firefighter, volunteer firefighter, or rescue squad worker
21 suffered a disabling injury while in active service or training for active service,
22 (ii) who at the time of active service or training was a North Carolina resident,
23 and (iii) who has been determined to be permanently and totally disabled for
24 compensation purposes by the North Carolina Industrial Commission.

25 ...

26 (6) Survivor. – Any person whose parent, legal guardian, legal custodian, or
27 spouse: (i) was a law enforcement officer, a correctional officer, a firefighter,
28 a volunteer firefighter, or a rescue squad worker, (ii) was killed while in active
29 service or training for active service or died as a result of a service-connected
30 disability, and (iii) at the time of active service or training was a North
31 Carolina resident. The term does not include the widow or widower of a law
32 enforcement officer, correctional officer, firefighter, volunteer firefighter, or
33 a rescue squad worker if the widow or widower has remarried.

34"

35 **SECTION 6.5.(b)** G.S. 115B-2(a) reads as rewritten:

36 "(a) The constituent institutions of The University of North Carolina and the community
37 colleges as defined in G.S. 115D-2(2) shall permit the following persons to attend classes for
38 credit or noncredit purposes without the required payment of tuition:

39 ...

40 (2) Any person who is the survivor of a law enforcement officer, correctional
41 officer, firefighter, volunteer firefighter, or rescue squad worker killed as a
42 direct result of a traumatic injury sustained in the line of duty.

43 (3) The spouse of a law enforcement officer, correctional officer, firefighter,
44 volunteer firefighter, or rescue squad worker who is permanently and totally
45 disabled as a direct result of a traumatic injury sustained in the line of duty.

46 (4) Any child, if the child is at least 17 years old but not yet 24 years old, whose
47 parent, legal guardian, or legal custodian is a law enforcement officer,
48 correctional officer, firefighter, volunteer firefighter, or rescue squad worker
49 who is permanently and totally disabled as a direct result of a traumatic injury
50 sustained in the line of duty. However, a child's eligibility for a waiver of
51 tuition under this Chapter shall not exceed: (i) 54 months, if the child is

1 seeking a baccalaureate degree, or (ii) if the child is not seeking a
2 baccalaureate degree, the number of months required to complete the
3 educational program to which the child is applying.

4"

5 **SECTION 6.5.(c)** G.S. 115B-5(b)(3) reads as rewritten:

6 "(3) The cause of death of the law enforcement officer, correctional officer,
7 firefighter, volunteer firefighter, or rescue squad worker shall be verified by
8 certification from the records of the Department of State Treasurer, the
9 appropriate city or county law enforcement agency that employed the
10 deceased, the administrative agency for the fire department or fire protection
11 district recognized for funding under the Department of State Auditor, or the
12 administrative agency having jurisdiction over any paid firefighters of all
13 counties and cities."

14 **SECTION 6.5.(d)** This section applies beginning with the 2019-2020 academic year.

15
16 **REMOVE RESTRICTION ON STANLY CC FROM USING STATE FUNDS FOR**
17 **CULINARY PROGRAM OFF CAMPUS**

18 **SECTION 6.6.(a)** G.S. 115D-31(b1) reads as rewritten:

19 "(b1) A local community college may use all State funds allocated to it, except for Literacy
20 funds and Customized Training funds, for any authorized purpose that is consistent with the
21 college's Institutional Effectiveness Plan, ~~except that the State funds shall not be used to fund a~~
22 ~~culinary program located at a site other than the main campus of the college.~~ Plan. The State
23 Board of Community Colleges may authorize a local community college to use up to twenty
24 percent (20%) of the State Literacy funds allocated to it to provide employability skills,
25 job-specific occupational and technical skills, and developmental education instruction to
26 students concurrently enrolled in an eligible community college literacy course.

27 Each local community college shall include in its Institutional Effectiveness Plan a section
28 on how funding flexibility allows the college to meet the demands of the local community and
29 to maintain a presence in all previously funded categorical programs."

30 **SECTION 6.6.(b)** Section 9.15(b) of S.L. 2017-57 is repealed.

31 **SECTION 6.6.(c)** Subsection (a) of this section applies only to Stanly Community
32 College.

33
34 **PART VII. PUBLIC INSTRUCTION**

35
36 **FUNDS FOR CHILDREN WITH DISABILITIES**

37 **SECTION 7.1.** The State Board of Education shall allocate additional funds for
38 children with disabilities on the basis of four thousand four hundred forty-two dollars and
39 thirty-four cents (\$4,442.34) per child for fiscal years 2019-2020 and 2020-2021. Each local
40 school administrative unit shall receive funds for the lesser of (i) all children who are identified
41 as children with disabilities or (ii) twelve and seventy-five hundredths percent (12.75%) of its
42 2019-2020 allocated average daily membership in the local school administrative unit. The dollar
43 amounts allocated under this section for children with disabilities shall also be adjusted in
44 accordance with legislative salary increments, retirement rate adjustments, and health benefit
45 adjustments for personnel who serve children with disabilities.

46
47 **FUNDS FOR ACADEMICALLY GIFTED CHILDREN**

48 **SECTION 7.2.** The State Board of Education shall allocate additional funds for
49 academically or intellectually gifted children on the basis of one thousand three hundred forty
50 dollars and ninety-seven cents (\$1,340.97) per child for fiscal years 2019-2020 and 2020-2021.
51 A local school administrative unit shall receive funds for a maximum of four percent (4%) of its

1 2019-2020 allocated average daily membership, regardless of the number of children identified
2 as academically or intellectually gifted in the unit. The dollar amounts allocated under this section
3 for academically or intellectually gifted children shall also be adjusted in accordance with
4 legislative salary increments, retirement rate adjustments, and health benefit adjustments for
5 personnel who serve academically or intellectually gifted children.
6

7 **SUPPLEMENTAL FUNDING IN LOW-WEALTH COUNTIES**

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

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

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

- 1 3. Personal property value for the county.
2 (7) County-adjusted property tax base per square mile. – The county-adjusted
3 property tax base divided by the number of square miles of land area in the
4 county.
5 (8) County wealth as a percentage of State average wealth. – Computed as
6 follows:
7 a. Compute the percentage that the county per capita income is of the
8 State per capita income and weight the resulting percentage by a factor
9 of five-tenths.
10 b. Compute the percentage that the anticipated total county revenue
11 availability per student is of the anticipated State average revenue
12 availability per student and weight the resulting percentage by a factor
13 of four-tenths.
14 c. Compute the percentage that the county-adjusted property tax base per
15 square mile is of the State-adjusted property tax base per square mile
16 and weight the resulting percentage by a factor of one-tenth.
17 d. Add the three weighted percentages to derive the county wealth as a
18 percentage of the State average wealth.
19 (9) Effective county tax rate. – The actual county tax rate multiplied by a weighted
20 average of the three most recent annual sales assessment ratio studies.
21 (10) Effective State average tax rate. – The average of effective county tax rates
22 for all counties.
23 (11) Local current expense funds. – The most recent county current expense
24 appropriations to public schools, as reported by local boards of education in
25 the audit report filed with the Secretary of the Local Government Commission
26 pursuant to G.S. 115C-447.
27 (12) Per capita income. – The average for the most recent three years for which
28 data are available of the per capita income according to the most recent report
29 of the United States Department of Commerce, Bureau of Economic Analysis,
30 including any reported modifications for prior years as outlined in the most
31 recent report.
32 (13) Sales assessment ratio studies. – Sales assessment ratio studies performed by
33 the Department of Revenue under G.S. 105-289(h).
34 (14) State average adjusted property tax base per square mile. – The sum of the
35 county-adjusted property tax bases for all counties divided by the number of
36 square miles of land area in the State.
37 (15) State average current expense appropriations per student. – The most recent
38 State total of county current expense appropriations to public schools, as
39 reported by local boards of education in the audit report filed with the
40 Secretary of the Local Government Commission pursuant to G.S. 115C-447.
41 (16) Supplant. – To decrease local per student current expense appropriations from
42 one fiscal year to the next fiscal year.
43 (17) Weighted average of the three most recent annual sales assessment ratio
44 studies. – The weighted average of the three most recent annual sales
45 assessment ratio studies in the most recent years for which county current
46 expense appropriations and adjusted property tax valuations are available. If
47 real property in a county has been revalued one year prior to the most recent
48 sales assessment ratio study, a weighted average of the two most recent sales
49 assessment ratios shall be used. If property has been revalued the year of the
50 most recent sales assessment ratio study, the sales assessment ratio for the year
51 of revaluation shall be used.

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

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

18 **SECTION 7.3.(e)** Formula for Distribution of Supplemental Funding Pursuant to
19 this Section Only. – The formula in this section is solely a basis for distribution of supplemental
20 funding for low-wealth counties and is not intended to reflect any measure of the adequacy of
21 the educational program or funding for public schools. The formula is also not intended to reflect
22 any commitment by the General Assembly to appropriate any additional supplemental funds for
23 low-wealth counties.

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

38 **SECTION 7.3.(g)** Nonsupplant Requirement. – A county in which a local school
39 administrative unit receives funds under this section shall use the funds to supplement local
40 current expense funds and shall not supplant local current expense funds. For the 2019-2021
41 fiscal biennium, the State Board of Education shall not allocate funds under this section to a
42 county found to have used these funds to supplant local per student current expense funds. The
43 State Board of Education shall make a finding that a county has used these funds to supplant
44 local current expense funds in the prior year, or the year for which the most recent data are
45 available, if all of the following criteria apply:

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

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

3 **SECTION 7.3.(h)** Counties Containing a Base of the Armed Forces. –
 4 Notwithstanding any other provision of this section, for the 2019-2021 fiscal biennium, counties
 5 containing a base of the Armed Forces of the United States that have an average daily
 6 membership of more than 17,000 students shall receive whichever is the higher amount in each
 7 fiscal year as follows: either the amount of supplemental funding the county received as a
 8 low-wealth county in the 2012-2013 fiscal year or the amount of supplemental funding the county
 9 is eligible to receive as a low-wealth county pursuant to the formula for distribution of
 10 supplemental funding under the other provisions of this section.

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

15 **SECTION 7.3.(j)** Reports. – For the 2019-2021 fiscal biennium, the State Board of
 16 Education shall report to the Fiscal Research Division prior to May 15 of each year if it
 17 determines that counties have supplanted funds.

18 **SECTION 7.3.(k)** Department of Revenue Reports. – The Department of Revenue
 19 shall provide to the Department of Public Instruction a preliminary report for the current fiscal
 20 year of the assessed value of the property tax base for each county prior to March 1 of each year
 21 and a final report prior to May 1 of each year. The reports shall include for each county the annual
 22 sales assessment ratio and the taxable values of (i) total real property, (ii) the portion of total real
 23 property represented by the present-use value of agricultural land, horticultural land, and
 24 forestland, as defined in G.S. 105-277.2, (iii) property of public service companies determined
 25 in accordance with Article 23 of Chapter 105 of the General Statutes, and (iv) personal property.
 26

27 **SMALL COUNTY SCHOOL SYSTEM SUPPLEMENTAL FUNDING**

28 **SECTION 7.4.(a)** Allotment Schedule for the 2019-2021 Fiscal Biennium. – Except
 29 as otherwise provided in subsection (d) of this section, each eligible county school administrative
 30 unit shall receive a dollar allotment according to the following schedule:

<u>Allotted ADM</u>	<u>Small County Allotment</u>
0-1,300	\$1,820,000
1,301-1,700	\$1,548,700
1,701-2,000	\$1,600,000
2,001-2,300	\$1,560,000
2,301-2,600	\$1,470,000
2,601-2,800	\$1,498,000
2,801-3,300	\$1,548,000.

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39 **SECTION 7.4.(b)** Phase-Out Provision for the 2019-2020 Fiscal Year. – If a local
 40 school administrative unit becomes ineligible for funding under the schedule in subsection (a) of
 41 this section in the 2019-2020 fiscal year, funding for that unit shall be phased out over a five-year
 42 period. Funding for such local school administrative units shall be reduced in equal increments
 43 in each of the five years after the unit becomes ineligible. Funding shall be eliminated in the fifth
 44 fiscal year after the local school administrative unit becomes ineligible.

45 Allotments for eligible local school administrative units under this subsection shall
 46 not be reduced by more than twenty percent (20%) of the amount received in fiscal year
 47 2018-2019 in any fiscal year. A local school administrative unit shall not become ineligible for
 48 funding if either the highest of the first two months' total projected average daily membership for
 49 the current year or the higher of the first two months' total prior year average daily membership
 50 would otherwise have made the unit eligible for funds under the schedule in subsection (a) of this
 51 section.

1 **SECTION 7.4.(c)** Phase-Out Provision for the 2020-2021 Fiscal Year. – If a local
2 school administrative unit becomes ineligible for funding under the schedule in subsection (a) of
3 this section in the 2020-2021 fiscal year, funding for that unit shall be phased out over a five-year
4 period. Funding for such local school administrative units shall be reduced in equal increments
5 in each of the five years after the unit becomes ineligible. Funding shall be eliminated in the fifth
6 fiscal year after the local administrative unit becomes ineligible.

7 Allotments for eligible local school administrative units under this subsection shall
8 not be reduced by more than twenty percent (20%) of the amount received in fiscal year
9 2019-2020 in any fiscal year. A local school administrative unit shall not become ineligible for
10 funding if either the highest of the first two months' total projected average daily membership for
11 the current year or the higher of the first two months' total prior year average daily membership
12 would otherwise have made the unit eligible for funds under the schedule in subsection (a) of this
13 section.

14 **SECTION 7.4.(d)** Nonsupplant Requirement for the 2019-2021 Fiscal Biennium. –
15 A county in which a local school administrative unit receives funds under this section shall use
16 the funds to supplement local current expense funds and shall not supplant local current expense
17 funds. For the 2019-2021 fiscal biennium, the State Board of Education shall not allocate funds
18 under this section to a county found to have used these funds to supplant local per student current
19 expense funds. The State Board of Education shall make a finding that a county has used these
20 funds to supplant local current expense funds in the prior year or the year for which the most
21 recent data are available, if all of the following criteria apply:

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

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

30 **SECTION 7.4.(e)** Reports. – For the 2019-2021 fiscal biennium, the State Board of
31 Education shall report to the Fiscal Research Division prior to May 15 of each fiscal year if it
32 determines that counties have supplanted funds.

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

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

40 **DISADVANTAGED STUDENT SUPPLEMENTAL FUNDING (DSSF)**

41 **SECTION 7.5.(a)** Funds appropriated in this act for disadvantaged student
42 supplemental funding shall be used, consistent with the policies and procedures adopted by the
43 State Board of Education, only to do the following:

- 44 (1) Provide instructional positions or instructional support positions.
- 45 (2) Provide professional development.
- 46 (3) Provide intensive in-school or after-school remediation, or both.
- 47 (4) Purchase diagnostic software and progress-monitoring tools.
- 48 (5) Provide funds for teacher bonuses and supplements. The State Board of
49 Education shall set a maximum percentage of the funds that may be used for
50 this purpose.
51

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

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

- 11 (1) For counties with wealth greater than ninety percent (90%) of the statewide
12 average, a ratio of 1:19.9.
- 13 (2) For counties with wealth not less than eighty percent (80%) and not greater
14 than ninety percent (90%) of the statewide average, a ratio of 1:19.4.
- 15 (3) For counties with wealth less than eighty percent (80%) of the statewide
16 average, a ratio of 1:19.1.
- 17 (4) For local school administrative units that received DSSF funds in fiscal year
18 2005-2006, a ratio of 1:16. These local school administrative units shall
19 receive no less than the DSSF amount allotted in fiscal year 2006-2007.

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

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

26 **DEPARTMENT OF PUBLIC INSTRUCTION REORGANIZATION AUTHORITY**

27 **SECTION 7.6.(a)** Notwithstanding G.S. 143C-6-4, for the 2019-2021 fiscal
28 biennium, the Department of Public Instruction may, after consultation with the Office of State
29 Budget and Management and the Fiscal Research Division, reorganize the Department, realign
30 fund structures, or both, if necessary, to implement (i) the reorganization authorized in Section
31 7.7 of S.L. 2017-57, as amended by Section 7.5 of S.L. 2018-5, (ii) recommendations resulting
32 from the audit required pursuant to Section 7.23L of S.L. 2017-57, and (iii) other changes
33 necessary to improve the efficiency of the Department. Consultation shall occur prior to
34 requesting budgetary and personnel changes through the budget revision process. The
35 Department of Public Instruction shall provide (i) a current organization chart and a list of
36 affected funds and (ii) the proposed organization chart and a list of affected funds clearly
37 identifying the changes for the Department in the consultation process and shall report to the
38 Joint Legislative Commission on Governmental Operations on any reorganization, including any
39 movement of positions and funds between fund codes on a recurring basis.

40 **SECTION 7.6.(b)** In implementing (i) the reorganization authorized in Section 7.7
41 of S.L. 2017-57, as amended by Section 7.5 of S.L. 2018-5, (ii) recommendations resulting from
42 the audit required pursuant to Section 7.23L of S.L. 2017-57, and (iii) other changes necessary
43 to improve the efficiency of the Department of Public Instruction, the Department of Public
44 Instruction shall make no reduction to funding for (i) the State Public School Fund, including for
45 the following residential schools: Eastern North Carolina School for the Deaf, the North Carolina
46 School for the Deaf, and the Governor Morehead School, and (ii) any budget expansion item
47 funded by an appropriation to the Department of Public Instruction by this act for the 2019-2021
48 fiscal biennium. The Department shall also make no transfers from or reduction to funding or
49 positions for any of the following:

- 50 (1) Communities in Schools of North Carolina, Inc.

- 1 (2) Teach For America, Inc.
- 2 (3) Beginnings for Parents of Children Who are Deaf or Hard of Hearing, Inc.
- 3 (4) The Excellent Public Schools Act, Read to Achieve Program, initially
- 4 established under Section 7A.1 of S.L. 2012-142.
- 5 (5) The North Carolina School Connectivity Program.
- 6 (6) The North Carolina Center for the Advancement of Teaching.
- 7 (7) The North Carolina Innovative School District.
- 8 (8) Eastern North Carolina STEM.
- 9

10 **DEPARTMENT ISSUE REQUEST FOR PROPOSALS FOR EDUCATION FUNDING**
 11 **EVALUATION**

12 **SECTION 7.7.(a)** No later than September 15, 2019, the Department of Public
 13 Instruction shall issue a Request for Proposals (RFP) to independent research organizations to
 14 perform an evaluation of the State's system for funding public schools and to propose alternative
 15 funding systems. The evaluation and proposal shall include the following components:

- 16 (1) An in-depth study of the State's current public school allotment system,
 17 including all public school funding formulas and distributions.
- 18 (2) A review of alternative funding systems for elementary and secondary public
 19 schools, including charter schools. The review should include a discussion of
 20 the various types of weighted student formula funding models proposed and
 21 actually used in other states.
- 22 (3) A suggested base amount of funds that could be distributed on a per student
 23 basis to provide a student in the State with a sound basic education.
- 24 (4) Student characteristics that could be eligible for weighted funding and
 25 suggested weights for each of those characteristics.
- 26 (5) Suggested adjustments to the base amount of funds in light of characteristics
 27 of individual local school administrative units or groups of local school
 28 administrative units with similar characteristics.
- 29 (6) Which funding components, if any, should remain outside the base amount of
 30 funds distributed on a per student basis.
- 31 (7) Suggestions for improving the system of distributing State funds to public
 32 schools by (i) maximizing equity, transparency, and adequacy and (ii)
 33 minimizing complexity and inefficiency.
- 34 (8) The estimated fiscal impact of any proposed alternative funding systems on
 35 the public schools, including projected positive and negative fiscal impacts on
 36 each local school administrative unit and charter school.

37 **SECTION 7.7.(b)** No later than December 15, 2019, the Department shall select an
 38 independent research organization to complete the evaluation. The independent research
 39 organization selected by the Department pursuant to subsection (a) of this section shall report the
 40 results of its evaluation to the State Board of Education no later than December 31, 2020. The
 41 State Board shall provide the report to the offices of the President Pro Tempore of the Senate and
 42 the Speaker of the House of Representatives, the Senate Appropriations/Base Budget Committee,
 43 the House Committee on Appropriations, the Senate Appropriations Committee on
 44 Education/Higher Education, the House Appropriations Committee on Education, the Fiscal
 45 Research Division, and the Joint Legislative Education Oversight Committee.

46
 47 **CONTINUE EXPANSION OF SCHOOL CONNECTIVITY**
 48 **INITIATIVE/CYBERSECURITY AND RISK MANAGEMENT**

49 **SECTION 7.8.(a)** The State Board of Education and the Department of Public
 50 Instruction, in collaboration with the Friday Institute at North Carolina State University, shall
 51 continue the expansion of the School Connectivity Initiative client network engineering to

1 include cybersecurity and risk management services supporting local school administrative units
2 and charter schools. The expansion shall include the following:

- 3 (1) Continuous monitoring and risk assessment. – Cloud-based solutions to
4 discover assets, assess their security posture, and recommend corrective
5 actions based on real-world risk reduction.
- 6 (2) Security advisory and consulting services. – Five regional security consultants
7 working with schools to assess security posture and develop and implement
8 improvement plans. The plans shall include security policy, building security
9 programs, implementing effective security controls, and ongoing support for
10 operating security governance.
- 11 (3) Security training and education services. – Security training and education for
12 teachers, staff, and administrators.

13 **SECTION 7.8.(b)** Funds appropriated to the Department by this act for the
14 2019-2021 fiscal biennium for the School Connectivity Initiative and cybersecurity shall be used
15 to develop and implement the above cybersecurity and risk management services to support
16 public school cybersecurity and risk management service operations.
17

18 **ADVANCED TEACHING ROLES CHANGES**

19 **SECTION 7.9.(a)** Effective June 30, 2020, the following session laws are repealed:

- 20 (1) Section 8.7 of S.L. 2016-94.
- 21 (2) Section 7.11(a) of S.L. 2017-57.
- 22 (3) Section 7.15(b) of S.L. 2017-57.
- 23 (4) Section 7.9 of S.L. 2018-5.
- 24 (5) Section 2.6 of S.L. 2018-97.

25 **SECTION 7.9.(b)** Article 20 of Chapter 115C is amended by adding a new section
26 to read:

27 **"§ 115C-311. Teacher compensation models and advanced teaching roles.**

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

- 35 (1) Allow highly effective classroom teachers to teach an increased number of
36 students by assuming accountability for additional students, by becoming a
37 lead classroom teacher accountable for the student performance of all of the
38 students taught by teachers on that lead classroom teacher's team, or by
39 leading a larger effort in the school to implement new instructional models to
40 improve school-wide performance.
- 41 (2) Enable local school administrative units to provide salary supplements to
42 classroom teachers in advanced teaching roles. Selection of an advanced
43 teaching role classroom teacher and award of related salary supplements shall
44 be made on the basis of demonstrated effectiveness and additional
45 responsibilities.
- 46 (3) Enable local school administrative units to create innovative compensation
47 models that focus on classroom teacher professional growth that lead to
48 measurable improvements in student outcomes.
- 49 (4) Utilize local plans to establish organizational changes related to compensation
50 in order to sustain evidenced-based teaching practices that have the capacity
51 to be replicated throughout the State.

1 (b) Request for Proposal. – By September 15, 2019, and annually thereafter, the State
2 Board of Education shall issue a Request for Proposal (RFP) for the program. Local boards of
3 education shall submit their proposals by October 15. The RFP shall require that proposals
4 include the following information at a minimum:

5 (1) Description of the program structure, including both of the following:

6 a. The process for teacher advancement based on performance,
7 professional growth, or the specific teacher roles assumed by the
8 teacher.

9 b. Plans for how the local school administrative unit will utilize and train
10 classroom teachers in advanced teaching roles. These plans shall draw
11 a direct correlation between the proposed use and training of
12 classroom teachers in advanced teaching roles and improved student
13 outcomes.

14 (2) Descriptions of the advanced teaching roles, including minimum
15 qualifications for the positions that shall include at least two of the following:

16 a. Advanced certifications, such as National Board for Professional
17 Teaching Standards Certification, or a master's degree in the area in
18 which the classroom teacher is licensed and teaching.

19 b. A rating of at least accomplished on each of the Teacher Evaluation
20 Standards 1-5 on the North Carolina Teacher Evaluation instrument.

21 c. Evidence that the teacher has an average Education Value-Added
22 Assessment System (EVAAS) student growth index score from the
23 three previous school years of 1.5 or greater and no individual EVAAS
24 student growth index score below zero.

25 d. Equivalent demonstrated mastery of teaching skills as required by the
26 new local compensation model.

27 (3) Job responsibilities that include at least one of the following:

28 a. Teaching an increased number of students and being accountable for
29 their performance as the teacher of record for those students.

30 b. Becoming a lead classroom teacher among a group of teachers and
31 participating in EVAAS according to a model developed by the
32 Department of Public Instruction. The model shall be published and
33 explained on the Department's Web site no later than August 1, 2019,
34 and, thereafter, within 30 days of any change made to the model.

35 c. Leading a school-wide effort to implement data-driven instructional
36 models that include blended learning environments, utilizing digital
37 learning and resources, and focusing on methods of improvement for
38 school-wide performance issues.

39 d. Providing in-house professional development or functioning as an
40 instructional content area coach or a coach in another professional
41 development area following the completion of certification training.
42 The training shall ensure that the professional development or
43 coaching the teacher provides is faithfully implemented in the
44 classroom.

45 (4) Description of how the local school administrative unit will inform all
46 employees and the public on the criteria and selection for the advanced
47 teaching roles, the continued eligibility requirements for the advanced
48 teaching roles, and how the individuals selected for the advanced teaching
49 roles will be evaluated.

- 1 (5) Description of how the local school administrative unit will inform all
2 employees and the public on the criteria for movement on the proposed new
3 local compensation model.
- 4 (6) The process for the voluntary relinquishment of an advanced teaching role,
5 including the associated additional duties. Voluntary relinquishment of the
6 advanced teaching role shall not be considered a demotion under Part 3 of
7 Article 22 of Chapter 115C of the General Statutes.
- 8 (7) Salary supplement information including the following:
- 9 a. The amount of the salary supplements that will be provided to those
10 selected for the advanced teaching roles. The supplements may be up
11 to thirty percent (30%) of the State teacher salary schedule.
- 12 b. A statement by the local school administrative unit that the salary
13 supplements will be paid as a supplement to the classroom teacher's
14 regular salary and not be included in the average salary calculation
15 used for budgeting State allotments.
- 16 c. A statement by the local school administrative unit that if a classroom
17 teacher in an advanced teaching role (i) fails to maintain the minimum
18 criteria established for the position, (ii) is not successfully performing
19 the additional duties associated with the advanced teaching role, or (iii)
20 voluntarily relinquishes the advanced teaching role, the teacher shall
21 only be paid the salary applicable to that individual on the State teacher
22 salary schedule and any other local supplements that would otherwise
23 apply to the classroom teacher's compensation.
- 24 d. Loss of an advanced teaching role shall not be considered a demotion
25 under Part 3 of Article 22 of Chapter 115C of the General Statutes.
- 26 e. The amount of the salary supplements at all levels of the proposed new
27 compensation model in relation to the State teacher salary schedule.
- 28 (8) The implementation plan, including the number of schools in the local school
29 administrative unit that will have advanced teaching roles and any new
30 proposed compensation model, the number of advanced teaching roles at each
31 of those schools, the number of students whose teacher of record will be a
32 teacher in an advanced teaching role, and the number of teachers overall who
33 would be eligible for the proposed new compensation model.
- 34 (9) Plans for long-term financial sustainability once any grant money that may be
35 awarded to the local school administrative unit is no longer available. This
36 plan shall include a description of how the unit intends to provide
37 supplemental compensation for teachers in an advanced teaching role without
38 grant money.
- 39 (10) A description of how the local school administrative unit could partner with
40 local educator preparation programs, institutions of higher education, or
41 community colleges to improve teacher effectiveness and student outcomes.
- 42 (c) Selection by State Board of Education. – By December 15, 2019, and annually
43 thereafter, the State Board of Education shall review proposals and select local school
44 administrative units to participate in the program, beginning in the subsequent school year, in
45 accordance with the following criteria:
- 46 (1) Selected local school administrative units must meet minimum criteria
47 established by the State Board of Education consistent with this section.
- 48 (2) The State Board shall prioritize the award of available State funds for the
49 following categories of local school administrative units:
- 50 a. Up to five units with an average daily membership from the previous
51 school year of 4,000 or fewer students.

- 1 b. Up to five units with an average daily membership from the previous
2 school year of between 4,001 and 20,000 students.
- 3 c. Up to five units with an average daily membership from the previous
4 school year of 20,001 or more students.
- 5 (3) The State Board shall approve the proposal of any local school administrative
6 unit that is submitted by October 15, 2019, if the following criteria are met:
- 7 a. The local school administrative unit is participating in an approved
8 advanced teaching roles program pursuant to Section 8.7 of S.L.
9 2016-94 in the 2019-2020 school year.
- 10 b. The application of a local school administrative unit is not inconsistent
11 with this section.
- 12 (d) Advanced Teaching Roles Designation. – Any local board of education that is
13 selected to participate in the program pursuant to subsection (c) of this section shall designate
14 participating schools within the unit as "Advanced Teaching Roles" schools. Every Advanced
15 Teaching Roles school shall receive class size flexibility pursuant to subsection (i) of this section
16 and budget flexibility pursuant to subsection (j) of this section.
- 17 (e) Material Revisions of Plans. – Material revisions of a plan submitted to the State
18 Board of Education by a local board of education with at least one Advanced Teaching Roles
19 school shall be made only upon the approval of the State Board of Education.
- 20 (f) Renewal and Termination. – The initial selected local school administrative units
21 shall implement their approved plans beginning with the 2020-2021 school year. Every five years
22 after a local school administrative unit begins implementing its plan, the State Board of Education
23 shall review the unit to ensure it is complying with its approved plan. After the review, the State
24 Board may, in its discretion, renew or terminate the plan of any local school administrative unit
25 that fails to meet criteria established by the State Board in accordance with this section and the
26 Advanced Teaching Roles designation of any school within that unit. Throughout the program,
27 a local school administrative unit shall provide any information or access requested by (i) the
28 State Board of Education or (ii) the independent research organization selected by the State Board
29 of Education to evaluate the program pursuant to this section.
- 30 (g) Term; Use of Grant Funds. – Any funds awarded to a local school administrative unit
31 pursuant to this section shall be subject to availability and awarded for a term of up to three years,
32 in the discretion of the State Board. A local school administrative unit shall not be eligible to
33 receive funding for more than one term. Funds awarded to local school administrative units shall
34 be used for any of the following:
- 35 (1) Development of advanced teaching role plans.
- 36 (2) Development of professional development courses for teachers in advanced
37 teaching roles that lead to improved student outcomes.
- 38 (3) Transition costs associated with designing and implementing advanced
39 teaching role models. Transition costs may include employing staff members
40 or contractors to assist with design and implementation of the plan.
- 41 (4) Development of the design and implementation of compensation plans that
42 focus on teacher professional growth and student outcomes and the transition
43 costs associated with designing and implementing new compensation plans,
44 including employing staff members or contractors to assist with design and
45 implementation of the plan.
- 46 (h) Program Evaluation. – The State Board of Education shall evaluate how the advanced
47 teaching roles and new compensation plans have accomplished, at a minimum, the following:
- 48 (1) Improvement in the quality of classroom instruction and increases in
49 school-wide growth or the growth of teachers who are mentored or impacted
50 by a teacher in an advanced teaching role.
- 51 (2) An increase in the attractiveness of teaching.

- 1 (3) Recognition, impact, and retention of high-quality classroom teachers.
- 2 (4) Assistance to and retention of beginning classroom teachers.
- 3 (5) Improvement in and expansion of the use of technology and digital learning.
- 4 (6) School culture based on school climate survey results.

5 The State Board shall contract with an independent research organization to perform this
6 evaluation in the first two years of the program and provide reports on October 15, 2020, and
7 October 15, 2021. Beginning October 15, 2022, and annually thereafter, the State Board shall
8 perform the evaluation and provide the report. The State Board shall provide any report required
9 in accordance with this subsection to the offices of the President Pro Tempore of the Senate and
10 the Speaker of the House of Representatives, the Senate Appropriations/Base Budget Committee,
11 the House Committee on Appropriations, the Senate Appropriations Committee on
12 Education/Higher Education, the House Appropriations Committee on Education, the Fiscal
13 Research Division, and the Joint Legislative Education Oversight Committee.

14 (i) Class Size Flexibility. – Notwithstanding G.S. 115C-301, with the approval of the
15 State Board of Education, Advanced Teaching Roles schools selected to participate in the
16 program may exceed the maximum class size requirements for kindergarten through third grade.

17 (j) Budget Flexibility. – Notwithstanding any other provision of law, the State Board of
18 Education shall authorize local boards of education participating in the program to use any
19 available State funds to provide salary supplements to classroom teachers in an advanced
20 teaching role as long as the local school administrative unit complies with policies of the State
21 Board of Education, federal law, and any State programs with specific restrictions on the use of
22 funds, including bonus and grant programs."

23 **SECTION 7.9.(c)** Funds appropriated to the Department of Public Instruction by this
24 act for the 2019-2020 fiscal year shall be used to (i) support teacher compensation models and
25 advanced teaching roles pursuant to Section 8.7 of S.L. 2016-94, as amended by Section 7.11 of
26 S.L. 2017-57 and Section 7.9 of S.L. 2018-5, and (ii) develop implementation plans for teacher
27 compensation models and advanced teaching roles pursuant to G.S. 115C-311, as enacted by this
28 act. These funds shall not revert at the end of the fiscal year but shall remain available until
29 expended.

30 **SECTION 7.9.(d)** Funds appropriated to the Department of Public Instruction by
31 this act for the 2020-2021 fiscal year shall be used to support teacher compensation models and
32 advanced teaching roles and to develop implementation plans for teacher compensation models
33 and advanced teaching roles pursuant to G.S. 115C-311, as enacted by this act. Beginning in the
34 2020-2021 fiscal year, funds appropriated to the Department of Public Instruction for the program
35 and for the evaluation of the program shall not revert at the end of the fiscal year but shall remain
36 available until expended.

37 **SECTION 7.9.(e)** Beginning in the 2019-2020 fiscal year, of the funds appropriated
38 to the Department of Public Instruction by this act to support teacher compensation models and
39 advanced teaching roles and to develop associated implementation plans, the Department may
40 use up to four percent (4%) each fiscal year to evaluate the program, contract with an independent
41 research organization to evaluate the program, or continue any preexisting contract with an
42 independent research organization formed pursuant to Section 8.7 of S.L. 2016-94. Any
43 remaining funds may be awarded to selected local school administrative units in accordance with
44 this act to support teacher compensation models and advanced teaching roles and to develop
45 associated implementation plans.

46 **DIGITAL LEARNING PLAN FUNDS CARRYFORWARD**

47 **SECTION 7.10.** Funds appropriated to the Department of Public Instruction for the
48 Digital Learning Plan pursuant to this act shall not revert at the end of the 2019-2020 fiscal year,
49 but shall remain available until expended.
50
51

1 **NCCAT PERMITTED TO CONTRACT FOR EXPANDED TEACHER CADET**
2 **PROGRAM**

3 **SECTION 7.11.** Of the funds appropriated to the Department of Public Instruction
4 for the North Carolina Center for the Advancement of Teaching by this act for the 2019-2021
5 fiscal biennium, the North Carolina Center for the Advancement of Teaching is permitted to
6 contract with the North Carolina Foundation for Public School Children to expand that
7 organization's North Carolina Teacher Cadet Program.

8
9 **RECONCILE PRINCIPAL ALLOTMENT REQUIREMENTS**

10 **SECTION 7.12.(a)** G.S. 115C-284(f) reads as rewritten:

11 "(f) The allotment of classified principals shall be one principal for each duly constituted
12 school with (i) seven or more state-allotted teachers-teachers and (ii) a final total average daily
13 membership of 100 or more students."

14 **SECTION 7.12.(b)** Sections 7.14(a) and 7.14(c) of S.L. 2011-145 are repealed.

15 **SECTION 7.12.(c)** Subsection (a) of this section applies only to schools created after
16 July 1, 2011.

17
18 **CREATE DEFINITION FOR PUBLIC SCHOOLS/SCHOOL RESOURCE OFFICERS**
19 **REPORT**

20 **SECTION 7.13.(a)** G.S. 115C-5 is amended by adding a new subdivision to read:

21 "(11) Public school unit. – Any of the following:

22 a. A local school administrative unit.

23 b. A charter school.

24 c. A regional school.

25 d. A school providing elementary or secondary instruction operated by
26 one of the following:

27 1. The State Board of Education, including schools operated
28 under Article 7A and Article 9C of this Chapter.

29 2. The University of North Carolina, including schools operated
30 under Articles 4, 29, and 29A of Chapter 116 of the General
31 Statutes."

32 **SECTION 7.13.(b)** G.S. 115C-105.57 reads as rewritten:

33 **"§ 115C-105.57. Center for Safer Schools.**

34 (a) Center for Safer Schools Established. – There is established the Center for Safer
35 Schools. The Center for Safer Schools shall be administratively located in the Department of
36 Public Instruction. The Center for Safer Schools shall consist of an executive director appointed
37 by the Superintendent of Public Instruction and such other professional, administrative, technical,
38 and clerical personnel as may be necessary to assist the Center for Safer Schools in carrying out
39 its powers and duties.

40 (b) Executive Director. – The Executive Director shall report to and serve at the pleasure
41 of the Superintendent of Public Instruction at a salary established by the Superintendent within
42 the funds appropriated for this purpose.

43 (c) Powers and Duties. – The Center for Safer Schools shall have all powers and duties
44 provided in this Article.

45 (d) Agency Cooperation. – All State agencies and departments shall cooperate with the
46 Center for Safer Schools in carrying out its powers and duties, as necessary, in accordance with
47 this Article.

48 (e) Annual Census of School Resource Officers. – The Center for Safer Schools shall
49 conduct an annual census of school resource officers located in each public school unit. The
50 Center shall submit a report based on this census to the Joint Legislative Education Oversight

1 Committee and the State Board of Education by March 1 of each year. At a minimum, the report
2 shall include all of the following information:

- 3 (1) The total number of school resource officers in the State and in each public
4 school unit.
- 5 (2) Data regarding school resources officers' education levels, years as sworn law
6 enforcement officers, and years as school resource officers.
- 7 (3) Training required of school resource officers and training actually completed
8 by school resource officers, including training specific to the position of
9 school resource officer and other advanced or additional training.
- 10 (4) The funding source for all school resource officers.
- 11 (5) The location of school resource officers, differentiated by grade levels and
12 type of public school unit.
- 13 (6) The percentage of school resource officers assigned to more than one school.
- 14 (7) The law enforcement affiliation of school resource officers."

16 **TEACH FOR AMERICA REPORTING REQUIREMENT**

17 **SECTION 7.14.(a)** G.S. 120-70.84 reads as rewritten:

18 **"§ 120-70.84. Reports to the Committee.**

19 By March 1, 2014, and by January 1, 2015, and annually thereafter, ~~TFA [Teach for America,~~
20 ~~Inc.] Teach for America, Inc. (TFA)~~ shall report to the offices of the President Pro Tempore of
21 the Senate and the Speaker of the House of Representatives, the Senate Appropriations/Base
22 Budget Committee, the House Appropriations Committee, the Senate Appropriations Committee
23 on Education/Higher Education, the House Appropriations Committee on Education, the Joint
24 Legislative Education Oversight Committee Committee, and the Fiscal Research Division on the
25 operation of its programs under subsection (a) of Section 8.21 of S.L. 2013-360, including at
26 least all of the following information:

- 27 (1) The total number of applications received nationally from candidates seeking
28 participation in the program.
- 29 (2) The total number of applications received from candidates who are residents
30 of North Carolina and information on the source of these candidates, including
31 the number of (i) recent college graduates and the higher institution the
32 candidates attended, (ii) mid-career level and lateral entry industry
33 professionals, and (iii) veterans of the United States Armed Forces.
- 34 (3) The total number of North Carolina candidates accepted by TFA.
- 35 (4) The total number of accepted candidates placed in North Carolina, including
36 the number of accepted candidates who are residents of North Carolina.
- 37 (5) The regions in which accepted candidates have been placed, the number of
38 candidates in each region, and the number of students impacted by placement
39 in those regions.
- 40 (6) Success of recruitment efforts, including the Teach Back Home program and
41 targeting of candidates who are (i) working in areas related to STEM
42 education, (ii) mid-career level and lateral entry industry professionals, and
43 (iii) veterans of the United States Armed Forces.
- 44 (7) Success of retention efforts, including the Teach Beyond Two and Make it
45 Home programs, and the percentage of accepted candidates working in their
46 placement communities beyond the initial TFA two-year commitment period
47 and the number of years those candidates teach beyond the initial
48 commitment.
- 49 (7a) The percentage of candidates who are residents of North Carolina and become
50 principals in a North Carolina public school following the initial TFA
51 two-year commitment period.

- 1 (8) A financial accounting of how the State funds appropriated to TFA were
 2 expended in the previous year, including at least the following information:
 3 a. Funds expended by region of the State.
 4 b. Details on program costs, including at least the following:
 5 1. Recruitment, candidate selection, and placement.
 6 2. Preservice training and preparation costs.
 7 3. Operational and administrative costs, including development
 8 and fundraising, alumni support, management costs, and
 9 marketing and outreach.
 10 c. Funds received through private fundraising, specifically by sources in
 11 each region of the State."

12 **SECTION 7.14.(b)** Section 8.21(e) of S.L. 2013-360 is repealed.
 13

14 **BROADEN CHARTER SCHOOL SIBLING PRIORITY**

15 **SECTION 7.15.(a)** G.S. 115C-218.45(f) reads as rewritten:

- 16 "(f) The charter school may give enrollment priority to any of the following:
 17 (1) Siblings of currently enrolled students who were admitted to the charter school
 18 in a previous year. For the purposes of this section, the term "siblings"
 19 includes any of the following who reside in the same household: half siblings,
 20 stepsiblings, and children residing in a family foster home.
 21 (1a) Siblings who apply to the charter school for admission beginning in the same
 22 school year.
 23 (2) Siblings of students who have completed the highest grade level offered by
 24 that school and who were enrolled in at least four grade levels offered by the
 25 charter school or, if less than four grades are offered, in the maximum number
 26 of grades offered by the charter school.
 27 (2a) A student who was enrolled in a preschool program operated by the charter
 28 school in the prior year.
 29 (3) Limited to no more than fifteen percent (15%) of the school's total enrollment,
 30 unless granted a waiver by the State Board of Education, the following:
 31 a. Children of the school's persons employed to work full-time
 32 employees for the charter school, including children of contracted
 33 employees.
 34 b. Children of the charter school's board of directors.
 35 (4) A student who was enrolled in the charter school within the two previous
 36 school years but left the school (i) to participate in an academic study abroad
 37 program or a competitive admission residential program or (ii) because of the
 38 vocational opportunities of the student's parent.
 39 (5) A student who was enrolled in another charter school in the State in the
 40 previous school year that does not offer the student's next grade level.
 41 (6) A student who was enrolled in another charter school in the State in the
 42 previous school year that does not offer the student's next grade level and both
 43 of the charter schools have an enrollment articulation agreement to accept
 44 students or are governed by the same board of directors.
 45 (7) A student who was enrolled in another charter school in the State in the
 46 previous school year."

47 **SECTION 7.15.(b)** This section is effective when it becomes law and applies
 48 beginning with the 2019-2020 school year.
 49

50 **ENSURE SUFFICIENT STAFFING FOR PUBLIC SCHOOLS**

51 **SECTION 7.16.(a)** G.S. 115C-84.2 is amended by adding a new subsection to read:

1 "(b1) Alterations of Adopted School Calendar. – A local board of education shall not alter
2 a school calendar once adopted unless necessary to address a severe weather condition, energy
3 shortage, utility failure, public health crisis, school safety crisis, emergency related to a school
4 building or school transportation, or act of God."

5 **SECTION 7.16.(b)** G.S. 115C-302.1(d) reads as rewritten:

6 "(d) Personal Leave. – The following shall apply to personal leave:

7 (1) Calculation and Benefits. – Teachers earn personal leave at the rate of .20 days
8 for each full month of employment not to exceed two days per year. Personal
9 leave may be accumulated without any applicable maximum until June 30 of
10 each year. A teacher may carry forward to July 1 a maximum of five days of
11 personal leave; the remainder of the teacher's personal leave shall be converted
12 to sick leave on June 30. At the time of retirement, a teacher may also convert
13 accumulated personal leave to sick leave for creditable service towards
14 retirement. Teachers may transfer personal leave days between local school
15 administrative units. The local school administrative unit shall credit a teacher
16 who has separated from service and is reemployed within 60 months from the
17 date of separation with all personal leave accumulated at the time of
18 separation. Local school administrative units shall not advance personal leave.

19 (2) Use. – Personal leave may be used by a teacher upon the authorization of the
20 teacher's immediate supervisor as follows:

21 a. A request for personal leave shall not be approved on any day when
22 students are scheduled to be in regular attendance unless the
23 availability of a substitute for that teacher is confirmed for that day.

24 b. Unless the request is approved by the principal, a teacher shall not take
25 personal leave on the first day the teacher is required to report for the
26 school year, on a required teacher workday, on days scheduled for
27 State testing, or on the day before or the day after a holiday or
28 scheduled vacation day.

29 c. On days other than those referenced in sub-subdivision b. of this
30 subdivision, if the request is made at least five days in advance and a
31 substitute teacher has been confirmed as available, the request shall be
32 automatically granted, and the teacher cannot be required to provide a
33 reason for the request.

34 (3) Pay. – Teachers using personal leave on teacher workdays shall receive full
35 salary. Teachers using personal leave on other days shall receive full salary
36 less the required substitute deduction. If, however, no substitute is hired for a
37 teacher, the substitute reduction shall be refunded to that teacher.

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

1 **SECTION 7.16.(c)** This section is effective when it becomes law and applies to
2 calendars adopted for the 2019-2020 school year and thereafter.

3 4 **RENEWAL SCHOOLS**

5 **SECTION 7.17.** Section 6(l) of S.L. 2018-32 reads as rewritten:

6 "**SECTION 6.(l)** Available State Funds. – Beginning with the ~~2018-2019~~ 2019-2020 fiscal
7 year, the Department of Public Instruction shall calculate the amount of State funds to be
8 allocated to the local school administrative unit operating under a renewal school system plan on
9 the same basis as other local school administrative units and shall distribute those funds to the
10 unit. The Department shall use statewide average salary figures for the purpose of calculating the
11 dollar equivalent of guaranteed positions as necessary. The funds allocated to the local school
12 administrative unit shall be subject to any restrictions as to use imposed by federal law, the
13 conditions of federal or State grants, or as provided through any rules that the State Board adopts
14 to ensure compliance with federal regulations. Use of these funds shall otherwise be unrestricted
15 except as provided in this section.

16 ~~In no event shall the local school administrative unit receive a total amount of State funds in~~
17 ~~the 2018-2019 fiscal year under the disbursement method described in this subsection that is less~~
18 ~~than the total amount of State funds the local school administrative unit received in the 2017-2018~~
19 ~~fiscal year."~~

20 21 **ECONOMICS AND FINANCIAL LITERACY**

22 **SECTION 7.18.(a)** G.S. 115C-81.65 reads as rewritten:

23 **"§ 115C-81.65. Financial literacy.**

24 (a) Instruction shall be provided in personal financial literacy for all students. In addition
25 to the requirements in subsection (b) of this section, the State Board of Education shall determine
26 the other components of personal financial literacy that will be covered in the curriculum. ~~The~~
27 ~~State Board shall also review the high school standard course of study to determine into which~~
28 ~~courses and grade levels personal financial literacy shall be integrated.~~

29 (b) ~~Each student shall receive personal financial literacy instruction that shall include:~~
30 The State Board of Education shall require during the high school years the teaching of a full
31 credit course focused solely on Economics and Personal Finance (EPF). A passing grade in the
32 course shall be required for graduation from high school. The content of the course shall, at a
33 minimum, include the standards established by the second edition of the Voluntary National
34 Content Standards in Economics and the 2013 National Standards for Financial Literacy, as
35 developed by the Council for Economic Education. The EPF course shall provide instruction on
36 economic principles and shall provide personal financial literacy instruction that shall include, at
37 a minimum, the following:

- 38 (1) The true cost of credit.
- 39 (2) Choosing and managing a credit card.
- 40 (3) Borrowing money for an automobile or other large purchase.
- 41 (4) Home mortgages.
- 42 (5) Credit scoring and credit reports.
- 43 (5a) Planning and paying for postsecondary education.
- 44 (6) Other relevant financial literacy issues.

45 (c) The State Board of Education shall require that EPF teachers receive the professional
46 development necessary to ensure that the intent and provisions of this section are carried out. To
47 the extent funds are made available for this purpose, the State Board of Education shall require
48 the employing entity to make available to EPF teachers and prospective EPF teachers the EPF
49 professional development course provided by the North Carolina Council on Economic
50 Education (NCCEE). When practicable, teachers shall complete the EPF professional
51 development course prior to teaching the EPF course in public schools. If necessary, teachers

1 may begin teaching the EPF course in public schools while awaiting the next possible opportunity
 2 to complete a session of the EPF professional development course. To the extent possible, the
 3 EPF professional development course shall be taken at the NCCEE-approved location most
 4 conveniently located to the local school administrative unit."

5 **SECTION 7.18.(b)** The requirements of G.S. 115C-81.65(b), as amended by
 6 subsection (a) of this section, shall apply to all students entering the ninth grade in the 2020-2021
 7 school year.

8 **SECTION 7.18.(c)** G.S. 115C-81.45 reads as rewritten:

9 **"§ 115C-81.45. Classes conducted in English; citizenship; and civic literacy.**

10 ...
 11 (c) Democratic Process and Citizenship Education.~~Education for Middle School Social~~
 12 Studies. –

13 ~~(1) The State Board of Education shall include instruction in civic and citizenship~~
 14 ~~education in the standard course of study for high school social studies. The~~
 15 ~~State Board of Education is strongly encouraged to include, at a minimum, the~~
 16 ~~following components in the high school civic and citizenship education~~
 17 ~~standard course of study:~~

- 18 a. ~~That students write to a local, State, or federal elected official about~~
 19 ~~an issue that is important to them.~~
- 20 b. ~~Instruction on the importance of voting and otherwise participating in~~
 21 ~~the democratic process, including instruction on voter registration.~~
- 22 e. ~~Information about current events and governmental structure.~~
- 23 d. ~~Information about the democratic process and how laws are made.~~

24 ~~(2) The State Board of Education shall include instruction in civic and citizenship~~
 25 ~~education in the standard course of study for middle school social studies. The~~
 26 ~~State Board of Education is strongly encouraged to include, at a minimum, the~~
 27 ~~following components in the middle school civic and citizenship education~~
 28 ~~standard course of study:~~

- 29 a.(1) A tour of representative local government facilities, such as the local jail, the
 30 courthouse, or a town hall, to help students understand the way their
 31 community is governed.
- 32 b.(2) Allowing students to choose and analyze a community problem and offer
 33 public policy recommendations on the problem to local officials.
- 34 e.(3) Information about getting involved in community groups.

35 (d) Founding Principles of the United States of America and North Carolina: Civic
 36 Literacy. –

37 (1) The State Board of Education shall require ~~during the high school years~~
 38 instruction in civic and citizenship education in the standard course of study
 39 for high school social studies through the teaching of a semester full credit
 40 course on the that shall be called Founding Principles of the United States of
 41 America and the State of North Carolina. ~~North Carolina: Civic Literacy.~~ A
 42 passing grade in the course shall be required for graduation from high school,
 43 ~~and the school.~~

44 (1a) The course required by subdivision (1) of this subsection shall be solely
 45 focused on civics and citizenship education, and shall include at least the
 46 following subjects:

- 47 a. The Creator-endowed inalienable rights of the people.
- 48 b. Structure of government, separation of powers with checks and
 49 balances.
- 50 c. Frequent and free elections in a representative government.
- 51 d. Rule of law.

- 1 e. Equal justice under the law.
- 2 f. Private property rights.
- 3 g. Federalism.
- 4 h. Due process.
- 5 i. Individual rights as set forth in the Bill of Rights.
- 6 j. Individual responsibility.
- 7 k. Constitutional limitations on government power to tax and spend, and
- 8 prompt payment of public debt.
- 9 l. Strong defense and supremacy of civil authority over military.
- 10 m. Peace, commerce, and honest friendship with all nations, entangling
- 11 alliances with none.

12 (1b) The State Board of Education is strongly encouraged to include the following
 13 components in the course required by subdivision (1) of this subsection:

- 14 a. That students write to a local, State, or federal elected official about
 15 an issue that is important to them.
- 16 b. Instruction on the importance of voting and otherwise participating in
 17 the democratic process, including instruction on voter registration.
- 18 c. Information about current events and governmental structure.
- 19 d. Information about the democratic process and how laws are made.

20 (2) The State Board of Education shall require that any high school level
 21 curriculum-based tests for the course required in subdivision (1) of this
 22 subsection developed and administered statewide ~~beginning with the~~
 23 ~~2016-2017 academic year~~ include questions related to the philosophical
 24 foundations of our form of government and the principles underlying the
 25 Declaration of Independence, the United States Constitution and its
 26 amendments, and the most important of the Federalist Papers.

27 (3) The Department of Public Instruction and the local boards of education, as
 28 appropriate, shall provide or cause to be provided curriculum content for the
 29 ~~semester~~ course required in subdivision (1) of this subsection and professional
 30 development to ensure that the intent and provisions of this subsection are
 31 carried out. The curriculum content established shall include a review of the
 32 contributions made by Americans of all races.

33 (4) The Department of Public Instruction shall submit a biennial report by
 34 October 15 of each odd-numbered year to the Joint Legislative Education
 35 Oversight Committee covering the implementation of this subsection."

36 **SECTION 7.18.(d)** The requirements of G.S. 115C-81.45(d), as amended by
 37 subsection (c) of this section, shall apply to all students entering the ninth grade in the 2021-2022
 38 school year.

39 **SECTION 7.18.(e)** G.S. 115C-218.85(a) is amended by adding a new subdivision to
 40 read:

41 "(5) A charter school shall provide financial literacy instruction as required by the
 42 State Board of Education pursuant to G.S. 115C-81.65, including required
 43 professional development for teachers of the EPF course."

44 **SECTION 7.18.(f)** G.S. 115C-238.66(1) is amended by adding a new
 45 sub-subdivision to read:

46 "e. The board of directors shall ensure that financial literacy instruction is
 47 provided as required by the State Board of Education pursuant to
 48 G.S. 115C-81.65, including required professional development for
 49 teachers of the EPF course."

50 **SECTION 7.18.(g)** G.S. 116-239.8(b)(2) is amended by adding a new
 51 sub-subdivision to read:

1 "d. The chancellor shall ensure that financial literacy instruction is
2 provided as required by the State Board of Education pursuant to
3 G.S. 115C-81.65, including required professional development for
4 teachers of the EPF course."

5 **SECTION 7.18.(h)** Section 6(d) of S.L. 2018-32 is amended by adding a new
6 subdivision to read:

7 "(4a) G.S. 115C-81.65, Financial literacy."

8 **SECTION 7.18.(i)** The State Board of Education shall begin the process for review
9 and revision of the standard course of study for social studies in grades kindergarten through 12
10 in the 2019-2020 school year, and shall revise the high school standard course of study in
11 accordance with the requirements of this section for the EPF course and the Founding Principles
12 of America and North Carolina: Civic Literacy course. The State Board shall review the high
13 school standard course of study to determine the high school grade level during which the EPF
14 course and the Founding Principles of America and North Carolina: Civic Literacy course may
15 be completed. The State Board of Education shall not require more than four full course credits
16 in social studies for high school graduation.

17 **SECTION 7.18.(j)** Of the funds appropriated to the Department of Public Instruction
18 for the 2019-2020 fiscal year to be made available as grant-in-aid to the nonprofit organization
19 known as The North Carolina Council on Economic Education (NCCEE), NCCEE shall provide
20 all of the following:

- 21 (1) The EPF professional development course, including administration of the
22 Test of Economic Literacy and the Working in Support of Education personal
23 finance test, and the provision of a certificate of completion to qualified
24 teachers.
- 25 (2) A stipend in the amount of five hundred dollars (\$500.00), upon completion
26 of the Test of Economic Literacy and the Working in Support of Education
27 personal finance test, to either the public school teacher, if the teacher attends
28 the course on weekends or during a time outside the teacher's school year, or,
29 to the teacher's public school employer, if the teacher attends the course on
30 school days during the teacher's school year.

31 By September 1, 2020, and by September 1 of the year following any fiscal year that
32 NCCEE uses State funds thereafter, NCCEE, in consultation with the Department of Public
33 Instruction, shall submit a report to the Joint Legislative Education Oversight Committee and the
34 Fiscal Research Division on the activities described by this section and the expenditure of State
35 funds.

36 37 **UPSTART VIRTUAL EARLY LEARNING PILOT PROGRAM**

38 **SECTION 7.19.(a)** Pilot Program. – The State Board of Education (Board), in
39 consultation with the Department of Public Instruction, Office of Early Learning, and the
40 Department of Health and Human Services, Division of Child Development and Early Education,
41 shall establish a three-year virtual early learning pilot program known as "UpStart." The pilot
42 program shall be targeted to "at-risk," preschool-age children to develop school readiness skills
43 and created to (i) evaluate the effectiveness of giving preschool-age children access, at home, to
44 interactive individualized instruction delivered by computers and the Internet to prepare them
45 academically for success in school and (ii) test the feasibility of scaling a home-based curriculum
46 in reading, math, and science delivered by computers and the Internet to all preschool-age
47 children in the State. Throughout implementation of the pilot program, the Board shall ensure
48 that parents are encouraged to be attentive to the recommendations of the American Academy of
49 Pediatrics regarding media use for preschool-age children.

50 **SECTION 7.19.(b)** Contractor Requirements. – In establishing the pilot program,
51 the Board shall develop and issue a request for proposal (RFP) to contract with a third-party

1 organization (contractor). The contractor shall have demonstrated experience in the delivery of a
2 home-based educational technology program to provide adaptive computer software for literacy
3 and numeracy instruction and an assessment for preschool-age children. The Board shall ensure
4 that the contractor selected to conduct the pilot program does each of the following:

- 5 (1) Provides computer-assisted instruction for preschool-age children on a home
6 computer connected by the Internet to a centralized file storage facility.
- 7 (2) Provides technical support to families for the installation and operation of the
8 instructional software.
- 9 (3) Provides for the installation of computer and Internet access in homes of
10 low-income families that cannot afford the equipment and service.
- 11 (4) Has the capability of doing the following through the Internet:
 - 12 a. Communicating with parents.
 - 13 b. Updating the instructional software.
 - 14 c. Validating user access.
 - 15 d. Collecting usage data.
 - 16 e. Storing research data.
 - 17 f. Producing reports for parents, schools, and the General Assembly.
- 18 (5) Develops and implements a program consisting of the following components:
 - 19 a. Computer-assisted, individualized instruction in reading,
20 mathematics, and science.
 - 21 b. A multisensory reading tutorial program for children needing
22 additional reading instruction.
 - 23 c. A validated computer adaptive reading test that accurately indicates
24 reading readiness of children who cannot read and provides easily
25 understood reports for parents and educators.
- 26 (6) Has the capability to quickly and efficiently modify, improve, and support the
27 product.
- 28 (7) Collaborates with school district personnel who will provide administrative
29 and technical support of the program.
- 30 (8) Purchases equipment and service through cooperative purchasing contracts.

31 **SECTION 7.19.(c)** School District Participation in Pilot Program. – The Board shall
32 select up to 10 local school administrative units to participate in the pilot program. The local
33 school administrative units selected for participation in the pilot program shall have demonstrated
34 waiting lists for the North Carolina Prekindergarten (NC Pre-K) program. Local school
35 administrative units shall be from geographically diverse areas in the State, with representation
36 from tier one, tier two, and tier three counties. For purposes of this section, tier one, tier two, and
37 tier three counties shall have the same designations as those established by the N.C. Department
38 of Commerce's 2017 County Tier Designations.

39 **SECTION 7.19.(d)** Equipment. – The Board or a local school administrative unit
40 may purchase computers, peripheral equipment, and Internet service for low-income families
41 who cannot afford them.

42 **SECTION 7.19.(e)** Family Participation in Pilot Program. – The contractor selected
43 to develop and implement the pilot program and the local school administrative units selected to
44 participate in the pilot shall solicit family participants through a public information campaign
45 and referrals from participating local school administrative units. Qualifying children shall be
46 selected through a random lottery. For purposes of this pilot program, a preschool-age child is
47 eligible for participation in the program based on the following:

- 48 (1) Is 4 years of age on or before August 31 of the program year.
- 49 (2) Is at-risk, which shall be defined to include any of the following:
 - 50 a. A child whose family's gross income is at or below one hundred
51 percent (100%) of the federal poverty level.

- 1 b. A child of either of the following: (i) an active duty member of the
2 Armed Forces of the United States, including the North Carolina
3 National Guard, State military forces, or a reserve component of the
4 Armed Forces, who has been ordered to active duty by the proper
5 authority within the last 18 months or is expected to be ordered within
6 the next 18 months or (ii) a member of the Armed Forces of the United
7 States, including the North Carolina National Guard, State military
8 forces, or a reserve component of the Armed Forces, who was injured
9 or killed while serving on active duty.

10 Eligibility determinations for participation in the pilot program may be made by local
11 North Carolina Partnerships for Children, Inc., partnerships. If funds are available, in addition to
12 the children defined as "at-risk" in this section, the pilot program may also serve a child whose
13 family's gross income is at or below one hundred thirty percent (130%) of the federal poverty
14 guidelines.

15 **SECTION 7.19.(f)** Annual Report. – The Board shall make a report on the pilot
16 program to the Joint Legislative Education Oversight Committee by November 30 of each year
17 for the duration of the pilot program. The report shall include the following:

- 18 (1) The extent to which the pilot program is accomplishing the purposes for which
19 it was established.
20 (2) The number of families selected to participate in the pilot.
21 (3) The number of families requesting computers.
22 (4) The number of computers furnished.
23 (5) The number of families requiring Internet access.
24 (6) The frequency of use of the instructional software.
25 (7) Any obstacles encountered with software or hardware usage or in providing
26 technical assistance to families.
27 (8) Student performance on prekindergarten and postkindergarten assessments
28 conducted by local school administrative units and charter schools for students
29 who participated in the pilot program in comparison to those students who did
30 not participate in the pilot program.

31 **SECTION 7.19.(g)** Appropriation. – Of the funds appropriated by this act to the
32 Department of Public Instruction for the 2019-2020 fiscal year to establish UpStart, the
33 Department shall divide funds evenly among the local school administrative units selected to
34 participate in the pilot program.

35 36 **SELECTION OF READING DIAGNOSTIC ASSESSMENTS**

37 **SECTION 7.20.(a)** G.S. 115C-174.11 reads as rewritten:

38 **"§ 115C-174.11. Components of the testing program.**

39 (a) Assessment Instruments for Kindergarten, First, Second, and Third Grades. – The
40 State Board of Education shall develop, adopt, and provide to the local school administrative
41 units a selection of developmentally appropriate individualized assessment instruments aligned
42 with the standard course of study and Part 1A of Article 8 of this Chapter for the kindergarten,
43 first, second, and third grades. The State Board shall approve no fewer than three different
44 assessment instruments designed by no fewer than three different vendors for selection by local
45 school administrative units.

46 (a1) ~~Local~~ Each local school administrative unit shall select from and use these the
47 assessment instruments provided to them approved by the State Board under subsection (a) of
48 this section for kindergarten, first, second, and third grade students to assess progress, diagnose
49 difficulties, and inform instruction and remediation needs. Local school administrative units shall
50 not use standardized tests for summative assessment of kindergarten, first, and second grade
51 students except as required as a condition of receiving federal grants.

1 "

2 **SECTION 7.20.(b)** Section 7.27 of S.L. 2017-57, as amended by Section 2.6 of S.L.
3 2017-197 and Section 7.23 of S.L. 2018-5, reads as rewritten:

4 "...

5 **"SECTION 7.27.(b)** The State Superintendent shall issue a Request for Proposals (RFP) to
6 vendors of diagnostic reading assessment instruments to provide ~~one or more~~ valid, reliable,
7 formative, and diagnostic reading assessment ~~instrument or~~ instruments for use pursuant to
8 G.S. 115C-174.11. At a minimum, the diagnostic reading assessment ~~instrument or~~ instruments
9 provided by the selected ~~vendor~~ vendors shall meet all of the following criteria:

- 10 (1) Yield data that can be used with the Education Value-Added Assessment
11 System (EVAAS).
- 12 (2) Demonstrate close alignment with student performance on State assessments,
13 including all assessments required in kindergarten through third grade by Part
14 2 of Article 10A of Chapter 115C of the General Statutes.
- 15 (3) Demonstrate high rates of predictability as to student performance on State
16 assessments, including all assessments required in kindergarten through third
17 grade by Part 2 of Article 10A of Chapter 115C of the General Statutes.

18 **"SECTION 7.27.(c)** The State Superintendent shall form and supervise an Evaluation Panel
19 to review the proposals received pursuant to the RFP issued in accordance with subsection (b) of
20 this section. The Evaluation Panel shall be composed of persons employed within the Department
21 of Public Instruction. By ~~December 1, 2018,~~ August 1, 2019, the Evaluation Panel, with the
22 approval of the State Superintendent, shall select ~~one vendor~~ no fewer than three vendors to
23 provide the assessment instrument ~~or instruments~~ selections for local school administrative units
24 for the 2019-2020 school year. In determining which ~~vendor~~ vendors to select, the Evaluation
25 Panel shall consider, at a minimum, all of the following factors:

- 26 (1) The time required to conduct formative and diagnostic assessments with the
27 intention of minimizing the impact on instructional time.
- 28 (2) The level of integration of assessment results with instructional support for
29 teachers and students.
- 30 (3) The timeliness in reporting assessment results to teachers and administrators.
- 31 (4) The ability to provide timely assessment results to parents and guardians.

32 "

33 **SECTION 7.20.(c)** Subsection (a) of this section applies beginning with the
34 2019-2020 school year.

35 36 **INNOVATIVE SCHOOL DISTRICT/CARRYFORWARD OF FUNDS**

37 **SECTION 7.21.(a)** Of the funds appropriated to the Department of Public
38 Instruction for the 2018-2019 fiscal year in accordance with Section 5 of S.L. 2016-110, as
39 amended by Section 7.11(c) of S.L. 2017-57, for salary and benefits for the Innovative School
40 District (ISD) Superintendent, staff, and other expenses associated with the ISD, the remainder
41 of any unencumbered and unexpended funds at the end of the 2018-2019 fiscal year shall not
42 revert but shall remain available for expenses related to the ISD until the end of the 2019-2020
43 fiscal year.

44 **SECTION 7.21.(b)** This section becomes effective June 30, 2019.

45 46 **MODERNIZE SELECTION OF INSTRUCTIONAL MATERIALS**

47 **SECTION 7.22.(a)** Part 3 of Article 8 of Chapter 115C is repealed.

48 **SECTION 7.22.(b)** Article 8 of Chapter 115C of the General Statutes is amended by
49 adding a new Part to read:

50 "Part 3C. Selection of Instructional Material.

51 "§ 115C-102.20. Definition of instructional materials.

1 The following definitions apply in this Part:

- 2 (1) Health and safety programs. – Any instruction, curricula, or materials intended
3 to impart information or promote discussion or understanding regarding any
4 of the following:
5 a. Reproductive health and safety, as provided in G.S. 115C-81.30(a).
6 b. Mental and emotional health, as provided in G.S. 115C-81.25(c)(1).
7 c. Growth and development, as provided in G.S. 115C-81.25(c)(9).
8 d. Anti-bullying or anti-harassment.
9 (2) Instructional materials. – Systematically organized material comprehensive
10 enough to cover the primary objectives outlined in the standard course of
11 study for a grade or course. Formats for instructional materials may be print
12 or nonprint, including hardbound books, softbound books, activity-oriented
13 programs, classroom kits, or digital resources that require the use of electronic
14 equipment in order to be used in the learning process.
15 (3) Local committee. – A local community media advisory committee.
16 (4) Parent. – A student's parent or legal guardian.
17 (5) State Committee. – The State Community Media Advisory Committee.
18 (6) Supplemental materials. – Educational materials that supplement specific
19 instruction for the standard course of study selected and procured by a local
20 board of education for a grade or course or general education needs of the
21 school. Supplemental materials may include textbooks, library books,
22 periodicals, audiovisual materials, and other supplemental instructional
23 materials needed for instructional purposes in the local school administrative
24 unit. Supplemental materials may be print or nonprint, including hardbound
25 books, softbound books, activity-oriented programs, classroom kits, or digital
26 resources that require the use of electronic equipment in order to be used in
27 the learning process.
28 (7) Unfit materials. – Instructional or supplemental materials determined to be
29 inappropriate for use in an elementary or secondary school because the
30 material is either (i) obscene, (ii) inappropriate to the age, maturity, or grade
31 level of the students, or (iii) not aligned with the standard course of study.

32 **§ 115C-102.25. Selection of instructional materials.**

33 (a) Local Board Adoption. – Local boards of education shall select and adopt
34 instructional materials for each standard course of study at each instructional level in the
35 elementary school and the secondary school adopted by the State Board of Education, as provided
36 in Part 1 of Article 8 of this Chapter.

37 (b) Evaluation of Instructional Materials Prior to Adoption. – For each standard course
38 of study, the local board of education may require experts employed by the local board of
39 education and certified in the discipline in which the instructional material would be used to offer
40 evaluation reports to the local board on materials being considered for adoption. Such evaluation
41 reports should give special consideration to the suitability of the instructional materials to the
42 instructional level for which it is offered, the content or subject matter, whether the instructional
43 materials are aligned with the standard course of study, and other criteria prescribed by the local
44 board.

45 **§ 115C-102.30. Selection of supplemental materials.**

46 (a) Local boards of education shall adopt written policies concerning the procedures to
47 be followed in their local school administrative units for the selection and procurement of
48 supplemental materials for a grade or course or for general education needs at a school or
49 throughout the entire local school administrative unit. Local boards of education shall have sole
50 authority to select and procure supplemental materials, whether or not the materials contain
51 commercial advertising, to determine if the materials are related to and within the limits of the

1 prescribed curriculum, and to determine when the materials may be presented to students during
2 the school day.

3 (b) Supplemental materials shall neither displace nor be used to the exclusion of
4 instructional materials.

5 **"§ 115C-102.35. Selection of health and safety instructional and supplemental materials.**

6 (a) When adopting, modifying, or amending a health and safety program and the
7 instructional and supplemental materials for that program, a local board of education shall
8 conduct a public hearing after adequately notifying the public at least 10 days prior to the hearing.

9 (b) The local board of education shall also provide both electronic and written notice to
10 all parents of students in the local school administrative unit of the public hearing and the
11 opportunity to review those materials in the program repository, as provided in
12 G.S. 115C-102.50, at least 60 days before the public hearing occurs.

13 (c) The notice to parents provided for in subsection (b) of this section shall include the
14 following in both written and electronic form:

15 (1) A detailed description of the program's objectives and any proposed changes,
16 including any topics that the local board of education determines that a
17 reasonable parent in that community may wish to examine as to the age
18 appropriateness of the topics.

19 (2) All written and audio materials that will be used.

20 (3) A link to, or information on how to access, the program repository on the local
21 school administrative unit's Web site, as provided in G.S. 115C-102.50.

22 **"§ 115C-102.40. Acquisition of instructional and supplemental materials.**

23 (a) Funds allocated by the State Board of Education or appropriated in the current
24 expense or capital outlay budgets of the local school administrative units shall be used by the
25 local board of education for purchase, lease, or rental of instructional or supplemental materials
26 and for hardware, software, or other equipment necessary for the use of the instructional or
27 supplemental materials. The title of purchased materials and equipment shall be vested in the
28 local board of education.

29 (b) Local boards of education are encouraged to partner with other local boards of
30 education and other public schools to jointly purchase instructional and supplemental materials.

31 (c) All instructional materials purchased with State funds shall include a clause granting
32 to the local board of education the license to produce braille, large print, and audio recording
33 copies of the instructional materials for use in the local school administrative unit.

34 (d) The local board of education shall publish on the Web site of the local school
35 administrative unit the title, author, and publisher of all instructional and supplemental materials
36 purchased by the local board of education.

37 **"§ 115C-102.45. Provision and maintenance of instructional and supplemental materials.**

38 (a) The students of the public elementary and secondary schools of the State shall be
39 provided with free instructional materials within the appropriation of the General Assembly for
40 that purpose. The local board shall provide for the free use by students, with proper care and
41 return, of elementary and secondary instructional materials. No local board of education may
42 charge any student a rental fee for the use of instructional materials or for hardware, software, or
43 other equipment necessary for the use of the instructional or supplemental materials.

44 (b) Local boards of education shall provide adequate and safe storage facilities for the
45 proper care of instructional and supplemental materials and emphasize to all students the
46 necessity for proper care of instructional and supplemental materials and equipment necessary
47 for the use of the instructional materials.

48 (c) A student's parents or legal guardians may be charged damage fees for abuse or loss
49 of instructional or supplemental materials or equipment necessary for the use of those materials
50 under rules adopted by the local board of education. Damage fees collected under this subsection

1 shall be used by the local board of education for purchase, lease, or rental of instructional and
2 supplemental materials as provided in G.S. 115C-102.40.

3 **"§ 115C-102.50. Instructional materials repository.**

4 (a) A local board of education shall maintain a continuous repository of current
5 instructional and supplemental materials that have been selected and acquired by the local board
6 of education pursuant to this Article. The repository shall not be required to include classroom
7 materials developed by teachers. The materials shall be maintained at a central location for
8 in-person review by parents and the public upon request, and the names of all those materials
9 shall be posted to the local school administrative unit's Web site for review by parents and the
10 public.

11 (b) In addition to the requirements of subsection (a) of this section, a local board of
12 education shall also maintain a continuous repository of current objectives, entire curricula, texts,
13 and all other materials used in any health and safety program as follows:

14 (1) The current objectives, entire curricula, texts, and all other materials used in
15 any health and safety program shall be maintained at a central location for
16 in-person review by parents and the public upon request.

17 (2) Electronic copies of the current objectives, and names of curricula, texts, or
18 any other materials used in any health and safety program shall be posted to
19 the local school administrative unit's Web site for review by parents and the
20 public. The Web site shall also include the curricula, texts, and any other
21 materials used in the health and safety program, including links to any
22 materials available on the publisher's Web site.

23 (3) The local board of education shall add to the central location and electronic
24 repository any objectives, curricula, texts, and other materials that may be
25 proposed for adoption, amendment, or modification to the health and safety
26 program and shall clearly indicate that status while the materials are under
27 consideration.

28 (c) Each school year, at least 14 days before students participate in a health and safety
29 program, a local board of education shall give both written and electronic notice to parents of
30 students participating in that program of the right of parents to review the objectives, complete
31 materials, and entire curriculum of that program in the program repository maintained by the
32 local board of education, as provided in subsection (b) of this section. The notice shall include
33 the same information provided under G.S. 115C-102.35(c). The notice shall be in conjunction
34 with and combination with the notice and requirements to inform parents of the local board's
35 policy for participation in certain health and safety programs, as established in G.S. 115C-81.32.

36 **"§ 115C-102.55. Right to purchase; disposal of textbooks and materials.**

37 (a) Any parent, guardian, or person in loco parentis may purchase any instructional
38 material needed for any student in the public schools of the State from the board of education of
39 the local school administrative unit in which the child is enrolled, if the board of education holds
40 title to the instructional material as described in G.S. 115C-102.40(a).

41 (b) Notwithstanding Article 3A of Chapter 143 of the General Statutes, G.S. 143-49(4),
42 or any other provision of law, a local board of education may dispose of discontinued
43 instructional or supplemental materials.

44 **"§ 115C-102.60. Local community media advisory committee.**

45 (a) A local board of education shall establish a local community media advisory
46 committee to investigate and evaluate challenges from parents, teachers, and members of the
47 public to instructional materials and supplemental materials on the grounds that they are unfit
48 materials. This section does not apply to optional supplemental materials available through the
49 school library.

50 (b) The local committee shall, at a minimum, include the following:

- 1 (1) A principal from a high school, middle school, and elementary school,
2 respectively.
3 (2) A teacher from a high school, middle school, and elementary school,
4 respectively.
5 (3) A parent of a student in high school or middle school and a parent of a student
6 in elementary school.
7 (4) A school library media coordinator from a high school, middle school, and
8 elementary school, respectively.

9 (c) Individuals challenging unfit materials shall make challenges in writing to the local
10 board of education and shall specify whether the materials are being challenged on the grounds
11 of being (i) obscene, (ii) inappropriate to the age, maturity, or grade level of the students, or (iii)
12 not aligned with the standard course of study.

13 (d) Within two weeks of the filing of the challenge, the local committee shall hold a
14 hearing and provide the challengers an opportunity to present their concerns to the local
15 committee. The local committee may, in the local committee's discretion, request additional
16 information at the hearing from experts on the subject matter employed by the local school
17 administrative unit. Within two weeks of the hearing, the local committee shall make a
18 recommendation to the local board of education on whether the challenge has merit and whether
19 the challenged material should be retained or removed as unfit material. The local committee's
20 determination shall be limited to considerations of whether the material is unfit on the specific
21 grounds of the material being (i) obscene, (ii) inappropriate to the age, maturity, or grade level
22 of the students, or (iii) not aligned with the standard course of study.

23 (e) At the next meeting of the local board of education after the local committee's
24 recommendation is received, the local board shall determine whether the challenge has merit and
25 whether the challenged material should be retained or removed as unfit material.

26 (f) If the local board of education determines that the challenged material shall be
27 retained, a challenger may appeal the local board's decision to the State Community Media
28 Advisory Committee. The challenger must make the appeal in the form and manner designated
29 by the State Board of Education within two weeks of the local board's decision.

30 **"§ 115C-102.65. State Community Media Advisory Committee.**

31 (a) The State Board of Education shall establish a State Community Media Advisory
32 Committee to review challenges to instructional and supplemental materials appealed under
33 G.S. 115C-102.55.

34 (b) The State Committee shall, at a minimum, include the following:

- 35 (1) The State Superintendent of Public Instruction, or designee.
36 (2) One superintendent of a local school administrative unit.
37 (3) A principal from a high school, middle school, and elementary school,
38 respectively.
39 (4) A teacher from a high school, middle school, and elementary school,
40 respectively.
41 (5) A parent of a student in high school or middle school and a parent of a student
42 in elementary school.
43 (6) A school library media coordinator from a high school, middle school, and
44 elementary school, respectively.

45 (c) A member of the State Committee may be recused from any challenge to materials
46 used in the local school administrative unit in which the member is employed or in which the
47 member's child is enrolled.

48 (d) The State Board of Education shall designate the form and manner for appeals to be
49 made to the State Committee. Upon receipt of an appeal, notice and a copy of the appeal shall be
50 provided to the local board of education.

1 (e) Within four weeks of the filing of the appeal, the State Committee shall hold a hearing
2 and provide the appellants an opportunity to present concerns to the State Committee as well as
3 the local board of education an opportunity to rebut those concerns. The State Committee may,
4 in the State Committee's discretion, request additional information at the hearing from experts on
5 the subject matter employed by the State Board of Education. Within two weeks of the hearing,
6 the State Committee shall make a recommendation to the State Board of Education on whether
7 the appealed challenge has merit and whether the challenged material should be retained or
8 removed as unfit material. The State Committee's determination shall be limited to considerations
9 of whether the material is unfit on the specific grounds of the material being (i) obscene, (ii)
10 inappropriate to the age, maturity, or grade level of the students, or (iii) not aligned with the
11 standard course of study.

12 (f) At the next meeting of the State Board of Education after the State Committee's
13 recommendation is received, the State Board shall determine whether the appealed challenge has
14 merit and whether the challenged material should be retained or removed as unfit material. If the
15 State Board of Education determines that challenged material shall be removed, the local board
16 of education shall remove the material. The decision of the State Board of Education is final, and
17 is not subject to appeal by the local board of education or challenger."

18 **SECTION 7.22.(c)** G.S. 115C-11(d) reads as rewritten:

19 (d) Voting. – No voting by proxy shall be permitted. ~~Except in voting on textbook~~
20 ~~adoptions, a~~ A majority of those present and voting shall be necessary to carry a motion and a
21 roll call vote shall be had on each motion. A record of all such votes shall be kept in the minute
22 book."

23 **SECTION 7.22.(d)** G.S. 115C-11(e) is repealed.

24 **SECTION 7.22.(e)** G.S. 115C-12(9)b. is repealed.

25 **SECTION 7.22.(f)** G.S. 115C-12(9c)c. reads as rewritten:

26 " c. The Board also shall develop and implement an ongoing process to
27 align State programs and support materials with the revised academic
28 content standards for each core academic area on a regular basis.
29 Alignment shall include revising ~~textbook criteria,~~ support materials,
30 State tests, teacher and school administrator preparation, and ongoing
31 professional development programs to be compatible with content
32 standards. The Board shall develop and make available to teachers and
33 parents support materials, including teacher and parent guides, for
34 academic content standards. The State Board of Education shall work
35 in collaboration with the Board of Governors of The University of
36 North Carolina to ensure that teacher and school administrator degree
37 programs, ongoing professional development, and other university
38 activity in the State's public schools align with the State Board's
39 priorities."

40 **SECTION 7.22.(g)** G.S. 115C-12(18)d. reads as rewritten:

41 " d. The State Board of Education shall modify the Uniform Education
42 Reporting System to provide clear, accurate, and standard information
43 on the use of funds at the unit and school level. The plan shall provide
44 information that will enable the General Assembly to determine State,
45 local, and federal expenditures for personnel at the unit and school
46 level. The plan also shall allow the tracking of expenditures for
47 ~~textbooks,~~ instructional materials, educational supplies and
48 equipment, capital outlay, at-risk students, and other purposes."

49 **SECTION 7.22.(h)** G.S. 115C-47(6) reads as rewritten:

50 (6) To Regulate Fees, Charges and Solicitations. – Local boards of education shall
51 adopt rules and regulations governing solicitations of, sales to, and

1 fund-raising activities conducted by, the students and faculty members in
2 schools under their jurisdiction, and no fees, charges, or costs shall be
3 collected from students and school personnel without approval of the board of
4 education as recorded in the minutes of said board; ~~provided, this subdivision~~
5 ~~shall not apply to such textbooks fees as are determined and established by the~~
6 ~~State Board of Education board.~~ All schedules of fees, charges and
7 solicitations approved by local boards of education shall be reported to the
8 Superintendent of Public Instruction."

9 **SECTION 7.22.(i)** G.S. 115C-47(33) reads as rewritten:

10 "(33) To Approve and Use Supplemental Materials. – Local boards of education
11 shall have sole authority to select and procure ~~supplementary instructional~~
12 supplemental materials, whether or not the materials contain commercial
13 advertising, pursuant to the provisions of ~~G.S. 115C-98(b).~~ Part 3C of Article
14 8 of this Chapter."

15 **SECTION 7.22.(j)** G.S. 115C-47(33a) reads as rewritten:

16 "(33a) ~~To Approve and Use Textbooks Not Adopted by State Board of Education.~~
17 Instructional Materials. – Local boards of education shall have the sole
18 authority to select, procure, and use ~~textbooks not adopted by the State Board~~
19 ~~of Education instructional materials~~ as provided in ~~G.S. 115C-98(b1).~~ Part 3C
20 of Article 8 of this Chapter."

21 **SECTION 7.22.(k)** G.S. 115C-75.10(c) reads as rewritten:

22 "(c) Funding Memorandum of Understanding. – The IS operator, in consultation with the
23 ISD Superintendent, may enter into a funding memorandum of understanding with the local
24 board of education of the local school administrative unit where the innovative school is located
25 for all student support and operational services and instructional services to be provided by the
26 local board of education in the same manner and degree as in the prior school year or funding in
27 an amount equivalent to the amount the local board of education would have expended on those
28 services if provided. For the purposes of this subsection, student support and operational services
29 include cafeteria services, custodial services, broadband and utilities, and student information
30 services, and instructional services include alternative education, special education services, test
31 administration services, ~~textbooks,~~ instructional materials, technology, media resources,
32 instructional equipment, and other resources. The IS operator and local board of education shall
33 finalize the funding memorandum of understanding within 30 days of the initial request for the
34 memorandum by the IS operator. If the parties have not completed the funding memorandum of
35 understanding within 30 days, the State Board of Education shall resolve any issues in dispute."

36 **SECTION 7.22.(l)** G.S. 115C-81.5(b)(3) is repealed.

37 **SECTION 7.22.(m)** G.S. 115C-81.25(b)(3) is repealed.

38 **SECTION 7.22.(n)** G.S. 115C-81.25(d) reads as rewritten:

39 "(d) Parental Review. – The State Board of Education shall make available to all local
40 school administrative units for review by the parents and legal guardians of students enrolled at
41 those units any State-developed objectives for instruction ~~any approved textbooks,~~ the list of
42 reviewed materials, and any other State-developed or approved materials that pertain to or are
43 intended to impart information or promote discussion or understanding in regard to the
44 prevention of sexually transmitted diseases, including HIV/AIDS, to the avoidance of
45 out-of-wedlock pregnancy, or to the reproductive health and safety education curriculum. The
46 review period shall extend for at least 60 days before use."

47 **SECTION 7.22.(o)** G.S. 115C-242(3) reads as rewritten:

48 "(3) The board of education of any local school administrative unit may operate
49 the school buses of such unit one day prior to the opening of the regular school
50 term for the transportation of pupils and employees to and from the school to
51 which such pupils are assigned or in which they are enrolled and such

1 employees are employed, for the purposes of the registration of students, the
2 organization of classes, the distribution of ~~textbooks, instructional materials,~~
3 and such other purposes as will, in the opinion of the superintendent of the
4 schools of such unit, promote the efficient organization and operation of such
5 public schools."

6 **SECTION 7.22.(p)** G.S. 115C-271(d)(2) reads as rewritten:

7 "(2) Local funds appropriated for teachers, ~~textbooks, instructional materials, or~~
8 classroom materials, supplies, and equipment are not transferred or used for
9 this purpose."

10 **SECTION 7.22.(q)** G.S. 115C-384(c) reads as rewritten:

11 "(c) Rental Fees for ~~Textbooks—Instructional Materials~~ Prohibited; Damage Fees
12 Authorized. – No rental fees are permitted for the use of ~~textbooks, instructional materials,~~ but
13 damage fees may be collected pursuant to the provisions of ~~G.S. 115C-100-G.S. 115C-102.45."~~

14 **SECTION 7.22.(r)** G.S. 115C-390.2(l)(1) reads as rewritten:

15 "(1) The opportunity to take ~~textbooks instructional materials~~ and school-furnished
16 digital devices home for the duration of the absence."

17 **SECTION 7.22.(s)** G.S. 115C-390.5(c)(1) reads as rewritten:

18 "(1) The opportunity to take ~~textbooks instructional materials~~ home for the
19 duration of the suspension."

20 **SECTION 7.22.(t)** G.S. 115C-398 reads as rewritten:

21 **"§ 115C-398. Damage to school buildings, furnishings, textbooks.**

22 Students and their parents or legal guardians may be liable for damage to school buildings,
23 furnishings and ~~textbooks instructional materials~~ pursuant to the provisions of G.S. 115C-523,
24 115C-100 and 14-132."

25 **SECTION 7.22.(u)** G.S. 143A-48 is repealed.

26 **SECTION 7.22.(v)** G.S. 143C-9-7(b) reads as rewritten:

27 "(b) Upon appropriation by the General Assembly, funds received in the Indian Gaming
28 Education Revenue Fund shall be allocated quarterly by the State Board of Education to local
29 school administrative units, charter schools, and regional schools on the basis of allotted average
30 daily membership. The funds allotted by the State Board of Education pursuant to this section
31 shall be nonreverting. Funds received pursuant to this section by local school administrative units
32 shall be expended for classroom teachers, teacher assistants, classroom materials or supplies, or
33 ~~textbooks instructional materials.~~"

34 **SECTION 7.22.(w)** Effective July 1, 2019, the existing Textbooks and Digital
35 Resources funding allotment in the State Public School Fund shall be designated as the
36 Instructional Materials funding allotment in the State Public School Fund. The State Board of
37 Education shall establish the purposes for which the funds within the new Instructional Materials
38 funding allotment may be used as follows: (i) to acquire instructional or supplemental materials
39 as defined in G.S. 115C-102.20, as enacted by this section, and (ii) to acquire hardware, software,
40 or other equipment necessary for the use of the instructional or supplemental materials.

41 **SECTION 7.22.(x)** G.S. 115C-105.25(b)(12) reads as rewritten:

42 "(12) Funds allotted for ~~textbooks and digital resources instructional materials~~ may
43 only be used ~~for the purchase of textbooks and digital resources to acquire~~
44 instructional and supplemental materials, as defined in G.S. 115C-102.20, and
45 to acquire hardware, software, or other equipment necessary for the use of the
46 instructional or supplemental materials. These funds shall not be transferred
47 out of the allotment for any other purpose."

48 **SECTION 7.22.(y)** G.S. 115C-81.30(b) and (c) are repealed.

49 **SECTION 7.22.(z)** Article 8 of Chapter 115C of the General Statutes is amended by
50 adding a new section to read:

51 **"§ 115C-81.32. Parents' right to opt in or out of health and safety programs.**

1 Local boards of education shall adopt policies to provide opportunities either for parents to
2 consent or for parents to withhold their consent to the students' participation in any or all of the
3 health and safety programs included in sub-subdivisions (a) through (c) of G.S. 115C-102.20(1)
4 provided by the local school administrative unit. Local boards of education shall provide notice
5 to parents of this opportunity at least 14 days before students participate in the health and safety
6 programs, in conjunction with and combination with the notice required by G.S. 115C-102.50.
7 The notice shall inform parents of the local board's policy for participation in the health and
8 safety programs and provide a form that allows parents to exercise parental rights under that
9 policy."

10 **SECTION 7.22.(aa)** The State Board of Education shall not enter into any new
11 contracts for textbooks or instructional materials and shall not renew any existing contracts for
12 textbooks or instructional materials. The State Board of Education shall make available for
13 purchase any textbooks or instructional materials available through existing contracts to local
14 boards of education.

15 **SECTION 7.22.(bb)** Notwithstanding G.S. 115C-102.25, as enacted by this section,
16 a local board of education may, by resolution, continue use of previously adopted State textbooks
17 for a standard course of study until that standard course of study is revised by the State Board of
18 Education.

19 **SECTION 7.22.(cc)** No local board of education shall be required to hold a public
20 hearing for any health and safety program, as defined in G.S. 115C-102.20, as enacted by this
21 act, in use prior to the 2018-2019 school year, until that program is amended, modified, or
22 replaced. All local boards of education shall establish a program repository of current health and
23 safety programs, as required by G.S. 115C-102.50, as enacted by this section, for access to
24 parents prior to the start of the 2019-2020 school year and shall not implement any program until
25 that program is included in the repository.

26 **SECTION 7.22.(dd)** This section applies beginning with the 2019-2020 school year.

27 **15-POINT SCALE FOR SCHOOL PERFORMANCE GRADES/MODIFY WEIGHTING**

28 **SECTION 7.23.(a)** G.S. 115C-83.15(d) reads as rewritten:

29 "(d) Calculation of the Overall School Performance Scores and Grades. – The State Board
30 of Education shall calculate the overall school performance score by adding the school
31 achievement score, as provided in subsection (b) of this section, and the school growth score, as
32 determined using EVAAS as provided in subsection (c) of this section, earned by a school. The
33 school achievement score shall account for ~~eighty percent (80%)~~, fifty-one percent (51%), and
34 the school growth score shall account for ~~twenty percent (20%)~~ forty-nine percent (49%) of the
35 total sum. For all schools, the total school performance score shall be converted to a 100-point
36 scale and used to determine an overall school performance grade. The overall school performance
37 grade shall be based on the following scale and shall not be modified to add any other designation
38 related to other performance measures, such as a "plus" or "minus":

- 39 (1) A school performance score of at least ~~90-85~~ is equivalent to an overall school
40 performance grade of A.
- 41 (2) A school performance score of at least ~~80-70~~ is equivalent to an overall school
42 performance grade of B.
- 43 (3) A school performance score of at least ~~70-55~~ is equivalent to an overall school
44 performance grade of C.
- 45 (4) A school performance score of at least ~~60-40~~ is equivalent to an overall school
46 performance grade of D.
- 47 (5) A school performance score of less than ~~60 points-40~~ is equivalent to an
48 overall school performance grade of F."
- 49

50 **SECTION 7.23.(b)** This section applies beginning with the 2019-2020 school year.
51

1 **PROGRAM ENHANCEMENT TEACHER ALLOTMENT CHANGES/ARTS**
 2 **EDUCATION**

3 **SECTION 7.24.(a)** G.S. 115C-301 reads as rewritten:

4 **"§ 115C-301. Allocation of teachers; class size.**

5 ...

6 (a1) Teacher Position Allotments. – Funds for classroom teachers in the State Public
 7 School Fund shall consist of the following position allotments:

8 (1) Classroom teachers for kindergarten through twelfth grade, which shall
 9 include funds for program enhancement teachers, self-contained exceptional
 10 children teachers, math, science, and computer teachers, and matching
 11 benefits.

12 (2) Program enhancement teachers for kindergarten through ~~fifth~~ twelfth grade.

13 ...

14 (c) ~~Maximum Class Size for Kindergarten Through Third Grade.~~ Grade and Allotment
 15 Ratios for Classroom Teachers. – The average class size for kindergarten through third grade in
 16 a local school administrative unit shall at no time exceed the funded allotment ratio of teachers
 17 to students in kindergarten through third grade. At the end of the second school month and for
 18 the remainder of the school year, the size of an individual class in kindergarten through third
 19 grade shall not exceed the allotment ratio by more than three students. The funded class size
 20 allotment ratio for kindergarten through third grade shall be as follows:

21 (1) For kindergarten, one teacher per 18 students.

22 (2) For first grade, one teacher per 16 students.

23 (3) For second grade, one teacher per 17 students.

24 (4) For third grade, one teacher per 17 students.

25 After the State Board of Education transfers funds to the allotment for program enhancement
 26 teachers pursuant to sub-subdivision b. of subdivision (3) of subsection (c2) of this section, the
 27 State Board of Education shall set teacher to student ratios for grades four through 12 to allot
 28 those positions. In grades four through 12, local school administrative units shall have the
 29 maximum flexibility to use allotted teacher positions to maximize student achievement.

30 ...

31 (c2) Program Enhancement Teacher Allotment for Kindergarten Through ~~Fifth~~ Twelfth
 32 Grade. –

33 (1) Definitions. – For the purposes of this section, "program enhancement" refers
 34 to any of the following:

35 a. Arts disciplines, including dance, music, theater, and the visual arts.

36 b. Physical education and health programs.

37 c. World languages.

38 c1. Dual language immersion for classes in which (i) at least one-third of
 39 the students' dominant language is English and (ii) instruction involves
 40 both English and a target foreign language with a minimum of fifty
 41 percent (50%) of core content taught in the target foreign language in
 42 order to promote dual language proficiency for all students.

43 d. Other supplemental classes as defined by the State Board of Education.

44 (2) Allotment ratio calculation. – The allotment ratio for kindergarten through
 45 ~~fifth~~ twelfth grade program enhancement teachers shall be one teacher per ~~191~~
 46 140 students.

47 (3) Appropriation.—Funds for the Allotment. – Funds for the allotment for
 48 program enhancement teachers for kindergarten through twelfth grade shall
 49 be provided as follows:

50 a. Beginning with the 2019-2020 fiscal year, there is appropriated from
 51 the General Fund to the Department of Public Instruction for the

allotment for program enhancement teachers for kindergarten through ~~fifth~~twelfth grade an amount equal to the percentage of the total funds required to allot program enhancement teacher positions for kindergarten through ~~fifth~~twelfth grade on a basis of one teacher per ~~191-140~~ students for each fiscal year as follows:

Fiscal Year	Appropriation
2019-2020	50% <u>17%</u>
2020-2021	75% <u>26%</u>
2021-2022 and each subsequent fiscal year thereafter	100% <u>34%</u>

When developing the base budget, as defined by G.S. 143C-1-1, for each fiscal year specified in this subdivision, the Director of the Budget shall include the appropriated amount for that fiscal year.

b. The State Board shall transfer funds from the classroom teacher position allotment to the allotment for program enhancement teachers for kindergarten through twelfth grade in order to meet the allotment ratio set forth in subdivision (2) of this subsection for program enhancement teacher positions.

...."

SECTION 7.24.(b) Section 3(b) of S.L. 2018-2 is repealed.

SECTION 7.24.(c) Effective July 1, 2021, G.S. 115C-301(a1), as amended by subsection (a) of this section, reads as rewritten:

"(a1) Teacher Position Allotments. – Funds for classroom teachers in the State Public School Fund shall consist of the following position allotments:

- (1) Classroom teachers for kindergarten through twelfth grade, which shall include funds for ~~program enhancement teachers~~, self-contained exceptional children teachers, math, science, and computer teachers, and matching benefits.
- (2) Program enhancement teachers for kindergarten through twelfth grade."

SECTION 7.24.(d) G.S. 115C-105.25(5d) reads as rewritten:

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

SECTION 7.24.(e) Notwithstanding any other provision of law, of the recurring funds appropriated by Section 5(a) of S.L. 2018-2 to the Department of Public Instruction for the 2018-2019 fiscal year for a position allotment for program enhancement teachers for kindergarten through fifth grade, beginning with the 2019-2020 fiscal year, the sum of sixty-one million three hundred fifty-nine thousand two hundred twenty-five dollars (\$61,359,225) in recurring funds shall be appropriated to the Department of Public Instruction for a position allotment for program enhancement teachers for kindergarten through twelfth grade.

SECTION 7.24.(f) The State Board of Education shall modify the State graduation requirements to include one required credit in arts education to be completed by each student at any time in grades six through 12.

The State Board of Education shall implement this arts education graduation requirement beginning with students entering the sixth grade in 2022. The State Board shall include an exemption from the arts education graduation requirement for students transferring into a North Carolina public school beginning in the ninth grade or later, if such requirement would prevent a student from graduating with the graduation cohort to which the student was assigned when transferring.

SECTION 7.24.(g) The State Board of Education shall do the following:

- (1) Establish procedures and a time line for a phased-in implementation of the arts education graduation requirement.
- (2) Establish the minimum criteria to meet the arts education graduation requirement.
- (3) By December 15, 2022, report to the Joint Legislative Education Oversight Committee on the following:
 - a. The statewide implementation of the three interdependent components of comprehensive arts education (arts education, arts integration, and arts exposure).
 - b. The graduation requirement set forth in subsection (f) of this section.

SECTION 7.24.(h) Subsections (a) through (d) of this section apply beginning with the 2019-2020 school year.

ELIMINATE REPORT TO SUPERINTENDENT ON THE ADOPTED SCHEDULE OF FEES

SECTION 7.25.(a) G.S. 115C-47(6), as amended by Section 7.22(h) of this act, reads as rewritten:

"(6) To Regulate Fees, Charges and Solicitations. – Local boards of education shall adopt rules and regulations governing solicitations of, sales to, and fund-raising activities conducted by, the students and faculty members in schools under their jurisdiction, and no fees, charges, or costs shall be collected from students and school personnel without approval of the board of education as recorded in the minutes of said board. ~~All schedules of fees, charges and solicitations approved by local boards of education shall be reported to the Superintendent of Public Instruction.~~ The local board of education shall publish a schedule of fees, charges, and solicitations approved by the local board on the local school administrative unit's Web site by October 15 of each school year and, if the schedule is subsequently revised, within 30 days following the revision."

SECTION 7.25.(b) This section applies beginning with the 2019-2020 school year.

AUTHORIZE STATE BOARD OF EDUCATION APPOINTMENT AUTHORITY OVER AN ADDITIONAL POSITION

SECTION 7.26. G.S. 115C-11(j) reads as rewritten:

"(j) Certain Personnel Appointed by the State Board. – The State Board may appoint only the following personnel positions to support the operations of the State Board of Education through the Department of Public Instruction:

	Position number	Title
(1)	65023576	Attorney I.
(2)	60009384	Attorney II.
(3)	65003194	Paralegal II.
(4)	60095070	Administrative Assistant I.
(5)	60009394	<u>Legislative and Community Affairs Director.</u>

COOPERATIVE INNOVATIVE SCHOOLS/CAP/CERTAIN CIHS OPERATING WITHOUT ADDITIONAL FUNDS

SECTION 7.27.(a) G.S. 115C-238.51A reads as rewritten:

"§ 115C-238.51A. **Approval process.**

(a) Joint Advisory Committee. – The State Board of Education and the applicable governing Board of the local board of trustees shall appoint a joint advisory committee to review

1 the applications and to recommend approval for those applications that meet the requirements of
2 this Part and achieve purposes set out in G.S. 115C-238.50. The recommendation shall indicate
3 whether additional funds were requested in the application. The State Board may only approve
4 up to four applications for cooperative innovative high schools that request additional funds
5 under subsection (c) of this section to open in a school year. If an application requesting
6 additional funds is not approved due to this limitation, a revised application may be submitted
7 under subsection (b) of this section. The State Board may prioritize approval of such applications
8 for cooperative innovative high schools located in local school administrative units that do not
9 already operate a school pursuant to this Part.

10 (b) No Additional Funds. – For applications which have not requested additional funds,
11 the State Board of Education and the applicable governing Board may approve cooperative
12 innovative high schools. In granting approval, consideration shall be given to the proposed
13 budget and demonstration of sources of sustainable funding for the operation of the cooperative
14 innovative high school. Approvals shall be made by June 30 of each year. No additional State
15 funds, position allotments, earning of budget full-time equivalent students, or payments of tuition
16 shall be provided to cooperative innovative high schools approved under this subsection.

17 (c) Additional Funds. – For applications which have requested additional funds, the State
18 Board of Education and the applicable governing Board may approve cooperative innovative
19 high schools contingent upon appropriation of the additional funds by the General Assembly.
20 Contingent approval shall be made by April 1 of each year. The contingent approval shall expire
21 if no appropriation is made by the General Assembly for the additional funds within one calendar
22 year. No cooperative innovative high school shall open prior to the appropriation by the General
23 Assembly of the full amount of the additional funds as requested in the application for that school
24 under G.S. 115C-238.51 for the upcoming fiscal year or fiscal biennium, as appropriate. If no
25 appropriation is made by the General Assembly, a revised application may be submitted under
26 subsection (b) of this section."

27 **SECTION 7.27.(b)** Beginning with the 2019-2020 school year and for subsequent
28 school years thereafter, notwithstanding G.S. 115C-238.51A(c) and G.S. 115C-238.54, the
29 Halifax Early College High School and the Stanly STEM Early College High School shall be
30 permitted to operate in accordance with G.S. 115C-238.53 and G.S. 115C-238.54 as cooperative
31 innovative high schools approved under G.S. 115C-238.51A(c) and shall be subject to the
32 evaluation requirements of G.S. 115C-238.55.

33 **SECTION 7.27.(c)** Subsection (a) of this section applies beginning with applications
34 for cooperative innovative high schools to open in the 2020-2021 school year.

35
36 **AUTHORIZE THE NC CTE EDUCATION FOUNDATION TO ADMINISTER**
37 **CERTAIN GRANTS**

38 **SECTION 7.28.(a)** G.S. 115C-64.15 reads as rewritten:

39 **"§ 115C-64.15. North Carolina Education and Workforce Innovation Commission.**

40 ...

41 (d) The Commission shall develop and administer the Education and Workforce
42 Innovation Program, as established under G.S. 115C-64.16, in collaboration with the North
43 Carolina Career and Technical Education Foundation, Inc., and make awards of grants under the
44 Program.

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

1 (d2) The North Carolina Career and Technical Education Foundation, Inc., shall serve as
2 a grant administrator by providing assistance and support to grantees for initiating, expanding,
3 improving, and promoting career and technical education initiatives.

4 (e) ~~The Commission~~ Commission, in consultation with the North Carolina Career and
5 Technical Education Foundation, Inc., shall publish a report on the Education and Workforce
6 Innovation Program and the Career and Technical Education Grade Expansion Program on or
7 before April 30 of each year. The report shall be submitted to the Joint Legislative Education
8 Oversight Committee, the State Board of Education, the State Board of Community Colleges,
9 and the Board of Governors of The University of North Carolina. The report shall include at least
10 all of the following information:

11 (1) An accounting of how funds and personnel resources were utilized for each
12 program and their impact on student achievement, retention, and
13 employability.

14 (2) Recommended statutory and policy changes.

15 (3) Recommendations for improvement of each program.

16 (4) For the Career and Technical Education Grade Expansion Program,
17 recommendations on increasing availability of grants after the first two years
18 of the program to include additional local school administrative units or
19 providing additional grants to prior recipients."

20 **SECTION 7.28.(b)** G.S. 115C-64.17(c) reads as rewritten:

21 "(c) Selection of Recipients. – For the 2017-2018 fiscal year, the Commission shall accept
22 applications for a grant until November 30, 2017. For subsequent fiscal years that funds are made
23 available for the Program, the Commission shall accept applications for a grant until August 1 of
24 each year. The Commission shall consult with the North Carolina Career and Technical
25 Education Foundation, Inc., to select recipients in a manner that considers diversity among the
26 pool of applicants, including geographic location, location of industries in the area in which a
27 local school administrative unit is located, and the size of the student population served by the
28 unit, in order to award funds to the extent possible to grant recipients that represent different
29 regions and characteristics of the State. The Commission shall recommend recipients of the
30 grants to the State Board of Education. The State Board, upon consultation with the
31 Superintendent of Public Instruction, shall approve the recipients of grant awards."

32 **SECTION 7.28.(c)** This section shall apply to the administration of grant programs
33 on or after the date this act becomes law.

34 35 **DDC/CRC GRANT PROGRAM**

36 **SECTION 7.29.(a)** Any unexpended and unencumbered funds at the end of each
37 fiscal year available from (i) the funds appropriated to the Department of Public Instruction for
38 the Exceptional Children Allotment to be allocated to local school administrative units for
39 Community Residential Center Funds (CRCF) grants and Developmental Day Centers (DDC)
40 and (ii) the Special State Reserve Fund (SSRF) for children with disabilities shall not revert to
41 the General Fund but shall be transferred by the Department to a reserve to establish a grant
42 program for community residential centers (CRCs) and DDCs administered in accordance with
43 subsection (b) of this section.

44 **SECTION 7.29.(b)** Beginning with the 2019-2020 fiscal year, when the balance of
45 the reserve provided for in subsection (a) of this section reaches the sum of at least fifty thousand
46 dollars (\$50,000) in a fiscal year, then the Department of Public Instruction shall solicit
47 applications from licensed, community-based DDCs and CRCs approved by the Department of
48 Public Instruction, Exceptional Children Division, for grants to assist the DDCs and CRCs with
49 capital and equipment needs for their facilities. The grant application shall require documentation
50 of the expenditures for which the grant is being requested and any other information requested
51 by the Department. Local school administrative units shall not be eligible for the receipt of grant

1 funds under this section. Any unexpended funds in the reserve shall be carried forward each fiscal
2 year to be used for the purposes of this section.

3 **SECTION 7.29.(c)** By March 15 of each fiscal year in which grants are awarded
4 pursuant to subsection (b) of this section, the Department of Public Instruction shall report to the
5 chairs of the Senate Appropriations Committee on Education/Higher Education, the chairs of the
6 House of Representatives Appropriations Committee on Education, and the Fiscal Research
7 Division on the award of grants and the balance of the reserve, including the number of grant
8 recipients, the amount of grants, and the type of expenditure covered by the grant.

9 **SECTION 7.29.(d)** Subsection (a) of this section becomes effective June 30, 2019.

10 11 **CTE ADJUNCT INSTRUCTORS/IREDELL-STATESVILLE SCHOOLS**

12 **SECTION 7.30.(a)** G.S. 115C-157.1(b) reads as rewritten:

13 "(b) Contracting with Adjunct Instructors. – Notwithstanding Article 20 and Part 3 of
14 Article 22 of this Chapter, a local board of education may contract with an individual to serve as
15 an adjunct instructor who meets the adjunct hiring criteria established by the State Board of
16 Education for a specific career and technical education career cluster. The local board of
17 education may contract with an adjunct instructor on an annual or semester basis, subject to the
18 following requirements:

- 19 (1) An adjunct instructor may be employed for no more than ~~40~~15 hours per
20 week.
- 21 (2) An adjunct instructor shall be subject to a criminal history check, to ensure
22 that the person has not been convicted of any crime listed in G.S. 115C-332.
- 23 (3) An adjunct instructor shall not be required to hold or apply for licensure as a
24 teacher.
- 25 (4) An adjunct instructor must complete preservice training in all of the following
26 areas prior to beginning instruction:
 - 27 a. The identification and education of children with disabilities.
 - 28 b. Positive management of student behavior.
 - 29 c. Effective communication for defusing and deescalating disruptive or
30 dangerous behavior.
 - 31 d. Safe and appropriate use of seclusion and restraint."

32 **SECTION 7.30.(b)** Subsection (a) of this section applies only to the
33 Iredell-Statesville School Administrative Unit.

34 35 **CLASSROOM SUPPLIES TO TEACHERS**

36 **SECTION 7.31.(a)** Establishment of the Program. – The North Carolina Classroom
37 Supply Program (Program) is created in accordance with this section. Beginning with the
38 2019-2020 fiscal year, the Program shall provide for electronic access to funds from the Teacher
39 Directed Classroom Supplies Allotment, established by this section, for eligible classroom
40 teachers to purchase supplies for their classrooms on behalf of public school units participating
41 in the Program to support educational needs of the public school students assigned to those
42 classroom teachers. Effective July 1, 2019, the Teacher Directed Classroom Supplies Allotment
43 (Allotment) is created in the State Public School Fund for the purposes of establishing and
44 implementing the Program in accordance with this section.

45 **SECTION 7.31.(b)** Definitions. – For purposes of this section, the following
46 definitions apply:

- 47 (1) Eligible classroom teacher. – Any school-based classroom teacher, including
48 teachers for special student populations such as exceptional children, reading
49 resource, English language learners, and program enhancement courses,
50 employed by a public school unit to teach students in kindergarten through
51 twelfth grade. School personnel in central office positions, instructional

1 support personnel, and school-based administrators shall not be deemed
2 eligible. A classroom teacher must be employed as of August 31 of each fiscal
3 year for any funds available to the public school unit to be eligible under this
4 section. The public school unit may include classroom teachers employed
5 after August 31 within funds available.

- 6 (2) Public school unit. – A local school administrative unit, a charter school, a
7 regional school, and a school providing elementary or secondary instruction
8 operated by the State Board of Education, including schools operated under
9 Article 7A and Article 9C of Chapter 115C of the General Statutes, or by The
10 University of North Carolina, including schools operated under Article 4,
11 Article 29, and Article 29A of Chapter 116 of the General Statutes.

12 **SECTION 7.31.(c)** Allotment of Funds. – Funds from the Allotment shall be
13 transferred only to participating public school units by the Department of Public Instruction. All
14 local school administrative units, except for the local school administrative unit operating a
15 renewal school system plan pursuant to Section 6 of S.L. 2018-32, shall participate in the
16 Program and shall provide all information required by the Department of Public Instruction for
17 administration of the Program. All other public school units may elect to participate in the
18 Program no later than August 1 of each fiscal year. In accordance with subsection (g) of this
19 section, notwithstanding G.S. 115C-75.10, 115C-218.105, 115C-238.70, 116-239.11, and
20 Section 6(l) of S.L. 2018-32, as amended by Section 7.17 of this act, the Department of Public
21 Instruction, each fiscal year, beginning with the 2019-2020 fiscal year, shall only use the funds
22 in the Allotment (i) to provide training on the Program to teachers and (ii) for classroom supplies
23 by transferring to each participating public school unit the sum of one hundred forty-five dollars
24 (\$145.00) per eligible classroom teacher as of August 31 of each year to a program report code
25 for a classroom teacher electronic account administered pursuant to subsection (d) of this section.

26 **SECTION 7.31.(d)** Program Administration. – The Department of Public Instruction
27 shall utilize the same administrative system used by the North Carolina State Education
28 Assistance Authority (Authority) to manage funds for the Personal Education Savings Account
29 Program pursuant to G.S. 115C-597 and shall model its contract in a manner that meets the
30 requirements of this section and includes capabilities for at least the following:

- 31 (1) The ability to restrict purchases, which may include an automated prior
32 authorization process for allowable purchases or reimbursement of allowable
33 purchases.
34 (2) Automation for the capture of purchase receipts, which the Department of
35 Public Instruction and the eligible classroom teacher shall be required to store
36 electronically for a total of four years for reporting and audit purposes, and
37 transparent transactions, making accountability and tracking simple.
38 (3) Ability for eligible classroom teachers to crowd-fund for certain products.

39 **SECTION 7.31.(e)** In the event that the vendor contracted with the Authority is
40 unable to meet the requirements of the Program, then the Department shall contract with a vendor
41 that provides a virtual e-wallets platform and an e-commerce marketplace that enables eligible
42 classroom teachers to receive and spend funds online and includes the capabilities described in
43 subsection (d) of this section.

44 **SECTION 7.31.(f)** The Department of Public Instruction shall make the platform
45 selected for the classroom teacher electronic accounts available for use by eligible classroom
46 teachers no later than January 15, 2020. The Department of Public Instruction shall conduct
47 training for eligible classroom teachers on the use of the selected platform as soon as practicable
48 in the 2019-2020 school year.

49 **SECTION 7.31.(g)** Use of Funds for the Program. – The funds appropriated by this
50 act to the Department of Public Instruction for the 2019-2021 fiscal biennium for the Program
51 shall be used to supplement, not supplant, the materials and supplies otherwise available to

1 eligible classroom teachers and for the Department of Public Instruction to provide training to
2 eligible classroom teachers on use of the platform selected for the classroom teacher electronic
3 accounts under subsection (d) or (e) of this section. A public school unit shall not mandate, direct,
4 or encourage eligible classroom teachers to purchase specific materials and supplies or categories
5 of materials and supplies. Classroom supply funds made available under the Program shall not
6 be used to purchase electronic devices, such as computers or software, and shall not be expended
7 for administrative purposes. Eligible classroom teachers shall utilize these funds in a manner that
8 addresses individual classroom needs and supports the overall goals of the school regarding
9 supplies and instructional materials. Any supplies purchased by eligible classroom teachers
10 through the Program shall be the property of the public school unit. Supplies not consumed during
11 the school year shall be made available to the eligible classroom teacher for the following school
12 year or for other eligible classroom teachers as appropriate. Any unexpended funds in the
13 classroom teacher electronic accounts established in subsection (c) of this section shall revert to
14 the General Fund at the end of each fiscal year.

15 **SECTION 7.31.(h)** The Department of Public Instruction shall establish categories
16 of purchases for the Allotment that can be compared to purchases made through the Classroom
17 Materials/Instructional Supplies/Equipment allotment. The Superintendent of Public Instruction
18 shall report to the Joint Legislative Education Oversight Committee, the Fiscal Research
19 Division, the House Appropriations Education Committee, and the Senate Appropriations on
20 Education/Higher Education Committee by May 15, 2020, on purchases made through both
21 allotments, including comparisons by categories of purchases from each allotment by each public
22 school unit.

23 **SECTION 7.31.(i)** This section applies beginning with the 2019-2020 school year.
24

25 **ROBOTICS PROGRAM FOR STUDENTS WITH AUTISM**

26 **SECTION 7.32.** The Department of Public Instruction shall use available funds for
27 the 2019-2021 fiscal biennium, except for funds in the State Public School Fund, in an amount
28 of up to three hundred thousand dollars (\$300,000) for each fiscal year of the 2019-2021 fiscal
29 biennium to implement a program for students with autism that uses interactive facially
30 expressive humanoid robotics for social and behavioral skills development for the advanced
31 treatment of autism. The program shall have (i) a research-based curriculum with imbedded
32 evidence-based practices, (ii) existing installations within North Carolina local school
33 administrative units or charter schools, and (iii) a comprehensive facilitator and activity manual
34 for learners with autism. The Department of Public Instruction shall select public schools for
35 participation in the program and begin implementation of the program for the 2019-2020 school
36 year. The Department shall ensure that the program uses resources efficiently to provide
37 interactive humanoid robotics for social and behavioral skills development in the advanced
38 treatment of autism for any local school administrative unit or charter school that is in need of
39 the program.
40

41 **REAL SCHOOL GARDENS, DOING BUSINESS AS OUT TEACH/PILOT PROGRAM**

42 **SECTION 7.33.(a)** Of the funds appropriated to the Department of Public
43 Instruction for the 2019-2020 fiscal year for REAL School Gardens, Carolinas Region, the
44 Department of Public Instruction shall provide funds as grant-in-aid to the nonprofit organization
45 known as REAL School Gardens, doing business as Out Teach, for the 2019-2020 school year
46 to establish a pilot program. The purpose of the pilot program is to transform teaching practices
47 and create outdoor learning laboratories on school campuses, based on the national model
48 developed by Out Teach, in 10 rural elementary schools operating a school-wide Title I program.
49 Qualifying schools shall be selected at the discretion of the State Superintendent of Public
50 Instruction. The pilot program shall concentrate on improving student academic performance,
51 teacher effectiveness, student engagement, and improving health and behavioral issues of

1 students. State funds shall only be used to operate and administer the pilot program and may be
2 used for teacher training utilizing Out Teach project-based, experiential learning curriculum,
3 which is aligned to NC Essential Standards for science, math, and literacy skills and the Whole
4 School, Whole Community, Whole Child model for nutrition education.

5 **SECTION 7.33.(b)** As used in this section, a school-wide Title I program is a
6 program at a school identified under Part A of Title I of the Elementary and Secondary Education
7 Act of 1965, as amended.

8 **SECTION 7.33.(c)** The funds provided in accordance with subsection (a) of this
9 section shall not revert at the end of the each fiscal year but shall remain available for expenditure
10 until the end of the 2020-2021 fiscal year.

11 **SECTION 7.33.(d)** By October 1, 2020, and by October 1 of any year thereafter in
12 which Out Teach spends State funds, Out Teach shall submit to the Joint Legislative Education
13 Oversight Committee and the Fiscal Research Division of the General Assembly an annual report
14 on the progress of the pilot program, an accounting of expenditures, and student outcome and
15 teacher effectiveness data related to the operation of the pilot program.

16 17 **COMPETENCY-BASED MATH PILOT**

18 **SECTION 7.34.(a)** Purpose. – There is established the Competency-Based
19 Mathematics Education Pilot Program (Pilot) within the Department of Public Instruction to be
20 administered for a period of five years. The purpose of the Pilot is to allow students to advance
21 to higher levels of mathematics courses contingent upon the mastery of concepts and skills rather
22 than upon the awarding of course credits. Participating schools and students attending those
23 schools will be exempt from the requirements of the standard course of study in the core subject
24 of mathematics.

25 **SECTION 7.34.(b)** Application. – The State Superintendent of Public Instruction
26 and the Department of Public Instruction shall develop guidelines for the selection of certain
27 local boards of education for participation in the Pilot. No later than October 31, 2019, the State
28 Superintendent shall disseminate the selection guidelines, along with an application form to be
29 used by local boards of education that wish to apply for participation in the Pilot. The application
30 form must require, at a minimum, the following:

- 31 (1) The list of schools that will participate in the Pilot.
- 32 (2) A clear, detailed explanation of rigorous and results-driven curricula and
33 personalized learning tools to be used during the Pilot.
- 34 (3) A plan for student progression based on the mastery of content, including
35 mechanisms that determine and ensure that a student has satisfied the
36 requirements for credit promotion.
- 37 (4) The scope and time lines for professional development for mathematics
38 teachers and other relevant school personnel.
- 39 (5) A plan for communicating with and receiving feedback from parents and
40 community stakeholders regarding implementation of the Pilot.

41 **SECTION 7.34.(c)** Exercise of Flexibility. – Notwithstanding any provision of State
42 law or policy to the contrary, local school administrative units participating in the Pilot may
43 exercise flexibility as necessary relating to student progression and the awarding of credits in
44 order to comply with the purposes of this section, subject to the limitations included in this
45 section. Schools participating in the Pilot are not exempt from testing required by the State Board
46 of Education as part of the statewide annual testing program. The State Superintendent may
47 approve up to five local school administrative units for participation in the Pilot. Approved local
48 school administrative units shall implement the plans presented in their applications beginning
49 with the 2020-2021 school year.

1 **SECTION 7.34.(d)** Appropriation. – Funds appropriated to the Department of Public
2 Instruction for the 2019-2020 fiscal year for the administration and evaluation of the Pilot shall
3 not revert but shall remain available for expenditure until the conclusion of the Pilot.

4 **SECTION 7.34.(e)** Participating local school administrative units shall be selected
5 during the 2019-2020 school year for implementation of the Pilot beginning with the 2020-2021
6 school year.

7 8 **LIFE CHANGING EXPERIENCES SCHOOL PILOT PROGRAM**

9 **SECTION 7.35.(a)** Of the funds appropriated to the Department of Public
10 Instruction by this act for the Life Changing Experiences School Pilot Program for the 2019-2020
11 fiscal year, the Department shall contract with the Children and Parent Resource Group, Inc., to
12 design, implement, and evaluate a one-year Life Changing Experiences School Pilot Program
13 (Project), ending with the 2019-2020 school year. The Project shall be operated and administered
14 for students in grades six through 11 in the following local school administrative units: Lincoln
15 County Schools, McDowell County Schools, Mitchell County Schools, and Pitt County Schools.
16 These contract funds shall not be used for any purpose other than to implement the Project in the
17 local school administrative units, which consists of traveling three-dimensional, interactive,
18 holistic, and evidence-based multimedia education in-school programs. The Project shall include
19 theme-specific programs screened at school assemblies and additional follow-up applications
20 that address dangerous life- and community-threatening activities that negatively impact
21 teenagers, including alcohol and other drugs, dangerous driving, violence, and bullying. The goal
22 of these programs is to increase positive intentions and behavioral outcomes by teaching students
23 the techniques and skills that empower them to reach meaningful life goals, employ positive
24 behaviors, and start businesses and social enterprises.

25 **SECTION 7.35.(b)** The Children and Parent Resource Group, Inc., in consultation
26 with the Department of Public Instruction, shall submit a report on the Project authorized by this
27 section by March 1, 2020, to the Joint Legislative Education Oversight Committee and the Fiscal
28 Research Division. The report shall include an accounting of expenditures and student outcome
29 data related to the operation of the Project.

30 31 **SCHOOL SAFETY GRANTS PROGRAMS**

32 **SECTION 7.36.(a)** For the 2019-2020 fiscal year, the Department of Public
33 Instruction shall administer the following school safety grants:

- 34 (1) Definitions. – For purposes of this subsection, the following definitions shall
35 apply:
- 36 a. Community partner. – A public or private entity, including, but not
37 limited to, a nonprofit corporation or a local management
38 entity/managed care organization (LME/MCO), that partners with a
39 public school unit to provide services or pay for the provision of
40 services for the unit.
 - 41 b. Public school unit. – A local school administrative unit, regional
42 school, innovative school, laboratory school, or charter school.
 - 43 c. School mental health support personnel. – All of the following:
 - 44 1. School nurses, school counselors, school psychologists, and
45 school social workers.
 - 46 2. Any of the following with sufficient training or experience
47 with school-age populations, determined on a case-by-case
48 basis in the discretion of the Superintendent of Public
49 Instruction: registered nurses, licensed practical nurses,
50 advanced practice nurses, nurse practitioners, licensed or

- 1 certified psychologists, licensed clinical social workers, and
2 licensed professional counselors.
- 3 d. Other health support services. – Mental or physical health support
4 services provided by one or more third-party entities to a public school
5 unit on a contracted basis, including telemedicine or other distance
6 consultations.
- 7 (2) Program; purpose. – The Superintendent of Public Instruction shall establish
8 the 2019 School Safety Grants Program (Program). The purpose of the
9 Program shall be to improve safety in public school units by providing grants
10 for (i) school resource officers, (ii) services for students in crisis, (iii) school
11 safety training, (iv) safety equipment in schools, and (v) additional school
12 mental health support personnel.
- 13 (3) Grant applications. – A public school unit may submit an application to the
14 Superintendent of Public Instruction for one or more grants pursuant to this
15 section. The application shall include an assessment, to be performed in
16 conjunction with a local law enforcement agency, of the need for improving
17 school safety within the public school unit that would receive the funding or
18 services. The application shall identify current and ongoing needs and
19 estimated costs associated with those needs.
- 20 (4) Criteria and guidelines. – By August 1, 2019, the Superintendent of Public
21 Instruction shall develop criteria and guidelines for the administration and use
22 of the grants pursuant to this subsection, including any documentation
23 required to be submitted by applicants. In assessing grant applications, the
24 Superintendent of Public Instruction shall consider at least all of the following
25 factors:
- 26 a. The level of resources available to the public school unit that would
27 receive the funding or services.
- 28 b. Whether the public school unit has received other grants of funding
29 for school safety.
- 30 c. The overall impact on student safety in the public school unit if the
31 identified needs are funded.
- 32 (5) Grants for school resource officers. – Of the funds appropriated to the
33 Department of Public Instruction by this section for grants for school resource
34 officers, the Superintendent of Public Instruction shall award grants to public
35 school units for school resource officers in elementary and middle schools, as
36 follows:
- 37 a. Grants shall be matched on the basis of two dollars (\$2.00) in State
38 funds for every one dollar (\$1.00) in non-State funds.
- 39 b. Public school units may use these funds to employ school resource
40 officers in elementary and middle schools, to train them, or both.
- 41 c. Training shall be provided, in partnership with the public school unit,
42 by a community college, a local law enforcement agency, or the North
43 Carolina Justice Academy. Any training shall include instruction on
44 research into the social and cognitive development of elementary
45 school and middle school children.
- 46 (6) Grants for students in crisis. – Of the funds appropriated to the Department of
47 Public Instruction by this section for students in crisis, the Superintendent of
48 Public Instruction, in consultation with the Department of Health and Human
49 Services, shall award grants to public school units to contract with community
50 partners to provide or pay for the provision of any of the following crisis
51 services:

- 1 a. Crisis respite services for parents or guardians of an individual student
- 2 to prevent more intensive or costly levels of care.
- 3 b. Training and expanded services for therapeutic foster care families and
- 4 licensed child placement agencies that provide services to students
- 5 who (i) need support to manage their health, welfare, and safety and
- 6 (ii) have any of the following:
- 7 1. Cognitive or behavioral problems.
- 8 2. Developmental delays.
- 9 3. Aggressive behavior.
- 10 c. Evidence-based therapy services aligned with targeted training for
- 11 students and their parents or guardians, including any of the following:
- 12 1. Parent-child interaction therapy.
- 13 2. Trauma-focused cognitive behavioral therapy.
- 14 3. Dialectical behavior therapy.
- 15 4. Child-parent psychotherapy.
- 16 d. Any other crisis service, including peer-to-peer mentoring, that is
- 17 likely to increase school safety. Of the funds allocated to the
- 18 Superintendent for grants pursuant to this subdivision, the
- 19 Superintendent shall not use more than fifty percent (50%) for the
- 20 services identified in this sub-subdivision.
- 21 (7) Grants for training to increase school safety. – Of the funds appropriated to
- 22 the Department of Public Instruction by this section for training to increase
- 23 school safety, the Superintendent of Public Instruction, in consultation with
- 24 the Department of Health and Human Services, shall award grants to public
- 25 school units to contract with community partners to address school safety by
- 26 providing training to help students develop healthy responses to trauma and
- 27 stress. The training shall be targeted and evidence-based and shall include any
- 28 of the following services:
- 29 a. Counseling on Access to Lethal Means (CALM) training for school
- 30 mental health support personnel, local first responders, and teachers
- 31 on the topics of suicide prevention and reducing access by students to
- 32 lethal means.
- 33 b. Training for school mental health support personnel on comprehensive
- 34 and evidence-based clinical treatments for students and their parents
- 35 or guardians, including any of the following:
- 36 1. Parent-child interaction therapy.
- 37 2. Trauma-focused cognitive behavioral therapy.
- 38 3. Behavioral therapy.
- 39 4. Dialectical behavior therapy.
- 40 5. Child-parent psychotherapy.
- 41 c. Training for students and school employees on community resilience
- 42 models to improve understanding and responses to trauma and
- 43 significant stress.
- 44 d. Training for school mental health support personnel on Modular
- 45 Approach to Therapy for Children with Anxiety, Depression, Trauma,
- 46 or Conduct problems (MATCH-ADTC), including any of the
- 47 following components:
- 48 1. Trauma-focused cognitive behavioral therapy.
- 49 2. Parent and student coping skills.
- 50 3. Problem solving.
- 51 4. Safety planning.

- 1 e. Any other training, including the training on the facilitation of
 2 peer-to-peer mentoring, that is likely to increase school safety. Of the
 3 funds allocated to the Superintendent for grants pursuant to this
 4 subdivision, the Superintendent shall not use more than fifty percent
 5 (50%) for the services identified in this sub-subdivision.
- 6 (8) Grants for school mental health support personnel. – Of the funds appropriated
 7 to the Department of Public Instruction by this section for school mental
 8 health support personnel, the Superintendent of Public Instruction shall award
 9 grants to public school units, as follows:
- 10 a. Grants shall be matched on the basis of two dollars (\$2.00) in State
 11 funds for every one dollar (\$1.00) in non-State funds.
- 12 b. Grants may be used for any of the following purposes:
- 13 1. To provide all or a portion of the salary and benefits costs
 14 needed to employ additional school mental health support
 15 personnel on a full-time, part-time, or contractual basis.
- 16 2. To contract for other health support services.
- 17 3. Training for school mental health support personnel receiving
 18 funds under this subdivision.
- 19 c. At least twenty-five percent (25%) of the funds provided pursuant to
 20 this subdivision shall be used to provide all or a portion of the salary
 21 and benefits costs needed to employ additional school psychologists
 22 on a full-time or part-time basis.
- 23 (9) Supplement not supplant. – Grants provided to public school units or
 24 community partners pursuant to the Program shall be used to supplement and
 25 not to supplant State or non-State funds already provided for these services.
- 26 (10) Administrative costs. – Of the funds appropriated to the Department of Public
 27 Instruction by this section for the grants provided in this subsection, the
 28 Superintendent of Public Instruction may retain a total of up to one hundred
 29 thousand dollars (\$100,000) for administrative costs associated with the
 30 Program.
- 31 (11) Report. – No later than April 1, 2020, the Superintendent of Public Instruction
 32 shall report on the program to the Joint Legislative Education Oversight
 33 Committee, the Joint Legislative Oversight Committee on Health and Human
 34 Services, the Joint Legislative Oversight Committee on Justice and Public
 35 Safety, the Joint Legislative Commission on Governmental Operations, and
 36 the Fiscal Research Division. The report shall include the identity of each
 37 entity that received a grant through the Program, the amount of funding
 38 provided to each entity that received a grant, the use of funds by each entity
 39 that received a grant, and recommendations for the implementation of
 40 additional effective school safety measures.

41 **SECTION 7.36.(b)** Article 8C of Chapter 115C of the General Statutes is amended
 42 by adding a new section to read:

43 **"§ 115C-105.60. School safety grants.**

44 (a) **Definitions.** – For purposes of this section, the following definitions shall apply:

- 45 (1) **Community partner.** – A public or private entity, including, but not limited to,
 46 a nonprofit corporation or a local management entity/managed care
 47 organization (LME/MCO), that partners with a public school unit to provide
 48 services or pay for the provision of services for the unit.
- 49 (2) **Public school unit.** – A local school administrative unit, regional school,
 50 innovative school, laboratory school, or charter school.
- 51 (3) **School mental health support personnel.** – All of the following:

- 1 a. School nurses, school counselors, school psychologists, and school
2 social workers.
- 3 b. Any of the following with sufficient training or experience with
4 school-age populations, determined on a case-by-case basis in the
5 discretion of the Superintendent of Public Instruction: registered
6 nurses, licensed practical nurses, advanced practice nurses, nurse
7 practitioners, licensed or certified psychologists, licensed clinical
8 social workers, and licensed professional counselors.
- 9 (4) Other health support services. – Mental or physical health support services
10 provided by one or more third-party entities to a public school unit on a
11 contracted basis, including telemedicine or other distance consultations.
- 12 (b) Program; Purpose. – The Superintendent of Public Instruction shall establish the
13 School Safety Grants Program (Program). To the extent funds are made available for the
14 Program, its purpose shall be to improve safety in public school units by providing grants for (i)
15 school resource officers, (ii) services for students in crisis, (iii) school safety training, (iv) safety
16 equipment in schools, and (v) additional school mental health support personnel.
- 17 (c) Grant Applications. – A public school unit may submit an application to the
18 Superintendent of Public Instruction for one or more grants pursuant to this section. The
19 application shall include an assessment, to be performed in conjunction with a local law
20 enforcement agency, of the need for improving school safety within the public school unit that
21 would receive the funding or services. The application shall identify current and ongoing needs
22 and estimated costs associated with those needs.
- 23 (d) Criteria and Guidelines. – By August 1, 2020, and each year thereafter in which funds
24 are made available for the Program, the Superintendent of Public Instruction shall develop criteria
25 and guidelines for the administration and use of the grants pursuant to this section, including any
26 documentation required to be submitted by applicants. In assessing grant applications, the
27 Superintendent of Public Instruction shall consider at least all of the following factors:
- 28 (1) The level of resources available to the public school unit that would receive
29 the funding or services.
- 30 (2) Whether the public school unit has received other grants of funding for school
31 safety.
- 32 (3) The overall impact on student safety in the public school unit if the identified
33 needs are funded.
- 34 (e) Grants for School Resource Officers. – From funds made available for grants for
35 school resource officers, the Superintendent of Public Instruction shall award grants to public
36 school units for school resource officers in elementary and middle schools, as follows:
- 37 (1) Grants shall be matched on the basis of two dollars (\$2.00) in State funds for
38 every one dollar (\$1.00) in non-State funds.
- 39 (2) Public school units may use these funds to employ school resource officers in
40 elementary and middle schools, to train them, or both.
- 41 (3) Training shall be provided, in partnership with the public school unit, by a
42 community college, a local law enforcement agency, or the North Carolina
43 Justice Academy. Any training shall include instruction on research into the
44 social and cognitive development of elementary school and middle school
45 children.
- 46 (f) Grants for Students In Crisis. – From funds made available for grants for students in
47 crisis, the Superintendent of Public Instruction, in consultation with the Department of Health
48 and Human Services, shall award grants to public school units to contract with community
49 partners to provide or pay for the provision of any of the following crisis services:
- 50 (1) Crisis respite services for parents or guardians of an individual student to
51 prevent more intensive or costly levels of care.

- 1 (2) Training and expanded services for therapeutic foster care families and
2 licensed child placement agencies that provide services to students who (i)
3 need support to manage their health, welfare, and safety and (ii) have any of
4 the following:
5 a. Cognitive or behavioral problems.
6 b. Developmental delays.
7 c. Aggressive behavior.
8 (3) Evidence-based therapy services aligned with targeted training for students
9 and their parents or guardians, including any of the following:
10 a. Parent-child interaction therapy.
11 b. Trauma-focused cognitive behavioral therapy.
12 c. Dialectical behavior therapy.
13 d. Child-parent psychotherapy.
14 (4) Any other crisis service, including peer-to-peer mentoring, that is likely to
15 increase school safety. Of the funds allocated to the Superintendent for grants
16 pursuant to this subsection, the Superintendent shall not use more than fifty
17 percent (50%) for the services identified in this subdivision.
18 (g) Grants for Training to Increase School Safety. – From funds made available for grants
19 for training to increase school safety, the Superintendent of Public Instruction, in consultation
20 with the Department of Health and Human Services, shall award grants to public school units to
21 contract with community partners to address school safety by providing training to help students
22 develop healthy responses to trauma and stress. The training shall be targeted and evidence-based
23 and shall include any of the following services:
24 (1) Counseling on Access to Lethal Means (CALM) training for school mental
25 health support personnel, local first responders, and teachers on the topics of
26 suicide prevention and reducing access by students to lethal means.
27 (2) Training for school mental health support personnel on comprehensive and
28 evidence-based clinical treatments for students and their parents or guardians,
29 including any of the following:
30 a. Parent-child interaction therapy.
31 b. Trauma-focused cognitive behavioral therapy.
32 c. Behavioral therapy.
33 d. Dialectical behavior therapy.
34 e. Child-parent psychotherapy.
35 (3) Training for students and school employees on community resilience models
36 to improve understanding and responses to trauma and significant stress.
37 (4) Training for school mental health support personnel on Modular Approach to
38 Therapy for Children with Anxiety, Depression, Trauma, or Conduct
39 problems (MATCH-ADTC), including any of the following components:
40 a. Trauma-focused cognitive behavioral therapy.
41 b. Parent and student coping skills.
42 c. Problem solving.
43 d. Safety planning.
44 (5) Any other training, including the training on the facilitation of peer-to-peer
45 mentoring, that is likely to increase school safety. Of the funds allocated to
46 the Superintendent for grants pursuant to this subsection, the Superintendent
47 shall not use more than fifty percent (50%) for the services identified in this
48 subdivision.
49 (h) Grants for School Mental Health Support Personnel. – From funds made available for
50 grants for school mental health support personnel, the Superintendent of Public Instruction shall
51 award grants to public school units, as follows:

- 1 (1) Grants shall be matched on the basis of two dollars (\$2.00) in State funds for
2 every one dollar (\$1.00) in non-State funds.
- 3 (2) Grants may be used for any of the following purposes:
- 4 a. To provide all or a portion of the salary and benefits costs needed to
5 employ additional school mental health support personnel on a
6 full-time, part-time, or contractual basis.
- 7 b. To contract for other health support services.
- 8 c. Training for school mental health support personnel receiving funds
9 under this subsection.

- 10 (3) At least twenty-five percent (25%) of the funds provided pursuant to this
11 subsection shall be used to provide all or a portion of the salary and benefits
12 costs needed to employ additional school psychologists on a full-time or
13 part-time basis.

14 (i) Supplement Not Supplant. – Grants provided to public school units or community
15 partners pursuant to the Program shall be used to supplement and not to supplant State or
16 non-State funds already provided for these services.

17 (j) Administrative Costs. – Of the funds made available for the grants provided pursuant
18 to this section, the Superintendent of Public Instruction may retain a total of up to one hundred
19 thousand dollars (\$100,000) in each fiscal year for administrative costs associated with the
20 program.

21 (k) Report. – No later than April 1, 2021, and each year thereafter in which funds are
22 made available for the Program, the Superintendent of Public Instruction shall report on the
23 Program to the Joint Legislative Education Oversight Committee, the Joint Legislative Oversight
24 Committee on Health and Human Services, the Joint Legislative Oversight Committee on Justice
25 and Public Safety, the Joint Legislative Commission on Governmental Operations, and the Fiscal
26 Research Division. The report shall include the identity of each entity that received a grant
27 through the Program, the amount of funding provided to each entity that received a grant, the use
28 of funds by each entity that received a grant, and recommendations for the implementation of
29 additional effective school safety measures."

30 **SECTION 7.36.(c)** Of the funds appropriated to the Department of Public Instruction
31 by this section for grants for school safety equipment in the 2019-2021 fiscal biennium, the
32 Superintendent of Public Instruction shall award grants to public school units for (i) the purchase
33 of safety equipment for school buildings and (ii) training associated with the use of safety
34 equipment purchased pursuant to this subsection. Grants awarded pursuant to this subsection
35 shall comply with subdivisions (1), (2), (3), (4), (9), (10), and (11) of subsection (a) of this section
36 in the 2019-2020 fiscal year and subsections (a), (b), (c), (d), (i), (j), and (k) of G.S. 115C-105.60,
37 as enacted by this section, in the 2020-2021 fiscal year. Notwithstanding G.S. 115C-218.105(b),
38 charter schools may receive grants for school safety equipment pursuant to this subsection.

39 **SECTION 7.36.(d)** Section 7.27 of S.L. 2018-5 is repealed.

40 **SECTION 7.36.(e)** Subsection (a) of this section expires June 30, 2020. Subsection
41 (b) of this section becomes effective July 1, 2020.

42

43 **EXPAND SCHOOLS THAT LEAD PILOT PROGRAM**

44 **SECTION 7.37.** Section 7.25(a) of S.L. 2018-5 reads as rewritten:

45 **"SECTION 7.25.(a)** Program; Purpose. – Of the funds appropriated to the Department of
46 Public Instruction by this act for the Schools That Lead Pilot Program (Program), the Department
47 shall contract with Schools That Lead, Inc., to provide professional development to teachers and
48 principals in up to ~~60-75~~ schools, beginning with the 2018-2019 school year and ending in the
49 2020-2021 school year. The selected schools shall be charter schools or schools under the
50 authority of a local school administrative unit. Professional development services shall be offered
51 to teachers and principals in grades K-12. The Superintendent of Public Instruction, in

1 consultation with Schools That Lead, Inc., shall determine which schools are eligible to
2 participate in the Program. At a minimum, the Program shall offer services to three cohorts of
3 schools, as follows:

- 4 (1) High schools working to increase on-time graduation.
- 5 (2) Middle schools working to prepare students to succeed in high school by
6 reducing the likelihood of retention in the ninth grade for multiple school
7 years.
- 8 (3) Elementary schools working to reduce the number of students with early
9 warning indicators of course failures, absences, and discipline."

10 11 **EXTENDED LEARNING AND INTEGRATED STUDENT SUPPORTS COMPETITIVE** 12 **GRANT PROGRAM**

13 **SECTION 7.38.(a)** Of the funds appropriated by this section for the At-Risk Student
14 Services Alternative School Allotment for the 2019-2021 fiscal biennium, the Department of
15 Public Instruction shall use up to six million dollars (\$6,000,000) for the 2019-2020 fiscal year
16 and up to six million dollars (\$6,000,000) for the 2020-2021 fiscal year for the Extended Learning
17 and Integrated Student Supports Competitive Grant Program (Program). Of these funds, the
18 Department of Public Instruction may use up to two hundred thousand dollars (\$200,000) for
19 each fiscal year to administer the Program.

20 **SECTION 7.38.(b)** The purpose of the Program is to fund high-quality,
21 independently validated extended learning and integrated student support service programs for
22 at-risk students that raise standards for student academic outcomes by focusing on the following:

- 23 (1) Use of an evidence-based model with a proven track record of success.
- 24 (2) Inclusion of rigorous, quantitative performance measures to confirm
25 effectiveness of the program.
- 26 (3) Deployment of multiple tiered supports in schools to address student barriers
27 to achievement, such as strategies to improve chronic absenteeism, antisocial
28 behaviors, academic growth, and enhancement of parent and family
29 engagement.
- 30 (4) Alignment with State performance measures, student academic goals, and the
31 North Carolina Standard Course of Study.
- 32 (5) Prioritization in programs to integrate clear academic content, in particular,
33 science, technology, engineering, and mathematics (STEM) learning
34 opportunities or reading development and proficiency instruction.
- 35 (6) Minimization of student class size when providing instruction or instructional
36 supports and interventions.
- 37 (7) Expansion of student access to high-quality learning activities and academic
38 support that strengthen student engagement and leverage community-based
39 resources, which may include organizations that provide mentoring services
40 and private-sector employer involvement.
- 41 (8) Utilization of digital content to expand learning time, when appropriate.

42 **SECTION 7.38.(c)** Grants shall be used to award funds for new or existing eligible
43 programs for at-risk students operated by (i) nonprofit corporations and (ii) nonprofit
44 corporations working in collaboration with local school administrative units. Grant participants
45 are eligible to receive grants for up to two years in an amount of up to five hundred thousand
46 dollars (\$500,000) each year. Programs should focus on serving (i) at-risk students not
47 performing at grade level as demonstrated by statewide assessments, (ii) students at-risk of
48 dropout, and (iii) students at-risk of school displacement due to suspension or expulsion as a
49 result of antisocial behaviors. Priority consideration shall be given to applications demonstrating
50 models that focus services and programs in schools that are identified as low-performing,
51 pursuant to G.S. 115C-105.37.

1 A grant participant shall provide certification to the Department of Public Instruction
 2 that the grants received under the program shall be matched on the basis of three dollars (\$3.00)
 3 in grant funds for every one dollar (\$1.00) in nongrant funds. Matching funds shall not include
 4 other State funds. The Department shall also give priority consideration to an applicant that is a
 5 nonprofit corporation working in partnership with a local school administrative unit resulting in
 6 a match utilizing federal funds under Part A of Title I of the Elementary and Secondary Education
 7 Act of 1965, as amended, or Title IV of the Higher Education Act of 1965, as amended, and other
 8 federal or local funds. Matching funds may include in-kind contributions for up to fifty percent
 9 (50%) of the required match.

10 **SECTION 7.38.(d)** A nonprofit corporation may act as its own fiscal agent for the
 11 purposes of this Program. Grant recipients shall report to the Department of Public Instruction
 12 for the year in which grant funds were expended on the progress of the Program, including
 13 alignment with State academic standards, data collection for reporting student progress, the
 14 source and amount of matching funds, and other measures, before receiving funding for the next
 15 fiscal year. Grant recipients shall also submit a final report on key performance data, including
 16 statewide test results, attendance rates, graduation rates, and promotion rates, and financial
 17 sustainability of the program.

18 **SECTION 7.38.(e)** The Department of Public Instruction shall provide an interim
 19 report on the Program to the Joint Legislative Education Oversight Committee by September 15,
 20 2020, with a final report on the Program by September 15, 2021. The final report shall include
 21 the final results of the Program and recommendations regarding effective program models,
 22 standards, and performance measures based on student performance, leveraging of
 23 community-based resources to expand student access to learning activities, academic and
 24 behavioral support services, and potential opportunities for the State to invest in proven models
 25 for future grants programs.

26
 27 **PART VII-A. COMPENSATION OF PUBLIC SCHOOL EMPLOYEES**

28
 29 **TEACHER SALARY SCHEDULE**

30 **SECTION 7A.1.(a)** Section 8.1 of S.L. 2018-5 reads as rewritten:

31 **"SECTION 8.1.(a)** The following monthly teacher salary schedule shall apply ~~for the~~
 32 ~~2018-2019 fiscal year from July 1, 2018, to December 31, 2019,~~ to licensed personnel of the
 33 public schools who are classified as teachers. The salary schedule is based on years of teaching
 34 experience.

35 **2018-2019 Teacher Monthly Salary Schedule**

Years of Experience	"A" Teachers
0	\$3,500
1	\$3,600
2	\$3,700
3	\$3,800
4	\$3,900
5	\$4,000
6	\$4,100
7	\$4,200
8	\$4,300
9	\$4,400
10	\$4,500
11	\$4,600
12	\$4,700
13	\$4,800
14	\$4,900

1	15-24	\$5,000
2	25+	\$5,200.

3

...

4

"SECTION 8.1.(f) A teacher compensated in accordance with this salary schedule for the 2018-2019 school year from July 1, 2018, to December 31, 2019, shall receive an amount equal to the greater of the following:

6

7

(1) The applicable amount on ~~the this salary schedule for the applicable school year schedule.~~

8

9

(2) For teachers who were eligible for longevity for the 2013-2014 school year, the sum of the following:

10

11

a. The salary the teacher received in the 2013-2014 school year pursuant to Section 35.11 of S.L. 2013-360.

12

13

b. The longevity that the teacher would have received under the longevity system in effect for the 2013-2014 school year provided in Section 35.11 of S.L. 2013-360 based on the teacher's current years of service.

14

15

c. The annual bonus provided in Section 9.1(e) of S.L. 2014-100.

16

17

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

18

19

SECTION 7A.1.(b) The following monthly teacher salary schedule shall apply from January 1, 2020, to June 30, 2020, to licensed personnel of the public schools who are classified as teachers. The salary schedule is based on years of teaching experience.

20

21

22

2020 Teacher Monthly Salary Schedule

23

24

Years of Experience	"A" Teachers
----------------------------	---------------------

25

0	\$3,500
---	---------

26

1	\$3,600
---	---------

27

2	\$3,700
---	---------

28

3	\$3,800
---	---------

29

4	\$3,900
---	---------

30

5	\$4,000
---	---------

31

6	\$4,100
---	---------

32

7	\$4,200
---	---------

33

8	\$4,300
---	---------

34

9	\$4,400
---	---------

35

10	\$4,500
----	---------

36

11	\$4,600
----	---------

37

12	\$4,700
----	---------

38

13	\$4,800
----	---------

39

14	\$4,900
----	---------

40

15	\$5,000
----	---------

41

16	\$5,050
----	---------

42

17	\$5,100
----	---------

43

18	\$5,150
----	---------

44

19	\$5,200
----	---------

45

20	\$5,250
----	---------

46

21	\$5,300
----	---------

47

22	\$5,350
----	---------

48

23	\$5,400
----	---------

49

24	\$5,450
----	---------

50

25	\$5,500
----	---------

51

26	\$5,550
----	---------

1	27	\$5,600
2	28	\$5,650
3	29	\$5,700
4	30+	\$6,050.

5 **SECTION 7A.1.(c)** Salary Supplements for Teachers Paid on This Salary Schedule.

- 6 –
- 7 (1) Licensed teachers who have NBPTS certification shall receive a salary
8 supplement each month of twelve percent (12%) of their monthly salary on
9 the "A" salary schedule.
- 10 (2) Licensed teachers who are classified as "M" teachers shall receive a salary
11 supplement each month of ten percent (10%) of their monthly salary on the
12 "A" salary schedule.
- 13 (3) Licensed teachers with licensure based on academic preparation at the
14 six-year degree level shall receive a salary supplement of one hundred
15 twenty-six dollars (\$126.00) per month in addition to the supplement provided
16 to them as "M" teachers.
- 17 (4) Licensed teachers with licensure based on academic preparation at the
18 doctoral degree level shall receive a salary supplement of two hundred
19 fifty-three dollars (\$253.00) per month in addition to the supplement provided
20 to them as "M" teachers.
- 21 (5) Certified school nurses shall receive a salary supplement each month of ten
22 percent (10%) of their monthly salary on the "A" salary schedule.

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

31 **SECTION 7A.1.(e)** The twenty-sixth step of the salary schedule for (i) school
32 psychologists, (ii) school speech pathologists who are licensed as speech pathologists at the
33 master's degree level or higher, (iii) school audiologists who are licensed as audiologists at the
34 master's degree level or higher, and (iv) school counselors who are licensed as counselors at the
35 master's degree level or higher shall be equivalent to the thirty-first step of the "A" salary
36 schedule, plus seven and one-half percent (7.5%).

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

40 **SECTION 7A.1.(g)** A teacher compensated in accordance with this salary schedule
41 from January 1, 2020, to June 30, 2020, shall receive an amount equal to the greater of the
42 following:

- 43 (1) The applicable amount on this salary schedule.
- 44 (2) For teachers who were eligible for longevity for the 2013-2014 school year,
45 the sum of the following:
- 46 a. The salary the teacher received in the 2013-2014 school year pursuant
47 to Section 35.11 of S.L. 2013-360.
- 48 b. The longevity that the teacher would have received under the longevity
49 system in effect for the 2013-2014 school year provided in Section
50 35.11 of S.L. 2013-360 based on the teacher's current years of service.
- 51 c. The annual bonus provided in Section 9.1(e) of S.L. 2014-100.

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

4 **SECTION 7A.1.(h)** A school counselor compensated in accordance with this salary
5 schedule from January 1, 2020, to June 30, 2020, shall receive an amount equal to the greater of
6 the following:

- 7 (1) The applicable amount on this salary schedule.
8 (2) The salary the school counselor received between July 1, 2019, and December
9 31, 2019, pursuant to Section 8.1 of S.L. 2018-5.

10 **SECTION 7A.1.(i)** As used in this section, the term "teacher" shall also include
11 instructional support personnel.

12 **SECTION 7A.1.(j)** Subsections (b) through (i) of this section become effective
13 January 1, 2020.

14
15 **RESTORE EDUCATION-BASED SALARY SUPPLEMENTS FOR TEACHERS AND**
16 **INSTRUCTIONAL SUPPORT PERSONNEL**

17 **SECTION 7A.2.(a)** Section 8.22 of S.L. 2013-360, as amended by Section 8.3 of
18 S.L. 2014-100, is repealed.

19 **SECTION 7A.2.(b)** Notwithstanding any other provision of law, State Board of
20 Education Policy, TCP-A-006, as it was in effect on June 30, 2013, shall be used to determine (i)
21 whether teachers and instructional support personnel are paid on the "M" salary schedule and (ii)
22 whether they receive a salary supplement for academic preparation at the six-year or doctoral
23 degree level.

24
25 **SUPPORT HIGHLY QUALIFIED NC TEACHING GRADUATES**

26 **SECTION 7A.3.(a)** For purposes of this section, a "highly qualified graduate" or
27 "graduate" is an individual entering the teaching profession and hired on or after the effective
28 date of this section who has graduated from an approved educator preparation program located
29 in North Carolina with both of the following criteria:

- 30 (1) A grade point average of 3.75 or higher on a 4.0 scale, or its equivalent.
31 (2) A score of the following or higher on an edTPA assessment or an equivalent
32 score on a nationally normed and valid pedagogy assessment used to
33 determine clinical practice performance:
34 a. A score of 42 for the World Languages and Classical Languages
35 edTPA assessment.
36 b. A score of 57 for the Elementary Education edTPA assessment.
37 c. A score of 48 for all other edTPA assessments.

38 **SECTION 7A.3.(b)** Notwithstanding the teacher salary schedule, for the 2019-2020
39 fiscal year, a highly qualified graduate who is employed by a local board of education shall
40 receive a salary supplement each month at the highest level for which the graduate qualifies, as
41 follows:

- 42 (1) A graduate who accepts initial employment at a school identified as
43 low-performing by the State Board of Education pursuant to
44 G.S. 115C-105.37 shall receive a salary supplement during the graduate's first
45 three years of employment as a teacher, without a break in service, equivalent
46 to the difference between the State-funded salary of the graduate and the
47 State-funded salary of a similarly situated teacher with three years of
48 experience on the "A" Teachers Salary Schedule, as long as the graduate (i)
49 remains teaching at the same school or (ii) accepts subsequent employment at
50 another low-performing school or local school administrative unit identified
51 as low-performing.

(2) A graduate licensed and employed to teach in the areas of special education, science, technology, engineering, or mathematics shall receive a salary supplement during the graduate's first two years of employment as a teacher, without a break in service, equivalent to the difference between the State-funded salary of the graduate and the State-funded salary of a similarly situated teacher with two years of experience on the "A" Teachers Salary Schedule, as long as the graduate continues teaching in one of those areas.

(3) All other graduates shall receive a salary supplement during the graduate's first year of employment as a teacher, without a break in service, equivalent to the difference between the State-funded salary of the graduate and the State-funded salary of a similarly situated teacher with one year of experience on the "A" Teachers Salary Schedule.

SECTION 7A.3.(c) This section applies to highly qualified graduates hired on or after the effective date of this act and entering the teaching profession in the 2019-2020 fiscal year.

PRINCIPAL SALARY SCHEDULE

SECTION 7A.4.(a) Section 8.2 of S.L. 2018-5, as amended by Section 2.1 of S.L. 2018-97, reads as rewritten:

"SECTION 8.2.(a) The following annual salary schedule for principals shall apply for the 2018-2019 fiscal year, beginning July 1, 2018, from July 1, 2018, to December 31, 2019.

2018-2019 Principal Annual Salary Schedule

Avg. Daily Membership	Base	Met Growth	Exceeded Growth
0-400	\$66,010	\$72,611	\$79,212
401-700	\$69,311	\$76,242	\$83,173
701-1,000	\$72,611	\$79,872	\$87,133
1,001-1,300	\$75,912	\$83,503	\$91,094
1,301+	\$79,212	\$87,133	\$95,054.

A principal's placement on the salary schedule shall be determined according to the average daily membership of the school supervised by the principal, as described in subsection (b) of this section, and the school growth scores, calculated pursuant to G.S. 115C-83.15(c), for each school the principal supervised in at least two of the prior three school years, as described in subsection (c) of this section, regardless of a break in service, and provided the principal supervised each school as a principal for at least a majority of the school year, as follows:

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

- 1 b. The principal has not supervised any school as a principal for a
2 majority of the school year in at least two of the prior three school
3 years.

4 **"SECTION 8.2.(b)** For purposes of determining the average daily membership of a
5 principal's school, the following amounts shall be used during the following time periods:

- 6 (1) Between July 1, 2018, and December 31, 2018, the average daily membership
7 for the school from the 2017-2018 school year.
8 (2) Between January 1, 2019, and ~~June 30,~~ December 31, 2019, the average daily
9 membership for the school for the 2018-2019 school year.

10 **"SECTION 8.2.(c)** For purposes of determining the school growth scores for each school
11 the principal supervised in at least two of the prior three school years, the following school
12 growth scores shall be used during the following time periods:

- 13 (1) Between July 1, 2018, and December 31, 2018, the school growth scores from
14 the 2014-2015, 2015-2016, and 2016-2017 school years. If a principal does
15 not have a school growth score from any of the school years identified in this
16 subdivision, the most recent available growth scores, up to the 2016-2017
17 school year, shall be used.
18 (2) Between January 1, 2019, and ~~June 30,~~ December 31, 2019, the school growth
19 scores from the 2015-2016, 2016-2017, and 2017-2018 school years. If a
20 principal does not have a school growth score from any of the school years
21 identified in this subdivision, the most recent available growth scores, up to
22 the 2017-2018 school year, shall be used.

23 **"SECTION 8.2.(d)** Beginning with the 2017-2018 fiscal year, in lieu of providing annual
24 longevity payments to principals paid on the principal salary schedule, the amounts of those
25 longevity payments are included in the annual amounts under the principal salary schedule.

26 **"SECTION 8.2.(e)** A principal compensated in accordance with this section ~~for the~~
27 ~~2018-2019 fiscal year~~ from July 1, 2018, to December 31, 2019, shall receive an amount equal
28 to the greater of the following:

- 29 (1) The applicable amount determined pursuant to subsection (a) of this section.
30 (2) For principals who were eligible for longevity in the 2016-2017 fiscal year,
31 the sum of the following:
32 a. The salary the principal received in the 2016-2017 fiscal year pursuant
33 to Section 9.1 or Section 9.2 of S.L. 2016-94.
34 b. The longevity that the principal would have received as provided for
35 State employees under the North Carolina Human Resources Act for
36 the 2016-2017 fiscal year based on the principal's current years of
37 service.
38 (3) For principals who were not eligible for longevity in the 2016-2017 fiscal
39 year, the salary the principal received in the 2016-2017 fiscal year pursuant to
40 Section 9.1 or Section 9.2 of S.L. 2016-94.

41 "

42 **SECTION 7A.4.(b)** From January 1, 2020, to June 30, 2020, principals shall receive
43 a monthly salary based on the salary schedule for teachers who are classified as "A" teachers plus
44 twenty-five percent (25%). A principal shall be placed on the step on the salary schedule that
45 reflects the total number of years of experience as a certified employee of the public schools.

46 **SECTION 7A.4.(c)** A principal's annual salary may be increased beyond the amount
47 provided pursuant to subsection (b) of this section, in accordance with the following secondary
48 salary schedule. The amount listed in the Base column of the schedule for a school with an
49 average daily membership of 0-400 shall be equal to the amount provided to a principal pursuant
50 to subsection (b) of this section.

51 **2020 Principal Secondary Annual Salary Schedule**

	Avg. Daily Membership	Base	Met Growth	Exceeded Growth
1				
2	0-400	"A" + 25%	+ \$4,000	+ \$8,000
3	401-700	+ \$2,000	+ \$6,000	+ \$10,000
4	701-1,000	+ \$4,000	+ \$8,000	+ \$12,000
5	1,001-1,300	+ \$6,000	+ \$10,000	+ \$14,000
6	1,301-1,600	+ \$8,000	+ \$12,000	+ \$16,000
7	1,601+	+ \$10,000	+ \$14,000	+ \$18,000.

8 A principal's placement on the salary schedule shall be determined according to the
9 average daily membership of the school supervised by the principal, as described in subsection
10 (c) of this section, and the school growth scores, calculated pursuant to G.S. 115C-83.15(c), for
11 each school the principal supervised in at least two of the prior three school years, as described
12 in subsection (d) of this section, regardless of a break in service, and provided the principal
13 supervised each school as a principal for at least a majority of the school year, as follows:

- 14 (1) A principal shall be paid according to the Exceeded Growth column of the
15 schedule if the school growth scores show the school or schools exceeded
16 expected growth in at least two of the prior three school years.
- 17 (2) A principal shall be paid according to the Met Growth column of the schedule
18 if any of the following apply:
 - 19 a. The school growth scores show the school or schools met expected
20 growth in at least two of the prior three school years.
 - 21 b. The school growth scores show the school or schools met expected
22 growth in at least one of the prior three school years and exceeded
23 expected growth in one of the prior three school years.
 - 24 c. The principal supervised a school in at least two of the prior three
25 school years that was not eligible to receive a school growth score.
- 26 (3) A principal shall be paid according to the Base column if either of the
27 following apply:
 - 28 a. The school growth scores show the school or schools did not meet
29 expected growth in at least two of the prior three years.
 - 30 b. The principal has not supervised any school as a principal for a
31 majority of the school year in at least two of the prior three school
32 years.

33 **SECTION 7A.4.(d)** For purposes of determining the average daily membership of a
34 principal's school, the average daily membership for the school for the 2019-2020 school year
35 shall be used.

36 **SECTION 7A.4.(e)** For purposes of determining the school growth scores for each
37 school the principal supervised in at least two of the prior three school years, the school growth
38 scores from the 2016-2017, 2017-2018, and 2018-2019 school years shall be used. If a principal
39 does not have a school growth score from any of the school years identified in this subdivision,
40 the most recent available growth scores, up to the 2018-2019 school year, shall be used.

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

44 **SECTION 7A.4.(g)** A principal compensated in accordance with this section from
45 January 1, 2020, to June 30, 2020, shall receive an amount equal to the greater of the following:

- 46 (1) The applicable amount determined pursuant to subsections (b) through (f) of
47 this section.
- 48 (2) For principals who were eligible for longevity in the 2016-2017 fiscal year,
49 the sum of the following:
 - 50 a. The salary the principal received in the 2016-2017 fiscal year pursuant
51 to Section 9.1 or Section 9.2 of S.L. 2016-94.

b. The longevity that the principal would have received as provided for State employees under the North Carolina Human Resources Act for the 2016-2017 fiscal year based on the principal's current years of service.

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

(4) The salary the principal received between January 1, 2019, and December 31, 2019, pursuant to Sections 8.1, 8.2, or 8.4 of S.L. 2018-5.

SECTION 7A.4.(h) G.S. 115C-105.25(b)(5c) reads as rewritten:

"(5c) Funds allocated for school building administration may be converted for any purpose authorized by the policies of the State Board of Education. For funds related to principal positions, the salary transferred shall be based on the first step of ~~the Principal III Salary Schedule.~~ the Base column of the Principal Secondary Annual Salary Schedule. For funds related to assistant principal months of employment, the salary transferred shall be based on the first step of the ~~Assistant Principal Salary Schedule.~~ "A" Teachers Salary Schedule at the salary level for assistant principals. Certified position allotments shall not be transferred to dollars to hire the same type of position."

SECTION 7A.4.(i) Subsections (b) through (g) of this section become effective January 1, 2020.

PRINCIPAL BONUSES

SECTION 7A.5.(a) The Department of Public Instruction shall administer a bonus in the 2019-2020 fiscal year to any principal who supervised a school as a principal for a majority of the previous school year if that school was in the top fifty percent (50%) of school growth in the State during the previous school year, calculated by the State Board pursuant to G.S. 115C-83.15(c), as follows:

2019-2020 Principal Bonus Schedule

Statewide Growth Percentage	Bonus
Top 5%	\$10,000
Top 10%	\$7,500
Top 15%	\$5,000
Top 20%	\$2,500
Top 50%	\$1,000.

A principal who qualifies for a bonus pursuant to this subsection and supervised a school with an overall school performance grade, as calculated by the State Board pursuant to G.S. 115C-83.15(d), of D or F for the 2017-2018 school year, if the principal supervised the school for a majority of the 2018-2019 school year, shall qualify for a bonus of twice the amount listed in the 2019-2020 Principal Bonus Schedule. A principal shall receive no more than one bonus pursuant to this subsection. The bonus shall be paid at the highest amount for which the principal qualifies.

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

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

SECTION 7A.5.(d) The bonus awarded pursuant to this section does not apply to principals no longer employed as a principal due to resignation, dismissal, reduction in force, death, or retirement or whose last workday is prior to October 1, 2019.

1 **SECTION 7A.5.(e)** It is the intent of the General Assembly that funds provided to
2 local school administrative units pursuant to this section will supplement principal compensation
3 and not supplant local funds.

4 **SECTION 7A.5.(f)** The bonus provided pursuant to this section shall be paid no later
5 than October 31, 2019, to qualifying principals employed as of October 1, 2019.

6
7 **ASSISTANT PRINCIPAL SALARIES**

8 **SECTION 7A.6.(a)** Section 8.4 of S.L. 2018-5, as amended by Section 2.2 of S.L.
9 2018-97, reads as rewritten:

10 ~~"SECTION 8.4.(a) For the 2018-2019 fiscal year, beginning July 1, 2018, From July 1,~~
11 2018, to December 31, 2019, assistant principals shall receive a monthly salary based on the
12 salary schedule for teachers who are classified as "A" teachers plus nineteen percent (19%). Years
13 of experience for an assistant principal on the salary schedule shall be measured by the total
14 number of years the assistant principal has spent as a teacher, an assistant principal, or both. For
15 purposes of this section, an administrator with a one-year provisional assistant principal's
16 certificate shall be considered equivalent to an assistant principal.

17 ...

18 **"SECTION 8.4.(e)** An assistant principal compensated in accordance with this section ~~for~~
19 ~~the 2018-2019 fiscal year from July 1, 2018, to December 31, 2019,~~ shall receive an amount
20 equal to the greater of the following:

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

34 "

35 **SECTION 7A.6.(b)** From January 1, 2020, to June 30, 2020, assistant principals
36 shall receive a monthly salary based on the salary schedule for teachers who are classified as "A"
37 teachers plus twenty percent (20%). An assistant principal shall be placed on the step on the
38 salary schedule that reflects the total number of years of experience as a certified employee of
39 the public schools. For purposes of this section, an administrator with a one-year provisional
40 assistant principal's certificate shall be considered equivalent to an assistant principal.

41 **SECTION 7A.6.(c)** Participants in an approved full-time master's in-school
42 administration program shall receive up to a 10-month stipend at the beginning salary of an
43 assistant principal during the internship period of the master's program. The stipend shall not
44 exceed the difference between the beginning salary of an assistant principal plus the cost of
45 tuition, fees, and books and any fellowship funds received by the intern as a full-time student,
46 including awards of the Principal Fellows Program. The Principal Fellows Program or the school
47 of education where the intern participates in a full-time master's in-school administration
48 program shall supply the Department of Public Instruction with certification of eligible full-time
49 interns.

50 **SECTION 7A.6.(d)** Beginning with the 2017-2018 fiscal year, in lieu of providing
51 annual longevity payments to assistant principals on the assistant principal salary schedule, the

1 amounts of those longevity payments are included in the monthly amounts provided to assistant
 2 principals pursuant to subsection (b) of this section.

3 **SECTION 7A.6.(e)** An assistant principal compensated in accordance with this
 4 section from January 1, 2020, to June 30, 2020, shall receive an amount equal to the greater of
 5 the following:

- 6 (1) The applicable amount determined pursuant to subsections (b) through (d) of
 7 this section.
- 8 (2) For assistant principals who were eligible for longevity in the 2016-2017 fiscal
 9 year, the sum of the following:
 - 10 a. The salary the assistant principal received in the 2016-2017 fiscal year
 11 pursuant to Section 9.1 or Section 9.2 of S.L. 2016-94.
 - 12 b. The longevity that the assistant principal would have received as
 13 provided for State employees under the North Carolina Human
 14 Resources Act for the 2016-2017 fiscal year based on the assistant
 15 principal's current years of service.
- 16 (3) For assistant principals who were not eligible for longevity in the 2016-2017
 17 fiscal year, the salary the assistant principal received in the 2016-2017 fiscal
 18 year pursuant to Section 9.1 or Section 9.2 of S.L. 2016-94.
- 19 (4) The salary the assistant principal received from July 1, 2019, to December 31,
 20 2019, pursuant to Section 8.1 or Section 8.4 of S.L. 2018-5.

21 **SECTION 7A.6.(f)** Subsection (b) through (e) of this section become effective
 22 January 1, 2020.

23
 24 **CENTRAL OFFICE SALARIES**

25 **SECTION 7A.7.(a)** Section 8.5 of S.L. 2018-5 reads as rewritten:

26 **"SECTION 8.5.(a)** The monthly salary ranges that follow apply to assistant superintendents,
 27 associate superintendents, directors/coordinators, supervisors, and finance officers ~~for the~~
 28 ~~2018-2019 fiscal year, beginning July 1, 2018:~~from July 1, 2018, to December 31, 2019:

29 **2018-2019 Fiscal Year Ranges**

	Minimum		Maximum
31 School Administrator I	\$3,596	to	\$6,631
32 School Administrator II	\$3,804	to	\$7,026
33 School Administrator III	\$4,030	to	\$7,446
34 School Administrator IV	\$4,186	to	\$7,737
35 School Administrator V	\$4,351	to	\$8,045
36 School Administrator VI	\$4,608	to	\$8,523
37 School Administrator VII	\$4,787	to	\$8,862.

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

43 **"SECTION 8.5.(b)** The monthly salary ranges that follow apply to public school
 44 superintendents ~~for the 2018-2019 fiscal year, beginning July 1, 2018:~~from July 1, 2018, to
 45 December 31, 2019:

46 **2018-2019 Fiscal Year Ranges**

	Minimum		Maximum
48 Superintendent I	\$5,074	to	\$9,394
49 Superintendent II	\$5,379	to	\$9,954
50 Superintendent III	\$5,698	to	\$10,551
51 Superintendent IV	\$6,040	to	\$11,185

1 Superintendent V \$6,403 to \$11,859.
 2 The local board of education shall determine the appropriate category and placement for the
 3 superintendent based on the average daily membership of the local school administrative unit
 4 and within funds appropriated by the General Assembly for central office administrators and
 5 superintendents.

6"

7 **SECTION 7A.7.(b)** The monthly salary ranges that follow apply to assistant
 8 superintendents, associate superintendents, directors/coordinators, supervisors, and finance
 9 officers from January 1, 2020, to June 30, 2020:

10 **2020 Ranges**

	Minimum	to	Maximum
11 School Administrator I	\$3,632	to	\$6,697
12 School Administrator II	\$3,842	to	\$7,096
13 School Administrator III	\$4,070	to	\$7,520
14 School Administrator IV	\$4,228	to	\$7,814
15 School Administrator V	\$4,395	to	\$8,125
16 School Administrator VI	\$4,654	to	\$8,608
17 School Administrator VII	\$4,835	to	\$8,951.

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

23 **SECTION 7A.7.(c)** The monthly salary ranges that follow apply to public school
 24 superintendents from January 1, 2020, to June 30, 2020:

25 **2020 Ranges**

	Minimum	to	Maximum
26 Superintendent I	\$5,125	to	\$9,488
27 Superintendent II	\$5,433	to	\$10,054
28 Superintendent III	\$5,755	to	\$10,657
29 Superintendent IV	\$6,100	to	\$11,297
30 Superintendent V	\$6,467	to	\$11,978.

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

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

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

47 **SECTION 7A.7.(f)** The State Board of Education shall not permit local school
 48 administrative units to transfer State funds from other funding categories for salaries for public
 49 school central office administrators.
 50
 51

1 **SECTION 7A.7.(g)** Subsections (b) through (f) of this section become effective
2 January 1, 2020.

3 4 **NONCERTIFIED PERSONNEL SALARIES**

5 **SECTION 7A.8.(a)** From January 1, 2020, to June 30, 2020, the annual salary for
6 noncertified public school employees whose salaries are supported from State funds shall be
7 increased as follows:

- 8 (1) For permanent, full-time employees on a 12-month contract, by the greater of
9 one percent (1%) or five hundred dollars (\$500.00).
- 10 (2) For the following employees, by a prorated and equitable amount based on the
11 amount specified in subdivision (1) of this subsection:
 - 12 a. Permanent, full-time employees on a contract for fewer than 12
13 months.
 - 14 b. Permanent, part-time employees.
 - 15 c. Temporary and permanent hourly employees.

16 **SECTION 7A.8.(b)** This section becomes effective January 1, 2020.

17 18 **SMALL COUNTY SIGNING BONUS FOR TEACHERS**

19 **SECTION 7A.9.(a)** Definitions. – For purposes of this act, the following definitions
20 shall apply:

- 21 (1) Eligible employee. – A person who meets all of the following criteria:
 - 22 a. Accepts employment as a teacher with an eligible employer for the
23 2019-2020 school year.
 - 24 b. Was not employed by the eligible employer identified in subdivision
25 (1)a. of this subsection in the 2018-2019 fiscal year.
 - 26 c. Is employed by the eligible employer identified in sub-subdivision
27 (1)a. of this subsection as of October 1, 2019.
- 28 (2) Eligible employer. – A local school administrative unit that received small
29 county school system supplemental funding in the 2018-2019 fiscal year.
- 30 (3) Local funds. – Matching funds provided by an eligible employer to enable an
31 eligible employee to qualify for the signing bonus program established by this
32 act.
- 33 (4) Teacher. – Teachers and instructional support personnel.

34 **SECTION 7A.9.(b)** Signing Bonus Program. – The Department of Public Instruction
35 shall administer a signing bonus program in the 2019-2020 fiscal year. Bonuses shall be provided
36 to eligible employees who are employed by an eligible employer and matched on the basis of one
37 dollar (\$1.00) in State funds for every one dollar (\$1.00) in local funds, up to two thousand dollars
38 (\$2,000) in State funds.

39 **SECTION 7A.9.(c)** Limited Exclusion from Future Signing Bonuses. – A teacher
40 who receives a signing bonus pursuant to this section is ineligible to receive another signing
41 bonus pursuant to this section or a similar enactment of the General Assembly until July 1, 2022,
42 at the earliest. This section shall not apply to legislative bonuses received by teachers that are not
43 signing bonuses.

44 **SECTION 7A.9.(d)** Bonuses as Additions. – The bonuses awarded pursuant to this
45 act shall be in addition to any regular wage or other bonus a teacher receives or is scheduled to
46 receive.

47 **SECTION 7A.9.(e)** Not for Retirement. – Notwithstanding G.S. 135-1(7a), the
48 bonuses awarded pursuant to this act are not compensation under Article 1 of Chapter 135 of the
49 General Statutes, the Teachers' and State Employees' Retirement System.

50 51 **CONSOLIDATE CERTAIN TEACHER BONUSES**

1 **SECTION 7A.10.(a)** Repeal Current Teacher Bonus Programs. – The following
2 session laws are repealed:

- 3 (1) Sections 8.8 and 8.9 of S.L. 2016-94.
- 4 (2) Sections 8.8B, 8.8C, 8.8D, and 8.8E of S.L. 2017-57.
- 5 (3) Section 2.10 of S.L. 2017-197.
- 6 (4) Sections 8.10, 8.11, and 8.12 of S.L. 2018-5.

7 **SECTION 7A.10.(b)** Establish Consolidated Teacher Bonus Program. – The State
8 Board of Education shall establish a teacher bonus program for the 2019-2021 fiscal biennium
9 to reward teacher performance and encourage student learning and improvement. To attain this
10 goal, the Department of Public Instruction shall administer bonus pay to qualifying teachers in
11 public school units in accordance with this section.

12 **SECTION 7A.10.(c)** Definitions. – For purposes of this section, the following
13 definitions shall apply:

- 14 (1) Eligible advanced course teacher. – A teacher of Advanced Placement
15 courses, International Baccalaureate Diploma Programme courses, or the
16 Cambridge Advanced International Certificate of Education (AICE) program
17 who meets the following criteria:
 - 18 a. Is employed by at least one of the following:
 - 19 1. A public school unit.
 - 20 2. A school operated by the State Board of Education under
21 Section 7.22 of S.L. 2011-145.
 - 22 b. Taught one or more students who received a score listed in subsection
23 (d) of this section.
- 24 (2) Eligible career and technical education teacher. – A teacher who meets the
25 following criteria:
 - 26 a. Is employed by a public school unit.
 - 27 b. Taught one or more students who attained approved industry
28 certifications or credentials consistent with G.S. 115C-156.2.
- 29 (3) Eligible EVAAS teacher. – A teacher who meets at least one of the following
30 criteria:
 - 31 a. Is employed by a public school unit and meets one of the following
32 criteria:
 - 33 1. Is in the top twenty-five percent (25%) of teachers in the State
34 according to the EVAAS student growth index score for third
35 grade reading from the previous school year.
 - 36 2. Is in the top twenty-five percent (25%) of teachers in the State
37 according to the EVAAS student growth index score for fourth
38 or fifth grade reading from the previous school year.
 - 39 3. Is in the top twenty-five percent (25%) of teachers in the State
40 according to the EVAAS student growth index score for fourth,
41 fifth, sixth, seventh, or eighth grade mathematics from the
42 previous school year.
 - 43 b. Is employed by a local school administrative unit and meets one of the
44 following criteria:
 - 45 1. Is in the top twenty-five percent (25%) of teachers in the
46 teacher's respective local school administrative unit according
47 to the EVAAS student growth index score for third grade
48 reading from the previous school year.
 - 49 2. Is in the top twenty-five percent (25%) of teachers in the
50 teacher's respective local school administrative unit according

- 1 to the EVAAS student growth index score for fourth or fifth
 2 grade reading from the previous school year.
- 3 3. Is in the top twenty-five percent (25%) of teachers in the
 4 teacher's respective local school administrative unit according
 5 to the EVAAS student growth index score for fourth, fifth,
 6 sixth, seventh, or eighth grade mathematics from the previous
 7 school year.
- 8 c. Was employed by a local school administrative unit that employed in
 9 the previous school year three or fewer total teachers in that teacher's
 10 grade level as long as the teacher has an EVAAS student growth index
 11 score from the previous school year of exceeded expected growth in
 12 one of the following subject areas:
- 13 1. Third grade reading.
 14 2. Fourth or fifth grade reading.
 15 3. Fourth, fifth, sixth, seventh, or eighth grade mathematics.
- 16 (4) Public school unit. – Any of the following:
- 17 a. A local school administrative unit.
 18 b. A charter school.
 19 c. A regional school.
 20 d. A school providing elementary or secondary instruction operated by
 21 the State Board of Education under Article 7A of Chapter 115C of the
 22 General Statutes.
 23 e. A school providing elementary or secondary instruction operated by
 24 The University of North Carolina under Article 29A of Chapter 116 of
 25 the General Statutes.
- 26 (5) Qualifying teacher. – An eligible advanced course teacher, eligible career and
 27 technical education teacher, or eligible EVAAS teacher who remains
 28 employed teaching in the same public school unit, or, if an eligible advanced
 29 course teacher is only employed by a school pursuant to subdivision (1)a.2. of
 30 this subsection, remains employed teaching in that school, at least from the
 31 school year the data is collected until January 1 of the corresponding school
 32 year that the bonus is paid.

33 **SECTION 7A.10.(d)** Advanced Course Bonuses. – A bonus in the amount of fifty
 34 dollars (\$50.00) shall be paid to qualifying advanced course teachers for each student taught in
 35 each advanced course who receives the following score:

- 36 (1) For Advanced Placement courses, a score of three or higher on the College
 37 Board Advanced Placement Examination.
 38 (2) For International Baccalaureate Diploma Programme courses, a score of four
 39 or higher on the International Baccalaureate course examination.
 40 (3) For the Cambridge AICE program, a score of "C" or higher on the Cambridge
 41 AICE program examinations.

42 **SECTION 7A.10.(e)** CTE Bonuses. – For qualifying career and technical education
 43 teachers, bonuses shall be provided in the following amounts:

- 44 (1) A bonus in the amount of twenty-five dollars (\$25.00) for each student taught
 45 by a teacher who provided instruction in a course that led to the attainment of
 46 an industry certification or credential with a twenty-five dollar (\$25.00) value
 47 ranking as determined under subsection (f) of this section.
 48 (2) A bonus in the amount of fifty dollars (\$50.00) for each student taught by a
 49 teacher who provided instruction in a course that led to the attainment of an
 50 industry certification or credential with a fifty dollar (\$50.00) value ranking
 51 as determined under subsection (f) of this section.

1 **SECTION 7A.10.(f)** CTE Course Value Ranking. – The Department of Commerce,
2 in consultation with the State Board, shall assign a value ranking for each industry certification
3 and credential based on academic rigor and employment value in accordance with this subsection.
4 Fifty percent (50%) of the ranking shall be based on academic rigor and the remaining fifty
5 percent (50%) on employment value. Academic rigor and employment value shall be based on
6 the following elements:

- 7 (1) Academic rigor shall be based on the number of instructional hours, including
8 work experience or internship hours, required to earn the industry certification
9 or credential, with extra weight given for coursework that also provides
10 community college credit.
- 11 (2) Employment value shall be based on the entry wage, growth rate in
12 employment for each occupational category, and average annual openings for
13 the primary occupation linked with the industry certification or credential.

14 **SECTION 7A.10.(g)** Statewide EVAAS Bonuses. – Of the funds appropriated for
15 this program, bonuses shall be provided to eligible EVAAS teachers under subsection (c)(3)a. of
16 this section, as follows:

- 17 (1) The sum of five million dollars (\$5,000,000) shall be allocated for bonuses to
18 eligible EVAAS teachers under subsection (c)(3)a.1. of this section. These
19 funds shall be distributed equally among qualifying teachers.
- 20 (2) A bonus in the amount of two thousand dollars (\$2,000) shall be awarded to
21 each qualifying teacher who is an eligible teacher under subsection (c)(3)a.2.
22 of this section.
- 23 (3) A bonus in the amount of two thousand dollars (\$2,000) shall be awarded to
24 each qualifying teacher who is an eligible teacher under subsection (c)(3)a.3.
25 of this section.

26 **SECTION 7A.10.(h)** Local EVAAS Bonuses. – Of the funds appropriated for this
27 program, bonuses shall be provided to eligible EVAAS teachers under subsections (c)(3)b. and
28 (c)(3)c. of this section, as follows:

- 29 (1) The sum of five million dollars (\$5,000,000) shall be allocated for bonuses to
30 eligible EVAAS teachers under subsections (c)(3)b.1. and (c)(3)c.1. of this
31 section. These funds shall be divided proportionally based on average daily
32 membership in third grade for each local school administrative unit and then
33 distributed equally among qualifying third grade reading teachers in each local
34 school administrative unit.
- 35 (2) A bonus in the amount of two thousand dollars (\$2,000) shall be awarded to
36 each qualifying teacher who is an eligible teacher under subsections (c)(3)b.2.
37 or (c)(3)c.2. of this section.
- 38 (3) A bonus in the amount of two thousand dollars (\$2,000) shall be awarded to
39 each qualifying teacher who is an eligible teacher under subsections (c)(3)b.3.
40 or (c)(3)c.3. of this section.

41 **SECTION 7A.10.(i)** Limitations and Other Criteria. – The following additional
42 limitations and other criteria shall apply to the program:

- 43 (1) Bonus funds awarded to a teacher pursuant to subsection (d), subsection (e),
44 subsection (g)(1), or subsection (h)(1) of this section shall not exceed three
45 thousand five hundred dollars (\$3,500) per subsection in any given school
46 year.
- 47 (2) A qualifying teacher who is an eligible teacher under subsections (c)(3)a.1.,
48 (c)(3)b.1., or (c)(3)c.1. of this section may receive a bonus under both
49 subsection (g)(1) and subsection (h)(1) of this section, but shall not receive
50 more than seven thousand dollars (\$7,000) pursuant to subsections (g)(1) and
51 (h)(1) of this section in any given school year.

1 (3) A qualifying teacher who is an eligible teacher under subsections (c)(3)a.2.,
2 (c)(3)b.2., or (c)(3)c.2. of this section may receive a bonus under both
3 subsection (g)(2) and subsection (h)(2) of this section, but shall not receive
4 more than two bonuses pursuant to subsections (g)(2) and (h)(2) of this section
5 in any given school year.

6 (4) A qualifying teacher who is an eligible teacher under subsections (c)(3)a.3.,
7 (c)(3)b.3., or (c)(3)c.3. of this section may receive a bonus under both
8 subsection (g)(3) and subsection (h)(3) of this section, but shall not receive
9 more than two bonuses pursuant to subsections (g)(3) and (h)(3) of this section
10 in any given school year.

11 **SECTION 7A.10.(j)** Time Line. – Bonuses awarded pursuant to this section are
12 payable to qualifying teachers in January, based on data from the previous school year.

13 **SECTION 7A.10.(k)** Bonuses Not Compensation. – Bonuses awarded to a teacher
14 pursuant to this section shall be in addition to any regular wage or other bonus the teacher receives
15 or is scheduled to receive. Notwithstanding G.S. 135-1(7a), the bonuses awarded under this
16 section are not compensation under Article 1 of Chapter 135 of the General Statutes, the Teachers'
17 and State Employees' Retirement System.

18 **SECTION 7A.10.(l)** Study and Report. – The State Board of Education shall study
19 the effect of the program on teacher performance and retention. The State Board shall report the
20 results of its findings and the amount of bonuses awarded to the President Pro Tempore of the
21 Senate, the Speaker of the House of Representatives, the Joint Legislative Education Oversight
22 Committee, and the Fiscal Research Division by March 15 of each year bonuses are awarded.
23 The report shall include, at a minimum, the following information:

- 24 (1) The amounts awarded pursuant to subsection (d) of this section for Advanced
25 Placement, International Baccalaureate Diploma Programme, and Cambridge
26 AICE program courses.
- 27 (2) The amounts awarded pursuant to subsection (e) of this section to teachers
28 who teach students earning approved industry certifications or credentials and
29 the type of industry certifications and credentials earned by their students.
- 30 (3) The distribution of statewide and local bonuses awarded pursuant to
31 subsections (g) and (h) of this section, respectively, as among public school
32 units and, where applicable, schools within those units.

33 **SECTION 7A.10.(m)** Effective Date. – This section applies for bonuses awarded in
34 January 2020 and 2021, based on data from the 2018-2019 and 2019-2020 school years,
35 respectively.

36 37 **SCHOOL COUNSELOR POSITION STUDY**

38 **SECTION 7A.11.(a)** The Department of Public Instruction shall study and report on
39 school counselor positions. The study and report shall include a review of at least the following
40 information:

- 41 (1) The number of school counselor positions in the State and in each local school
42 administrative unit.
- 43 (2) The allocation of the school counselors in each local school administrative
44 unit among schools within those units.
- 45 (3) The methodology each local school administrative unit uses to determine the
46 allocation of school counselors within the unit.
- 47 (4) The density of school counselors in each geographic region of the State.
- 48 (5) The number, percentage, and average salary of school counselor positions
49 funded with State dollars and funded with non-State dollars.

- 1 (6) The extent to which local school administrative units provide school
2 counselors with local salary supplements and the amounts of those salary
3 supplements.
4 (7) Job descriptions posted for school counselor positions as compared to actual
5 duties of school counselors.

6 **SECTION 7A.11.(b)** As part of its study, the Department shall promulgate a survey
7 to local school administrative units no later than October 1, 2019, on any topics identified in
8 subsection (a) of this section that can be answered by a local school administrative unit. Local
9 school administrative units shall respond to the survey by December 31, 2019. The Department
10 shall consolidate the information reported by the local school administrative units, provide
11 context and analysis, as necessary, and report the results of its study to the Joint Legislative
12 Education Oversight Committee and the Fiscal Research Division no later than March 1, 2020.
13

14 **PART VIII. THE UNIVERSITY OF NORTH CAROLINA SYSTEM**

15 **UNC/ESCHEATS FUND FOR STUDENT FINANCIAL AID PROGRAMS**

16 **SECTION 8.1.(a)** The funds appropriated by this act from the Escheat Fund for the
17 2019-2021 fiscal biennium for student financial aid shall be allocated in accordance with
18 G.S. 116B-7. Notwithstanding any other provision of Chapter 116B of the General Statutes, if
19 the interest income generated from the Escheat Fund is less than the amounts referenced in this
20 act, the difference may be taken from the Escheat Fund principal to reach the appropriations
21 referenced in this act; however, under no circumstances shall the Escheat Fund principal be
22 reduced below the sum required in G.S. 116B-6(f). If any funds appropriated from the Escheat
23 Fund by this act for student financial aid remain uncommitted aid as of the end of a fiscal year,
24 the funds shall be returned to the Escheat Fund, but only to the extent the funds exceed the amount
25 of the Escheat Fund income for that fiscal year.
26

27 **SECTION 8.1.(b)** The State Education Assistance Authority (Authority) shall
28 conduct periodic evaluations of expenditures of the student financial aid programs administered
29 by the Authority to determine if allocations are utilized to ensure access to institutions of higher
30 learning and to meet the goals of the respective programs. The Authority may make
31 recommendations for redistribution of funds to the President of The University of North Carolina
32 and the President of the Community College System regarding their respective student financial
33 aid programs, who then may authorize redistribution of unutilized funds for a particular fiscal
34 year.
35

36 **CARRYFORWARD OF ENROLLMENT FUNDS FOR NC PROMISE** 37 **REQUIREMENTS**

38 **SECTION 8.2.(a)** The funds appropriated by S.L. 2018-5 for enrollment adjustments
39 for The University of North Carolina, including funds for the NC Promise Tuition Plan, to a
40 reserve account in the Office of State Budget and Management for the 2018-2019 fiscal year
41 shall not revert at the end of the 2018-2019 fiscal year but shall remain available until the end of
42 the 2020-2021 fiscal year for the purpose of the "buy down" of any financial obligations resulting
43 from the established tuition rate under G.S. 116-143.11 incurred by Elizabeth City State
44 University, the University of North Carolina at Pembroke, and Western Carolina University or
45 for rapid growth at any of those constituent institutions.

46 **SECTION 8.2.(b)** This section becomes effective June 30, 2019.
47

48 **COLLEGE ADVISING CORPS/COLLEGE ADVISERS IN THE PUBLIC SCHOOLS**

49 **SECTION 8.3.(a)** Purpose of the College Advising Corps Program. – From the funds
50 appropriated by this act for the 2019-2021 fiscal biennium to the Board of Governors of The
51 University of North Carolina for the College Advising Corps program, a grant-in-aid shall be

1 provided to National College Advising Corps, Inc. (CAC) to support an expansion of the
2 placement of college advisers in North Carolina public schools through their program over a
3 three-year period. CAC is a college access nonprofit organization with the mission to increase
4 the number of underrepresented, low-income, or first-generation postsecondary degree or
5 certificate students entering and completing their postsecondary education at community colleges
6 and universities. In furthering this mission, CAC operates an innovative model of partnering with
7 schools, communities, families, and postsecondary institutions, including providing for a
8 two-year service opportunity to recent college graduates as near-peer college advisers working
9 full-time in the public schools, with an emphasis on engaging college advisers who have similar
10 backgrounds to the students the program seeks to serve. Near-peer college advisers perform
11 various services for those students that are key components to the proven success of the program,
12 including (i) attending postsecondary campus visits, fairs, and workshops with students, (ii)
13 assisting with registering for college entrance exams, (iii) assisting with Free Application for
14 Federal Student Aid (FAFSA) registrations and completions, (iv) identifying available
15 scholarships, (v) assisting with postsecondary applications, and (vi) engaging with parents.

16 **SECTION 8.3.(b)** Funds for the Third Year of the Program. – It is the intent of the
17 General Assembly to appropriate from the General Fund to the Board of Governors of The
18 University of North Carolina an additional sum of two hundred eighty-three thousand three
19 hundred thirty-three dollars (\$283,333) in recurring funds for a net appropriation of two million
20 eight hundred thirty-three thousand three hundred thirty-three dollars (\$2,833,333) in recurring
21 funds to be provided to CAC for the 2021-2022 fiscal year and subsequent fiscal years for the
22 purpose of expanding the placement of college advisers to all 100 counties of the State in the
23 third year of the expansion of the CAC program.

24 **SECTION 8.3.(c)** Matching Funds. – Funds made available to CAC pursuant to this
25 section shall be matched by CAC on the basis of two dollars (\$2.00) in non-State funds for every
26 one dollar (\$1.00) in State funds. Availability of these matching funds shall not revert, but shall
27 continue to be available for the purposes set forth in this section.

28 **SECTION 8.3.(d)** Use of Funds. – CAC shall focus the first two years of the
29 expansion of its program using the funds provided to it under this section by placing college
30 advisers in counties designated as Tier 1 and Tier 2. For the third year of the expansion, CAC
31 shall use the funds provided to it to place college advisers in the remaining counties designated
32 as Tier 3 in order to achieve placement of college advisers in all 100 counties of the State. In
33 addition, CAC shall select at least three additional postsecondary institutions to partner with in
34 order to increase the number of recent graduates working as near-peer college advisers to meet
35 the needs of the program expansion. Once CAC has reached the goal of placement of college
36 advisers in 100 counties, the funds provided to it for the program shall be used to continue the
37 mission of the program to increase access for North Carolina public school students to
38 postsecondary degree or certificate attainment at community colleges and universities.

39 **SECTION 8.3.(e)** Reporting Requirements. – CAC shall submit a report by June 1
40 of each year in which CAC spends State funds made available to it pursuant to this section to the
41 Joint Legislative Education Oversight Committee and the Fiscal Research Division on the
42 progress of expanding the placement of college advisers, data on the effectiveness of the program
43 in increasing access for students to postsecondary education, and the use of State funds.

44 45 **REPEAL BOG MANDATORY REVIEW OF CERTAIN UNC HUMAN RESOURCES** 46 **ACTIONS**

47 **SECTION 8.4.** G.S. 116-17.3 is repealed.

48 49 **UNC LABORATORY SCHOOL MODIFICATIONS/FUNDS**

50 **SECTION 8.5.(a)** G.S. 116-239.5(a) reads as rewritten:

1 "(a) The Board of Governors, upon recommendation by the President, shall designate at
2 least ~~nine~~-six constituent institutions to submit proposals to establish laboratory schools to serve
3 public school students in accordance with the provisions of this Article. The Board of Governors
4 shall select constituent institutions with high-quality educator preparation programs as
5 demonstrated by the annual performance measures reported by the constituent institutions in
6 accordance with G.S. 115C-296.35. The Board of Governors' Subcommittee on Laboratory
7 Schools established under G.S. 116-239.7 shall review the proposals and approve at least ~~nine~~
8 six of the proposals to establish laboratory schools. The Subcommittee shall oversee the
9 operations of those laboratory schools to meet the purposes set forth in this Article."

10 **SECTION 8.5.(b)** G.S. 116-239.5 is amended by adding a new subsection to read:

11 "(e) In addition to all other immunities provided to them by applicable State law, the
12 Subcommittee, chancellor, the constituent institution, an advisory board, and a laboratory school,
13 and their members, employees, and agents shall be entitled to the specific immunities provided
14 for in Chapter 115C of the General Statutes applying to the State Board of Education,
15 Superintendent of Public Instruction, a local board of education, a local school administrative
16 unit, and their members and employees. Any such immunity to liability established by this
17 subsection shall not extend to gross negligence, wanton conduct, or intentional wrongdoing that
18 would otherwise be actionable. Immunity established by this subsection shall be deemed to be
19 waived to the extent of indemnification under Article 31A and Article 31B of Chapter 143 of the
20 General Statutes and to the extent sovereign immunity is waived under the Tort Claims Act, as
21 set forth in Article 31 of Chapter 143 of the General Statutes."

22 **SECTION 8.5.(c)** G.S. 116-239.7(a1) reads as rewritten:

23 "(a1) Approval of Laboratory Schools. – The Board of Governors, upon the
24 recommendation of the President, shall designate at least ~~nine~~-six constituent institutions to
25 establish and operate laboratory schools. The chancellor of each constituent institution shall
26 adopt and submit to the Subcommittee a proposal to operate a laboratory school in a local school
27 administrative unit that meets the minimum threshold for the number of low-performing schools
28 located in the unit under G.S. 116-239.6(4). The proposal shall include the governance structure
29 of the laboratory school. The Subcommittee shall evaluate the proposals for approval or
30 disapproval by considering the design components and the strategic focus of the laboratory
31 school and any other standards developed by the Subcommittee to be applicable to all laboratory
32 schools. The Subcommittee shall also consider the location of each laboratory school so that, to
33 the extent possible, there is a geographically diverse distribution of the laboratory schools
34 throughout the State and a maximum of one laboratory school located in a qualifying local school
35 administrative unit. From the proposals submitted to the Subcommittee, the Subcommittee shall
36 approve the establishment of at least ~~nine~~-six laboratory schools."

37 **SECTION 8.5.(d)** G.S. 116-239.7(b) reads as rewritten:

38 "(b) Resolution by the Subcommittee to Approve a Laboratory School. – The
39 Subcommittee shall adopt a resolution upon the approval of each laboratory school, which shall
40 include the following:

- 41 (1) Name of the laboratory school.
- 42 (2) The local school administrative unit in which the laboratory school shall be
43 located.
- 44 (3) A term of operation for the laboratory school of five years from the date of
45 initial operation. At the end of the initial five years of operation, the
46 Subcommittee shall renew the term of operation for additional five-year
47 periods under the resolution if the laboratory school is still located in a local
48 school administrative unit that has twenty-five percent (25%) or more of the
49 schools located in the unit identified as low-performing under
50 G.S. 115C-105.37, or if the Subcommittee renews a waiver of this
51 requirement under subsection (a2) of this section, ~~the resolution may be~~

1 renewed by the ~~Subcommittee~~ at the end of the term for an additional five
2 years. ~~section.~~ If the laboratory school is no longer (i) located in a qualifying
3 local school administrative unit or (ii) meeting the purposes of this Article
4 under a waiver at the end of five years, the Subcommittee ~~shall~~ may renew the
5 term of operation for additional five-year periods under the resolution if the
6 Subcommittee finds the school is successfully meeting its mission to improve
7 student performance and provide valuable exposure and training for teachers
8 and principals in the constituent institution's educator preparation program.
9 The Subcommittee may terminate operation of any laboratory school during
10 the initial term of operation or during a five-year renewal period if the
11 Subcommittee finds it is failing to meet expected progress towards meeting
12 the mission of the school consistent with the requirements of this Article. The
13 Subcommittee shall notify the Board of Governors of the end of the term of
14 operation of a laboratory school and request designation of additional
15 constituent institutions with educator preparation programs to establish a
16 laboratory school in accordance with the provisions of this Article."

17 **SECTION 8.5.(e)** G.S. 116-239.8(b)(4) reads as rewritten:

18 "(4) Food and transportation services. – The local school administrative unit in
19 which the laboratory school is located shall provide ~~food services and~~
20 transportation to students ~~attending who reside in the local school~~
21 administrative unit and attend the laboratory school, including any
22 students who are homeless and require assistance pursuant to 42 U.S.C. §
23 11301, et seq., the McKinney-Vento Homeless Assistance Act. The
24 requirement to provide transportation to students residing in the local school
25 administrative unit shall (i) apply regardless of where a laboratory school
26 student resides in the unit or how the unit's transportation policies and
27 practices are applied to other students and (ii) include providing transportation
28 of students and personnel for laboratory school extracurricular activities and
29 educational trips in the same manner as other schools in the unit for that school
30 year. The local school administrative unit in which the laboratory school is
31 located shall ~~administer~~ administer, at its cost, the National School Lunch
32 Program for the laboratory school in accordance with G.S. 115C-264. The
33 chancellor shall arrange for the provision of these services from the local
34 school administrative unit."

35 **SECTION 8.5.(f)** G.S. 116-239.9 reads as rewritten:

36 **"§ 116-239.9. Student admissions and assignment.**

37 (a) A child shall be eligible to attend a laboratory school if the child resides in the local
38 school administrative unit in which a laboratory school is located and meets at least one of the
39 following criteria:

- 40 (1) Is assigned to a low-performing school, as defined by G.S. 115C-105.37 at the
41 time of the student's application.
- 42 (2) Did not meet expected growth in the prior school year based on one or more
43 indicators listed in subsection (c1) of this section.
- 44 (3) Is the sibling of a child who is eligible under subdivision (1) or (2) of this
45 subsection.
- 46 (4) Is the child of a laboratory school employee.

47 (b) No local board of education shall require any student enrolled in the local school
48 administrative unit to attend a laboratory school.

49 (c) During each period of enrollment, the laboratory school shall enroll an eligible student
50 under subsection (a) of this section who submits a timely application, up to the capacity of a
51 program, class, grade level, or building, in the order in which applications are received. Once

1 enrolled, students are not required to reapply in subsequent enrollment periods. The laboratory
2 school may give enrollment priority to the sibling of an enrolled student who attended the
3 laboratory school in the prior school year.

4 (c1) For the purposes of this Article, any of the following shall serve as indicators that a
5 student did not meet expected student growth in the prior school year: (i) grades, (ii) observations,
6 (iii) diagnostic and formative assessments, (iv) State assessments, or (v) other factors, including
7 reading on grade level.

8 (c2) Notwithstanding the requirements of subsection (a) of this section, if a laboratory
9 school has not reached enrollment capacity in a program, class, grade level, or building by March
10 1, prior to the start of the next school year, the laboratory school may enroll children who reside
11 in the local school administrative unit in which the laboratory school is located but do not meet
12 one of the criteria set forth in subdivisions (1) through (4) of subsection (a) of this section for up
13 to twenty percent (20%) of the total capacity of the program, class, grade level, or building.

14 (d) Notwithstanding any law to the contrary, a laboratory school may refuse admission
15 to any student who has been expelled or suspended from a public school under G.S. 115C-390.5
16 through G.S. 115C-390.11 until the period of suspension or expulsion has expired.

17 (e) Within one year after a laboratory school begins operation, the laboratory school shall
18 make efforts for the population of the school to reasonably reflect the racial, ethnic, and
19 socioeconomic composition of the general population residing within the local school
20 administrative unit in which the school is located."

21 **SECTION 8.5.(g)** Section 11.6(d) of S.L. 2016-94, as amended by Section 4 of S.L.
22 2017-177, reads as rewritten:

23 "**SECTION 11.6.(d)** Notwithstanding G.S. 116-239.5, at least ~~nine~~six laboratory schools
24 shall be established pursuant to Article 29A of Chapter 116 of the General Statutes, as enacted
25 by this section, and in operation by the beginning of the 2019-2020 school year."

26 **SECTION 8.5.(h)** The funds appropriated by this act to the Board of Governors of
27 The University of North Carolina for the 2019-2021 fiscal biennium to support the operation of
28 laboratory schools shall be used only for the operating expenses and equipment needs of the
29 individual laboratory schools and shall not be used to fund or create positions or to hire
30 consultants for The University of North Carolina System Office.

31 **SECTION 8.5.(i)** Subsection (b) of this section applies to an action or omission of
32 an action occurring on or after the date this act becomes law. Subsections (e) and (f) of this
33 section apply beginning with the 2019-2020 school year.

35 **EXTEND REPORT DATE FOR UNC BOARD OF GOVERNORS PLANNING TASK** 36 **FORCE**

37 **SECTION 8.6.** Section 36.6 of S.L. 2018-5 reads as rewritten:

38 "**SECTION 36.6.(a)** There is created the UNC Board of Governors Planning Task Force.
39 The Task Force shall consist of four current Board members appointed by the Board of
40 Governors, one of whom shall be designated as chair. These appointments shall be made no later
41 than August 1, 2018.

42 "**SECTION 36.6.(b)** The Task Force shall conduct a systemwide analysis of the capital
43 needs of the campuses of each constituent institution in relation to the Science Technology
44 Engineering and Mathematics (STEM) subject area, taking into account the strengths,
45 weaknesses, opportunities, and needs of each constituent institution, and any regional similarities
46 and differences. The Task Force shall also consider the impact of any relevant programmatic
47 planning elements being currently utilized that could be implemented as a best-practice among
48 other similar programmatic areas to encourage systemwide efficiencies. In particular, the Task
49 Force shall consider the capital needs relating to the Brody School of Medicine at East Carolina
50 University, the UNC Applied Physical Sciences and Institute for Convergent Science in Chapel
51 Hill, and other STEM projects to determine areas where capital funds may be used more

1 efficiently and effectively. The Task Force shall use the information gathered pursuant to this
2 subsection to compile a UNC System Plan.

3 **"SECTION 36.6.(c)** The three million dollars (\$3,000,000) appropriated to the Board of
4 Governors of The University of North Carolina in Section 36.2 of this act shall be used by the
5 Task Force in conducting the analysis described in subsection (b) of this section. On or before
6 ~~April 1, 2019, February 1, 2020~~, the Task Force shall submit a report containing the UNC System
7 Plan and any legislative recommendations to the Joint Legislative Capital Improvements
8 Oversight Committee and the Fiscal Research Division."
9

10 **INCREASE UNC CARRYFORWARD PERCENTAGE**

11 **SECTION 8.7.(a)** G.S. 116-30.3(a) reads as rewritten:

12 "(a) Of the General Fund current operations appropriations credit balance remaining at the
13 end of each fiscal year in each of the budget codes listed in this subsection, any amount of the
14 General Fund appropriation for that budget code for that fiscal year (i) may be carried forward
15 to the next fiscal year in that budget code, (ii) is appropriated in that budget code, and (iii) may
16 be used for any of the purposes set out in subsection (f) of this section. However, the amount
17 carried forward in each budget code under this subsection shall not exceed ~~two and one-half~~
18 seven and one-half percent (2.5%)-(7.5%) of the General Fund appropriation in that budget code.
19 The Director of the Budget, under the authority set forth in G.S. 143C-6-2, shall establish the
20 General Fund current operations credit balance remaining in each budget code.

21 The budget codes that may carry forward a General Fund current operations appropriations
22 credit balance remaining at the end of each fiscal year pursuant to this section are the budget
23 codes for each of the following:

- 24 (1) Each special responsibility constituent institution.
- 25 (2) The Area Health Education Centers of the University of North Carolina at
26 Chapel Hill.
- 27 (3) University of North Carolina System Office Budget Code 16010."

28 **SECTION 8.7.(b)** G.S. 116-30.3(f) reads as rewritten:

29 "(f) Funds carried forward pursuant to subsection (a) of this section may be used for
30 one-time expenditures, including any funds carried forward in an amount that is in excess of two
31 and one-half percent (2.5%) of the General Fund appropriation in that budget code may be used
32 for projects that are eligible to receive funds under G.S. 143C-8-13(a), provided, however, that
33 the expenditures shall not impose additional financial obligations on the State and shall not be
34 used to support positions."

35 **SECTION 8.7.(c)** Subsection (a) of this section becomes effective June 30, 2019.
36

37 **NC PATRIOT STAR FAMILY SCHOLARSHIP PROGRAM**

38 **SECTION 8.8.(a)** Establishment of the Scholarship Program. – From the funds
39 appropriated to the Board of Governors of The University of North Carolina for the 2019-2021
40 fiscal biennium for the North Carolina Patriot Star Family Scholarship Program (Program), the
41 Board of Governors shall provide those funds as a grant-in-aid to the Patriot Foundation, a
42 nonprofit corporation, for the purpose of establishing and administering the Program. The
43 Program shall provide scholarships to eligible children and eligible spouses of certain veterans
44 and eligible children of certain currently serving members of the Armed Forces to attend eligible
45 postsecondary institutions in accordance with the requirements of this section.

46 **SECTION 8.8.(b)** Definitions. – For the purposes of this section, the following
47 definitions apply:

- 48 (1) Armed Forces. – A component of the United States Army, Navy, Marine
49 Corps, Air Force, and Coast Guard, including their reserve components.
- 50 (2) Eligible child or eligible children. – Any person (i) who is attending or has
51 been accepted to enroll in an eligible postsecondary institution, (ii) who is a

1 legal resident of North Carolina when scholarship documentation is
2 completed, provided that if a child is claimed as a dependent by the child's
3 parent, residency may be established based on a parent meeting
4 sub-sub-subdivision 4. of sub-subdivision a. of this subdivision, (iii) has
5 complied with the requirements of the Selective Service System, if applicable,
6 and (iv) whose parent is a veteran or a currently serving member of the Armed
7 Forces that meets the following:

8 a. Meets one of the following residency conditions:

- 9 1. Is a resident of North Carolina at the time of scholarship
10 documentation completion.
- 11 2. Was a resident of North Carolina at the time of entrance into
12 service in the Armed Forces.
- 13 3. Was permanently stationed in North Carolina at the time of his
14 or her death.
- 15 4. Is an active duty service member permanently stationed in
16 North Carolina at the time of documentation completion.

17 b. Meets one of the following service conditions:

- 18 1. Was a member of the Armed Forces who was killed in action
19 or in the line of duty, or died of wounds or other causes not due
20 to the service member's willful misconduct during a period of
21 war or national emergency.
- 22 2. Was a member of the Armed Forces who died of
23 service-connected injuries, wounds, illness, or other causes
24 incurred or aggravated while a member of the Armed Forces
25 during a period of war or national emergency. Standard
26 documentation of the parent's death, wounds, injury, or illness
27 must be supplied by a scholarship recipient at the time of
28 scholarship request.
- 29 3. Is a veteran of the Armed Forces who incurred traumatic
30 injuries or wounds or sustained a major illness while a member
31 of the Armed Forces during a period of war or national
32 emergency and is receiving compensation for a wartime
33 service-connected disability of at least fifty percent (50%) as
34 rated by the U.S. Department of Veterans Affairs.
- 35 4. Is a current member of the Armed Forces who incurred
36 traumatic injuries or wounds or sustained a major illness while
37 a member of the Armed Forces during a period of war or
38 national emergency. The parent's traumatic wounds, injury, or
39 major illness must be documented by the U.S. Department of
40 Defense.

41 (3) Eligible spouse. – Any person (i) who is attending or has been accepted to
42 enroll in an eligible postsecondary institution, (ii) who is a legal resident of
43 North Carolina when scholarship documentation is completed, (iii) has
44 complied with the requirements of the Selective Service System, if applicable,
45 and (iv) whose spouse was a member of the Armed Forces who was killed in
46 action or in the line of duty, or died of wounds or other causes not due to the
47 service member's willful misconduct during a period of war or national
48 emergency.

49 (4) Eligible postsecondary institution. – A school that is any of the following:

- 50 a. A constituent institution of The University of North Carolina.

- 1 b. A community college under the jurisdiction of the State Board of
2 Community Colleges.
3 c. A private educational institution as defined in G.S. 143B-1224.
4 d. An accredited, private vocational institution.
5 (5) Veteran. – An individual who has served and is no longer serving in the Armed
6 Forces of the United States. For the purposes of this section, the veteran must
7 have separated from the Armed Forces under honorable conditions or whose
8 death or disability of at least fifty percent (50%) or more was incurred as a
9 direct result of service in the line of duty.

10 **SECTION 8.8.(c)** Administration; Awards. – Within the funds made available for
11 the Program, the Patriot Foundation shall administer the North Carolina Patriot Star Family
12 Scholarship Program and award scholarships to eligible children and eligible spouses in
13 accordance with this section. In administering the Program, the Patriot Foundation shall be
14 responsible for program oversight ensuring compliance with the provisions of this section.

15 The Patriot Foundation shall, at a minimum, establish criteria and procedures related
16 to scholarship documentation completion, the amount of individual scholarships, the permissible
17 uses of scholarship funds, the period of eligibility for award of a scholarship, the conditions for
18 a revocation of a scholarship, and any other procedures it deems necessary for administration of
19 the Program. A scholarship awarded to an eligible child or eligible spouse shall not exceed the
20 cost of attendance at the eligible postsecondary institution.

21 If an eligible child or eligible spouse receives a scholarship or other grant covering
22 the cost of attendance at an eligible postsecondary institution for which the scholarship is
23 awarded, then the amount of a scholarship awarded under this section shall be reduced so that
24 the sum of all grants and scholarships covering the cost of attendance received by the eligible
25 child or eligible spouse does not exceed the cost of attendance for the institution. For the purposes
26 of this subsection, cost of attendance shall be deemed to include monies for tuition, fees, books,
27 supplies, and equipment required for study at an eligible postsecondary institution, as well as
28 room and board as long as the scholarship recipient is enrolled as at least a half-time student at
29 the institution. Off-campus housing costs for room and board are also included to the extent the
30 eligible postsecondary institution includes it in its cost of attendance.

31 **SECTION 8.8.(d)** Reporting. – The Patriot Foundation shall submit a report by April
32 1 of each year in which the Patriot Foundation spends State funds made available for the Program
33 to the Joint Legislative Education Oversight Committee and the Fiscal Research Division on the
34 activities described by this section and the use of the State funds.
35

36 **REPORT TO THE GA ON CHANGES TO UNC ENROLLMENT FUNDING FORMULA**

37 **SECTION 8.9.(a)** Other than enrollment funding requests for the 2019-2020 and
38 2020-2021 academic years based on actual completed course credit hours, the Board of
39 Governors of The University of North Carolina (UNC) shall not adopt changes to the UNC
40 Enrollment Funding Formula or to the allocation of enrollment funds to constituent institutions
41 to become effective prior to July 1, 2020, without first reporting the proposed changes to the
42 2019 General Assembly and the Fiscal Research Division of the General Assembly at least 60
43 days prior to the effective date of any such adopted changes.

44 **SECTION 8.9.(b)** If the Board of Governors adopts changes to the UNC Enrollment
45 Funding Formula or to the allocation of enrollment funds to constituent institutions for the
46 2020-2021 academic year, other than enrollment funding requests based on actual completed
47 course credit hours, the adopted changes shall become effective on July 1, 2020, unless a bill that
48 specifically disapproves the UNC Enrollment Funding Formula is introduced in either house of
49 the General Assembly before the thirty-first legislative day of the 2020 Regular Session of the
50 2019 General Assembly. The UNC Enrollment Funding Formula shall become effective on the
51 July 1 immediately following the earlier of either the day an unfavorable final action is taken on

1 the bill or the day that session of the General Assembly adjourns without ratifying a bill that
2 specifically disapproves the UNC Enrollment Funding Formula. If the UNC Enrollment Funding
3 Formula is specifically disapproved by a bill enacted into law before it becomes effective, the
4 UNC Enrollment Funding Formula shall not become effective. For the purposes of this section,
5 a bill specifically disapproves the UNC Enrollment Funding Formula if it contains a provision
6 that refers to the UNC Enrollment Funding Formula and states that the UNC Enrollment Funding
7 Formula is disapproved. Notwithstanding any rule of either house of the General Assembly, a
8 bill may be introduced as described by this section during the first 30 legislative days of the 2020
9 Regular Session.

10 11 **FUNDS FOR UNC-ASHEVILLE WOODS RESIDENCE HALL**

12 **SECTION 8.10.(a)** Notwithstanding Section 36.6(c) of S.L. 2018-5, as amended by
13 Section 8.6 of this act, of the funds appropriated to the Board of Governors of The University of
14 North Carolina for the UNC Board of Governors Planning Task Force for the 2018-2019 fiscal
15 year under Section 36.2 of S.L. 2018-5 that are unexpended and unencumbered at the end of the
16 2018-2019 fiscal year, the sum of up to seven hundred seventy-nine thousand dollars (\$779,000)
17 shall not revert to the General Fund at the end of the fiscal year, but instead, shall be allocated
18 by the Board of Governors to the University of North Carolina at Asheville (UNC-Asheville) for
19 the 2019-2020 fiscal year to cover the expenses incurred by UNC-Asheville related to meeting
20 the building requirements imposed by the Department of Insurance upon UNC-Asheville to allow
21 students to occupy the university's newly constructed Woods Residence Hall for the beginning
22 of the 2018-2019 academic year.

23 **SECTION 8.10.(b)** This section becomes effective June 30, 2019.

24 25 **PART VIII-A. UNIVERSITY/STATE EDUCATION ASSISTANCE AUTHORITY**

26 27 **HIGH ACHIEVING TUITION SCHOLARSHIPS/CC**

28 **SECTION 8A.1.(a)** Article 23 of Chapter 116 of the General Statutes is amended by
29 adding a new Part to read:

30 "Part 5. High Achieving Tuition Scholarship Program.

31 **§ 116-209.80. High Achieving Tuition Scholarship Program.**

32 (a) Program Purpose. – There is established the High Achieving Tuition Scholarship
33 Program (Program) to be administered by the Authority. The purposes of the High Achieving
34 Tuition Scholarship Program include the following:

- 35 (1) Encourage higher-performing students at community colleges.
- 36 (2) Utilize the State's educational resources to the fullest.
- 37 (3) Create more educational and career options for students.
- 38 (4) Realize significant cost-savings to the State.
- 39 (5) Develop a more competitive workforce.

40 (b) Award of Scholarships. – Within the funds made available for the Program, the
41 Authority shall annually award High Achieving Tuition Scholarships to eligible students in an
42 amount not to exceed the cost of 16 credit hours of tuition per fall or spring academic semester
43 for a maximum of four academic semesters at a North Carolina community college. The
44 Authority shall require eligible students to complete a Free Application for Federal Student Aid
45 (FAFSA) to apply for a scholarship award and shall reduce the amount of the scholarship award
46 for any student by the amount of grants or scholarships received by that student from other State
47 or federal sources. The Authority shall award scholarships to eligible students in the order in
48 which applications are received.

49 (c) Student Eligibility. – A student shall be considered an eligible student in order to
50 receive a High Achieving Tuition Scholarship under the Program if the student meets all of the
51 following requirements:

- 1 (1) In the academic semester prior to enrolling in a community college, the
2 student graduates with at least a 3.5 unweighted grade point average from
3 either a (i) public high school located in this State or (ii) a nonpublic high
4 school or home school, as defined in Article 39 of Chapter 115C of the
5 General Statutes, located in this State.
- 6 (2) The student presents evidence that the student is either a United States citizen
7 or eligible noncitizen.
- 8 (3) The student qualifies as a resident of this State for tuition purposes, as
9 provided in Article 14 of Chapter 116 of the General Statutes.
- 10 (4) The student gains admission as a student at a North Carolina community
11 college in a curriculum program.
- 12 (5) The student complies with Selective Service registration requirements.
- 13 (6) The student affirmatively states the student does not have a felony conviction
14 for a controlled substance offense under Article 5 of Chapter 90 of the General
15 Statutes.
- 16 (d) Scholarship Renewal. – A scholarship awarded to an eligible student shall be annually
17 renewed if the student demonstrates all of the following:
- 18 (1) A cumulative 3.0 grade point average.
- 19 (2) Completion of a minimum of 30 semester credit hours by the end of the
20 academic year.
- 21 (3) The student does not have a felony conviction for a controlled substance
22 offense under Article 5 of Chapter 90 of the General Statutes demonstrated by
23 the student submitting an affirmative statement of that fact to the Authority.
- 24 (e) Scholarship Revocation. – A scholarship awarded to an eligible student shall be
25 revoked at the conclusion of the first semester of an academic year for any of the following
26 reasons:
- 27 (1) Failure to maintain a course load of at least 12 credit hours.
- 28 (2) Default or an unpaid refund on a student financial aid program.
- 29 (f) Administration; Funds. – The Authority shall adopt rules for administration of the
30 High Achieving Tuition Scholarship Program in accordance with the requirements of this Part.
31 The Authority may use up to five percent (5%) of the funds appropriated each fiscal year for the
32 Program for administrative costs associated with the Program. Any unexpended funds for the
33 Program at the end of the fiscal year shall not revert to the General Fund, but shall remain
34 available to award scholarships to eligible students in accordance with this Part.
- 35 **"§ 116-209.81. Course counseling for scholarship recipients.**
- 36 Community colleges in which scholarship recipients are enrolled shall ensure those students
37 are provided counseling and assistance in maintaining the necessary grade point averages and
38 selecting coursework that reflects their educational and career goals. For students planning to
39 enter a constituent institution of The University of North Carolina, the State Board of Community
40 Colleges shall ensure that credits earned by those students participating in the program are
41 transferable.
- 42 **"§ 116-209.82. Deferment of enrollment into a constituent institution for scholarship**
43 **recipients.**
- 44 The Board of Governors of The University of North Carolina shall adopt a policy to permit
45 any student admitted to a constituent institution of The University of North Carolina, beginning
46 with the 2020-2021 academic year, who receives a High Achieving Tuition Scholarship pursuant
47 to this Part to defer admission to the constituent institution for two years. Deferred admission
48 shall be contingent upon the student's successful completion of an associate degree and the
49 student remaining in good standing in the Program while enrolled in the community college.
- 50 **"§ 116-209.83. Reporting requirements.**

1 The Authority shall report annually on or before September 1, beginning in 2021, to the Joint
2 Legislative Education Oversight Committee on the implementation of the High Achieving
3 Tuition Scholarship Program. The report shall include at least the following information:

4 (1) Number of students applying for the scholarship, including information about
5 student demographics and geographic location.

6 (2) Number of students awarded the scholarship, including information about
7 student demographics and geographic location, and community college
8 attended.

9 (3) Amount of funds expended for scholarships.

10 (4) Number of students whose scholarships were revoked and reasons for
11 revocation.

12 (5) Other relevant information as determined by the Authority."

13 **SECTION 8A.1.(b)** For the 2019-2020 school year, the State Board of Education
14 shall direct local boards of education to survey high school students in their senior year who meet
15 the eligibility requirements of the High Achieving Tuition Scholarship Program to determine
16 interest in the program, including numbers of students who intend to apply for the scholarship,
17 and reasons that eligible students may choose not to apply for the scholarship. The State Board
18 of Education shall report to the Joint Legislative Education Oversight Committee no later than
19 December 15, 2019, on the results of this survey.

20 **SECTION 8A.1.(c)** The Board of Governors of The University of North Carolina
21 and the State Board of Community Colleges shall jointly identify and report to the Joint
22 Legislative Education Oversight Committee by April 1, 2023, on potential issues related to the
23 transition of High Achieving Tuition Scholarship recipients from community college to
24 university enrollment and other recommendations to improve and expand the High Achieving
25 Tuition Scholarship Program.

26 **SECTION 8A.1.(d)** Subsection (a) of this section applies to the award of
27 scholarships beginning with the fall semester of the 2020-2021 academic year for students
28 graduating from high school in the 2019-2020 school year.

30 **NC SCHOOL OF SCIENCE AND MATHEMATICS TUITION GRANTS**

31 **SECTION 8A.2.(a)** Article 23 of Chapter 116 of the General Statutes is amended by
32 adding a new Part to read:

33 "Part 6. Tuition Grant for Graduates of the North Carolina School of Science and Mathematics.

34 "§ 116-209.90. Tuition grants for graduates to attend a constituent institution.

35 (a) Program Established. – There is established the Tuition Grant for Graduates of the
36 North Carolina School of Science and Mathematics Program (Program). Within the funds made
37 available for the Program, a State resident who graduates from the North Carolina School of
38 Science and Mathematics (NCSSM) in each school year, beginning with the 2019-2020 school
39 year, and who enrolls as a full-time student in a constituent institution of The University of North
40 Carolina in the next academic year after graduation shall be eligible for a tuition grant awarded
41 for that student's first academic year in accordance with this Part.

42 (b) Administration of Grants. – The Authority shall administer the tuition grants provided
43 for in this Part pursuant to guidelines and procedures established by the Authority consistent with
44 its practices for administering State-funded financial aid. The guidelines and procedures shall
45 include an application process and schedule, notification and disbursement procedures, standards
46 for reporting, and standards for return of tuition grants when a student withdraws. The Authority
47 shall not approve any grant until it receives proper certification from the appropriate constituent
48 institution that the student applying for the grant is an eligible student. Upon receipt of the
49 certification, the Authority shall remit, at the times it prescribes, the tuition grant to the
50 constituent institution on behalf, and to the credit, of the student. In the event a student on whose
51 behalf a tuition grant has been paid is not enrolled and carrying a minimum academic load as of

1 the tenth classroom day following the beginning of the school term for which the tuition grant
2 was paid, the constituent institution shall refund the full amount of the tuition grant to the
3 Authority.

4 (c) Award of Grants. – Except as provided in subsections (c) and (d) of this section, the
5 amount of the grant awarded to a student shall be the full tuition cost at the constituent institution
6 in which the student is enrolled for the student's first academic year. No tuition grant awarded to
7 a student under this section shall exceed the cost of attendance at the constituent institution for
8 which the student is enrolled.

9 (d) Reduction of an Award Due to Other Aid. – If a student, who is eligible for a tuition
10 grant under this section, also receives a scholarship or other grant covering the cost of attendance
11 at the constituent institution for which the tuition grant is awarded, then the amount of the tuition
12 grant shall be reduced by an appropriate amount determined by the Authority so that the total
13 amount of scholarships and grants received by the student does not exceed the cost of attendance
14 for the institution. The cost of attendance shall be determined by the Authority for each
15 constituent institution.

16 (e) Pro Rata Amount. – In the event there are not sufficient funds available for the
17 Program to provide each eligible student with a full tuition grant as provided for by this Part,
18 each eligible student shall receive a pro rata share of funds available for that academic year.

19 **"§ 116-209.91. North Carolina Tuition Grant Fund Reserve.**

20 The North Carolina Tuition Grant Fund Reserve shall be established as a reserve to be
21 administered by the Authority. All funds appropriated to or otherwise received by the Authority
22 to provide tuition grants under this Part, all returned tuition grant monies, and all interest earned
23 on these funds shall be placed in the Fund. The Fund shall be used for (i) tuition grants for the
24 academic year that begins in the fiscal year following the fiscal year in which the appropriation
25 is made to the Reserve and (ii) the administrative costs of the Authority, provided that no more
26 than five percent (5%) of the funds appropriated each fiscal year for tuition grants is expended
27 for administrative purposes."

28 **SECTION 8A.2.(b)** This section applies beginning with the award of tuition grants
29 to the North Carolina School of Science and Mathematics Program graduating class of the
30 2019-2020 school year for the 2020-2021 academic year.

31
32 **WASHINGTON CENTER INTERNSHIP SCHOLARSHIP PROGRAM**

33 **SECTION 8A.3.(a)** Scholarship program established. – From the funds appropriated
34 by this act for the 2019-2021 fiscal biennium to the Board of Governors of The University of
35 North Carolina to be allocated to the State Education Assistance Authority (Authority) for the
36 Washington Center Internship Scholarship Program, the Authority shall award scholarship grants
37 to students who are residents of North Carolina and are enrolled in their second year or higher in
38 a constituent institution of The University of North Carolina to attend a semester or summer term
39 internship program at the Washington Center for Internships and Academic Seminars
40 (Washington Center) located in Washington, D.C. The Authority shall administer the scholarship
41 program pursuant to guidelines and procedures established by the Authority consistent with its
42 practices for administering State-funded financial aid. The guidelines and procedures shall
43 include an application process and schedule, notification and disbursement procedures, standards
44 for reporting, and standards for return of funds when a student withdraws from the program. A
45 student who meets the eligibility criteria of the Washington Center to attend a semester or
46 summer term internship program may apply to the Authority for a grant to cover costs related to
47 the internship program in an amount of up to seven thousand dollars (\$7,000). The Authority
48 shall award grants to students in the order in which applications are received.

49 **SECTION 8A.3.(b)** Limitations on grant amount. – If a student, who is eligible for
50 a grant pursuant to this section, also receives a scholarship or other grant covering the cost of
51 attendance for the program, then the amount of the State grant shall be reduced by an appropriate

1 amount determined by the Authority. The Authority shall reduce the amount of the grant so that
2 the sum of all grants and scholarship aid covering the cost of attendance shall not exceed the cost
3 of attendance for the program, including program fees, housing, and incidental costs. The cost of
4 attendance shall be established by the Authority in accordance with information provided to the
5 Authority by the Washington Center.

6 **SECTION 8A.3.(c)** Internship activities. – A student participating in the Washington
7 Center's program shall (i) intern four days a week with a nonprofit corporation, private company,
8 federal agency, or a member of the United States Congress, (ii) take an academic class taught by
9 the Washington Center's faculty, (iii) participate in academic seminars, (iv) participate in career
10 readiness training programs, and (v) be responsible for a final portfolio project outlining work
11 completed during the program. Students from all academic majors can participate and benefit
12 from the program.

13 **SECTION 8A.3.(d)** Administrative costs. – The Authority may use up to one percent
14 (1%) of the funds appropriated each fiscal year for the program for administrative costs.

15 **SECTION 8A.3.(e)** Reporting. – By March 1, 2021, the Authority, in consultation
16 with the Washington Center, shall report to the Joint Legislative Education Oversight Committee,
17 the chairs of the Senate Appropriations Committee on Education/Higher Education, and the
18 chairs of the House of Representatives Appropriations Committee on Education on the
19 implementation of the scholarship program, including the number of participating students and
20 the amount of awards for each semester or summer term by constituent institution.

21 **SECTION 8A.3.(f)** This section applies beginning with the award of scholarship
22 grants for the 2020 spring academic semester.
23

24 **NEED-BASED SCHOLARSHIPS FOR PRIVATE INSTITUTIONS/DEPENDENTS OF** 25 **VETERANS AND ACTIVE DUTY MILITARY**

26 **SECTION 8A.4.(a)** G.S. 116-281(3) reads as rewritten:

27 "(3) The student must meet at least one of the following:

- 28 a. Qualify as a legal resident of North Carolina and as a resident for
29 tuition purposes under the criteria set forth in G.S. 116-143.1 and in
30 accordance with definitions of residency that may from time to time
31 be adopted by the Board of Governors of The University of North
32 Carolina.
- 33 b. Be a veteran provided the veteran's abode is in North Carolina and the
34 veteran provides the eligible private postsecondary institution a letter
35 of intent to establish residency in North Carolina.
- 36 c. Be an active duty member of the Armed Forces provided the member
37 of the Armed Forces is abiding in this State incident to active military
38 duty in this State.
- 39 d. Be the dependent relative of a veteran who is abiding in North Carolina
40 while sharing an abode with the veteran and the dependent relative
41 provides the eligible private postsecondary institution a letter of intent
42 to establish residency in North Carolina.
- 43 e. Be the dependent relative of an active duty member of the Armed
44 Forces who is abiding in North Carolina incident to active military
45 duty while sharing an abode with the active duty member."

46 **SECTION 8A.4.(b)** This section applies beginning with the award of scholarships
47 for the 2020-2021 academic year.
48

49 **EDUCATION LOTTERY SCHOLARSHIP MODIFICATIONS**

50 **SECTION 8A.5.(a)** G.S. 115C-499.2 reads as rewritten:

51 "**§ 115C-499.2. Eligibility requirements for a scholarship.**

1 In order to be eligible to receive a scholarship under this Article, a student seeking a degree,
2 diploma, or certificate at an eligible postsecondary institution must meet all of the following
3 requirements:

- 4 (1) Only needy North Carolina students are eligible to receive scholarships. For
5 purposes of this subsection, "needy North Carolina students" are those eligible
6 students whose expected family contribution under the federal methodology
7 does not exceed five six thousand dollars (~~\$5,000~~)-(~~\$6,000~~).

8"

9 **SECTION 8A.5.(b)** G.S. 115C-499.3(a) reads as rewritten:

10 "(a) Subject to the amount of net income available under G.S. 18C-164(b)(2), a
11 scholarship awarded under this Article to a student at an eligible postsecondary institution shall
12 be based upon the enrollment status and expected family contribution of the student and shall not
13 exceed ~~four five~~ thousand one hundred dollars (~~\$4,000~~)-(~~\$5,100~~) per academic year, including
14 any federal Pell Grant, to be used for the costs of attendance as defined for federal Title IV
15 programs."

16 **SECTION 8A.5.(c)** This section applies beginning with the award of scholarships
17 for the 2020-2021 academic year.

18 **MODIFY NC TEACHING FELLOWS PROGRAM**

19 **SECTION 8A.6.(a)** G.S. 116-209.62, as amended by subsection (b) of this section,
20 reads as rewritten:

21 **"§ 116-209.62. North Carolina Teaching Fellows Program established; administration.**

22 ...

23 (f) Program Selection Criteria. – The Authority shall administer the Program in
24 cooperation with ~~five~~ up to eight institutions of higher education with approved educator
25 preparation programs selected by the Commission that represent a diverse selection of both
26 postsecondary constituent institutions of The University of North Carolina and private
27 postsecondary institutions operating in the State. The Commission shall adopt stringent standards
28 for selection of the most effective educator preparation programs, including the following:

- 29 (1) Demonstrates high rates of educator effectiveness on value-added models and
30 teacher evaluations, including using performance-based, subject-specific
31 assessment and support systems, such as edTPA or other metrics of evaluating
32 candidate effectiveness that have predictive validity.
33 (2) Demonstrates measurable impact of prior graduates on student learning,
34 including impact of graduates teaching in STEM or special education
35 licensure areas.
36 (3) Demonstrates high rates of graduates passing exams required for teacher
37 licensure.
38 (4) Provides curricular and co-curricular enhancements in leadership, facilitates
39 learning for diverse learners, and promotes community engagement,
40 classroom management, and reflection and assessment.
41 (5) Requires at least a minor concentration of study in the subject area that the
42 candidate may teach.
43 (6) Provides early and frequent internship or practical experiences, including the
44 opportunity for participants to perform practicums in diverse school
45 environments.
46 (7) Is approved by the State Board of Education as an educator preparation
47 program.

48 (g) Awards of Forgivable Loans. – The Program shall provide forgivable loans to selected
49 students to be used at ~~the five~~ up to eight selected institutions for completion of a program leading
50 to initial teacher licensure as follows:
51

1"

2 **SECTION 8A.6.(b)** G.S. 116-209.62(g)(4) reads as rewritten:

3 "(4) Students matriculating at institutions of higher education who are changing to
4 enrollment in an approved program of study at a selected educator preparation
5 program. – Forgivable loans of up to four thousand one hundred twenty-five
6 dollars (\$4,125) per semester for up to four semesters."

7 **SECTION 8A.6.(c)** Subsection (a) of this section applies to the award of forgivable
8 loans beginning with the 2020-2021 academic year. Subsection (b) of this section applies to the
9 award of forgivable loans beginning with the 2019-2020 academic year.

10
11 **USE OF UNEXPENDED OPPORTUNITY SCHOLARSHIP FUNDS/INFORMATION**
12 **ON NONPUBLIC SCHOOLS**

13 **SECTION 8A.7.(a)** G.S. 115C-562.8 reads as rewritten:

14 "**§ 115C-562.8. The Opportunity Scholarship Grant Fund Reserve.**

15 (a) The Opportunity Scholarship Grant Fund Reserve is established as a reserve to be
16 administered by the Board of Governors of The University of North Carolina for the purpose of
17 allocating funds to the Authority for the award of scholarship grants in accordance with this Part.
18 The Reserve shall consist of monies appropriated from the General Fund to the Reserve by the
19 General Assembly and any interest accrued to it thereon. These funds shall be used to award
20 scholarship grants to eligible students for the school year that begins in the fiscal year following
21 the fiscal year in which the appropriation is made to the Reserve. The Board of Governors shall
22 only use monies in the Reserve in accordance with the purposes set forth in this section. Funds
23 appropriated in a particular fiscal year to be used for the award of scholarships in the following
24 fiscal year that are unexpended at the end of the fiscal year after the fiscal year in which the funds
25 were appropriated shall be carried forward for one fiscal year and may be used for the purposes
26 set forth in this section. The Authority shall not expend funds that are carried forward for a fiscal
27 year until the funds from the prior year appropriation to be used to award scholarships are
28 expended. Funds carried forward pursuant to this section that have not been spent within one
29 fiscal year shall revert to the General Fund; be used in accordance with subsection (d) of this
30 section.

31 ...

32 (d) Any unexpended funds at the end of a fiscal year from the funds carried forward for
33 one fiscal year pursuant to subsection (a) of this section shall be used as follows:

34 (1) Up to two million five hundred thousand dollars (\$2,500,000) shall be
35 transferred to the Department of Administration, Division of Nonpublic
36 Education, for data collection from nonpublic schools and to maintain a Web
37 site to provide information to students and parents to assist them in the
38 selection of nonpublic schools pursuant to Part 5 of this Article.

39 (2) Up to five hundred thousand dollars (\$500,000) shall be used by the Authority
40 to contract with a nonprofit corporation representing parents and families, for
41 marketing, outreach, and scholarship application assistance for parents and
42 students pursuant to Part 5 of this Article.

43 (3) Any remaining funds shall revert to the General Fund."

44 **SECTION 8A.7.(b)** Article 39 of Chapter 115C of the General Statutes is amended
45 by adding a new Part to read:

46 "Part 5. Nonpublic School Information for Parents and Students.

47 "**§ 115C-567.5. Nonpublic School Information Dashboard.**

48 (a) Dashboard. – The Department of Administration, Division of Nonpublic Education,
49 shall provide information on a Web site, under a section entitled "Nonpublic School Information
50 Dashboard" to students, parents, and the public on certain nonpublic schools located in North
51 Carolina as provided in this section. The information shall be updated annually.

1 (b) Available Data. – The Division of Nonpublic Education shall, as data is made
2 available, provide information under subsection (a) of this section on nonpublic schools,
3 including any data made available for students enrolled in those nonpublic schools. For a
4 nonpublic school who enrolls students whose tuition and fees are paid in whole or in part with a
5 scholarship grant pursuant to G.S. 115C-562.5, the nonpublic school shall submit to the Division
6 a brief summary of the school's standard testing protocol, including the specific tests and
7 assessments used by the school, graduation rates of the students who receive scholarship grants
8 as required by G.S. 115C-562.5, and information on the level of accreditation of the school to be
9 posted on the Division's dashboard. Other nonpublic schools that meet the requirements of Part
10 1 or Part 2 of this Article as identified by the Division of Nonpublic Education, including schools
11 that enroll students receiving scholarship funds under Article 41 of this Chapter and Part 1H of
12 Article 9 of this Chapter, may voluntarily submit data to also be included in the dashboard for
13 the students enrolled in the nonpublic school. The State Education Assistance Authority shall
14 provide information to the Division on the scholarship program it administers pursuant to Part
15 2A of this Article. The information contained on the dashboard shall not include personally
16 identifiable student data.

17 **"§ 115C-567.10. Outreach and assistance for parents and students.**

18 (a) The State Education Assistance Authority, in its administration of scholarship
19 programs for eligible students to attend nonpublic schools pursuant to Part 2A of this Article,
20 Article 41 of this Chapter, and Part 1H of Article 9 of this Chapter, may contract with a nonprofit
21 corporation representing parents and families, for marketing, outreach, and scholarship
22 application assistance for parents and students. The Authority shall issue a request for proposals
23 in order to enter into a contract with a nonprofit corporation that meets the following
24 requirements during the term of the contract:

- 25 (1) Be a nonprofit corporation organized pursuant to Chapter 55A of the General
26 Statutes and comply at all times with the provisions of section 501(c)(3) of the
27 Internal Revenue Code.
28 (2) Employ sufficient staff who have demonstrated a capacity to market and
29 implement a scholarship grant program, including by doing the following:
30 a. Direct mail marketing.
31 b. Radio advertising.
32 c. Targeted digital advertising.
33 d. One-on-one parent and family engagement.
34 (3) Comply with the limitations on lobbying set forth in section 501(c)(3) of the
35 Internal Revenue Code.
36 (4) Have no State officer or employee serving on the board of the nonprofit.
37 (5) Conduct at least quarterly meetings of the board of directors of the nonprofit
38 at the call of its chair.

39 (b) The terms of the contract between the Authority and a nonprofit corporation shall
40 require that the nonprofit maintains the confidentiality of any information provided by the
41 Authority for parents and students as directed by the Authority and not disseminate information
42 to third parties without written parental consent. During the term of the contract provided for in
43 this section, the Authority shall include on scholarship applications a statement for parents to
44 indicate nonconsent for sharing information with a nonprofit corporation.

45 (c) Notwithstanding any other provision of law, during the term of the contract provided
46 for in this section, the Authority may share the name, address, e-mail, and telephone number of
47 the parent of any student applicant, unless the parent indicates that the information should not be
48 shared."

49 **SECTION 8A.7.(c) G.S. 115C-562.5 reads as rewritten:**

50 **"§ 115C-562.5. Obligations of nonpublic schools accepting eligible students receiving**
51 **scholarship grants.**

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

- 3 (1) Provide to the Authority documentation for required tuition and fees charged
4 to the student by the nonpublic school.
- 5 (2) Provide to the Authority a criminal background check conducted for the staff
6 member with the highest decision-making authority, as defined by the bylaws,
7 articles of incorporation, or other governing document, to ensure that person
8 has not been convicted of any crime listed in G.S. 115C-332.
- 9 (3) Provide to the parent or guardian of an eligible student, whose tuition and fees
10 are paid in whole or in part with a scholarship grant, an annual written
11 explanation of the student's progress, including the student's scores on
12 standardized achievement tests.
- 13 (4) Administer, at least once in each school year, a nationally standardized test or
14 other nationally standardized equivalent measurement selected by the chief
15 administrative officer of the nonpublic school to all eligible students whose
16 tuition and fees are paid in whole or in part with a scholarship grant enrolled
17 in grades three and higher. The nationally standardized test or other equivalent
18 measurement selected must measure achievement in the areas of English
19 grammar, reading, spelling, and mathematics. Test performance data shall be
20 ~~submitted to the Authority by July 15 of each year. Test performance data~~
21 ~~retained by the nonpublic school for at least a five-year period. The Authority~~
22 ~~may audit the test data retained by the school to ensure compliance with this~~
23 ~~subdivision. A brief summary of the nonpublic school's standard testing~~
24 ~~protocol, including the name of the tests or assessments used by the school,~~
25 ~~shall be reported to the Authority under this subdivision is not a public record~~
26 ~~under Chapter 132 of the General Statutes. Division in accordance with~~
27 ~~G.S. 115C-567.5.~~
- 28 (5) Provide to the ~~Authority~~ Division graduation rates of the students receiving
29 scholarship grants in a manner consistent with nationally recognized
30 ~~standards, standards, in accordance with G.S. 115C-567.5.~~
- 31 (6) Contract with a certified public accountant to perform a financial review,
32 consistent with generally accepted accounting principles, for each school year
33 in which the school accepts students receiving more than three hundred
34 thousand dollars (\$300,000) in scholarship grants awarded under this Part.

35 (b) A nonpublic school that accepts students receiving scholarship grants shall not require
36 any additional fees based on the status of the student as a scholarship grant recipient.

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

45"

46 **SECTION 8A.7.(d)** G.S. 115C-562.7(c) is repealed.

47 **SECTION 8A.7.(e)** Section 8.29(g) of S.L. 2013-360 reads as rewritten:

48 "**SECTION 8.29.(g)** ~~The Authority shall select an independent research organization, as~~
49 ~~required by G.S. 115C-562.7, as enacted by this section, beginning with the 2017-2018 school~~
50 ~~year. The first learning gains report required by G.S. 115C-562.7, as enacted by this section, shall~~
51 ~~not be due until December 1, 2018. The first financial review for a nonpublic school that accepts~~

1 scholarship grant funds, as required by G.S. 115C-562.5(a)(6), as enacted by this section, shall
2 not be required until the 2015-2016 school year."

3 **SECTION 8A.7(f)** Subsection (a) of this section becomes effective June 30, 2019.
4 This section applies beginning with the 2019-2020 school year.

5
6 **EXPAND ELIGIBILITY FOR OPPORTUNITY SCHOLARSHIPS/PRIOR YEAR IN A**
7 **PUBLIC SCHOOL**

8 **SECTION 8A.8(a)** G.S. 115C-562.1(3) reads as rewritten:

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

12 a. Meets one of the following criteria:

- 13 1. Was a full-time student (i) assigned to and attending a public
14 school pursuant to G.S. 115C-366 or (ii) enrolled in a
15 Department of Defense Elementary and Secondary School,
16 established pursuant to 10 U.S.C. § 2164 and located in North
17 Carolina, during the spring semester prior to the school year
18 for which the student is applying.
- 19 2. Received a scholarship grant for the school year prior to the
20 school year for which the student is applying.
- 21 3. Is entering either kindergarten or the first grade.
- 22 4. Is a child in foster care as defined in G.S. 131D-10.2(9).
- 23 5. Is a child whose adoption decree was entered not more than
24 one year prior to submission of the scholarship grant
25 application.
- 26 6. Is a child whose parent or legal guardian is on full-time duty
27 status in the active uniformed service of the United States,
28 including members of the National Guard and Reserve on
29 active duty orders pursuant to 10 U.S.C. § 12301, et seq., and
30 10 U.S.C. § 12401, et seq.
- 31 7. Is a child who meets both of the following:
 - 32 I. Was enrolled in a nonpublic school that meets the
33 requirements of Part 1 and Part 2 of this Article during
34 the spring semester prior to the school year for which
35 the student is applying.
 - 36 II. Was enrolled for the entire school year immediately
37 prior to the school year in which the student enrolled in
38 the nonpublic school in one of the following:
 - 39 A. A North Carolina public school.
 - 40 B. A Department of Defense Elementary and
41 Secondary School, established pursuant to 10
42 U.S.C. § 2164 and located in North Carolina."

43 **SECTION 8A.8(b)** G.S. 115C-562.7(b)(3) reads as rewritten:

44 "(3) Number of students previously enrolled in local school administrative units or
45 charter schools in the prior semester or prior school year by the previously
46 attended local school administrative unit or charter school."

47 **SECTION 8A.8(c)** This section applies beginning with the award of scholarship
48 grants for the 2020-2021 school year.

49
50 **COMBINE K-12 SCHOLARSHIP PROGRAMS FOR CHILDREN WITH**
51 **DISABILITIES**

1 SECTION 8A.9.(a) Article 41 of Chapter 115C of the General Statutes reads as
2 rewritten:

3 "Article 41.

4 "~~Personal Education Savings Accounts.~~ Student Accounts for Children with Disabilities.

5 "**§ 115C-590. North Carolina Personal Education Savings Account Student Accounts for**
6 **Children with Disabilities Program established.**

7 There is established the North Carolina Personal Education ~~Savings~~ Student Accounts for
8 Children with Disabilities Program to provide the option for a parent to better meet the individual
9 educational needs of the parent's child.

10 "**§ 115C-591. Definitions.**

11 The following definitions apply in this Article:

- 12 (1) Authority. – Defined in G.S. 116-201.
- 13 (2) Division. – The Division of Nonpublic Education, Department of
14 Administration.
- 15 (2a) Educational technology. – As defined annually by the Authority, an item,
16 piece of equipment, material, product, or system which may be purchased
17 commercially off the shelf, modified, or customized and that is used primarily
18 for educational purposes for a child with a disability.
- 19 (3) Eligible student. – A student residing in North Carolina who has not yet
20 received a high school diploma and who meets all of the following
21 requirements:
 - 22 a. Is eligible to attend a North Carolina public school pursuant to
23 G.S. 115C-366.
 - 24 b. Has not been enrolled in a postsecondary institution ~~in a matriculated~~
25 ~~status eligible for enrollment for~~ as a full-time student taking at least
26 12 hours of academic credit.
 - 27 c. Is a child with a disability, as defined in ~~G.S. 115C-106.3(1),~~
28 ~~including, for example, intellectual disability, hearing impairment,~~
29 ~~speech or language impairment, visual impairment, serious emotional~~
30 ~~disturbance, orthopedic impairment, autism, traumatic brain injury,~~
31 ~~other health impairments, specific learning disability, or disability as~~
32 ~~may be required to be included under IDEA.~~ G.S. 115C-106.3(1).
 - 33 d. Has not been placed in a nonpublic school or facility by a public
34 agency at public expense.
- 35 (4) Nonpublic school. – A school that meets the requirements of Part 1, 2, or 3 of
36 Article 39 of this Chapter, as identified by the Division.
- 37 (5) Parent. – A parent, legal guardian, or legal custodian of an eligible student.
- 38 (5a) Part-time student. – A child enrolled part time in a public school and part time
39 in a nonpublic school that exclusively provides services for children with
40 disabilities.
- 41 (6) Personal Education ~~Savings~~ Student Account or PESA. – A bank account
42 provided to a parent for the purpose of holding scholarship funds awarded by
43 the Authority for an eligible student to be used for qualifying education
44 expenses under G.S. 115C-595.

45 "**§ 115C-592. Award of scholarship funds for a personal education ~~savings~~ student account.**

46 (a) Application Selection. – The Authority shall make available no later than February 1
47 of each year applications to eligible students for the award of scholarship funds for a personal
48 education ~~savings~~ student account to be used for qualifying education expenses to attend a
49 nonpublic school. Information about scholarship funds and the application process shall be made
50 available on the Authority's Web site. Applications shall be submitted electronically. ~~Beginning~~

1 ~~March 15, the~~ The Authority shall begin selecting recipients for award scholarships according to
2 the following ~~criteria:~~criteria for applications received by March 1 of each year:

- 3 (1) First priority shall be given to eligible students who were awarded scholarship
4 funds for a PESA during the previous school year ~~if those students have~~
5 ~~applied by March 1, year.~~
6 (2) After funds have been awarded to prior recipients as provided in subdivision
7 (1) of this subsection, any remaining funds shall be used to award scholarship
8 funds for a PESA for all other eligible students.

9 (b) Scholarship Awards. – ~~Scholarships~~ Except for eligible students who qualify for
10 scholarship funds pursuant to subsection (b1) of this section, scholarships shall be awarded each
11 year for an amount not to exceed ~~nine~~ (i) eight thousand dollars (\$9,000)–(\$8,000) per eligible
12 student for the ~~fiscal school year in for~~ application is ~~received, except~~ received or (ii)
13 for eligible part-time students, who shall be awarded scholarships each year for an amount not to
14 exceed ~~students,~~ four thousand ~~five hundred~~ dollars (\$4,500)–(\$4,000) per eligible student for the
15 fiscal school year in for which the application is received. Any funds remaining on a debit card
16 or in an electronic account provided under subsection (b2) of this section at the end of a school
17 year for eligible students who qualify only under this subsection shall be returned to the
18 Authority.

19 (b1) Scholarship Awards for Students with Certain Disabilities. – An eligible student may
20 be awarded scholarship funds in an amount of up to seventeen thousand dollars (\$17,000) for
21 each school year only if the student has been determined to have one or more of the following
22 disabilities as a primary or secondary disability at the time of application for scholarship funds:

- 23 (1) Autism.
24 (2) Hearing impairment.
25 (3) Moderate or severe intellectual or developmental disability.
26 (4) Multiple, permanent orthopedic impairments.
27 (5) Visual impairment.

28 For eligible students who qualify for scholarship funds under this subsection, no more than
29 four thousand five hundred dollars (\$4,500) of funds remaining on a debit card or in an electronic
30 account at the end of a school year shall be carried forward until expended for each school year
31 upon renewal of the account under subsection (b2) of this section. In no event shall the total
32 amount of funds carried forward for an eligible student in a personal education student account
33 exceed thirty thousand dollars (\$30,000). Any funds remaining on the card or in the electronic
34 account if an agreement is not renewed under G.S. 115C-595 shall be returned to the Authority.

35 (b2) Disbursement and Deposit of Awards. – Scholarship funds shall be used only for
36 tuition and qualifying education expenses as provided in G.S. 115C-595. Recipients shall receive
37 the scholarship funds ~~deposited in two equal amounts to a PESA in~~ amounts, one-half in each
38 quarter-semester of the ~~fiscal school year.~~ year. The first deposit of funds to a PESA shall be subject
39 to the execution of the parental agreement required by G.S. 115C-595. The parent shall then
40 receive a debit card or an electronic account with the prepaid funds loaded on the card or in the
41 electronic account at the beginning of the ~~fiscal school year.~~ year. After the initial disbursement of
42 funds, each subsequent, ~~quarterly~~ semester disbursement of funds shall be subject to the
43 submission by the parent of an expense report. The expense report shall be submitted
44 electronically and shall include documentation that the student received an education, as
45 described in G.S. 115C-595(a)(1), for no less than ~~35~~ 70 days of the applicable ~~quarter~~ semester.
46 The debit card or the electronic account shall be renewed upon the receipt of the parental
47 agreement under G.S. 115C-595 for recipients awarded scholarship funds in subsequent ~~fiscal~~
48 school years. ~~Any funds remaining on the card or in the electronic account at the end of the fiscal~~
49 year may be carried forward to the next fiscal year if the card or electronic account is renewed.
50 ~~Any funds remaining on the card or in the electronic account if an agreement is not renewed shall~~
51 be returned to the Authority.

1 (c) ~~Eligibility for the other scholarship programs is provided for as follows:~~Eligibility for
2 Other Scholarship Programs. –

3 ~~(1) An eligible student under this Article may receive, in addition to a PESA, a~~
4 ~~scholarship under Part 2A of Article 39 of this Chapter.~~

5 ~~(2) An eligible student under this Article may receive, in addition to a PESA and~~
6 ~~a scholarship under Part 2A of Article 39 of this Chapter, a scholarship under~~
7 ~~the special education scholarship program for children with disabilities~~
8 ~~pursuant to Part 1H of Article 9 of this Chapter, only if that student has one or~~
9 ~~more of the following disabilities:~~

10 a. ~~Autism.~~

11 b. ~~Developmental disability.~~

12 c. ~~Hearing impairment.~~

13 d. ~~Moderate or severe intellectual disability.~~

14 e. ~~Multiple, permanent orthopedic impairments.~~

15 f. ~~Visual impairment.~~

16 (d) Applications Not Public Records. – Applications for scholarship funds and personally
17 identifiable information related to eligible students receiving funds shall not be a public record
18 under Chapter 132 of the General Statutes. For the purposes of this section, personally
19 identifiable information means any information directly related to a student or members of a
20 student's household, including the name, birthdate, address, Social Security number, telephone
21 number, e-mail address, or any other information or identification number that would provide
22 information about a specific student or members of a specific student's household.

23 (e) Establishment of Initial Eligibility. – An applicant may demonstrate for initial
24 eligibility that the applicant is a child with a disability, as required by G.S. 115C-591(3)c., ~~in~~
25 ~~either of the following ways:~~

26 ~~(1) The by having the child has been assessed by a local education agency and~~
27 ~~determined the local education agency determining the child to be a child with~~
28 ~~a disability and with that outcome is verified by the local education agency on~~
29 ~~a form provided to the Authority.~~

30 ~~(2) The child was initially assessed by a local education agency and determined~~
31 ~~to be a child with a disability and, following receipt of a scholarship awarded~~
32 ~~pursuant to Part 1H of Article 9 of this Chapter, was determined to have~~
33 ~~continuing eligibility, as provided in G.S. 115C-112.6(c)(2), by the assessing~~
34 ~~psychologist or psychiatrist. Both the initial verification from the local~~
35 ~~education agency and the continuing verification by the assessing~~
36 ~~psychologist or psychiatrist shall be provided on a form to the Authority.~~

37 **"§ 115C-593. Student continuing eligibility.**

38 After the initial disbursement of funds, the Authority shall ensure that the student's continuing
39 eligibility is assessed at least every three years by one of the following:

40 (1) The local education agency. – The local education agency shall assess if the
41 student continues to be a child with a disability and verify the outcome on a
42 form to be provided to the Authority.

43 (2) A licensed psychologist with a school psychology focus or a psychiatrist. –
44 The psychologist or psychiatrist shall assess, after review of appropriate
45 medical and educational records, if the education and related services received
46 by the student in the nonpublic school setting have improved the child's
47 educational performance and if the student would continue to benefit from
48 placement in the nonpublic school setting. The psychologist or psychiatrist
49 shall verify the outcome of the assessment on a form to be provided to the
50 Authority.

51 **"§ 115C-594. Verification of eligibility.**

1 (a) Verification of Information. – The Authority may seek verification of information on
2 any application for the award of scholarship funds for a personal education ~~savings-student~~
3 account. ~~The Authority shall select and verify six percent (6%) of applications annually,~~
4 ~~including those with apparent errors on the face of the application.~~ The Authority shall establish
5 rules for the verification process. If a household fails to cooperate with verification efforts, the
6 Authority shall revoke the award of scholarship funds for a PESA for the eligible student.

7 (b) Access to Information. – ~~Household members of applicants~~ Applicants for the award
8 of scholarship funds for a PESA shall authorize the Authority to access information needed for
9 verification efforts held by other State agencies, including the Department of Health and Human
10 Services and the Department of Public Instruction.

11 **"§ 115C-595. Parental agreement; use of funds.**

12 (a) Parental Agreement. – The Authority shall provide the parent of a scholarship
13 recipient with a written agreement, applicable for each year the eligible student receives
14 scholarship funds under this Article, to be signed and returned to the Authority prior to receiving
15 the scholarship funds. The agreement shall be submitted to the Authority electronically. The
16 parent shall not designate any entity or individual to execute the agreement on the parent's behalf.
17 A parent or eligible student's failure to comply with this section shall result in a forfeit of
18 scholarship funds and those funds may be awarded to another eligible student. The parent shall
19 agree to the following conditions in order to receive scholarship funds under this Article:

- 20 (1) Use at least a portion of the scholarship funds to provide an education to the
21 eligible student in, at a minimum, the subjects of English language arts,
22 mathematics, social studies, and science.
- 23 (2) Unless the student is a part-time eligible student, release a local education
24 agency in which the student is eligible to attend under G.S. 115C-366 of all
25 obligations to educate the eligible student while the eligible student is
26 receiving scholarship funds under this Article. A parent of a student, other
27 than a part-time eligible student, who decides to enroll the student into the
28 local education agency or other North Carolina public school during the term
29 of the agreement shall notify the Authority to request a release from the
30 agreement and shall return any unexpended funds to the Authority.
- 31 (3) Use the scholarship funds deposited into a personal education ~~savings-student~~
32 account only for the following qualifying education expenses of the eligible
33 student:
 - 34 a. Tuition and fees for a nonpublic school that meets the requirements of
35 Part 1 or Part 2 of Article 39 of this Chapter and is subject to the
36 requirements of G.S. 115C-562.5. Tuition and fees may only be
37 disbursed to the nonpublic school as provided in subdivision (1) of
38 subsection (a1) of this section.
 - 39 b. Textbooks required by a nonpublic school.
 - 40 c. Tutoring and teaching services provided by an individual or facility
41 accredited by a State, regional, or national accrediting organization.
 - 42 d. Curricula.
 - 43 e. Fees for nationally standardized norm-referenced achievement tests,
44 advanced placement tests, or nationally recognized college entrance
45 exams.
 - 46 f. Fees charged to the account holder for the management of the PESA.
 - 47 g. Fees for services provided by a public school, including individual
48 classes and extracurricular programs.
 - 49 h. Premiums charged to the account holder for any insurance or surety
50 bonds required by the Authority.

- 1 i. Educational therapies from a licensed or accredited practitioner or
2 provider.
3 j. Educational technology defined by the Authority as approved for use
4 pursuant to ~~Part 1H of Article 9 of this Chapter~~ G.S. 115C-591(2a).
5 k. Student transportation, pursuant to a contract with an entity that
6 regularly provides student transportation, to and from (i) a provider of
7 education or related services or (ii) an education activity.

8 (3a) Use of scholarship funds for reimbursement of tuition. – Notwithstanding
9 sub-subdivision a. of subdivision (3) of this subsection, a parent of an eligible
10 student may pay tuition to certain schools with funds other than funds
11 available in the personal education student account and then request
12 reimbursement from the Authority from scholarship funds if the parent
13 complies with the provisions of subdivision (2) of subsection (a1) of this
14 section.

15 (4) Not use scholarship funds for any of the following purposes:

- 16 a. Computer hardware or other technological devices not defined by the
17 Authority as educational technology approved for use pursuant to ~~Part~~
18 ~~1H of Article 9 of this Chapter~~ G.S. 115C-591(2a).
19 b. Consumable educational supplies, including paper, pen, or markers.
20 c. Tuition and fees at an institution of higher education, as defined in
21 G.S. 116-143.1, or a private postsecondary institution.
22 d. Tuition and fees for a nonpublic school that meets the requirements of
23 Part 3 of Article 39 of this Chapter.

24 (a1) Disbursement of Funds for Tuition. – The Authority shall disburse scholarship funds
25 awarded to eligible students for tuition at a nonpublic school based upon the method selected by
26 the nonpublic school. A nonpublic school may elect to participate in the scholarship endorsement
27 for tuition option or the reimbursement for tuition option as set forth in this subsection.
28 Scholarship funds shall not be provided for tuition for home schooled students. Scholarship funds
29 for tuition shall be disbursed as follows:

30 (1) Scholarship endorsement for tuition. – The Authority shall remit, at least two
31 times each school year, scholarship funds from the personal education student
32 account for eligible students who attend nonpublic schools who meet the
33 requirements of sub-subdivision a. of subdivision (3) of subsection (a) of this
34 section to the nonpublic school for endorsement by at least one of the student's
35 parents or guardians. The parent or guardian shall restrictively endorse the
36 scholarship funds awarded to the eligible student for deposit into the account
37 of the nonpublic school to the credit of the eligible student. The parent or
38 guardian shall not designate any entity or individual associated with the school
39 as the parent's attorney-in-fact to endorse the scholarship funds. A parent's or
40 guardian's failure to comply with this subdivision shall result in forfeiture of
41 the scholarship funds for tuition. Scholarship funds forfeited for failure to
42 comply with this subdivision shall be returned to the Authority to be awarded
43 to another student.

44 (2) Reimbursement for tuition. – The parent or guardian of an eligible student
45 who enrolls in a school that is (i) a North Carolina public school other than
46 the public school to which that student would have been assigned as provided
47 in G.S. 115C-366 or (ii) a nonpublic school that meets the requirements of
48 Part 1 or Part 2 of Article 39 of this Chapter and is identified and deemed
49 eligible by the Division but elects not to be subject to G.S. 115C-562.5, may
50 pay tuition directly to the school with funds other than scholarship funds and
51 request reimbursement with funds available in the personal education student

1 account under subdivision (4) of subsection (a) of this section. However, the
2 Authority shall not reimburse the parent or guardian prior to the midpoint of
3 each semester. A parent or guardian may only receive reimbursement for
4 tuition if the parent or guardian provides documentation to the Authority that
5 the student is enrolled in the school.

6 (b) No Refunds to an Account Holder. – A nonpublic school or a provider of services
7 purchased under subsection (a) of this section shall not refund or rebate any scholarship funds to
8 a parent or eligible student in any manner. The parent shall notify the Authority if such a refund
9 is required.

10 (c) Repealed by Session Laws 2018-5, s. 38.10(m), effective for taxable years beginning
11 on or after January 1, 2018.

12 **"§ 115C-596. Identification of nonpublic schools and distribution of personal education**
13 **savings-student account information.**

14 (a) List of Nonpublic Schools. – The Division shall provide annually by February 1 to
15 the Authority a list of all nonpublic schools operating in the State that meet the requirements of
16 Part 1, 2, or 3 of Article 39 of this Chapter.

17 (b) Information on PESAs to the Division. – The Authority shall provide information
18 about personal education ~~savings-student~~ accounts to the Division. The Division shall provide
19 information about PESAs to all qualified nonpublic schools on an annual basis.

20 **"§ 115C-597. Administration.**

21 (a) Rules and Regulations. – The Authority shall establish rules and regulations for the
22 administration of the program, including the following:

- 23 (1) The administration and awarding of scholarship funds, including a lottery
24 process for the selection of recipients within the criteria established by
25 G.S. 115C-592(a), if necessary.
- 26 (2) Requiring a surety bond or insurance to be held by account holders.
- 27 (3) Use of the funds and the reporting of expenditures.
- 28 (4) Monitoring and control of spending scholarship funds deposited in a personal
29 education savings account.

30 The Authority shall provide recipients of scholarship funds with the annual list of defined
31 educational technology for which scholarship funds may be used.

32 (b) Contract for Management of PESAs. – The Authority may contract with a private
33 financial management firm or institution to manage PESAs in accordance with this Article.

34 (c) Annual Audits. – The Authority shall conduct annual audits of PESAs and may audit
35 a random sampling of PESAs as needed to ensure compliance with the requirements of this
36 Article. The Authority may contract with an independent entity to conduct these audits. The
37 Authority may remove a parent or eligible student from the program and close a personal
38 education ~~savings-student~~ account for failure to comply with the terms of the parental agreement,
39 for failure to comply with applicable laws, or because the student is no longer an eligible student.

40 (d) Administration Costs. – Of the funds allocated to the Authority to award scholarship
41 funds under this Article, the Authority may retain up to ~~two hundred fifty thousand dollars~~
42 (\$250,000) four percent (4%) of the funds appropriated for the program each fiscal year for
43 administrative costs associated with the program, including contracting with non-State entities
44 for administration of certain components of the program.

45 **"§ 115C-598. Reporting requirements.**

46 The Authority shall report annually, no later than October 15, to the Joint Legislative
47 Education Oversight Committee on the following information from the prior school year:

- 48 (1) Total number, grade level, race, ethnicity, and sex of eligible students
49 receiving scholarship funds.
- 50 (2) Total amount of scholarship funding awarded.

- 1 (3) Number of students previously enrolled in public schools in the prior semester
2 by the previously attended local education agency.
- 3 (4) Nonpublic schools in which scholarship recipients are enrolled, including
4 numbers of scholarship recipients at each nonpublic school.
- 5 (5) The number of substantiated cases of fraud by recipients and the number of
6 parents or students removed from the program for noncompliance with the
7 provisions of this Article.

8 **"§ 115C-599. Duties of State agencies.**

9 (a) The State Board, as part of its duty to monitor all local education agencies to
10 determine compliance with this Article and the Individuals with Disabilities Education
11 Improvement Act (IDEA), 20 U.S.C. § 1400, et seq., (2004), as amended, and federal regulations
12 adopted under this act, as provided in G.S. 115C-107.4, shall ensure that local education agencies
13 do the following:

- 14 (1) Conduct evaluations requested by a child's parent or guardian of suspected
15 children with disabilities, as defined in G.S. 115C-107.3, in a timely manner
16 as required by IDEA.
- 17 (2) Provide assessments for continuing eligibility to identified children with
18 disabilities receiving scholarship funds at the request of the parent or guardian
19 to ensure compliance with G.S. 115C-593.

20 (b) The Authority shall analyze, in conjunction with the Department of Public Instruction,
21 past trends in scholarship data on an annual basis to ensure that the amount of funds transferred
22 each fiscal year by the Authority to the Department for reevaluations by local school
23 administrative units of eligible students under G.S. 115C-593 are sufficient and based on actual
24 annual cost requirements."

25 **SECTION 8A.9.(b)** Notwithstanding G.S. 115C-592, as amended by this act, a
26 student who was awarded scholarship funds for a PESA pursuant to Article 41 of Chapter 115C
27 of the General Statutes for the 2019-2020 school year or a student who received a scholarship
28 pursuant to Part 1H of Article 9 of Chapter 115C of the General Statutes for the 2019-2020 school
29 year shall receive priority in the award of scholarship funds under G.S. 115C-592 for a personal
30 education student account for the 2020-2021 school year if the student applies by March 1, 2020.

31 **SECTION 8A.9.(c)** Part 1H of Article 9 of Chapter 115C of the General Statutes is
32 repealed.

33 **SECTION 8A.9.(d)** G.S. 115C-555(4) reads as rewritten:

34 "(4) It receives no funding from the State of North Carolina. For the purposes of
35 this Article, scholarship funds awarded pursuant to Part 2A of this Article,
36 Article or Article 41 of this Chapter, or ~~Part 1H of Article 9 of this Chapter~~
37 eligible students attending a nonpublic school shall not be considered funding
38 from the State of North Carolina."

39 **SECTION 8A.9.(e)** G.S. 115C-567.5(b), as enacted by Section 8A.7(b) of this act,
40 reads as rewritten:

41 "(b) Available Data. – The Division of Nonpublic Education shall, as data is made
42 available, provide information under subsection (a) of this section on nonpublic schools,
43 including any data made available for students enrolled in those nonpublic schools. For a
44 nonpublic school who enrolls students whose tuition and fees are paid in whole or in part with a
45 scholarship grant pursuant to G.S. 115C-562.5, the nonpublic school shall submit to the Division
46 a brief summary of the school's standard testing protocol, including the specific tests and
47 assessments used by the school, graduation rates of the students who receive scholarship grants
48 as required by G.S. 115C-562.5, and information on the level of accreditation of the school to be
49 posted on the Division's dashboard. Other nonpublic schools that meet the requirements of Part
50 1 or 2 of this Article as identified by the Division of Nonpublic Education, including schools that
51 enroll students receiving scholarship funds under Article 41 of this Chapter and ~~Part 1H of Article~~

1 ~~9 of this Chapter~~, may voluntarily submit data to also be included in the dashboard for the
2 students enrolled in the nonpublic school. The State Education Assistance Authority shall provide
3 information to the Division on the scholarship program it administers pursuant to Part 2A of this
4 Article. The information contained on the dashboard shall not include personally identifiable
5 student data."

6 **SECTION 8A.9.(f)** G.S. 115C-567.10(a), as enacted by Section 8A.7(b) of this act,
7 reads as rewritten:

8 "(a) The State Education Assistance Authority, in its administration of scholarship
9 programs for eligible students to attend nonpublic schools pursuant to Part 2A of this ~~Article,~~
10 Article and Article 41 of this Chapter, and Part 1H of Article 9 of this Chapter, may contract with
11 a nonprofit corporation representing parents and families, for marketing, outreach, and
12 scholarship application assistance for parents and students. The Authority shall issue a request
13 for proposals in order to enter into a contract with a nonprofit corporation that meets the following
14 requirements during the term of the contract:

- 15 (1) Be a nonprofit corporation organized pursuant to Chapter 55A of the General
16 Statutes and comply at all times with the provisions of section 501(c)(3) of the
17 Internal Revenue Code.
- 18 (2) Employ sufficient staff who have demonstrated a capacity to market and
19 implement a scholarship grant program, including by doing the following:
 - 20 a. Direct mail marketing.
 - 21 b. Radio advertising.
 - 22 c. Targeted digital advertising.
 - 23 d. One-on-one parent and family engagement.
- 24 (3) Comply with the limitations on lobbying set forth in section 501(c)(3) of the
25 Internal Revenue Code.
- 26 (4) Have no State officer or employee serving on the board of the nonprofit.
- 27 (5) Conduct at least quarterly meetings of the board of directors of the nonprofit
28 at the call of its chair."

29 **SECTION 8A.9.(g)** Section 5(b) of S.L. 2013-364, as rewritten by Section 3.2 of
30 S.L. 2013-363 and as amended by Section 11.18 of S.L. 2015-241, is repealed.

31 **SECTION 8A.9.(h)** G.S. 105-153.5(b)(12) reads as rewritten:

32 "(12) The amount deposited during the taxable year to a personal education ~~savings~~
33 student account under Article 41 of Chapter 115C of the General Statutes."

34 **SECTION 8A.9.(i)** This section does not affect the rights or liabilities of the State,
35 a taxpayer, or another person arising under a statute amended by this section before the effective
36 date of its amendment, nor does it affect the right to any refund or credit of a tax that accrued
37 under the amended statute before the effective date of its amendment.

38 **SECTION 8A.9.(j)** Subsection (a) of this section applies beginning with scholarship
39 funds awarded for the 2020-2021 school year. Subsections (c) through (g) of this section become
40 effective July 1, 2020. Subsection (h) of this section applies to taxable years beginning on or after
41 January 1, 2020.

42
43 **REPEAL THE TRANSFER OF ADMINISTRATION OF THE TRANSFORMING**
44 **PRINCIPAL PREP PROGRAM TO THE PRINCIPAL FELLOWS COMMISSION**

45 **SECTION 8A.10.(a)** Subsections (a) through (d) of Section 2 of S.L. 2018-145 are
46 repealed.

47 **SECTION 8A.10.(b)** Subsections (f) and (g) of Section 2 of S.L. 2018-145 are
48 repealed.

49 **SECTION 8A.10.(c)** Subsection (a) of this section is effective June 30, 2019. The
50 remainder of this section is effective the date this act becomes law.

PART IX. HEALTH AND HUMAN SERVICES**PART IX-A. AGING AND ADULT SERVICES****STATE-COUNTY SPECIAL ASSISTANCE RATES**

SECTION 9A.1.(a) For each year of the 2019-2021 fiscal biennium, the maximum monthly rate for residents in adult care home facilities shall be one thousand one hundred eighty-two dollars (\$1,182) per month per resident.

SECTION 9A.1.(b) For each year of the 2019-2021 fiscal biennium, the maximum monthly rate for residents in Alzheimer's/Dementia special care units shall be one thousand five hundred fifteen dollars (\$1,515) per month per resident.

INCREASE IN STATE-COUNTY SPECIAL ASSISTANCE PERSONAL NEEDS ALLOWANCE

SECTION 9A.2. Effective October 1, 2019, the Department of Health and Human Services, Division of Aging and Adult Services, shall increase the personal needs allowance under the State-County Special Assistance program from forty-six dollars (\$46.00) per month per recipient to seventy dollars (\$70.00) per month per recipient.

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

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

SECTION 9A.3.(b) This section expires on June 30, 2021.

PART IX-B. CENTRAL MANAGEMENT AND SUPPORT**FUNDS FOR NORTH CAROLINA FAMILIES ACCESSING SERVICES THROUGH TECHNOLOGY (NC FAST)**

SECTION 9B.1.(a) Of the funds appropriated to the Department of Health and Human Services, Division of Central Management and Support, the sum of eighteen million three hundred fourteen thousand three hundred eighty-three dollars (\$18,314,383) in nonrecurring funds for the 2019-2020 fiscal year and the sum of twelve million three hundred one thousand seven hundred two dollars (\$12,301,702) in nonrecurring funds for the 2020-2021 fiscal year shall be used for nonrecurring operations and maintenance expenses for the North Carolina Families Accessing Services Through Technology (NC FAST) system and to match federal funds to expedite development and implementation of the following within the NC FAST system: (i) the child welfare case management component, (ii) 24/7 access, and (iii) a document management solution. The Department of Health and Human Services, Division of Central Management and Support, shall report any change in approved federal funding or federal match rates within 30 days after the change to the Joint Legislative Oversight Committee on Health and Human Services, the Joint Legislative Oversight Committee on Information Technology, and the Fiscal Research Division.

SECTION 9B.1.(b) Departmental receipts appropriated in this act in the sum of forty-one million three hundred fifty-two thousand eight hundred eighty-three dollars (\$41,352,883) for the 2019-20 fiscal year and in the sum of twenty-four million eight hundred forty-six thousand three hundred seven dollars (\$24,846,307) for the 2020-2021 fiscal year shall be used for the purposes described in subsection (a) of this section.

COMMUNITY HEALTH GRANT PROGRAM

SECTION 9B.2.(a) Funds appropriated in this act to the Department of Health and Human Services, Division of Central Management, Office of Rural Health, for each year of the 2019-2021 fiscal biennium for the Community Health Grant Program shall be used to continue to administer the Community Health Grant Program as modified by Section 11A.8 of S.L. 2017-57.

SECTION 9B.2.(b) The Office of Rural Health shall make the final decision about awarding grants under this Program, but no single grant award shall exceed one hundred fifty thousand dollars (\$150,000) during the fiscal year. In awarding grants, the Office of Rural Health shall consider the availability of other funds for the applicant; the incidence of poverty in the area served by the applicant or the number of indigent clients served by the applicant; the availability of, or arrangements for, after hours care; and collaboration between the applicant and a community hospital or other safety net organizations.

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

- (1) Enhance or increase compensation or other benefits of personnel, administrators, directors, consultants, or any other persons receiving funds for program administration; provided, however, funds may be used to hire or retain health care providers. The use of grant funds for this purpose does not obligate the Department of Health and Human Services to continue to fund compensation beyond the grant period.
- (2) Supplant existing funds, including federal funds traditionally received by federally qualified community health centers. However, grant funds may be used to supplement existing programs that serve the purposes described in subsection (a) of this section.
- (3) Finance or satisfy any existing debt.

SECTION 9B.2.(d) The Office of Rural Health may use up to two hundred thousand dollars (\$200,000) in recurring funds for each fiscal year of the 2019-2021 fiscal biennium for administrative purposes.

SECTION 9B.2.(e) By September 1 of each year, the Office of Rural Health shall submit a report to the Joint Legislative Oversight Committee on Health and Human Services on community health grants that includes at least all of the following information:

- (1) The identity and a brief description of each grantee and each program or service offered by the grantee.
- (2) The amount of funding awarded to each grantee.
- (3) The number of individuals served by each grantee, and for the individuals served, the types of services provided to each.
- (4) Any other information requested by the Office of Rural Health as necessary for evaluating the success of the Community Health Grant Program.

SECTION 9B.2.(f) By November 1, 2019, the Office of Rural Health shall report to the Joint Legislative Oversight Committee on Health and Human Services on the implementation status of the following Community Health Grant Program requirements enacted by Section 11A.8 of S.L. 2017-57:

- (1) Establishment of a Primary Care Advisory Committee, and that Committee's development of an objective and equitable process for grading applications for grants funded under the Community Health Grant Program.
- (2) Development of a standardized method for grant recipients to report objective, measurable quality health outcomes.

1 **ALLOCATION OF FUNDS FOR PHYSICIANS AND DENTISTS UNDER THE RURAL**
2 **HEALTH LOAN REPAYMENT PROGRAM**

3 **SECTION 9B.3.** Funds appropriated in this act to the Department of Health and
4 Human Services, Division of Central Management and Support, Office of Rural Health, for the
5 loan repayment program administered pursuant to G.S. 143B-139.4C shall be allocated as
6 follows:

- 7 (1) The sum of one million five hundred thousand dollars (\$1,500,000) in
8 nonrecurring funds for the 2019-2020 fiscal year and the sum of eight hundred
9 thousand dollars (\$800,000) in nonrecurring funds for the 2020-2021 fiscal
10 year shall be allocated to fund student loan repayments for physicians and
11 dentists under the program.
- 12 (2) The sum of six hundred thousand dollars (\$600,000) in nonrecurring funds for
13 the 2019-2020 fiscal year and the sum of three hundred fifty thousand dollars
14 (\$350,000) in nonrecurring funds for the 2020-2021 fiscal year shall be
15 allocated to fund student loan repayments for nurse practitioners and certified
16 nurse midwives under the program.

17
18 **ELIMINATION OF OFFICE OF PROGRAM EVALUATION REPORTING AND**
19 **ACCOUNTABILITY**

20 **SECTION 9B.4.(a)** The Office of Program Evaluation Reporting and Accountability
21 within the Department of Health and Human Services is eliminated.

22 **SECTION 9B.4.(b)** Part 31A of Article 3 of Chapter 143B of the General Statutes
23 is repealed.

24
25 **VETERANS HEALTH CARE PILOT PROGRAM**

26 **SECTION 9B.5.(a)** Pilot Program. – Of the funds appropriated in this act to the
27 Department of Health and Human Services, Division of Central Management and Support, Office
28 of Rural Health, the sum of four hundred thousand dollars (\$400,000) in nonrecurring funds for
29 the 2019-2020 fiscal year and the sum of three hundred fifty thousand dollars (\$350,000) in
30 nonrecurring funds for the 2020-2021 fiscal year shall be used to support the development and
31 implementation of a two-year pilot program to provide health care services to veterans. The
32 Department of Health and Human Services and the Department of Military and Veterans Affairs,
33 in coordination with Community Care of North Carolina and Maxim Healthcare Services, shall
34 develop and implement the pilot program in Cumberland County. The pilot program shall consist
35 of the following initiatives:

- 36 (1) A health care initiative to provide to veterans increased access to health care
37 resources through the care coordination efforts of community health workers.
- 38 (2) A workforce initiative to recruit and train unemployed and underemployed
39 veterans as community health workers for the health care initiative described
40 in subdivision (1) of this section.

41 **SECTION 9B.5.(b)** Termination. – The pilot program authorized by this section
42 shall terminate on June 30, 2021.

43 **SECTION 9B.5.(c)** Evaluation. – By February 1, 2022, the Department of Health
44 and Human Services shall conduct and submit to the Joint Legislative Oversight Committee on
45 Health and Human Services a comprehensive evaluation of the pilot program authorized by this
46 section. The comprehensive evaluation shall include at least all of the following:

- 47 (1) A detailed breakdown of expenditures for the pilot program.
- 48 (2) The specific ways in which the health care initiative provided to veterans
49 increased access to health care resources.

- 1 (3) The total number of unemployed and underemployed veterans who were
2 recruited and trained as community health workers under the pilot program's
3 workforce initiative.
4

5 **ELIMINATION OF UNNECESSARY AND REDUNDANT REPORTS**

6 **SECTION 9B.6.(a)** Eliminate Report on Expansion of Controlled Substances
7 Reporting System Monitoring Capacity. – G.S. 90-113.73A(b) is repealed.

8 **SECTION 9B.6.(b)** Eliminate Report on Coordination of Diabetes Programs. –
9 G.S. 130A-221.1(b) is repealed.

10 **SECTION 9B.6.(c)** Eliminate Report on Department's Coordination of Chronic Care
11 Initiatives. – G.S. 130A-222.5(3) is repealed.

12 **SECTION 9B.6.(d)** Eliminate Report on Compliance with Federal Maintenance of
13 Effort Requirements Under TANF. – G.S. 108A-27.12(g) is repealed.

14 **SECTION 9B.6.(e)** Eliminate Report on Use of Lapsed Salary Funds. –
15 G.S. 120-208.4(b) is repealed.
16

17 **NORTH CAROLINA RARE DISEASE ADVISORY COUNCIL FUNDS**

18 **SECTION 9B.7.** Of the funds appropriated to the Department of Health and Human
19 Services, Division of Central Management and Support, the sum of two hundred fifty thousand
20 dollars (\$250,000) in recurring funds for the 2019-2020 fiscal year and the sum of two hundred
21 fifty thousand dollars (\$250,000) in recurring funds for the 2020-2021 fiscal year shall be
22 allocated to the School of Medicine of the University of North Carolina at Chapel Hill to support
23 the activities of the Advisory Council on Rare Diseases (Council) established pursuant to
24 G.S. 130A-33.65. These funds shall be used to develop a rare disease network across the State
25 for the purposes of collecting data regarding regional rare disease prevalence, stimulating rare
26 disease collaborations, and creating biotechnology economic development opportunities. The
27 Council shall partner with legislators and other stakeholders in various regions of the State to
28 increase public awareness and improve diagnosis times for individuals with rare diseases. In
29 addition, the Council shall develop key strategies on increasing access to information, integrated
30 and innovative support services, translational research collaborations, educational programs, and
31 accelerated technology, as well as emphasizing economic development and retention of talented
32 researchers. In support of these activities, the funds allocated pursuant to this section shall be
33 used by the Council for the following:

- 34 (1) The sum of thirty thousand dollars (\$30,000) to be used to primarily support
35 seminars on rare diseases to be held throughout the State.
36 (2) The sum of twenty-five thousand dollars (\$25,000) to be used to support travel
37 and per diem for members of the Council to attend conferences and other
38 partnership organization activities related to rare diseases.
39 (3) The sum of five thousand dollars (\$5,000) to maintain a Web site and social
40 media presence and to create material on activities of the Council.
41 (4) The sum of one hundred sixty thousand dollars (\$160,000) to establish
42 positions to support the Council, including contracting for temporary
43 employees to launch larger initiatives of the Council.
44 (5) The sum of thirty thousand dollars (\$30,000) for literature, equipment, and
45 supplies to support the Council's activities.
46

47 **COMPETITIVE GRANTS/NONPROFIT ORGANIZATIONS**

48 **SECTION 9B.8.(a)** Of the funds appropriated in this act to the Department of Health
49 and Human Services, Division of Central Management and Support, for each year of the
50 2019-2021 fiscal biennium, the following amounts shall be used to allocate funds for nonprofit
51 organizations:

- 1 (1) The sum of eleven million one hundred fifty-three thousand nine hundred
2 eleven dollars (\$11,153,911) in recurring funds for each year of the 2019-2021
3 fiscal biennium.
- 4 (2) The sum of four hundred fifty thousand dollars (\$450,000) in nonrecurring
5 funds for each year of the 2019-2021 fiscal biennium.
- 6 (3) The sum of four million seven hundred seventy-four thousand five hundred
7 twenty-five dollars (\$4,774,525) for each year of the 2019-2021 fiscal
8 biennium appropriated in Section 9K.1(a) of this act in Social Services Block
9 Grant funds.
- 10 (4) The sum of one million six hundred thousand dollars (\$1,600,000) for each
11 year of the 2019-2021 fiscal biennium appropriated in Section 9K.1 of this act
12 in Substance Abuse Prevention and Treatment Block Grant funds.

13 **SECTION 9B.8.(b)** The Department shall continue administering a competitive
14 grants process for nonprofit funding. The Department shall administer a plan that, at a minimum,
15 includes each of the following:

- 16 (1) A request for application (RFA) process to allow nonprofits to apply for and
17 receive State funds on a competitive basis. The Department shall require
18 nonprofits to include in the application a plan to evaluate the effectiveness,
19 including measurable impact or outcomes, of the activities, services, and
20 programs for which the funds are being requested.
- 21 (2) A requirement that nonprofits match a minimum of fifteen percent (15%) of
22 the total amount of the grant award.
- 23 (3) A requirement that the Secretary prioritize grant awards to those nonprofits
24 that are able to leverage non-State funds in addition to the grant award.
- 25 (4) A process that awards grants to nonprofits that have the capacity to provide
26 services on a statewide basis and that support any of the following State health
27 and wellness initiatives:
 - 28 a. A program targeting advocacy, support, education, or residential
29 services for persons diagnosed with autism.
 - 30 b. A system of residential supports for those afflicted with substance
31 abuse addiction.
 - 32 c. A program of advocacy and supports for individuals with intellectual
33 and developmental disabilities or severe and persistent mental illness,
34 substance abusers, or the elderly.
 - 35 d. Supports and services to children and adults with developmental
36 disabilities or mental health diagnoses.
 - 37 e. A food distribution system for needy individuals.
 - 38 f. The provision and coordination of services for the homeless.
 - 39 g. The provision of services for individuals aging out of foster care.
 - 40 h. Programs promoting wellness, physical activity, and health education
41 programming for North Carolinians.
 - 42 i. The provision of services and screening for blindness.
 - 43 j. A provision for the delivery of after-school services for
44 apprenticeships or mentoring at-risk youth.
 - 45 k. The provision of direct services for amyotrophic lateral sclerosis
46 (ALS) and those diagnosed with the disease.
 - 47 l. A comprehensive smoking prevention and cessation program that
48 screens and treats tobacco use in pregnant women and postpartum
49 mothers.

1 m. A program providing short-term or long-term residential substance
2 abuse services. For purposes of this sub-subdivision, "long-term"
3 means a minimum of 12 months.

4 n. A program that provides year-round sports training and athletic
5 competition for children and adults with disabilities.

6 It is the intent of the General Assembly that annually the Secretary evaluate
7 and prioritize the categories of health and wellness initiatives described under
8 this subdivision to determine the best use of these funds in making grant
9 awards, exclusive of direct allocations made by the General Assembly.

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

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

14 (7) A requirement that initial disbursement of the grants be awarded no later than
15 30 days after certification of the State budget for the respective fiscal year.

16 **SECTION 9B.8.(c)** No later than July 1 of each year, as applicable, the Secretary
17 shall announce the recipients of the competitive grant awards and allocate funds to the grant
18 recipients for the respective grant period pursuant to the amounts designated under subsection
19 (a) of this section. After awards have been granted, by September 1 of each year, the Secretary
20 shall submit a report to the Joint Legislative Oversight Committee on Health and Human Services
21 on the grant awards that includes at least all of the following:

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

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

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

27 **SECTION 9B.8.(d)** No later than December 1 of each fiscal year, each nonprofit
28 organization receiving funding pursuant to this section in the respective fiscal year shall submit
29 to the Division of Central Management and Support a written report of all activities funded by
30 State appropriations. The report shall include the following information about the fiscal year
31 preceding the year in which the report is due:

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

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

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

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

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

42 **SECTION 9B.8.(e)** For the 2019-2021 fiscal biennium only, from the funds
43 identified in subsection (a) of this section, the Department shall make the following allocations,
44 provided that each nonprofit organization receiving funds pursuant to this subsection shall be
45 required to seek future funding through the competitive grants process in accordance with
46 subsection (b) of this section:

47 (1) The sum of three hundred fifty thousand dollars (\$350,000) in each year of
48 the 2019-2021 fiscal biennium to provide grants to Big Brothers Big Sisters.

49 (2) The sum of one million six hundred twenty-five thousand dollars (\$1,625,000)
50 for each year of the 2019-2021 fiscal biennium and the sum of one million six
51 hundred thousand dollars (\$1,600,000) appropriated in Section 9K.1(a) of this

act in Substance Abuse Prevention and Treatment Block Grant funds in each year of the 2019-2021 fiscal biennium to Triangle Residential Options for Substance Abusers, Inc., (TROSAs) for the purpose of assisting individuals with substance abuse addiction.

- (3) The sum of two million seven hundred fifty thousand dollars (\$2,750,000) in each year of the 2019-2021 fiscal biennium to provide grants to Boys and Girls Clubs across the State to implement (i) programs that improve the motivation, performance, and self-esteem of youth and (ii) other initiatives that would be expected to reduce gang participation, school dropout, and teen pregnancy rates.
- (4) The sum of two hundred fifty thousand dollars (\$250,000) to Cross Trail Outfitters for purposes of promoting wellness and physical activity for youth seven to 20 years of age.
- (5) The sum of three million four hundred eighty-six thousand three hundred twenty-one dollars (\$3,486,321) recurring in each year of the 2019-2021 fiscal biennium and the sum of two hundred fifty thousand dollars (\$250,000) nonrecurring in each year of the 2019-2021 fiscal biennium to food banks in this State for the provision of food distribution to needy individuals, including Food Bank of the Albemarle, North Carolina Association of Feeding America Food Banks, MANNA Food Bank, Action Pathways, Food Bank of Central and Eastern North Carolina, Second Harvest Food Bank of Northwest North Carolina, and Second Harvest Food Bank of Metrolina.
- (6) The sum of two hundred thirty-two thousand seven hundred fifty-seven dollars (\$232,757) in each year of the 2019-2021 fiscal biennium to the North Carolina Senior Games for purposes of promoting health and education for North Carolinians 50 years of age and better.
- (7) The sum of one hundred thousand dollars (\$100,000) in each year of the 2019-2021 fiscal biennium to Special Olympics North Carolina to promote training and athletic competition for children and adults with intellectual disabilities.

STRENGTHEN CHILD FATALITY PREVENTION SYSTEM

SECTION 9B.9.(a) Article 3 of Chapter 143B of the General Statutes is amended by adding a new Part to read:

"Part 4C. State Office of Child Fatality Prevention.

"§ 143B-150.25. Definitions.

The following definitions apply in this Article:

- (1) Child death review team. – The collective term for a multidisciplinary team responsible for performing any type of child fatality review pursuant to this Article, the Juvenile Code of Article 14 of Chapter 7B of the General Statutes, or G.S. 143B-150.20.
- (2) State Office. – The State Office of Child Fatality Prevention established under this Article.
- (3) Child Fatality Prevention System. – The statewide system comprised of the following:
 - a. Child death review teams.
 - b. The North Carolina Child Fatality Task Force created in G.S. 7B-1402.
 - c. State and local staff who support the work of the groups described in sub-subdivisions a. and b.
 - d. Medical examiner child fatality staff.

- 1 (4) Medical examiner child fatality staff. – Staff within the Office of the Chief
2 Medical Examiner whose primary responsibilities involve addressing child
3 fatalities.

4 **"§ 143B-150.26. Establishment and purpose of State Office.**

5 (a) The State Office of Child Fatality Prevention is established within the Department of
6 Health and Human Services, Division of Public Health, to serve as the lead agency for child
7 fatality prevention in North Carolina. The purpose of the State Office is to oversee the
8 coordination of State-level support functions for the entire North Carolina Child Fatality
9 Prevention System in a way that maximizes efficiency and effectiveness and expands system
10 capacity. The Department shall determine the most appropriate placement for, and configuration
11 of, State Office staff within the Department, subject to the following limitation: medical examiner
12 child fatality staff shall continue to work under the direction of the Chief Medical Examiner and
13 address child fatalities within the jurisdiction of the medical examiner pursuant to
14 G.S. 130A-383, while working collaboratively with the State Office and child death review
15 teams.

16 **"§ 143B-150.27. Powers and duties.**

- 17 (1) To coordinate the work of the statewide Child Fatality Prevention System.
18 (2) To implement and manage a centralized data and information system capable
19 of gathering, analyzing, and reporting aggregate information from child death
20 review teams with appropriate protocols for sharing information and
21 protecting confidentiality.
22 (3) To create and implement tools, guidelines, resources, and training, and
23 provide technical assistance for child death review teams to enable the teams
24 to do the following:
25 a. Conduct effective reviews.
26 b. Make effective recommendations about child fatality prevention.
27 c. Gather, analyze, and appropriately report on case data and findings
28 while protecting confidentiality.
29 d. Facilitate the implementation of prevention strategies in their
30 communities.
31 (4) To convene and facilitate a multidisciplinary Fatality Review and Data Group
32 to advise the State Office with respect to the submission of information and
33 reports to the Child Fatality Task Force, child death review teams, and other
34 relevant organizations.
35 (5) To perform research, convene stakeholders and experts, and collaborate with
36 other organizations and individuals for the purpose of understanding the direct
37 and contributing causes of child deaths as well as evidence-driven strategies,
38 programs, and policies to prevent child deaths, abuse, and neglect in order to
39 inform the work of the Child Fatality Prevention System or as requested by
40 the Child Fatality Task Force.
41 (6) To educate State and local leaders, including the General Assembly, executive
42 department heads, as well as stakeholders, advocates, and the public about the
43 Child Fatality Prevention System and issues and prevention strategies
44 addressed by the system.
45 (7) To collaborate with State and local agencies, nonprofit organizations,
46 academia, advocacy organizations, and others to facilitate the implementation
47 of evidence-driven initiatives to prevent child abuse, neglect, and death, such
48 as education and awareness initiatives.
49 (8) To create and implement processes for evaluating the ability of the Child
50 Fatality Prevention System to achieve outcomes sought to be accomplished
51 by the system and to report to the Child Fatality Task Force on these

1 evaluations and on statewide functioning of the Child Fatality Prevention
2 System."

3 **SECTION 9B.9.(b)** Of the funds appropriated to the Department of Health and
4 Human Services, Division of Public Health, the sum of one hundred fifty thousand dollars
5 (\$150,000) in recurring funds for the 2019-2020 fiscal year and the sum of three hundred
6 thousand dollars (\$300,000) in recurring funds for the 2020-2021 fiscal year, shall be used to
7 establish and operate the State Office of Child Fatality Prevention (State Office) established
8 under Part 4C of Article 3 of Chapter 143B of the General Statutes, as enacted by this section.
9 The Department of Health and Human Services shall not use funds appropriated in this subsection
10 for any purpose other than the purpose specified in this subsection.

11 **SECTION 9B.9.(c)** Subsection (b) of this section becomes effective July 1, 2019.

12 **SECTION 9B.9.(d)** It is the intent of the General Assembly to restructure North
13 Carolina's Child Fatality Prevention System in order to eliminate the silos and redundancy that
14 exist within the current system, implement centralized coordination of the system, streamline the
15 system's State-level support functions, maximize the usefulness of data and information derived
16 from teams that review child fatalities, ensure that relevant and appropriate information and
17 recommendations from teams that review child fatalities reach appropriate local and State
18 leaders, and strengthen the system's effectiveness in preventing child abuse, neglect, and death.
19 To that end, by March 4, 2020, the Department of Health and Human Services, in consultation
20 with individuals knowledgeable about child fatality review and prevention, shall develop and
21 submit to the Joint Legislative Oversight Committee on Health and Human Services a detailed
22 written proposal for restructuring the statewide Child Fatality Prevention System. The
23 Department's plan shall, at a minimum, include recommendations for accomplishing all of the
24 following:

- 25 (1) Reducing the number and types of child death review teams by combining the
26 functions of the Local Child Fatality Prevention Team, Community Child
27 Protection Team, State Child Fatality Prevention Team, and State Child
28 Fatality Review Team into a single local team with different procedures and
29 required participants for different categories of child fatality reviews, with
30 attention given to the following:
- 31 a. A plan that allows a local team to choose whether to be a single-county
32 or multicounty team.
 - 33 b. An examination of the purpose, process, and function of child death
34 reviews related to abuse and neglect that are currently conducted by
35 the Child Fatality Review Team, State Child Fatality Prevention
36 Review Team, and Community Child Protection Teams, and a plan
37 that articulates the most appropriate purpose and functions for these
38 types of reviews, along with specialized procedures, team participants,
39 and State-level technical assistance necessary to fully address such
40 cases. This plan shall take into account the different methods of
41 information collection and sharing by these two teams as well as any
42 relevant federal laws, such as those related to State child abuse
43 prevention plans.
 - 44 c. Whether there is a need for specialized procedures and required
45 participants for certain categories of infant deaths or other categories
46 of deaths.
 - 47 d. Whether there are circumstances under which a State-level team
48 review of a child fatality would be occasionally, but not routinely,
49 necessary and if so, a description of those circumstances and a plan for
50 how the Fatality Review and Data Group should be structured to carry
51 out this function.

- 1 (2) Discontinuing the practices of using (i) Community Child Protection Teams
2 as citizen review panels to fulfill the requirements of the federal Child Abuse
3 Prevention and Treatment Act and (ii) child death review teams to review
4 active cases involving children and families involved with local departments
5 of social services child protective services. The Department's recommended
6 plan shall include a more effective framework for meeting federal
7 requirements for citizen review panels and for reviewing active cases
8 involving children and families involved with local departments of social
9 services child protective services.
- 10 (3) Reducing the volume of team fatality reviews by changing the types of deaths
11 requiring review based on specific categories of death most likely to yield
12 prevention opportunities, including deaths resulting from the following:
- 13 a. Undetermined causes.
 - 14 b. Unintentional injury.
 - 15 c. Violence.
 - 16 d. Motor vehicle incidents.
 - 17 e. Child abuse or neglect, suspected child abuse or neglect, or cases
18 involving children and families involved with local departments of
19 social services child protective services within the 12-month period
20 preceding the fatality.
 - 21 f. Sudden unexpected infant death.
 - 22 g. Suicide.
 - 23 h. Deaths not expected in the next six months.
 - 24 i. Infant deaths that meet criteria determined by the Department, in
25 consultation with child fatality review and prevention experts and
26 perinatal health experts, in order to optimize the identification of
27 prevention opportunities.
 - 28 j. Any other category of death determined by the Department for which
29 team review would be likely to yield prevention opportunities.
- 30 (4) Implementing a centralized electronic data and information system for data
31 and information managed by the State Office that includes all of the following:
- 32 a. Participation in the National Child Death Review Case Reporting
33 System.
 - 34 b. Creation, implementation, and support for procedures and tools
35 addressing data and reporting for child death review teams.
 - 36 c. Development and implementation of policies and procedures for
37 appropriate sharing and protection of information and data with
38 respect to information used by or generated from child fatality reviews.
 - 39 d. An evaluation of existing laws, rules, and policies addressing
40 information protection and sharing as it relates to child death reviews
41 in order to make recommendations concerning any changes needed to
42 support the effective functioning of the restructured statewide Child
43 Fatality Prevention System.
- 44 (5) Creating a multi-sector, multidisciplinary Fatality Review and Data Group to
45 be convened and facilitated by the State Office for the purpose of periodically
46 reviewing aggregate data and recommendations from child death review
47 teams and child death data from the Office of the Chief Medical Examiner in
48 order to advise State Office staff on relevant, appropriate information and
49 reports that should be submitted to the Child Fatality Task Force, distributed
50 among child death review teams, submitted directly to relevant organizations,
51 or a combination of these.

- 1 (2a) Medical Examiner Child Fatality Staff. – Staff within the Office of the Chief
 2 Medical Examiner whose primary responsibilities involve addressing child
 3 fatalities.
 4 (2b) State Office. – The State Office of Child Fatality Prevention established under
 5 Part 4C of Article 3 of Chapter 143B of the General Statutes that coordinates
 6 the work of the Child Fatality Prevention System.
 7 (3) State Team. – The North Carolina Child Fatality Prevention Team.
 8 (4) Task Force. – The North Carolina Child Fatality Task Force.
 9 (5) ~~Team Coordinator. Coordinators. – The Child Fatality Prevention Team~~
 10 ~~Coordinator.~~ Any individual designated within the State Office to work as a
 11 Child Fatality Prevention Team Coordinator.

12 **"§ 7B-1402. Task Force – creation; membership; vacancies.**

13 (a) There is created the North Carolina Child Fatality Task Force within the Department
 14 of Health and Human Services for budgetary purposes only.

15 (b) The Task Force shall be composed of ~~35~~36 members, ~~11~~12 of whom shall be ex
 16 officio members, four of whom shall be appointed by the Governor, 10 of whom shall be
 17 appointed by the Speaker of the House of Representatives, and 10 of whom shall be appointed
 18 by the President Pro Tempore of the Senate. The ex officio members other than the Chief Medical
 19 Examiner ~~shall be nonvoting members and~~ may designate representatives from their particular
 20 departments, divisions, or offices to represent them on the Task Force. In making appointments
 21 or designating representatives, appointing authorities and ex officio members shall use best
 22 efforts to select members or representatives with sufficient knowledge and experience to
 23 effectively contribute to the issues examined by the Task Force and, to the extent possible, to
 24 reflect the geographical, political, gender, and racial diversity of this State. The members shall
 25 be as follows:

- 26 (1) The Chief Medical ~~Examiner;~~Examiner.
 27 (2) The Attorney ~~General;~~General.
 28 (3) The Director of the Division of Social ~~Services;~~Services.
 29 (4) The Director of the State Bureau of ~~Investigation;~~Investigation.
 30 (5) The Director of the ~~Division of Maternal and Child Health~~ Section of the
 31 Department of Health and Human ~~Services;~~Services.
 32 (6) The chair of the Council for Women and Youth ~~Involvement;~~Involvement.
 33 (7) The Superintendent of Public ~~Instruction;~~Instruction.
 34 (8) The Chairman of the State Board of ~~Education;~~Education.
 35 (9) The Director of the Division of Mental Health, Developmental Disabilities,
 36 and Substance Abuse ~~Services;~~Services.
 37 (10) The Secretary of the Department of Health and Human ~~Services;~~Services.
 38 (11) The Director of the Administrative Office of the ~~Courts;~~Courts.
 39 (11a) The Director of the Juvenile Justice Section, Division of Adult Correction and
 40 Juvenile Justice, Department of Public Safety.
 41 (12) A director of a county department of social services, appointed by the
 42 Governor upon recommendation of the President of the North Carolina
 43 Association of County Directors of Social ~~Services;~~Services.
 44 (13) A representative from a Sudden Infant Death Syndrome or safe infant sleep
 45 counseling and education program, appointed by the Governor upon
 46 recommendation of the Director of the ~~Division of Maternal and Child Health~~
 47 Section of the Department of Health and Human ~~Services;~~Services.
 48 (14) A representative from the ~~North Carolina Child Advocacy Institute, NC Child,~~
 49 appointed by the Governor upon recommendation of the President of the
 50 Institute; organization.

- 1 (15) A director of a local department of health, appointed by the Governor upon
 2 the recommendation of the President of the North Carolina Association of
 3 Local Health ~~Directors;~~Directors.
 4 (16) A representative from a private group, other than ~~the North Carolina Child~~
 5 ~~Advocacy Institute, NC Child,~~ that advocates for children, appointed by the
 6 Speaker of the House of Representatives upon recommendation of private
 7 child advocacy ~~organizations;~~organizations.
 8 (17) A pediatrician, licensed to practice medicine in North Carolina, appointed by
 9 the Speaker of the House of Representatives upon recommendation of the
 10 North Carolina Pediatric ~~Society;~~Society.
 11 (18) A representative from the North Carolina League of Municipalities, appointed
 12 by the Speaker of the House of Representatives upon recommendation of the
 13 ~~League;~~League.
 14 (18a) A representative from the North Carolina Domestic Violence Commission,
 15 appointed by the Speaker of the House of Representatives upon
 16 recommendation of the Director of the ~~Commission;~~Commission.
 17 (19) One public member, appointed by the Speaker of the House of
 18 ~~Representatives;~~Representatives.
 19 (20) A county or municipal law enforcement officer, appointed by the President
 20 Pro Tempore of the Senate upon recommendation of organizations that
 21 represent local law enforcement ~~officers;~~officers.
 22 (21) A district attorney, appointed by the President Pro Tempore of the Senate upon
 23 recommendation of the President of the North Carolina Conference of District
 24 ~~Attorneys;~~Attorneys.
 25 (22) A representative from the North Carolina Association of County
 26 Commissioners, appointed by the President Pro Tempore of the Senate upon
 27 recommendation of the ~~Association;~~Association.
 28 (22a) A representative from the North Carolina Coalition Against Domestic
 29 Violence, appointed by the President Pro Tempore of the Senate upon
 30 recommendation of the Executive Director of the ~~Coalition;~~Coalition.
 31 (23) One public member, appointed by the President Pro Tempore of the ~~Senate;~~
 32 ~~and~~Senate.
 33 (24) Five members of the Senate, appointed by the President Pro Tempore of the
 34 Senate, and five members of the House of Representatives, appointed by the
 35 Speaker of the House of Representatives.

36 (c) All members of the Task Force are voting members. Vacancies in the appointed
 37 membership shall be filled by the appointing officer who made the initial appointment. Terms
 38 shall be two years. ~~The members shall elect a chair who shall preside for the duration of the~~
 39 ~~chair's term as member. In the event a vacancy occurs in the chair before the expiration of the~~
 40 ~~chair's term, the members shall elect an acting chair to serve for the remainder of the unexpired~~
 41 ~~term.~~

42 **"§ 7B-1402.1. Task Force – organization; committees, leadership, policies and procedures;**
 43 **public meetings.**

44 (a) Committees. – The Task Force shall carry out its duties through the work of the
 45 following three committees:

- 46 (1) A Perinatal Health Committee to address healthy pregnancies, births, and
 47 infants.
 48 (2) An Unintentional Death Prevention Committee to address the prevention of
 49 deaths resulting from unintentional causes such as motor vehicle or bicycle
 50 accidents, poisoning, burning, or drowning.

- 1 (3) An Intentional Death Prevention Committee to address the prevention of
2 deaths resulting from intentional causes such as homicide, suicide, abuse, or
3 neglect.

4 Based on a process developed by the Executive Committee and approved by a majority vote
5 of the Task Force pursuant to subsection (c)(2) of this section, Task Force members shall be
6 assigned to the three committees, and volunteers with expertise in the subject matter of the
7 committees shall be identified and selected to participate on, and contribute to the work of, the
8 committees.

9 The Task Force or any of its committees may request assistance from the State Office in the
10 performance of its duties, including assistance with administrative functions, research, or the
11 convening and facilitation of special stakeholder groups or work groups to more fully address an
12 issue of interest to the Task Force or any of its committees in order to better inform their work.

13 Each committee shall submit recommendations approved by a majority vote of the committee
14 members to the Task Force for consideration. Committee recommendations shall not become
15 final until approved by a majority vote of the Task Force.

16 (b) Leadership. – The leadership of the Task Force and its committees shall be organized
17 as follows:

- 18 (1) Task Force chair or cochair. – Task Force members shall elect by a majority
19 vote a chair or two cochair from among its membership, who shall preside
20 for the duration of the chair's or cochair's term. In the event a vacancy occurs
21 in a chair position before the expiration of the chair's term, the Task Force
22 members shall elect an acting chair to serve for the remainder of the unexpired
23 term or, if there are cochair, may elect not to fill the vacant cochair position
24 and to be led by the remaining cochair.

- 25 (2) Committee cochair. – Task Force members shall elect by a majority vote of
26 the Task Force two cochair per committee, at least one of whom shall be a
27 Task Force member and one of whom may be a nonmember with expertise in
28 the subject matter of the committee. Committee cochair shall serve for a term
29 of two years and are not subject to term limits.

- 30 (3) Executive Committee. – The Executive Committee shall be comprised of the
31 Task Force chair or cochair, the committee cochair, and any current Task
32 Force Coordinator or Director. The Executive Committee is responsible for
33 all of the following:

- 34 a. Discussing and advising the Task Force with respect to its business
35 and administration.
36 b. Advising Task Force staff on issues between meetings.
37 c. Developing recommended policies and procedures for consideration
38 by the full Task Force as described in subsection (c) of this section.
39 d. Working to advance approved Task Force recommendations.

- 40 (4) Staff. – The Task Force Chairs shall work with the Secretary of the
41 Department of Health and Human Services to hire or designate staff to
42 coordinate the work of the Task Force; educate department heads, the General
43 Assembly, and organizations whose work addresses child health and safety,
44 and the public about Task Force findings and recommendations; serve as
45 representatives of the Task Force; and assist the Task Force in any other way
46 the Executive Committee deems necessary in carrying out the duties of the
47 Task Force.

48 (c) Policies and Procedures. – The Executive Committee of the Task Force shall develop,
49 and from time to time revise as necessary, policies and procedures to facilitate the efficient and
50 effective operations of the Task Force. These policies and procedures and any recommended

1 revisions become effective upon approval by a majority vote of the Task Force. The Executive
 2 Committee shall develop policies and procedures that, at a minimum, address the following:

- 3 (1) Nominations and elections of a Task Force chair or cochairs and committee
 4 cochairs.
- 5 (2) Assignment of Task Force members to specific committees as well as the
 6 identification of volunteers to serve on committees with representation from
 7 relevant agencies and a relevant range of subject matter experts.
- 8 (3) Voting rules.
- 9 (4) The manner in which issues are identified for study by the Task Force.
- 10 (5) Expectations of members related to attendance.
- 11 (6) Conflicts of interest.

12 (d) Public Meetings. – Meetings of the Task Force and its three subject area committees
 13 are subject to the public meeting requirements of Article 33C of Chapter 143 of the General
 14 Statutes. Meetings of the Executive Committee, stakeholder groups, or work groups convened to
 15 more fully address an issue of interest to the Task Force or its subject area committees are not
 16 subject to these requirements.

17 **"§ 7B-1403. Task Force – duties.**

18 The Task Force ~~shall~~ shall do all of the following:

- 19 (1) ~~Undertake a statistical study of the incidences and causes of child deaths in~~
 20 ~~this State and establish a profile of child deaths, as well as evidence-driven~~
 21 ~~strategies for preventing future child deaths, abuse, and neglect. The study~~
 22 ~~shall include (i) an analysis of all community and private and public agency~~
 23 ~~involvement with the decedents and their families prior to death, and (ii) an at~~
 24 ~~least all of the following:~~
 - 25 a. Aggregate information from child death reviews compiled by the State
 26 Office addressing data on child deaths, the identification of system
 27 problems, and team recommendations for prevention strategies.
 - 28 b. A data analysis of all child deaths by age, cause, race and ethnicity,
 29 socioeconomic status, and geographic distribution; distribution.
 - 30 c. Information from subject matter experts that can inform the
 31 understanding of the causes of child deaths; strategies to prevent child
 32 deaths, abuse, and neglect; or a combination of these.
- 33 (2) ~~Develop a system for multidisciplinary review of child deaths. In developing~~
 34 ~~such a system, the Task Force shall study the operation of existing Local~~
 35 ~~Teams. The Task Force shall also consider the feasibility and desirability of~~
 36 ~~local or regional review teams and, should it determine such teams to be~~
 37 ~~feasible and desirable, develop guidelines for the operation of the teams. The~~
 38 ~~Task Force shall also examine the laws, rules, and policies relating to~~
 39 ~~confidentiality of and access to information that affect those agencies with~~
 40 ~~responsibilities for children, including State and local health, mental health,~~
 41 ~~social services, education, and law enforcement agencies, to determine~~
 42 ~~whether those laws, rules, and policies inappropriately impede the exchange~~
 43 ~~of information necessary to protect children from preventable deaths, and, if~~
 44 ~~so, recommend changes to them; Advise the State Office of Child Fatality~~
 45 Prevention with respect to the operation of an effective statewide system for
 46 multidisciplinary review of child deaths and the implementation of
 47 evidence-driven strategies to prevent child deaths, abuse, and neglect.
- 48 (3) ~~Receive and consider reports from the State Team; and Team and the State~~
 49 Office.

1 (4) Develop recommendations for changes in law, policy, rules, or the
 2 implementation of evidence-driven prevention strategies to be included in the
 3 annual report required by G.S. 7B-1412.

4 (5) Perform any other studies, evaluations, or determinations the Task Force
 5 considers necessary to carry out its mandate.

6 **"§ 7B-1404. State Team – creation; membership; vacancies.**

7 (a) There is created the North Carolina Child Fatality Prevention Team within the
 8 Department of Health and Human Services for budgetary purposes only.

9 (b) The State Team shall be composed of the following 11 members of whom nine
 10 members are ex officio and two are appointed:

11 (1) The Chief Medical Examiner, who shall chair the State Team;

12 (2) The Attorney General;

13 (3) The Director of the Division of Social Services, Department of Health and
 14 Human Services;

15 (4) The Director of the State Bureau of Investigation;

16 (5) The Director of the Division of Maternal and Child Health of the Department
 17 of Health and Human Services;

18 (6) The Superintendent of Public Instruction;

19 (7) The Director of the Division of Mental Health, Developmental Disabilities,
 20 and Substance Abuse Services, Department of Health and Human Services;

21 (8) The Director of the Administrative Office of the Courts;

22 (9) The pediatrician appointed pursuant to G.S. 7B-1402(b) to the Task Force;

23 (10) A public member, appointed by the Governor; and

24 (11) ~~The Team Coordinator.~~Coordinators.

25 The ex officio members other than the Chief Medical Examiner may designate a
 26 representative from their departments, divisions, or offices to represent them on the State Team.

27 (c) All members of the State Team are voting members. Vacancies in the appointed
 28 membership shall be filled by the appointing officer who made the initial appointment.

29 **"§ 7B-1405. State Team – duties.**

30 The State Team ~~shall~~shall do all of the following:

31 (1) Review current deaths of children when those deaths are attributed to child
 32 abuse or neglect or when the decedent was reported as an abused or neglected
 33 juvenile pursuant to G.S. 7B-301 at any time before ~~death;~~death.

34 (2) Report to the Task Force ~~during the existence of the Task Force,~~ in the format
 35 and at the time required by the Task Force, on the State Team's activities and
 36 its recommendations for changes to any law, rule, and policy that would
 37 promote the safety and well-being of ~~children;~~children.

38 (3) Upon request of a Local Team, provide technical assistance to the
 39 ~~Team;~~Team.

40 (4) ~~Periodically assess the operations of the multidisciplinary child fatality~~
 41 ~~prevention system and make recommendations for changes as needed;~~

42 (5) ~~Work with the Team Coordinator to develop guidelines for selecting child~~
 43 ~~deaths to receive detailed, multidisciplinary death reviews by Local Teams~~
 44 ~~that review cases of additional child fatalities; and~~

45 (6) Receive reports of findings and recommendations from Local Teams that
 46 review cases of additional child fatalities and work with the ~~Team Coordinator~~
 47 Coordinators to implement recommendations.

48 **"§ 7B-1406. Community Child Protection Teams; Child Fatality Prevention Teams;**
 49 **creation and duties.**

50 (a) Community Child Protection Teams are established in every county of the State. Each
 51 Community Child Protection Team shall:

- 1 (1) Review, in accordance with the procedures established by the director of the
2 county department of social services under G.S. 7B-1409:
3 a. Selected active cases in which children are being served by child
4 protective services; and
5 b. Cases in which a child died as a result of suspected abuse or neglect,
6 and
7 1. A report of abuse or neglect has been made about the child or
8 the child's family to the county department of social services
9 within the previous 12 months, or
10 2. The child or the child's family was a recipient of child
11 protective services within the previous 12 months.
12 (2) Submit annually to the board of county commissioners recommendations, if
13 any, and advocate for system improvements and needed resources where gaps
14 and deficiencies may exist.

15 In addition, each Community Child Protection Team may review the records of all additional
16 child fatalities and report findings in connection with these reviews to the Team
17 ~~Coordinator.~~Coordinators.

18 (b) Any Community Child Protection Team that determines it will not review additional
19 child fatalities shall notify the Team ~~Coordinator.~~Coordinators. In accordance with the plan
20 established under G.S. 7B-1408(1), a separate Child Fatality Prevention Team shall be
21 established in that county to conduct these reviews. Each Child Fatality Prevention Team shall:

- 22 (1) Review the records of all cases of additional child fatalities.
23 (2) Submit annually to the board of county commissioners recommendations, if
24 any, and advocate for system improvements and needed resources where gaps
25 and deficiencies may exist.
26 (3) Report findings in connection with these reviews to the Team
27 ~~Coordinator.~~Coordinators.
28 (c) All reports to the Team ~~Coordinator.~~Coordinators under this section shall include:
29 (1) A listing of the system problems identified through the review process and
30 recommendations for preventive actions;
31 (2) Any changes that resulted from the recommendations made by the Local
32 Team;
33 (3) Information about each death reviewed; and
34 (4) Any additional information requested by the Team ~~Coordinator.~~Coordinators.

35 **"§ 7B-1407. Local Teams; composition.**

36 (a) Each Local Team shall consist of representatives of public and nonpublic agencies in
37 the community that provide services to children and their families and other individuals who
38 represent the community. No single team shall encompass a geographic or governmental area
39 larger than one county.

40 (b) Each Local Team shall consist of the following persons:

- 41 (1) The director of the county department of social services and a member of the
42 director's staff;
43 (2) A local law enforcement officer, appointed by the board of county
44 commissioners;
45 (3) An attorney from the district attorney's office, appointed by the district
46 attorney;
47 (4) The executive director of the local community action agency, as defined by
48 the Department of Health and Human Services, or the executive director's
49 designee;
50 (5) The superintendent of each local school administrative unit located in the
51 county, or the superintendent's designee;

- 1 (6) A member of the county board of social services, appointed by the chair of
2 that board;
- 3 (7) A local mental health professional, appointed by the director of the area
4 authority established under Chapter 122C of the General Statutes;
- 5 (8) The local guardian ad litem coordinator, or the coordinator's designee;
- 6 (9) The director of the local department of public health; and
- 7 (10) A local health care provider, appointed by the local board of health.
- 8 (c) In addition, a Local Team that reviews the records of additional child fatalities shall
9 include the following five additional members:
- 10 (1) An emergency medical services provider or firefighter, appointed by the board
11 of county commissioners;
- 12 (2) A district court judge, appointed by the chief district court judge in that
13 district;
- 14 (3) A county medical examiner, appointed by the Chief Medical Examiner;
- 15 (4) A representative of a local child care facility or Head Start program, appointed
16 by the director of the county department of social services; and
- 17 (5) A parent of a child who died before reaching the child's eighteenth birthday,
18 to be appointed by the board of county commissioners.
- 19 (d) The Team ~~Coordinator~~ Coordinators shall serve as an ex officio member of each
20 Local Team that reviews the records of additional child fatalities. The board of county
21 commissioners may appoint a maximum of five additional members to represent county agencies
22 or the community at large to serve on any Local Team. Vacancies on a Local Team shall be filled
23 by the original appointing authority.
- 24 (e) Each Local Team shall elect a member to serve as chair at the Team's pleasure.
- 25 (f) Each Local Team shall meet at least four times each year.
- 26 (g) The director of the local department of social services shall call the first meeting of
27 the Community Child Protection Team. The director of the local department of health, upon
28 consultation with the Team ~~Coordinator~~ Coordinators shall call the first meeting of the Child
29 Fatality Prevention Team. Thereafter, the chair of each Local Team shall schedule the time and
30 place of meetings, in consultation with these directors, and shall prepare the agenda. The chair
31 shall schedule Team meetings no less often than once per quarter and often enough to allow
32 adequate review of the cases selected for review. Within three months of election, the chair shall
33 participate in the appropriate training developed under this Article.
- 34 **"§ 7B-1408. Child Fatality Prevention Team ~~Coordinator~~; Coordinators; duties.**
- 35 ~~The One or more~~ Child Fatality Prevention Team ~~Coordinator~~ Coordinators shall serve as
36 liaison between the State Team and the Local Teams that review records of additional child
37 fatalities and shall provide technical assistance to these Local Teams. The Team ~~Coordinator~~
38 Coordinators shall:
- 39 (1) Develop a plan to establish Local Teams that review the records of additional
40 child fatalities in each county.
- 41 (2) Develop model operating procedures for these Local Teams that address when
42 public meetings should be held, what items should be addressed in public
43 meetings, what information may be released in written reports, and any other
44 information the Team ~~Coordinator~~ Coordinators consider necessary.
- 45 (3) Provide structured training for these Local Teams at the time of their
46 establishment, and continuing technical assistance thereafter.
- 47 (4) Provide statistical information on all child deaths occurring in each county to
48 the appropriate Local Team, and assure that all child deaths in a county are
49 assessed through the multidisciplinary system.
- 50 (5) Monitor the work of these Local Teams.

- 1 (6) Receive reports of findings, and other reports that the Team ~~Coordinator~~
2 Coordinators may require, from these Local Teams.
3 (7) Report the aggregated findings of these Local Teams to each Local Team that
4 reviews the records of additional child fatalities and to the State Team.
5 (8) Evaluate the impact of local efforts to identify problems and make changes.

6 **"§ 7B-1409. Community Child Protection Teams; duties of the director of the county**
7 **department of social services.**

8 In addition to any other duties as a member of the Community Child Protection Team, and in
9 connection with the reviews under G.S. 7B-1406(a)(1), the director of the county department of
10 social services shall:

- 11 (1) Assure the development of written operating procedures in connection with
12 these reviews, including frequency of meetings, confidentiality policies,
13 training of members, and duties and responsibilities of members;
14 (2) Assure that the Team defines the categories of cases that are subject to its
15 review;
16 (3) Determine and initiate the cases for review;
17 (4) Bring for review any case requested by a Team member;
18 (5) Provide staff support for these reviews;
19 (6) Maintain records, including minutes of all official meetings, lists of
20 participants for each meeting of the Team, and signed confidentiality
21 statements required under G.S. 7B-1413, in compliance with applicable rules
22 and law; and
23 (7) Report quarterly to the county board of social services, or as required by the
24 board, on the activities of the Team.

25 **"§ 7B-1410. Local Teams; duties of the director of the local department of health.**

26 In addition to any other duties as a member of the Local Team and in connection with reviews
27 of additional child fatalities, the director of the local department of health shall:

- 28 (1) Distribute copies of the written procedures developed by the Team
29 ~~Coordinator~~Coordinators under G.S. 7B-1408 to the administrators of all
30 agencies represented on the Local Team and to all members of the Local
31 Team;
32 (2) Maintain records, including minutes of all official meetings, lists of
33 participants for each meeting of the Local Team, and signed confidentiality
34 statements required under G.S. 7B-1413, in compliance with applicable rules
35 and law;
36 (3) Provide staff support for these reviews; and
37 (4) Report quarterly to the local board of health, or as required by the board, on
38 the activities of the Local Team.

39 **"§ 7B-1411. Community Child Protection Teams; responsibility for training of team**
40 **members.**

41 The ~~Division of Social Services, Department of Health and Human Services, Services~~ shall
42 develop and make available, on an ongoing basis, for the members of Local Teams that review
43 active cases in which children are being served by child protective services, training materials
44 that address the role and function of the Local Team, confidentiality requirements, an overview
45 of child protective services law and policy, and Team record keeping.

46 **"§ 7B-1412. Task Force – reports.**

47 ~~The~~ Within the first week of the convening or reconvening of the General Assembly, the Task
48 Force shall report annually to the Governor and General Assembly, within the first week of the
49 convening or reconvening of the General Assembly. Governor, the General Assembly, the Chairs
50 of the House and Senate Appropriations Committees on Health and Human Services, the Chairs
51 of the Joint Legislative Oversight Committee on Health and Human Services, and the Secretary

1 of the Department of Health and Human Services. The report shall contain at least ~~a~~ all of the
2 following:

- 3 (1) A summary of the conclusions and recommendations for each of the Task
4 Force's ~~duties, as well as any duties.~~
- 5 (2) A summary of activities and functioning of the Child Fatality Prevention
6 System as a whole.
- 7 (3) Any other recommendations for changes to any law, rule, or ~~policy~~ policy, or
8 for the implementation of evidence-driven prevention strategies that it has
9 determined will promote the safety and well-being of children. Any
10 recommendations of changes to law, rule, or policy shall be accompanied by
11 specific legislative or policy ~~proposals and detailed fiscal notes setting forth~~
12 the costs to the State proposals. The Task Force may request assistance from
13 the Fiscal Research Division of the General Assembly in developing fiscal
14 notes or other fiscal information to accompany these recommendations.

15 **"§ 7B-1413. Access to records.**

16 (a) The State Team, the Local Teams, and the Task Force ~~during its existence,~~ shall have
17 access to all medical records, hospital records, and records maintained by this State, any county,
18 or any local agency as necessary to carry out the purposes of this Article, including police
19 investigations data, medical examiner investigative data, health records, mental health records,
20 and social services records. The State Team, the Task Force, and the Local Teams shall not, as
21 part of the reviews authorized under this Article, contact, question, or interview the child, the
22 parent of the child, or any other family member of the child whose record is being reviewed. Any
23 member of a Local Team may share, only in an official meeting of that Local Team, any
24 information available to that member that the Local Team needs to carry out its duties.

25 The State Office shall have access to all medical records, hospital records, and records
26 maintained by this State, any county, or any local agency as necessary to carry out the purposes
27 of Part 4C of Article 3 of Chapter 143B of the General Statutes.

28 (b) Meetings of the State Team and the Local Teams are not subject to the provisions of
29 Article 33C of Chapter 143 of the General Statutes. However, the Local Teams may hold periodic
30 public meetings to discuss, in a general manner not revealing confidential information about
31 children and families, the findings of their reviews and their recommendations for preventive
32 actions. Minutes of all public meetings, excluding those of executive sessions, shall be kept in
33 compliance with Article 33C of Chapter 143 of the General Statutes. Any minutes or any other
34 information generated during any closed session shall be sealed from public inspection.

35 (c) All otherwise confidential information and records acquired by the State Office, State
36 Team, the Local Teams, and the Task Force during its existence, in the exercise of their duties
37 are confidential; are not subject to discovery or introduction into evidence in any proceedings;
38 and may only be disclosed as necessary to carry out the purposes of the State Office, State Team,
39 the Local Teams, and the Task Force. In addition, all otherwise confidential information and
40 records created by a Local Team in the exercise of its duties are confidential; are not subject to
41 discovery or introduction into evidence in any proceedings; and may only be disclosed as
42 necessary to carry out the purposes of the Local Team. No member of the State Team, a Local
43 Team, nor any person who attends a meeting of the State Team or a Local Team, may testify in
44 any proceeding about what transpired at the meeting, about information presented at the meeting,
45 or about opinions formed by the person as a result of the meetings. This subsection shall not,
46 however, prohibit a person from testifying in a civil or criminal action about matters within that
47 person's independent knowledge.

48 (d) Each member of a Local Team and invited participant shall sign a statement indicating
49 an understanding of and adherence to confidentiality requirements, including the possible civil
50 or criminal consequences of any breach of confidentiality.

1 (e) Cases receiving child protective services at the time of review by a Local Team shall
2 have an entry in the child's protective services record to indicate that the case was received by
3 that Team. Additional entry into the record shall be at the discretion of the director of the county
4 department of social services.

5 (f) The Social Services Commission shall adopt rules to implement this section in
6 connection with reviews conducted by Community Child Protection Teams. The Commission
7 for Public Health shall adopt rules to implement this section in connection with Local Teams that
8 review additional child fatalities. In particular, these rules shall allow information generated by
9 an executive session of a Local Team to be accessible for administrative or research purposes
10 only.

11 **"§ 7B-1414. Administration; funding.**

12 (a) To the extent of funds available, the chairs of the ~~Task Force and State Team~~ may
13 hire staff or consultants to assist ~~the Task Force and the State Team~~ in completing ~~their~~ its duties.

14 (a1) To the extent of funds available and consistent with G.S. 7B-1402.1(b)(4), the chairs
15 of the Task Force shall work with the Secretary of the Department of Health and Human Services
16 to hire or designate staff or consultants to assist the Task Force and its subject matter committees
17 in completing their duties.

18 (b) Members, staff, and consultants of the Task Force or State Team shall receive travel
19 and subsistence expenses in accordance with the provisions of G.S. 138-5 or G.S. 138-6, as the
20 case may be, paid from funds appropriated to implement this Article and within the limits of
21 those funds.

22 (c) With the approval of the Legislative Services Commission, legislative staff and space
23 in the Legislative Building and the Legislative Office Building may be made available to the
24 Task Force."

25 **SECTION 9B.9.(h)** G.S. 143B-150.20 reads as rewritten:

26 **"§ 143B-150.20. State Child Fatality Review Team; establishment; purpose; powers;**
27 **duties; report by ~~Division of Social~~ Department of Health and Human Services.**

28 (a) There is established in the Department of Health and Human ~~Services, Division of~~
29 ~~Social Services, Services~~ a State Child Fatality Review Team to conduct in-depth reviews of any
30 child fatalities which have occurred involving children and families involved with local
31 departments of social services child protective services in the 12 months preceding the fatality.
32 Steps in this in-depth review shall include interviews with any individuals determined to have
33 pertinent information as well as examination of any written materials containing pertinent
34 information.

35 (b) The purpose of these reviews shall be to implement a team approach to identifying
36 factors which may have contributed to conditions leading to the fatality and to develop
37 recommendations for improving coordination between local and State entities which might have
38 avoided the threat of injury or fatality and to identify appropriate remedies. The ~~Division of~~
39 ~~Social Services~~ Department shall make public the findings and recommendations developed for
40 each fatality reviewed relating to improving coordination between local and State entities. These
41 findings shall not be admissible as evidence in any civil or administrative proceedings against
42 individuals or entities that participate in child fatality reviews conducted pursuant to this section.
43 The State Child Fatality Review Team shall consult with the appropriate district attorney in
44 accordance with G.S. 7B-2902(d) prior to the public release of the findings and
45 recommendations.

46 (c) The State Child Fatality Review Team shall include representatives of the local
47 departments of social services and the Division of Social Services, a member of the local
48 Community Child Protection Team, a member of the local child fatality prevention team, a
49 representative from local law enforcement, a prevention specialist, and a medical professional.

50 (d) The State Child Fatality Review Team shall have access to all medical records,
51 hospital records, and records maintained by this State, any county, or any local agency as

1 necessary to carry out the purposes of this subsection, including police investigative data, medical
2 examiner investigative data, health records, mental health records, and social services records.
3 The State Child Fatality Review Team may receive a copy of any reviewed materials necessary
4 to the conduct of the fatality review. Any member of the State Child Fatality Review Team may
5 share, only in an official meeting of the State Child Fatality Review Team, any information
6 available to that member that the State Child Fatality Review Team needs to carry out its duties.

7 If the State Child Fatality Review Team does not receive information requested under this
8 subsection within 30 days after making the request, the State Child Fatality Review Team may
9 apply for an order compelling disclosure. The application shall state the factors supporting the
10 need for an order compelling disclosure. The State Child Fatality Review Team shall file the
11 application in the district court of the county where the investigation is being conducted, and the
12 court shall have jurisdiction to issue any orders compelling disclosure. Actions brought under
13 this section shall be scheduled for immediate hearing, and subsequent proceedings in these
14 actions shall be given priority by the appellate courts.

15 (e) Meetings of the State Child Fatality Review Team are not subject to the provisions of
16 Article 33C of Chapter 143 of the General Statutes. However, the State Child Fatality Review
17 Team may hold periodic public meetings to discuss, in a general manner not revealing
18 confidential information about children and families, the findings of their reviews and their
19 recommendations for preventive actions. Minutes of all public meetings, excluding those of
20 closed sessions, shall be kept in compliance with Article 33C of Chapter 143 of the General
21 Statutes. Any minutes or any other information generated during any executive session shall be
22 sealed from public inspection.

23 (f) All otherwise confidential information and records acquired by the State Child
24 Fatality Review Team, in the exercise of its duties are confidential; are not subject to discovery
25 or introduction into evidence in any proceedings except pursuant to an order of the court; and
26 may only be disclosed as necessary to carry out the purposes of the State Child Fatality Review
27 Team. In addition, all otherwise confidential information and records created by the State Child
28 Fatality Review Team in the exercise of its duties are confidential; are not subject to discovery
29 or introduction into evidence in any proceedings; and may only be disclosed as necessary to carry
30 out the purposes of the State Child Fatality Review Team. No member of the State Child Fatality
31 Review Team, nor any person who attends a meeting of the State Child Fatality Review Team,
32 may testify in any proceeding about what transpired at the meeting, about information presented
33 at the meeting, or about opinions formed by the person as a result of the meetings. This subsection
34 shall not, however, prohibit a person from testifying in a civil or criminal action about matters
35 within that person's independent knowledge.

36 (g) Each member of the State Child Fatality Review Team and invited participant shall
37 sign a statement indicating an understanding of and adherence to confidentiality requirements,
38 including the possible civil or criminal consequences of any breach of confidentiality.

39 (h) Repealed by Session Laws 2013-360, s. 12A.8(f), effective July 1, 2013."

40 **SECTION 9B.9.(i)** Except as otherwise provided, this section becomes effective
41 December 1, 2019.

42 43 **PART IX-C. CHILD DEVELOPMENT AND EARLY EDUCATION**

44 45 **NC PRE-K PROGRAMS/STANDARDS FOR FOUR- AND FIVE-STAR RATED** 46 **FACILITIES**

47 **SECTION 9C.1.(a)** Eligibility. – The Department of Health and Human Services,
48 Division of Child Development and Early Education, shall continue implementing the
49 prekindergarten program (NC Pre-K). The NC Pre-K program shall serve children who are four
50 years of age on or before August 31 of the program year. In determining eligibility, the Division
51 shall establish income eligibility requirements for the program not to exceed seventy-five percent

(75%) of the State median income. Up to twenty percent (20%) of children enrolled may have family incomes in excess of seventy-five percent (75%) of median income if those children have other designated risk factors. Furthermore, any age-eligible child who is a child of either of the following shall be eligible for the program: (i) an active duty member of the Armed Forces of the United States, including the North Carolina National Guard, State military forces, or a reserve component of the Armed Forces who was ordered to active duty by the proper authority within the last 18 months or is expected to be ordered within the next 18 months, or (ii) a member of the Armed Forces of the United States, including the North Carolina National Guard, State military forces, or a reserve component of the Armed Forces who was injured or killed while serving on active duty. Eligibility determinations for NC Pre-K participants may continue through local education agencies and local North Carolina Partnership for Children, Inc., partnerships.

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

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

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

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

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

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

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

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

RAISE BASE REIMBURSEMENT RATES FOR NC PRE-K CHILD CARE CENTERS

SECTION 9C.2. Of the funds appropriated in this act to the Department of Health and Human Services, Division of Child Development and Early Education, funds shall be allocated to raise the base reimbursement rates for child care centers participating in the North Carolina Prekindergarten (NC Pre-K) program by two percent (2%) over the 2018-2019 fiscal year rates for the 2019-2020 fiscal year and by an additional six percent (6%) over the 2019-2020 rates for the 2020-2021 fiscal year. It is the intent of the General Assembly that funds allocated pursuant to this section be used to increase the salaries of teachers working in child care centers

1 as a means to address disparities in teacher salaries among teachers working in child care centers
 2 versus those working in public schools or Head Start centers.

3
 4 **CHILD CARE SUBSIDY RATES**

5 **SECTION 9C.3.(a)** The maximum gross annual income for initial eligibility,
 6 adjusted annually, for subsidized child care services shall be determined based on a percentage
 7 of the federal poverty level as follows:

8 AGE	9 INCOME PERCENTAGE LEVEL
10 0 – 5	200%
11 6 – 12	133%

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

14 **SECTION 9C.3.(b)** Fees for families who are required to share in the cost of care
 15 are established based on nine percent (9%) of gross family income. When care is received at the
 16 blended rate, the co-payment shall be eighty-three percent (83%) of the full-time co-payment.
 17 Co-payments for part-time care shall be seventy-five percent (75%) of the full-time co-payment.

18 **SECTION 9C.3.(c)** Payments for the purchase of child care services for low-income
 19 children shall be in accordance with the following requirements:

- 20 (1) Religious sponsored child care facilities operating pursuant to G.S. 110-106
 21 and licensed child care centers and homes that meet the minimum licensing
 22 standards that are participating in the subsidized child care program shall be
 23 paid the one-star county market rate or the rate they charge privately paying
 24 parents, whichever is lower, unless prohibited by subsection (f) of this section.
- 25 (2) Licensed child care centers and homes with two or more stars shall receive the
 26 market rate for that rated license level for that age group or the rate they charge
 27 privately paying parents, whichever is lower, unless prohibited by subsection
 28 (g) of this section.
- 29 (3) No payments shall be made for transportation services charged by child care
 30 facilities.
- 31 (4) Payments for subsidized child care services for postsecondary education shall
 32 be limited to a maximum of 20 months of enrollment.
- 33 (5) The Department of Health and Human Services shall implement necessary
 34 rule changes to restructure services, including, but not limited to, targeting
 35 benefits to employment.

36 **SECTION 9C.3.(d)** Provisions of payment rates for child care providers in counties
 37 that do not have at least 50 children in each age group for center-based and home-based care are
 38 as follows:

- 39 (1) Except as applicable in subdivision (2) of this subsection, payment rates shall
 40 be set at the statewide or regional market rate for licensed child care centers
 41 and homes.
- 42 (2) If it can be demonstrated that the application of the statewide or regional
 43 market rate to a county with fewer than 50 children in each age group is lower
 44 than the county market rate and would inhibit the ability of the county to
 45 purchase child care for low-income children, then the county market rate may
 46 be applied.

47 **SECTION 9C.3.(e)** A market rate shall be calculated for child care centers and
 48 homes at each rated license level for each county and for each age group or age category of
 49 enrollees and shall be representative of fees charged to parents for each age group of enrollees
 50 within the county. The Division of Child Development and Early Education shall also calculate
 a statewide rate and regional market rate for each rated license level for each age category.

1 **SECTION 9C.3.(f)** The Division of Child Development and Early Education shall
2 continue implementing policies that improve the quality of child care for subsidized children,
3 including a policy in which child care subsidies are paid, to the extent possible, for child care in
4 the higher quality centers and homes only. The Division shall define higher quality, and subsidy
5 funds shall not be paid for one- or two-star rated facilities. For those counties with an inadequate
6 number of four- and five-star rated facilities, the Division shall continue a transition period that
7 allows the facilities to continue to receive subsidy funds while the facilities work on the increased
8 star ratings. The Division may allow exemptions in counties where there is an inadequate number
9 of four- and five-star rated facilities for non-star rated programs, such as religious programs.

10 **SECTION 9C.3.(g)** Facilities licensed pursuant to Article 7 of Chapter 110 of the
11 General Statutes and facilities operated pursuant to G.S. 110-106 may participate in the program
12 that provides for the purchase of care in child care facilities for minor children of needy families.
13 Except as authorized by subsection (f) of this section, no separate licensing requirements shall
14 be used to select facilities to participate. In addition, child care facilities shall be required to meet
15 any additional applicable requirements of federal law or regulations. Child care arrangements
16 exempt from State regulation pursuant to Article 7 of Chapter 110 of the General Statutes shall
17 meet the requirements established by other State law and by the Social Services Commission.

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

21 **SECTION 9C.3.(h)** Payment for subsidized child care services provided with
22 Temporary Assistance for Needy Families Block Grant funds shall comply with all regulations
23 and policies issued by the Division of Child Development and Early Education for the subsidized
24 child care program.

25 **SECTION 9C.3.(i)** Noncitizen families who reside in this State legally shall be
26 eligible for child care subsidies if all other conditions of eligibility are met. If all other conditions
27 of eligibility are met, noncitizen families who reside in this State illegally shall be eligible for
28 child care subsidies only if at least one of the following conditions is met:

- 29 (1) The child for whom a child care subsidy is sought is receiving child protective
30 services or foster care services.
- 31 (2) The child for whom a child care subsidy is sought is developmentally delayed
32 or at risk of being developmentally delayed.
- 33 (3) The child for whom a child care subsidy is sought is a citizen of the United
34 States.

35 **SECTION 9C.3.(j)** The Department of Health and Human Services, Division of
36 Child Development and Early Education, shall require all county departments of social services
37 to include on any forms used to determine eligibility for child care subsidy whether the family
38 waiting for subsidy is receiving assistance through the NC Pre-K Program or Head Start.

39 **SECTION 9C.3.(k)** Department of Defense-certified child care facilities licensed
40 pursuant to G.S. 110-106.2 may participate in the State-subsidized child care program that
41 provides for the purchase of care in child care facilities for minor children in needy families,
42 provided that funds allocated from the State-subsidized child care program to Department of
43 Defense-certified child care facilities shall supplement and not supplant funds allocated in
44 accordance with G.S. 143B-168.15(g). Payment rates and fees for military families who choose
45 Department of Defense-certified child care facilities and who are eligible to receive subsidized
46 child care shall be as set forth in this section.

47 **CHILD CARE ALLOCATION FORMULA**

48 **SECTION 9C.4.(a)** The Department of Health and Human Services, Division of
49 Child Development and Early Education (Division), shall allocate child care subsidy voucher
50 funds to pay the costs of necessary child care for minor children of needy families. The
51

1 mandatory thirty percent (30%) North Carolina Partnership for Children, Inc., subsidy allocation
2 under G.S. 143B-168.15(g) shall constitute the base amount for each county's child care subsidy
3 allocation. The Department of Health and Human Services shall use the following method when
4 allocating federal and State child care funds, not including the aggregate mandatory thirty percent
5 (30%) North Carolina Partnership for Children, Inc., subsidy allocation:

- 6 (1) Funds shall be allocated to a county based upon the projected cost of serving
7 children under age 11 in families with all parents working who earn less than
8 the applicable federal poverty level percentage set forth in Section 9C.3(a) of
9 this act.
- 10 (2) The Division may withhold up to two percent (2%) of available funds from
11 the allocation formula for (i) preventing termination of services throughout
12 the fiscal year and (ii) repayment of any federal funds identified by counties
13 as overpayments, including overpayments due to fraud. The Division shall
14 allocate to counties any funds withheld before the end of the fiscal year when
15 the Division determines the funds are not needed for the purposes described
16 in this subdivision. The Division shall submit a report to the Joint Legislative
17 Oversight Committee on Health and Human Services and the Fiscal Research
18 Division, which report shall include each of the following:
- 19 a. The amount of funds used for preventing termination of services and
20 the repayment of any federal funds.
- 21 b. The date the remaining funds were distributed to counties.
- 22 c. As a result of funds withheld under this subdivision and after funds
23 have been distributed, any counties that did not receive at least the
24 amount the counties received the previous year and the amount by
25 which funds were decreased.

26 The Division shall submit a report in each year of the 2019-2021 fiscal
27 biennium 30 days after the funds withheld pursuant to this subdivision are
28 distributed but no later than April 1 of each respective year.

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

36 **SECTION 9C.4.(b)** The Division may reallocate unused child care subsidy voucher
37 funds in order to meet the child care needs of low-income families. Any reallocation of funds
38 shall be based upon the expenditures of all child care subsidy voucher funding, including North
39 Carolina Partnership for Children, Inc., funds within a county. Counties shall manage service
40 levels within the funds allocated to the counties. A county with a spending coefficient over one
41 hundred percent (100%) shall submit a plan to the Division for managing the county's allocation
42 before receiving any reallocated funds.

43 **SECTION 9C.4.(c)** When implementing the formula under subsection (a) of this
44 section, the Division shall include the market rate increase in the formula process rather than
45 calculating the increases outside of the formula process. Additionally, the Department shall do
46 the following:

- 47 (1) A county's initial allocation shall be the county's expenditure in the previous
48 fiscal year or a prorated share of the county's previous fiscal year expenditures
49 if sufficient funds are not available. With the exception of market rate
50 increases consistent with any increases approved by the General Assembly, a
51 county whose spending coefficient is less than ninety-two percent (92%) in

1 the previous fiscal year shall receive its prior year's expenditure as its
2 allocation and shall not receive an increase in its allocation in the following
3 year. A county whose spending coefficient is at least ninety-two percent
4 (92%) in the previous fiscal year shall receive, at a minimum, the amount it
5 expended in the previous fiscal year and may receive additional funding, if
6 available. The Division may waive this requirement and allow an increase if
7 the spending coefficient is below ninety-two percent (92%) due to
8 extraordinary circumstances, such as a State or federal disaster declaration in
9 the affected county. By October 1 of each year, the Division shall report to the
10 Joint Legislative Oversight Committee on Health and Human Services and the
11 Fiscal Research Division the counties that received a waiver pursuant to this
12 subdivision and the reasons for the waiver.

- 13 (2) Effective immediately following the next new decennial census data release,
14 implement (i) one-third of the change in a county's allocation in the year
15 following the data release, (ii) an additional one-third of the change in a
16 county's allocation beginning two years after the initial change under this
17 subdivision, and (iii) the final one-third change in a county's allocation
18 beginning the following two years thereafter.
19

20 SMART START INITIATIVES

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

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

33 **SECTION 9C.5.(b)** Administration. – Administrative costs shall be equivalent to,
34 on an average statewide basis for all local partnerships, not more than eight percent (8%) of the
35 total statewide allocation to all local partnerships. For purposes of this subsection, administrative
36 costs shall include costs associated with partnership oversight, business and financial
37 management, general accounting, human resources, budgeting, purchasing, contracting, and
38 information systems management. The North Carolina Partnership for Children, Inc., shall
39 continue using a single statewide contract management system that incorporates features of the
40 required standard fiscal accountability plan described in G.S. 143B-168.12(a)(4). All local
41 partnerships are required to participate in the contract management system and, directed by the
42 North Carolina Partnership for Children, Inc., to collaborate, to the fullest extent possible, with
43 other local partnerships to increase efficiency and effectiveness.

44 **SECTION 9C.5.(c)** Salaries. – The salary schedule developed and implemented by
45 the North Carolina Partnership for Children, Inc., shall set the maximum amount of State funds
46 that may be used for the salary of the Executive Director of the North Carolina Partnership for
47 Children, Inc., and the directors of the local partnerships. The North Carolina Partnership for
48 Children, Inc., shall base the schedule on the following criteria:

- 49 (1) The population of the area serviced by a local partnership.
50 (2) The amount of State funds administered.
51 (3) The amount of total funds administered.

1 (4) The professional experience of the individual to be compensated.

2 (5) Any other relevant factors pertaining to salary, as determined by the North
3 Carolina Partnership for Children, Inc.

4 The salary schedule shall be used only to determine the maximum amount of State
5 funds that may be used for compensation. Nothing in this subsection shall be construed to prohibit
6 a local partnership from using non-State funds to supplement an individual's salary in excess of
7 the amount set by the salary schedule established under this subsection.

8 **SECTION 9C.5.(d) Match Requirements.** – The North Carolina Partnership for
9 Children, Inc., and all local partnerships shall, in the aggregate, be required to match one hundred
10 percent (100%) of the total amount budgeted for the program in each fiscal year of the 2019-2021
11 biennium. Of the funds the North Carolina Partnership for Children, Inc., and the local
12 partnerships are required to match, contributions of cash shall be equal to at least thirteen percent
13 (13%) and in-kind donated resources shall be equal to no more than six percent (6%) for a total
14 match requirement of nineteen percent (19%) for each year of the 2019-2021 fiscal biennium.
15 The North Carolina Partnership for Children, Inc., may carry forward any amount in excess of
16 the required match for a fiscal year in order to meet the match requirement of the succeeding
17 fiscal year. Only in-kind contributions that are quantifiable shall be applied to the in-kind match
18 requirement. Volunteer services may be treated as an in-kind contribution for the purpose of the
19 match requirement of this subsection. Volunteer services that qualify as professional services
20 shall be valued at the fair market value of those services. All other volunteer service hours shall
21 be valued at the statewide average wage rate as calculated from data compiled by the Division of
22 Employment Security of the Department of Commerce in the Employment and Wages in North
23 Carolina Annual Report for the most recent period for which data are available. Expenses,
24 including both those paid by cash and in-kind contributions, incurred by other participating
25 non-State entities contracting with the North Carolina Partnership for Children, Inc., or the local
26 partnerships also may be considered resources available to meet the required private match. In
27 order to qualify to meet the required private match, the expenses shall:

28 (1) Be verifiable from the contractor's records.

29 (2) If in-kind, other than volunteer services, be quantifiable in accordance with
30 generally accepted accounting principles for nonprofit organizations.

31 (3) Not include expenses funded by State funds.

32 (4) Be supplemental to and not supplant preexisting resources for related program
33 activities.

34 (5) Be incurred as a direct result of the Early Childhood Initiatives Program and
35 be necessary and reasonable for the proper and efficient accomplishment of
36 the Program's objectives.

37 (6) Be otherwise allowable under federal or State law.

38 (7) Be required and described in the contractual agreements approved by the
39 North Carolina Partnership for Children, Inc., or the local partnership.

40 (8) Be reported to the North Carolina Partnership for Children, Inc., or the local
41 partnership by the contractor in the same manner as reimbursable expenses.

42 Failure to obtain a nineteen-percent (19%) match by June 30 of each year of the
43 2019-2021 fiscal biennium shall result in a dollar-for-dollar reduction in the appropriation for the
44 Program for a subsequent fiscal year. The North Carolina Partnership for Children, Inc., shall be
45 responsible for compiling information on the private cash and in-kind contributions into a report,
46 to be included in its annual report as required under G.S. 143B-168.12(d), in a format that allows
47 verification by the Department of Revenue. The same match requirements shall apply to any
48 expansion funds appropriated by the General Assembly.

49 **SECTION 9C.5.(e) Bidding.** – The North Carolina Partnership for Children, Inc.,
50 and all local partnerships shall use competitive bidding practices in contracting for goods and
51 services on contract amounts as follows:

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

10 **SECTION 9C.5.(f)** Allocations. – The North Carolina Partnership for Children, Inc.,
11 shall not reduce the allocation for counties with less than 35,000 in population below the
12 2012-2013 funding level.

13 **SECTION 9C.5.(g)** Performance-Based Evaluation. – The Department of Health
14 and Human Services shall continue to implement the performance-based evaluation system.

15 **SECTION 9C.5.(h)** Expenditure Restrictions. – Except as provided in subsection (i)
16 of this section, the Department of Health and Human Services and the North Carolina Partnership
17 for Children, Inc., shall ensure that the allocation of funds for Early Childhood Education and
18 Development Initiatives for the 2019-2021 fiscal biennium shall be administered and distributed
19 in the following manner:

- 20 (1) Capital expenditures are prohibited for the 2017-2019 fiscal biennium. For the
- 21 purposes of this section, "capital expenditures" means expenditures for capital
- 22 improvements as defined in G.S. 143C-1-1(d)(5).
- 23 (2) Expenditures of State funds for advertising and promotional activities are
- 24 prohibited for the 2019-2021 fiscal biennium.

25 For the 2019-2021 fiscal biennium, local partnerships shall not spend any State funds
26 on marketing campaigns, advertising, or any associated materials. Local partnerships may spend
27 any private funds the local partnerships receive on those activities.

28 **SECTION 9C.5.(i)** Notwithstanding subsection (h) of this section, the North
29 Carolina Partnership for Children, Inc., and local partnerships may use up to one percent (1%) of
30 State funds for fund-raising activities. The North Carolina Partnership for Children, Inc., shall
31 include in its annual report required under G.S. 143B-168.12(d) a report on the use of State funds
32 for fund-raising. The report shall include the following:

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

36 **SECTION 9C.5.(j)** G.S. 143B-168.12(d) reads as rewritten:

37 "(d) The North Carolina Partnership for Children, Inc., shall make a report no later than
38 December 1 of each year to the ~~General Assembly~~ Joint Legislative Oversight Committee on
39 Health and Human Services and the Fiscal Research Division of the General Assembly that shall
40 include the following:

- 41 (1) A description of the program and significant services and initiatives.
- 42 (2) A history of Smart Start funding and the previous fiscal year's expenditures.
- 43 (3) The number of children served by type of service.
- 44 (4) The type and quantity of services provided.
- 45 (5) The results of the previous year's evaluations of the Initiatives or related
- 46 programs and services.
- 47 (6) A description of significant policy and program changes.
- 48 (7) Any recommendations for legislative action."
- 49

50 **SMART START LITERACY INITIATIVE/DOLLY PARTON'S IMAGINATION**
51 **LIBRARY**

1 **SECTION 9C.6.(a)** Funds allocated to the North Carolina Partnership for Children,
 2 Inc., from the Department of Health and Human Services, shall be used to increase access to
 3 Dolly Parton's Imagination Library, an early literacy program that mails age-appropriate books
 4 on a monthly basis to children registered for the program.

5 **SECTION 9C.6.(b)** The North Carolina Partnership for Children, Inc., may use up
 6 to one percent (1%) of the funds for statewide program management and up to one percent (1%)
 7 of the funds for program evaluation. Funds appropriated under this section shall not be subject
 8 to administrative costs requirements under Section 9C.5(b) of this act, nor shall these funds be
 9 subject to the child care services funding requirements under G.S. 143B-168.15(b), child care
 10 subsidy expansion requirements under G.S. 143B-168.15(g), or the match requirements under
 11 Section 9C.5(d) of this act.

12
 13 **PART IX-D. HEALTH BENEFITS**

14
 15 **MEDICAID ELIGIBILITY**

16 **SECTION 9D.1.** Article 2 of Chapter 108A of the General Statutes is amended by
 17 adding a new section to read:

18 **"§ 108A-54.3A. Eligibility categories and income thresholds.**

19 (a) The Department shall provide Medicaid coverage for individuals in accordance with
 20 federal statutes and regulations and specifically shall provide coverage for the following
 21 populations:

22 (1) Families, children under the age of 21, pregnant women, and individuals who
 23 are aged, blind, or disabled, who are medically needy, subject to the following
 24 annual income levels after meeting the applicable deductible:

<u>Family Size</u>	<u>Income Level</u>
<u>1</u>	<u>\$2,904</u>
<u>2</u>	<u>3,804</u>
<u>3</u>	<u>4,404</u>
<u>4</u>	<u>4,800</u>
<u>5</u>	<u>5,196</u>
<u>6</u>	<u>5,604</u>
<u>7</u>	<u>6,000</u>
<u>8</u>	<u>6,300</u>
<u>9</u>	<u>6,504</u>
<u>10</u>	<u>6,900</u>
<u>11</u>	<u>7,200</u>
<u>12</u>	<u>7,596</u>
<u>13</u>	<u>8,004</u>
<u>14</u>	<u>8,400</u>

25 each additional family member add \$396

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 41 (2) Families and children under the age of 21, subject to the following annual
 42 income levels:

<u>Family Size</u>	<u>Income Level</u>
<u>1</u>	<u>\$5,208</u>
<u>2</u>	<u>6,828</u>
<u>3</u>	<u>8,004</u>
<u>4</u>	<u>8,928</u>
<u>5</u>	<u>9,888</u>
<u>6</u>	<u>10,812</u>
<u>7</u>	<u>11,700</u>
<u>8</u>	<u>12,432</u>

- | | | | |
|----|------|---|------------------|
| 1 | | <u>9</u> | <u>13,152</u> |
| 2 | | <u>10</u> | <u>14,028</u> |
| 3 | | <u>each additional family member</u> | <u>add \$936</u> |
| 4 | (3) | <u>Children under the age of 6 with family incomes equal to or less than two</u> | |
| 5 | | <u>hundred ten percent (210%) of the federal poverty guidelines.</u> | |
| 6 | (4) | <u>Children aged 6 through 18 with family incomes equal to or less than one</u> | |
| 7 | | <u>hundred thirty-three percent (133%) of the federal poverty guidelines.</u> | |
| 8 | (5) | <u>Children under the age of 19 who are receiving foster care or adoption</u> | |
| 9 | | <u>assistance under title IV-E of the Social Security Act, without regard to</u> | |
| 10 | | <u>income.</u> | |
| 11 | (6) | <u>Children in the legal custody of State-sponsored foster care who are under the</u> | |
| 12 | | <u>age of 21 and ineligible for Title IV-E assistance, without regard to income.</u> | |
| 13 | (7) | <u>Independent foster care adolescents ages 18, 19, and 20, as defined in 42</u> | |
| 14 | | <u>U.S.C. § 1396d(w)(1), without regard to income.</u> | |
| 15 | (8) | <u>Former foster care children under the age of 26 in accordance with 42 U.S.C.</u> | |
| 16 | | <u>§ 1396a(a)(10)(A)(i)(IX), without regard to income.</u> | |
| 17 | (9) | <u>Adoptive children with special or rehabilitative needs, regardless of the</u> | |
| 18 | | <u>adoptive family's income.</u> | |
| 19 | (10) | <u>Pregnant women with incomes equal to or less than one hundred ninety-six</u> | |
| 20 | | <u>percent (196%) of the federal poverty guidelines. Coverage for pregnant</u> | |
| 21 | | <u>women eligible under this subdivision include only services related to</u> | |
| 22 | | <u>pregnancy and to other conditions determined by the Department as</u> | |
| 23 | | <u>conditions that may complicate pregnancy.</u> | |
| 24 | (11) | <u>Men and women of childbearing age with family incomes equal to or less than</u> | |
| 25 | | <u>one hundred ninety-five percent (195%) of the federal poverty guidelines.</u> | |
| 26 | | <u>Coverage for the individuals described in this subdivision shall be limited to</u> | |
| 27 | | <u>coverage for family planning services.</u> | |
| 28 | (12) | <u>Women who need treatment for breast or cervical cancer and who are defined</u> | |
| 29 | | <u>in 42 U.S.C. § 1396a(a)(10)(A)(ii)(XVIII).</u> | |
| 30 | (13) | <u>Aged, blind, or disabled individuals, as defined in Subpart F of Part 435 of</u> | |
| 31 | | <u>Subchapter C of Chapter IV of Title 42 of the Code of Federal Regulations,</u> | |
| 32 | | <u>with incomes equal to or less than one hundred percent (100%) of the federal</u> | |
| 33 | | <u>poverty guidelines.</u> | |
| 34 | (14) | <u>Beneficiaries receiving supplemental security income under title XVI of the</u> | |
| 35 | | <u>Social Security Act.</u> | |
| 36 | (15) | <u>Workers with disabilities, as provided in G.S. 108A-66.1.</u> | |
| 37 | (16) | <u>Qualified working disabled individuals, as provided in G.S. 108A-67.</u> | |
| 38 | (17) | <u>Qualified Medicare beneficiaries with incomes equal to or less than one</u> | |
| 39 | | <u>hundred percent (100%) of the federal poverty guidelines. Coverage for the</u> | |
| 40 | | <u>individuals described in this subdivision shall be limited to payment of</u> | |
| 41 | | <u>Medicare premiums and deductibles and co-insurance for Medicare-covered</u> | |
| 42 | | <u>services.</u> | |
| 43 | (18) | <u>Specified low-income Medicare beneficiaries with incomes equal to or less</u> | |
| 44 | | <u>than one hundred twenty percent (120%) of the federal poverty guidelines.</u> | |
| 45 | | <u>Coverage for the individuals described in this subdivision shall be limited to</u> | |
| 46 | | <u>payment of Medicare Part B premiums.</u> | |
| 47 | (19) | <u>Qualifying individuals who are Medicare beneficiaries and who have incomes</u> | |
| 48 | | <u>equal to or less than one hundred thirty-five percent (135%) of the federal</u> | |
| 49 | | <u>poverty guidelines, may be covered within funds available for the Limited</u> | |
| 50 | | <u>Medicare-Aid Capped Enrollment program. Coverage for the individuals</u> | |

1 described in this subdivision shall be limited to payment of Medicare Part B
2 premiums.

3 (20) Recipients of an optional State supplementation program provided in
4 accordance with 42 U.S.C. § 1382e.

5 (21) Individuals who meet eligibility criteria under a Medicaid waiver approved by
6 the Centers for Medicare and Medicaid Services and authorized by an act of
7 the General Assembly, within funds available for the waiver.

8 (22) Refugees, in accordance with 8 U.S.C. § 1522.

9 (23) Qualified aliens subject to the five-year bar for means tested public assistance
10 under 8 U.S.C. § 1613 and undocumented aliens, only for emergency services
11 under 8 U.S.C. § 1611."

12 13 **MEDICAID ANNUAL REPORT**

14 **SECTION 9D.2.** The Department of Health and Human Services, Division of Health
15 Benefits (DHB), shall continue the publication of the Medicaid Annual Report and
16 accompanying tables. DHB shall publish the report and tables on its Web site no later than
17 December 31 following each State fiscal year.

18 19 **ANNUAL ISSUANCE OF MEDICAID IDENTIFICATION CARDS**

20 **SECTION 9D.3.** The Department of Health and Human Services (Department) shall
21 issue Medicaid identification cards to recipients on an annual basis with updates as needed. The
22 Department shall adopt rules, or amend any current rules relating to Medicaid identification
23 cards, to implement this section. No later than July 1, 2020, the Department shall submit a report
24 to the Joint Legislative Oversight Committee on Medicaid and NC Health Choice confirming the
25 adoption or amendment of rules in accordance with this section.

26 27 **ADMINISTRATIVE HEARINGS FUNDING**

28 **SECTION 9D.4.** Of the funds appropriated to the Department of Health and Human
29 Services, Division of Health Benefits, for administrative contracts and interagency transfers, the
30 Department of Health and Human Services (Department) shall transfer the sum of one million
31 dollars (\$1,000,000) for the 2019-2020 fiscal year and the sum of one million dollars
32 (\$1,000,000) for the 2020-2021 fiscal year to the Office of Administrative Hearings (OAH).
33 These funds shall be allocated by the OAH for mediation services provided for Medicaid
34 applicant and recipient appeals and to contract for other services necessary to conduct the appeals
35 process. The OAH shall continue the Memorandum of Agreement (MOA) with the Department
36 for mediation services provided for Medicaid recipient appeals and contracted services necessary
37 to conduct the appeals process. The MOA will facilitate the Department's ability to draw down
38 federal Medicaid funds to support this administrative function. Upon receipt of invoices from the
39 OAH for covered services rendered in accordance with the MOA, the Department shall transfer
40 the federal share of Medicaid funds drawn down for this purpose.

41 42 **ACCOUNTING FOR MEDICAID RECEIVABLES AS NONTAX REVENUE**

43 **SECTION 9D.5.(a)** Receivables reserved at the end of the 2019-2020 and
44 2020-2021 fiscal years shall, when received, be accounted for as nontax revenue for each of those
45 fiscal years.

46 **SECTION 9D.5.(b)** For the 2019-2020 fiscal year, the Department of Health and
47 Human Services shall deposit from its revenues one hundred sixty-four million seven hundred
48 thousand dollars (\$164,700,000) with the Department of State Treasurer to be accounted for as
49 nontax revenue. For the 2020-2021 fiscal year, the Department of Health and Human Services
50 shall deposit from its revenues one hundred forty-nine million six hundred thousand dollars
51 (\$149,600,000) with the Department of State Treasurer to be accounted for as nontax revenue.

1 These deposits shall represent the return of General Fund appropriations, nonfederal revenue,
2 fund balances, or other resources from State-owned and State-operated hospitals that are used to
3 provide indigent and nonindigent care services. The return from State-owned and State-operated
4 hospitals to DHHS will be made from nonfederal resources in an amount equal to the amount of
5 the payments from the Division of Health Benefits for uncompensated care. The treatment of any
6 revenue derived from federal programs shall be in accordance with the requirements specified in
7 the Code of Federal Regulations, Title 2, Part 225.

9 **VOLUME PURCHASE PLANS AND SINGLE SOURCE PROCUREMENT**

10 **SECTION 9D.6.** The Department of Health and Human Services, Division of Health
11 Benefits, may, subject to the approval of a change in the State Medicaid Plan, contract for
12 services, medical equipment, supplies, and appliances by implementation of volume purchase
13 plans, single source procurement, or other contracting processes in order to improve cost
14 containment.

15 **LME/MCO OUT-OF-NETWORK AGREEMENTS**

16 **SECTION 9D.7.(a)** The Department of Health and Human Services (Department)
17 shall continue to ensure that local management entities/managed care organizations
18 (LME/MCOs) utilize an out-of-network agreement that contains standardized elements
19 developed in consultation with LME/MCOs. The out-of-network agreement shall be a
20 streamlined agreement between a single provider of behavioral health or
21 intellectual/developmental disability (IDD) services and an LME/MCO to ensure access to care
22 in accordance with 42 C.F.R. § 438.206(b)(4), reduce administrative burden on the provider, and
23 comply with all requirements of State and federal laws and regulations. LME/MCOs shall use
24 the out-of-network agreement in lieu of a comprehensive provider contract when all of the
25 following conditions are met:

- 26 (1) The services requested are medically necessary and cannot be provided by an
27 in-network provider.
- 28 (2) The behavioral health or IDD provider's site of service delivery is located
29 outside of the geographical catchment area of the LME/MCO, and the
30 LME/MCO is not accepting applications or the provider does not wish to
31 apply for membership in the LME/MCO closed network.
- 32 (3) The behavioral health or IDD provider is not excluded from participation in
33 the Medicaid program, the NC Health Choice program, or other State or
34 federal health care program.
- 35 (4) The behavioral health or IDD provider is serving no more than two enrollees
36 of the LME/MCO, unless the agreement is for inpatient hospitalization, in
37 which case the LME/MCO may, but shall not be required to, enter into more
38 than five such out-of-network agreements with a single hospital or health
39 system in any 12-month period.

40 **SECTION 9D.7.(b)** A Medicaid provider providing services pursuant to an
41 out-of-network agreement shall be considered a network provider for purposes of Chapter 108D
42 of the General Statutes only as it relates to enrollee grievances and appeals.

43 **LME/MCO INTERGOVERNMENTAL TRANSFERS**

44 **SECTION 9D.8.** The local management entities/managed care organizations
45 (LME/MCOs) shall make intergovernmental transfers to the Department of Health and Human
46 Services, Division of Health Benefits (DHB), in an aggregate amount of eighteen million
47 twenty-eight thousand two hundred seventeen dollars (\$18,028,217) in the 2019-2020 fiscal year
48 and in an aggregate amount of eighteen million twenty-eight thousand two hundred seventeen
49 dollars (\$18,028,217) for the 2020-2021 fiscal year. The due date and frequency of the
50
51

1 intergovernmental transfer required by this section shall be determined by DHB. The amount of
 2 the intergovernmental transfer that each individual LME/MCO is required to make in each fiscal
 3 year shall be as follows:

	2019-2020	2020-2021
4 Alliance Behavioral Healthcare	\$2,994,453	\$2,994,453
5 Cardinal Innovations Healthcare	\$4,032,586	\$4,032,586
6 Eastpointe	\$1,701,156	\$1,701,156
7 Partners Behavioral Health Management	\$1,914,860	\$1,914,860
8 Sandhills Center	\$1,978,939	\$1,978,939
9 Trillium Health Resources	\$3,119,822	\$3,119,822
10 Vaya Health	\$2,286,401	\$2,286,401

11
 12 In the event that any county disengages from an LME/MCO and realigns with another
 13 LME/MCO during the 2019-2021 fiscal biennium, DHB shall have the authority to reallocate the
 14 amount of the intergovernmental transfer that each affected LME/MCO is required to make,
 15 taking into consideration the change in catchment area and covered population, provided that the
 16 aggregate amount of the transfers received from all LME/MCOs in each year of the fiscal
 17 biennium are achieved.

18 **CO-PAYMENTS FOR MEDICAID SERVICES**

19 **SECTION 9D.9.(a)** Beginning November 1, 2019, the co-payments for Medicaid
 20 services shall be increased to four dollars (\$4.00). This section does not apply to services
 21 provided under Section 1905(a)(1) through 1905(a)(5) and under Section 1905(a)(7) of the Social
 22 Security Act or to recipients prohibited by federal law from cost-sharing requirements.

23 **SECTION 9D.9.(b)** The Department of Health and Human Services, Division of
 24 Health Benefits, shall submit any necessary State Plan amendments to the Centers for Medicare
 25 and Medicaid Services to implement this section.
 26
 27

28 **EXPAND NORTH CAROLINA INNOVATIONS WAIVER SLOTS**

29 **SECTION 9D.10.(a)** The Department of Health and Human Services, Division of
 30 Health Benefits, shall amend the North Carolina Innovations waiver to increase the number of
 31 slots available under the waiver by 150 slots. Of the slots made available under this section, 125
 32 slots shall be made available on March 1, 2020. The remaining 25 slots shall be distributed and
 33 made available in accordance with subsection (b) of this section.

34 **SECTION 9D.10.(b)** The Department of Health and Human Services, Division of
 35 Health Benefits, shall distribute 25 slots made available under this section to the local
 36 management entities/managed care organizations (LME/MCOs) based on a per capita basis,
 37 calculated as the number of slots multiplied by the population in each LME/MCO's catchment
 38 area divided by the population of the State. Once distributed to each LME/MCO, the additional
 39 slots shall be made available to the counties on a per capita basis, calculated as the number of
 40 slots multiplied by the population of the county divided by the population in the LME/MCO's
 41 catchment area. Within each county, the slots shall be filled on a first-come, first-served basis
 42 determined by the length of time an individual has been on the waiting list. The 25 slots identified
 43 under this subsection shall be made available on March 1, 2020, or upon approval by the Centers
 44 for Medicare and Medicaid Services (CMS), whichever is later. If the allocation formula under
 45 this subsection is not approved by CMS, then the slots shall be made available upon disapproval
 46 of the allocation formula, or on March 1, 2020, whichever is later and shall be distributed using
 47 the allocation formula currently in place as of the effective date of this section.
 48

49 **ADDRESS GROUP HOMES DIRECT SUPPORT PERSONNEL STAFFING CRISIS**

50 **SECTION 9D.11.(a)** ICF/IID Group Homes. – Of the funds appropriated to the
 51 Department of Health and Human Services, Division of Health Benefits (DHB), the sum of five

1 million five hundred thousand dollars (\$5,500,000) in recurring funds for the 2019-2020 fiscal
2 year and the sum of eleven million dollars (\$11,000,000) in recurring funds for the 2020-2021
3 fiscal year shall be used to adjust the per member per month (PMPM) capitation amount paid to
4 local management entity/managed care organizations (LME/MCOs) operating capitated
5 contracts for mental health, intellectual and other developmental disabilities, and substance abuse
6 services to include amounts sufficient to increase wages paid to direct support personnel working
7 in community-based Intermediate Care Facility for Individuals with Intellectual Disabilities
8 (ICF/IID) group homes for individuals with intellectual and other developmental disabilities to
9 align the wages paid to these direct support personnel with the current wages paid to State
10 employees in State-owned developmental centers. Adjustments to the PMPM capitation amount
11 paid, in accordance with this subsection, shall be implemented no sooner than January 1, 2020.

12 The following shall apply to PMPM capitation amount adjustments made under this subsection:

- 13 (1) The adjustments shall be consistent with the North Carolina Medicaid State
14 Plan requirements to provide for actuarially sound rates sufficient to operate
15 and provide safe and effective services.
- 16 (2) DHB shall validate the actual amounts necessary to adjust the relevant portion
17 of the LME/MCO PMPM capitation payment to wages paid to direct support
18 personnel salaries with current wages paid to State employees in State-owned
19 developmental centers.
- 20 (3) The adjustments shall be considered directed payments made to LME/MCOs
21 under 42 C.F.R. § 438.6, in order to assure that the increased amounts are used
22 for wage increases.
- 23 (4) Providers receiving any increase in funds from LME/MCOs to be used for
24 wage increases, as required by this subsection, shall attest and provide
25 verification that those increased funds are being used for the purpose of
26 increasing wages paid to direct support personnel and employees who support
27 direct support personnel. LME/MCOs may require verifiable methods of
28 accounting such as payroll-based journals.

29 After the implementation of this subsection, DHB shall continue to work with
30 stakeholders and service providers in order to develop an appropriate methodology, to track
31 progress towards increasing direct support personnel wages, and to determine if any additional
32 resources are necessary to achieve alignment of these wages with the current wages paid to State
33 employees in State-owned developmental centers. Further, DHB shall maximize the ICF/IID
34 assessment to increase the capitation payment rates for ICF/IIDs. DHB shall use all available
35 proceeds of the adjusted ICF/IID assessment for the purpose of implementing this subsection.

36 **SECTION 9D.11.(b)** North Carolina Innovations Waiver. – Of the funds
37 appropriated to the Department of Health and Human Services, Division of Health Benefits
38 (DHB), the sum of two hundred fifty thousand dollars (\$250,000) in nonrecurring funds shall be
39 used to conduct an actuarial analysis and a wage and hour study of the North Carolina Innovations
40 waiver program. This actuarial analysis and study shall aid in determining the appropriate
41 adjustments to the per-slot service costs that would be necessary to align wages paid to direct
42 support personnel providing services under the North Carolina Innovations waiver with wages
43 paid to State employees in State-owned developmental centers. The analysis and study shall be
44 completed prior to the next local management entity/managed care organization (LME/MCO)
45 rate negotiation cycle, but no later than January 15, 2020. DHB shall provide a copy of the
46 analysis and wage and hour study to the Joint Legislative Oversight Committee on Medicaid and
47 NC Health Choice and the Fiscal Research Division no later than January 15, 2020.

48 Upon completion of the analysis and the wage and hour study, DHB shall draft a plan
49 that provides for multiyear adjustments, to be phased in over a two- to three-year period, to the
50 per-slot cap on costs necessary to align wages paid to direct support personnel providing services
51 under the Innovations waiver with wages paid to State employees working in State-operated

1 developmental centers. This plan shall require that LME/MCOs and providers receiving an
2 increase in funds as a result of the adjustments to attest and provide verification that those
3 increased funds are being used for the purpose of increasing wages paid to direct support
4 personnel and employees who supervise and support direct support personnel. The plan may
5 require verifiable methods of accounting such as payroll-based journals.

6 The actuarial analysis conducted and the plan developed under this subsection shall
7 include all of the following components:

- 8 (1) The average cost per Innovations waiver slot.
- 9 (2) The percent of average Innovations waiver slot costs that are related to labor
10 costs.
- 11 (3) Current labor costs for direct support personnel providing services through the
12 Innovations waiver.
- 13 (4) The percent of other indirect and administrative costs related to direct support
14 personnel providing services through the Innovations waiver.
- 15 (5) Current indirect and administrative costs related to direct support personnel
16 providing services through the Innovations waiver.
- 17 (6) An accurate number of full-time equivalents (FTEs) for direct support
18 personnel providing services through the Innovations waiver.
- 19 (7) Current average hourly wage for direct support personnel providing services
20 through the Innovations waiver.
- 21 (8) The total cost to increase the wages of direct support personnel providing
22 services through the Innovations waiver to a minimum of fifteen dollars
23 (\$15.00) per hour, or the current wage paid to State employees working in
24 State-operated developmental centers.
- 25 (9) Recommended resources necessary to add additional Innovations waiver
26 slots.
- 27 (10) Recommended resources necessary to increase the wages of direct support
28 personnel providing services through the Innovations waiver to a minimum of
29 fifteen dollars (\$15.00) per hour, or the current wage paid to State employees
30 working in State-operated developmental centers.

31 No later than March 1, 2020, DHB shall submit a copy of the plan and any related
32 recommendations to the Joint Legislative Oversight Committee on Medicaid and NC Health
33 Choice. DHB shall not pursue any State Plan amendments or any changes to the North Carolina
34 Innovations waiver that would be necessary to increase the wages of direct support personnel
35 providing services through the Innovations waiver to a minimum of fifteen dollars (\$15.00) per
36 hour, or the current wage paid to State employees working in State-operated developmental
37 centers, without further legislation directing the implementation of the wage increase.

38 **SECTION 9D.11.(c) Methodology for Determining Appropriate Wages to be Paid.**

39 – To establish a baseline methodology for determining the appropriate wages to be paid in
40 accordance with this section, the Department of Health and Human Services, Division of Health
41 Benefits (DHB), shall use information from the Office of State Human Resources job
42 classification and wage and hour data for the specific employees working at State-operated
43 developmental centers who are in comparable job classifications as those direct support
44 personnel working in community-based Intermediate Care Facility for Individuals with
45 Intellectual Disabilities (ICF/IID) group homes and those direct support personnel providing
46 services through the North Carolina Innovations waiver. DHB shall make appropriate
47 adjustments for health insurance, retirement benefits, and other key factors that drive total labor
48 costs. DHB shall also take into consideration market-based wage comparisons between direct
49 support personnel working in community-based ICF/IID group homes and those direct support
50 personnel providing services through the North Carolina Innovations waiver and State employees
51 working in the State-operated developmental centers, direct support personnel working in private

1 work settings, including health care facilities and health services settings, and employees
2 working in private sector businesses that compete to hire the same employees, such as retail and
3 fast food. DHB may accept actuarially sound projections of competitive wage and hour data and
4 other cost data from non-State entities in order to calculate forward-looking wage analysis
5 formulas and finalize the exact rates needed to meet this urgent need, as required by this section.
6

7 **DISABLED ADULT CHILD PASSALONG ELIGIBILITY**

8 **SECTION 9D.12.** Effective January 1, 2020, the eligibility requirements for the
9 Disabled Adult Child Passalong authorized under Section 1634 of the Social Security Act for the
10 Medicaid program shall consist of only the following four requirements:

- 11 (1) The adult is currently entitled to and receives federal Retirement, Survivors,
12 and Disability Insurance (RSDI) benefits as a disabled adult child on a parent's
13 record due to the retirement, death, or disability of a parent.
- 14 (2) The adult is blind or has a disability that began before age 22.
- 15 (3) The adult would currently be eligible for Supplemental Security Income (SSI)
16 or State-County Special Assistance if the current RSDI benefit is disregarded.
- 17 (4) For eligibility that is based on former receipt of State-County Special
18 Assistance and not SSI, the adult must currently reside in an adult care home.
19

20 **DURATION OF MEDICAID AND NC HEALTH CHOICE PROGRAM** 21 **MODIFICATIONS**

22 **SECTION 9D.13.** Except for eligibility categories and income thresholds and except
23 for statutory changes, the Department of Health and Human Services shall not be required to
24 maintain, after June 30, 2021, any modifications to the Medicaid and NC Health Choice programs
25 required by this Subpart.
26

27 **MEDICAID CONTINGENCY RESERVE**

28 **SECTION 9D.14.(a)** Funds in the Medicaid Contingency Reserve established by
29 Section 12H.38 of S.L. 2014-100 shall be used only for budget shortfalls in the Medicaid
30 Program. These funds shall be available for expenditure only upon an appropriation by act of the
31 General Assembly. It is the intent of the General Assembly to appropriate funds from the
32 Medicaid Contingency Reserve only if:

- 33 (1) The Director of the Budget, after the State Controller has verified that receipts
34 are being used appropriately, has found that additional funds are needed to
35 cover a shortfall in the Medicaid budget for the State fiscal year.
- 36 (2) The Director of the Budget has reported immediately to the Fiscal Research
37 Division on the amount of the shortfall found in accordance with subdivision
38 (1) of this subsection. This report shall include an analysis of the causes of the
39 shortfall, such as (i) unanticipated enrollment and mix of enrollment, (ii)
40 unanticipated growth or utilization within particular service areas, (iii) errors
41 in the data or analysis used to project the Medicaid budget, (iv) the failure of
42 the program to achieve budgeted savings, (v) other factors and market trends
43 that have impacted the price of or spending for services, (vi) variations in
44 receipts from prior years or from assumptions used to prepare the Medicaid
45 budget for the current fiscal year, or (vii) other factors. The report shall also
46 include data in an electronic format that is adequate for the Fiscal Research
47 Division to confirm the amount of the shortfall and its causes.

48 **SECTION 9D.14.(b)** Nothing in this section shall be construed to limit the authority
49 of the Governor to carry out his duties under the Constitution.
50

1 **USE OF MEDICAID TRANSFORMATION FUND FOR MEDICAID**
2 **TRANSFORMATION NEEDS**

3 **SECTION 9D.15.(a)** The Director of the Budget shall include the sum of forty
4 million one hundred sixty-seven thousand six hundred fifty-five dollars (\$40,167,655) in
5 recurring funds when developing the base budget, as defined in G.S. 143C-1-1, for the
6 Department of Health and Human Services, Division of Health Benefits, for each year of the
7 2021-2023 fiscal biennium.

8 **SECTION 9D.15.(b)** Subject to the fulfillment of conditions specified in subsection
9 (c) of this section, the sum of fifty-five million eight hundred ninety-eight thousand six hundred
10 two dollars (\$55,898,602) in nonrecurring funds for the 2019-2020 fiscal year and the sum of
11 fifty-one million one hundred fifty-one thousand two hundred three dollars (\$51,151,203) in
12 nonrecurring funds for the 2020-2021 fiscal year from the Medicaid Transformation Fund may
13 be transferred to the Department of Health and Human Services, Division of Health Benefits
14 (DHB), for the sole purpose of providing the State share for qualifying needs directly related to
15 Medicaid Transformation, as required by S.L. 2015-241, as amended. Funds may be transferred
16 to DHB as qualifying needs arise during the 2019-2021 biennium and need not be transferred in
17 one lump sum.

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

- 21 (1) Enrollment broker services.
- 22 (2) An Electronic Data Interchange and Information Exchange Portal.
- 23 (3) Ombudsman programs.
- 24 (4) Finance and program integrity capabilities.
- 25 (5) Provider credentialing verification.
- 26 (6) Provider data management.
- 27 (7) Other needs identified by DHB as determined in consultation with the Office
28 of State Budget and Management.

29 **SECTION 9D.15.(c)** A request by the Department of Health and Human Services,
30 Division of Health Benefits (DHB), for the transfer of funds pursuant to subsection (b) of this
31 section shall be made to the Office of State Budget and Management (OSBM) and shall include
32 the amount requested and the specific qualifying need for which the funds are to be used. None
33 of the funds identified in subsection (b) of this section shall be transferred to DHB until OSBM
34 verifies the following information:

- 35 (1) The amount requested is to be used for a qualifying need in the 2019-2021
36 biennium.
- 37 (2) The amount requested provides a State share that will not result in total
38 requirements that exceed two hundred thirty-three million dollars
39 (\$233,000,000) in the 2019-2020 fiscal year and one hundred ninety-nine
40 million dollars (\$199,000,000) in the 2020-2021 fiscal year.

41 **SECTION 9D.15.(d)** Any federal funds received in any fiscal year by the
42 Department of Health and Human Services, Division of Health Benefits (DHB), that represent a
43 return of State share already expended on a qualifying need related to the funds received by the
44 DHB under this section shall be deposited into the Medicaid Transformation Fund.

45
46 **TRIBAL OPTION/MEDICAID TRANSFORMATION**

47 **SECTION 9D.16.(a)** The Department of Health and Human Services may contract
48 with an Indian managed care entity (IMCE) or an Indian health care provider (IHCP), as defined
49 under 42 C.F.R. § 438.14(a), to assist in the provision of health care or health care-related
50 services to Medicaid and NC Health Choice beneficiaries who are members of federally
51 recognized tribes or who are eligible to enroll in an IMCE. Contracts may include health care or

1 health care-related services as agreed upon with the IMCE or IHCP, as approved by the Secretary
2 of the Department of Health and Human Services and as allowed by the Centers for Medicare
3 and Medicaid Services (CMS), including, but not limited to, the following services:

- 4 (1) Primary care case management as a primary care case managed system or
5 entity, as described in 42 C.F.R. § 438.2.
- 6 (2) Utilization management and referrals.
- 7 (3) The management of or provision of home and community-based services
8 under a 1915(c) waiver.
- 9 (4) The management or provision of specialized services covered by a BH IDD
10 Tailored Plan in accordance with Subdivision 10 of Section 4 of S.L.
11 2015-245, as amended by S.L. 2018-48.

12 Coverage provided by the IMCE or IHCP may be more permissive, but no more
13 restrictive, than Medicaid or an NC Health Choice medical coverage policy adopted or amended
14 by the Department of Health and Human Services in accordance with G.S. 108A-54.2.

15 **SECTION 9D.16.(b)** Subdivision 5 of Section 4 of S.L. 2015-245, as amended by
16 Subsection 2(b) of S.L. 2016-121, S.L. 2018-48, and Section 5 of 2018-49, reads as rewritten:

17 "(5) Populations covered by PHPs. – Capitated PHP contracts shall cover all
18 Medicaid and NC Health Choice program aid categories except for the
19 following categories:

20 ...

21 e. Members of federally recognized tribes. Members of federally
22 recognized tribes shall have the option to enroll voluntarily in PHPs.

23 e1. Eligible recipients who are enrolled in a DHHS-contracted Indian
24 managed care entity, as defined in 42 C.F.R. § 438.14(a). Eligible
25 recipients who are enrolled in a DHHS-contracted Indian managed
26 care entity shall have the option to enroll voluntarily in PHPs.

27"

28 **SECTION 9D.16.(c)** The Department of Health and Human Services is authorized
29 to seek approval from CMS and submit any necessary State Plan Amendments and waivers, or
30 any amendments thereto, to implement the provisions of this section.

31 **REPEAL OF PAST DIRECTIVE TO ELIMINATE GME TO ALIGN WITH MEDICAID** 32 **TRANSFORMATION**

33 **SECTION 9D.17.** Section 12H.12(b) of S.L. 2014-100 and Section 12H.23 of S.L.
34 2015-241, as amended by Section 88 of S.L. 2015-264, are repealed.

35 **REVISED HOSPITAL ASSESSMENTS, SUPPLEMENTAL PAYMENTS, AND** 36 **DIRECTED PAYMENTS**

37 **SECTION 9D.18.(a)** Effective October 1, 2019, Article 7 of Chapter 108A of the
38 General Statutes is repealed.

39 **SECTION 9D.18.(b)** Effective October 1, 2019, Chapter 108A of the General
40 Statutes is amended by adding a new Article to read:

41 "Article 7A.

42 "Hospital Assessment Act.

43 "Part 1. General.

44 **§ 108A-130. Short title and purpose.**

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

48 **§ 108A-131. Definitions.**

49 The following definitions apply in this Article:
50
51

- 1 (1) Base assessment. – The assessment payable under G.S. 108A-142.
2 (2) CMS. – Centers for Medicare and Medicaid Services.
3 (3) Critical access hospital. – Defined in 42 C.F.R. § 400.202.
4 (4) Department. – The Department of Health and Human Services.
5 (5) Prepaid health plan. – As defined in Section 4 of S.L. 2015-245, as amended.
6 (6) Public hospital. – A hospital that certifies its public expenditures to the
7 Department pursuant to 42 C.F.R. § 433.51(b) during the fiscal year for which
8 the assessment applies.
9 (7) Secretary. – The Secretary of Health and Human Services.
10 (8) State's annual Medicaid payment. – An amount equal to one hundred ten
11 million dollars (\$110,000,000) for State fiscal year 2019-2020, increased each
12 year over the prior year's payment by the percentage specified as the Medicare
13 Market Basket Index less productivity most recently published in the Federal
14 Register.
15 (9) Supplemental assessment. – The assessment payable under G.S. 108A-141.
16 (10) Total hospital costs. – The costs as calculated using the most recent available
17 Hospital Cost Report Information System's cost report data available through
18 CMS or other comparable data, including both inpatient and outpatient
19 components, for all hospitals that are not exempt from the applicable
20 assessment.

21 **"§ 108A-132. Due dates and collections.**

22 (a) Beginning October 1, 2019, assessments under this Article are due quarterly in the
23 time and manner prescribed by the Secretary and shall be considered delinquent if not paid within
24 seven calendar days of this due date.

25 (b) With respect to any hospital owing a past due assessment amount under this Article,
26 the Department may withhold the unpaid amount from Medicaid or NC Health Choice payments
27 otherwise due or impose a late payment penalty. The Secretary may waive a penalty for good
28 cause shown.

29 (c) In the event the data necessary to calculate an assessment under this Article is not
30 available to the Secretary in time to impose the quarterly assessments for a payment year, the
31 Secretary may defer the due date for the assessment to a subsequent quarter.

32 **"§ 108A-133. Assessment appeals.**

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

36 **"§ 108A-134. Allowable costs; patient billing.**

37 (a) Assessments paid under this Article may be included as allowable costs of a hospital
38 for purposes of any applicable Medicaid reimbursement formula, except that assessments paid
39 under this Article shall be excluded from cost settlement.

40 (b) Assessments imposed under this Article may not be added as a surtax or assessment
41 on a patient's bill.

42 **"§ 108A-135. Rule-making authority.**

43 The Secretary may adopt rules to implement this Article.

44 **"§ 108A-136. Repeal.**

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

48 "Part 2. Supplemental and Base Assessments.

49 **"§ 108A-140. Applicability.**

50 (a) The assessments imposed under this Part apply to all licensed North Carolina
51 hospitals, except as provided in this section.

1 (b) The following hospitals are exempt from both the supplemental assessment and the
2 base assessment:

3 (1) Critical access hospitals.

4 (2) Freestanding psychiatric hospitals.

5 (3) Freestanding rehabilitation hospitals.

6 (4) Long-term care hospitals.

7 (5) State-owned and State-operated hospitals.

8 (6) The primary affiliated teaching hospital for each University of North Carolina
9 medical school.

10 (c) Public hospitals are exempt from the supplemental assessment.

11 **"§ 108A-141. Supplemental assessment.**

12 (a) The supplemental assessment shall be a percentage, established by the General
13 Assembly, of total hospital costs.

14 (b) The Department shall propose the rate of the supplemental assessment to be imposed
15 under this section when the Department prepares its budget request for each upcoming fiscal
16 year. The Governor shall submit the Department's proposed supplemental assessment rate to the
17 General Assembly each fiscal year.

18 (c) The Department shall base the proposed supplemental assessment rate on all of the
19 following factors:

20 (1) The percentage change in aggregate payments to hospitals subject to the
21 supplemental assessment for Medicaid and NC Health Choice enrollees,
22 excluding hospital access payments made under 42 C.F.R § 438.6, as
23 demonstrated in data from prepaid health plans and the State, as determined
24 by the Department.

25 (2) Any changes in the federal medical assistance percentage rate applicable to
26 the Medicaid or NC Health Choice programs for the applicable year.

27 (d) The rate for the supplemental assessment for each taxable year shall be the percentage
28 rate set by law by the General Assembly.

29 **"§ 108A-142. Base assessment.**

30 (a) The base assessment shall be a percentage, established by the General Assembly, of
31 total hospital costs.

32 (b) The Department shall propose the rate of the base assessment to be imposed under
33 this section when the Department prepares its budget request for each upcoming fiscal year. The
34 Governor shall submit the Department's proposed base assessment rate to the General Assembly
35 each fiscal year.

36 (c) The Department shall base the proposed base assessment rate on all of the following
37 factors:

38 (1) The change in the State's annual Medicaid payment for the applicable year.

39 (2) The percentage change in aggregate payments to hospitals subject to the base
40 assessment for Medicaid and NC Health Choice enrollees, excluding hospital
41 access payments made under 42 C.F.R § 438.6, as demonstrated in data from
42 prepaid health plans and the State, as determined by the Department.

43 (3) Any changes in the federal medical assistance percentage rate applicable to
44 the Medical or NC Health Choice programs for the applicable year.

45 (4) Any changes as determined by the Department in (i) reimbursement under the
46 Medicaid State Plan, (ii) managed care payments authorized under 42 C.F.R
47 § 438.6 for which the nonfederal share is not funded by General Fund
48 appropriations, and (iii) reimbursement under the NC Health Choice program.

49 (d) The rate for the base assessment for each taxable year shall be the percentage rate set
50 by law by the General Assembly.

51 **"§ 108A-143. Payment from other hospitals.**

1 If a hospital that is exempt from both the base and supplemental assessments under this Part
2 (i) makes an intergovernmental transfer to the Department to be used to draw down matching
3 federal funds and (ii) has acquired, merged, leased, or managed another hospital on or after March
4 25, 2011, then the exempt hospital shall transfer to the State an additional amount. The additional
5 amount shall be a percentage of the amount of funds that (i) would be transferred to the State
6 through such an intergovernmental transfer and (ii) are to be used to match additional federal
7 funds that the exempt hospital is able to receive because of the acquired, merged, leased, or
8 managed hospital. That percentage shall be calculated by dividing the amount of the State's
9 annual Medicaid payment by the total amount collected under the base assessment under
10 G.S. 108A-142.

11 **"§ 108A-144. Use of funds.**

12 The proceeds of the assessments imposed under this Part, and all corresponding matching
13 federal funds, must be used to make the State's annual Medicaid payment to the State, to fund
14 payments to hospitals made directly by the Department, to fund a portion of capitation payments
15 to prepaid health plans attributable to hospital care, and to fund the nonfederal share of graduate
16 medical education payments."

17 **SECTION 9D.18.(c)** The percentage rate to be used in calculating the supplemental
18 assessment under G.S. 108A-141, as enacted in subsection (b) of this section, is one and
19 three-tenths percent (1.3%) for the taxable year October 1, 2019, through September 30, 2020.

20 **SECTION 9D.18.(d)** The percentage rate to be used in calculating the base
21 assessment under G.S. 108A-142, as enacted in subsection (b) of this section, is two and
22 twenty-six hundredths percent (2.26%) for the taxable year October 1, 2019, through September
23 30, 2020.

24 **SECTION 9D.18.(e)** The Department of Health and Human Services shall revise the
25 supplemental payment program for eligible medical professional providers described in the
26 Medicaid State Plan, Attachment 4.19-B, Section 5, Pages 2 and 3, as required by this section.
27 This payment program shall be called the Average Commercial Rate Supplemental and Directed
28 Payment Program. Effective October 1, 2019, the following two changes to the program shall be
29 implemented:

- 30 (1) The program shall no longer utilize a limit on the number of eligible medical
31 professional providers that may be reimbursed through the program, and
32 instead shall utilize a limit on the total payments made under the program.
- 33 (2) Payments under the program shall consist of two components: (i)
34 supplemental payments that increase reimbursement to the average
35 commercial rate under the State Plan and (ii) directed payments that increase
36 reimbursement to the average commercial rate under the managed care
37 system.

38 **SECTION 9D.18.(f)** The limitation on total payments made under the Average
39 Commercial Rate Supplemental and Directed Payment Program for eligible medical professional
40 providers shall apply to the combined amount of payments made as supplemental payments under
41 the State Plan and payments made as directed payments under the managed care system and shall
42 be based on the amount of supplemental payments made during the 2018-2019 fiscal year as
43 follows:

- 44 (1) For services provided during the period October 1, 2019, through June 30,
45 2020, the total annual supplemental and directed payments made under the
46 Average Commercial Rate Supplemental and Directed Payment Program shall
47 not exceed seventy-five percent (75%) of the gross supplemental payments
48 made to eligible medical providers during the 2018-2019 fiscal year.
- 49 (2) For services provided on or after July 1, 2020, the total annual supplemental
50 and directed payments made under the Average Commercial Rate
51 Supplemental and Directed Payment Program shall not exceed one hundred

1 percent (100%) of the gross supplemental payments made to eligible medical
2 providers during the 2018-2019 fiscal year, increased at the start of each State
3 fiscal year by an inflation factor determined by the Department of Health and
4 Human Services, Division of Health Benefits.

5 **SECTION 9D.18.(g)** Consistent with the existing supplemental payment program
6 for eligible medical professional providers, the Department of Health and Human Services shall
7 limit the total amount of supplemental and directed payments that may be received by the eligible
8 providers affiliated with East Carolina University Brody School of Medicine and University of
9 North Carolina at Chapel Hill Health Care System. Average commercial rate supplemental
10 payments and directed payments shall not be made for services provided in Wake County.

11 **SECTION 9D.18.(h)** The Department of Health and Human Services is not
12 authorized to make any modifications to the supplemental payment program for eligible medical
13 professional providers, except as authorized in subsections (e) through (g) of this section.

14 **SECTION 9D.18.(i)** Effective October 1, 2019, Section 12H.13(b) of S.L. 2014-100
15 is repealed.

16 **SECTION 9D.18.(j)** Notwithstanding Section 9D.14 of this act, the State Controller
17 shall transfer funds from the Medicaid Contingency Reserve, established by Section 12H.38 of
18 S.L. 2014-100, to the Department of Health and Human Services, Division of Health Benefits
19 (DHB), only upon request by the DHB as needed to cover any shortfall in receipts that are
20 anticipated in this act to support the Medicaid and NC Health Choice programs, and only if the
21 following conditions are met:

- 22 (1) OSBM has certified that there will be a shortfall in receipts anticipated in this
23 act to support the Medicaid and NC Health Choice programs.
- 24 (2) OSBM has certified that the amount requested by DHB does not exceed the
25 shortfall in receipts certified by OSBM under subdivision (1) of this
26 subsection.

27 Upon making the request to the State Controller for the transfer of funds pursuant to this
28 section, DHB shall notify the Fiscal Research Division and the Joint Legislative Oversight
29 Committee on Medicaid and NC Health Choice of the request and the amount of the request.

30 **SECTION 9D.18.(k)** Except as otherwise provided, this section is effective July 1,
31 2019.

32 **PART IX-E. HEALTH SERVICE REGULATION**

33 **FUNDS TO CONTINUE COMMUNITY PARAMEDICINE PILOT PROGRAM**

34 **SECTION 9E.1.(a)** Of the funds appropriated to the Department of Health and
35 Human Services, Division of Health Service Regulation, the sum of three hundred fifty thousand
36 dollars (\$350,000) in nonrecurring funds for the 2019-2020 fiscal year and the sum of three
37 hundred fifty thousand dollars (\$350,000) in nonrecurring funds for the 2020-2021 fiscal year
38 shall be used to continue the community paramedicine pilot program authorized in Section
39 12A.12 of S.L. 2015-241, as amended by Section 12A.3 of S.L. 2016-94, as follows:

- 40 (1) The sum of two hundred ten thousand dollars (\$210,000) in nonrecurring
41 funds for each year of the fiscal biennium shall be allocated to the New
42 Hanover Regional Emergency Medical Services site.
- 43 (2) The sum of seventy thousand dollars (\$70,000) in nonrecurring funds for each
44 year of the fiscal biennium shall be allocated to the McDowell County
45 Emergency Medical Services site.
- 46 (3) The sum of seventy thousand dollars (\$70,000) in nonrecurring funds for each
47 year of the fiscal biennium shall be allocated to the Wake County Emergency
48 Medical Services site.
- 49
- 50

1 The focus of this community paramedicine pilot program shall continue to be
2 expansion of the role of paramedics to allow for community-based initiatives that result in
3 providing care that avoids nonemergency use of emergency rooms and 911 services and
4 avoidance of unnecessary admissions into health care facilities.

5 **SECTION 9E.1.(b)** The participation requirements, objectives, standards, and
6 required outcomes for the pilot program shall remain the same as established pursuant to Section
7 12A.12 of S.L. 2015-241, as amended by Section 12A.3 of S.L. 2016-94.

8 **SECTION 9E.1.(c)** By November 1, 2021, the Department of Health and Human
9 Services shall submit an updated report on the community paramedicine pilot program to the
10 Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research
11 Division. At a minimum, the updated report shall include all of the following:

- 12 (1) Any updated version of the evaluation plan required by subsection (d) of
13 Section 12A.12 of S.L. 2015-241.
- 14 (2) An estimate of the cost to expand the program incrementally and statewide.
- 15 (3) An estimate of any potential savings of State funds associated with expansion
16 of the program.
- 17 (4) If expansion of the program is recommended, a time line for expanding the
18 program.

19 **MORATORIUM ON SPECIAL CARE UNIT LICENSES**

20 **SECTION 9E.2.(a)** For the period beginning July 1, 2019, and ending June 30, 2021,
21 the Department of Health and Human Services, Division of Health Service Regulation, shall not
22 issue any licenses for special care units as defined in G.S. 131D-4.6 and G.S. 131E-114. This
23 prohibition shall not restrict the Department of Health and Human Services from doing any of
24 the following:

- 25 (1) Issuing a license to a facility that is acquiring an existing special care unit.
- 26 (2) Issuing a license for a special care unit 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 this type of care is necessary in that area
29 during the moratorium imposed by this section.
- 30 (3) Processing all completed applications for special care unit licenses received
31 by the Division of Health Service Regulation along with the applicable license
32 fee prior to June 1, 2013.
- 33 (4) Issuing a license to a facility that was in possession of a certificate of need as
34 of July 31, 2013, that included authorization to operate special care unit beds.

35 **SECTION 9E.2.(b)** The Department of Health and Human Services shall submit a
36 report to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal
37 Research Division by March 1, 2021, containing at least the following information:

- 38 (1) The number of licensed special care units in the State.
- 39 (2) The capacity of the currently licensed special care units to serve people in
40 need of their services.
- 41 (3) The anticipated growth in the number of people who will need the services of
42 a licensed special care unit.
- 43 (4) The number of applications received from special care units seeking licensure
44 as permitted by this section and the number of those applications that were not
45 approved.

46 **PART IX-F. MENTAL HEALTH/DEVELOPMENTAL DISABILITIES/SUBSTANCE**

47 **ABUSE SERVICES**

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

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

12 **SECTION 9F.1.(b)** The DMH/DD/SAS shall allocate the recurring reduction for
 13 single-stream funding that was required by Section 11F.2 of S.L. 2017-57, as amended by Section
 14 4 of S.L. 2017-206 and Section 11F.1 of S.L. 2018-5, among the LME/MCOs as follows:

	FY 2019-2020	FY 2020-2021
15 Alliance Behavioral Healthcare	(\$5,298,693)	(\$5,298,693)
16 Cardinal Innovations Healthcare	(\$9,640,838)	(\$9,640,838)
17 Eastpointe	(\$2,966,226)	(\$2,966,226)
18 Partners Behavioral Health Management	(\$3,904,081)	(\$3,904,081)
19 Sandhills Center	(\$3,509,283)	(\$3,509,283)
20 Trillium Health Resources	(\$5,759,070)	(\$5,759,070)
21 Vaya Health	(\$5,362,704)	(\$5,362,704)
22 Total	(\$36,440,895)	(\$36,440,895)

23
 24
 25 By March 1, 2020, the Secretary of Health and Human Services shall submit to the
 26 Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research
 27 Division a proposal for any adjustments to the specified recurring reductions among the
 28 LME/MCOs for future fiscal years. The proposal must include a detailed explanation supporting
 29 any proposed changes.

30 **SECTION 9F.1.(c)** If, on or after June 1, 2020, the Office of State Budget and
 31 Management (OSBM) certifies a Medicaid and NC Health Choice budget surplus and sufficient
 32 cash in Budget Code 14445 to meet total obligations for the 2019-2020 fiscal year, then the
 33 Department of Health and Human Services, Division of Health Benefits (DHB), may transfer to
 34 the DMH/DD/SAS funds not to exceed the amount of the certified surplus or thirty million dollars
 35 (\$30,000,000), whichever is less, to offset the reduction in single-stream funding required by this
 36 section.

37 If, on or after June 1, 2021, the OSBM certifies a Medicaid and NC Health Choice
 38 budget surplus and sufficient cash in Budget Code 14445 to meet total obligations for fiscal year
 39 2018-2019, then the DHB may transfer to the DMH/DD/SAS funds not to exceed the amount of
 40 the certified surplus or thirty million dollars (\$30,000,000), whichever is less, to offset the
 41 reduction in single-stream funding required by this section.

42 The DMH/DD/SAS shall allocate funds transferred pursuant to this subsection among
 43 the LME/MCOs based on the individual LME/MCO's percentage of recurring reductions in
 44 single-stream funding for the fiscal year, as required by subsection (b) of this section. These
 45 funds shall be allocated as prescribed by June 30 of each State fiscal year.

46 **SECTION 9F.1.(d)** The Department of Health and Human Services shall develop a
 47 maintenance of effort (MOE) spending requirement for all mental health and substance abuse
 48 services which must be maintained using nonfederal, State appropriations on an annual basis in
 49 order to meet MOE requirements for federal block grant awards. LME/MCOs shall ensure the
 50 MOE spending requirement is met using State appropriations.
 51

FUNDS FOR LOCAL INPATIENT PSYCHIATRIC BEDS OR BED DAYS

SECTION 9F.2.(a) Use of Funds. – Of the funds appropriated to the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, for crisis services, the sum of forty million six hundred twenty-one thousand six hundred forty-four dollars (\$40,621,644) in recurring funds for the 2019-2020 fiscal year and the sum of forty million six hundred twenty-one thousand six hundred forty-four dollars (\$40,621,644) in recurring funds for the 2020-2021 fiscal year shall be used to purchase additional new or existing local inpatient psychiatric beds or bed days not currently funded by or through local management entities/managed care organizations (LME/MCOs). The Department shall continue to implement a two-tiered system of payment for purchasing these local inpatient psychiatric beds or bed days based on acuity level with an enhanced rate of payment for inpatient psychiatric beds or bed days for individuals with higher acuity levels, as defined by the Department. The enhanced rate of payment for inpatient psychiatric beds or bed days for individuals with higher acuity levels shall not exceed the lowest average cost per patient bed day among the State psychiatric hospitals. In addition, at the discretion of the Secretary of Health and Human Services, existing funds allocated to LME/MCOs for community-based mental health, developmental disabilities, and substance abuse services may be used to purchase additional local inpatient psychiatric beds or bed days. Funds designated in this subsection for the purchase of local inpatient psychiatric beds or bed days shall not be used to supplant other funds appropriated or otherwise available to the Department for the purchase of inpatient psychiatric services through contracts with local hospitals.

SECTION 9F.2.(b) Distribution and Management of Beds or Bed Days. – Except as provided in this subsection, the Department shall work to ensure that any local inpatient psychiatric beds or bed days purchased in accordance with this section are utilized solely for individuals who are medically indigent, as defined in this subsection. In addition, the Department shall work to ensure that any local inpatient psychiatric beds or bed days purchased in accordance with this section are distributed across the State in LME/MCO catchment areas and according to need as determined by the Department. The Department shall ensure that beds or bed days for individuals with higher acuity levels are distributed across the State in LME/MCO catchment areas and according to greatest need based on hospital bed utilization data. The Department shall enter into contracts with LME/MCOs and local hospitals for the management of these beds or bed days. The Department shall work to ensure that these contracts are awarded equitably around all regions of the State. LME/MCOs shall manage and control these local inpatient psychiatric beds or bed days, including the determination of the specific local hospital or State psychiatric hospital to which an individual should be admitted pursuant to an involuntary commitment order.

The Department may use up to ten percent (10%) of the funds allocated in this section for each year of the 2019-2021 fiscal biennium to pay for facility-based crisis services and nonhospital detoxification services for individuals in need of these services, regardless if the individuals are medically indigent, defined as uninsured persons who (i) are financially unable to obtain private insurance coverage as determined by the Department and (ii) are not eligible for government-funded health coverage such as Medicare or Medicaid.

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

SECTION 9F.2.(d) Ineffective LME/MCO Management of Beds or Bed Days. – If the Department determines that (i) an LME/MCO is not effectively managing the beds or bed

1 days for which it has responsibility, as evidenced by beds or bed days in the local hospital not
2 being utilized while demand for services at the State psychiatric hospitals has not decreased, or
3 (ii) the LME/MCO has failed to comply with the prompt payment provisions of subsection (c) of
4 this section, the Department may contract with another LME/MCO to manage the beds or bed
5 days or, notwithstanding any other provision of law to the contrary, may pay the hospital directly.

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

8 **SECTION 9F.2.(f)** Reporting by Department. – By no later than December 1, 2020,
9 and by no later than December 1, 2021, the Department shall report to the Joint Legislative
10 Oversight Committee on Health and Human Services and the Fiscal Research Division on all of
11 the following:

- 12 (1) A uniform system for beds or bed days purchased during the preceding fiscal
13 year from (i) funds appropriated in this act that are designated for this purpose
14 in subsection (a) of this section, (ii) existing State appropriations, and (iii)
15 local funds.
- 16 (2) An explanation of the process used by the Department to ensure that, except
17 as otherwise provided in subsection (a) of this section, local inpatient
18 psychiatric beds or bed days purchased in accordance with this section are
19 utilized solely for individuals who are medically indigent, along with the
20 number of medically indigent individuals served by the purchase of these beds
21 or bed days.
- 22 (3) The amount of funds used to pay for facility-based crisis services, along with
23 the number of individuals who received these services and the outcomes for
24 each individual.
- 25 (4) The amount of funds used to pay for nonhospital detoxification services, along
26 with the number of individuals who received these services and the outcomes
27 for each individual.
- 28 (5) Other Department initiatives funded by State appropriations to reduce State
29 psychiatric hospital use.

30 31 **TRAUMATIC BRAIN INJURY FUNDING**

32 **SECTION 9F.3.** Of the funds appropriated in this act to the Department of Health
33 and Human Services, Division of Mental Health, Developmental Disabilities, and Substance
34 Abuse Services, for traumatic brain injury (TBI) services, the sum of two million three hundred
35 seventy-three thousand eighty-six dollars (\$2,373,086) in recurring funds for the 2019-2020
36 fiscal year and the sum of two million three hundred seventy-three thousand eighty-six dollars
37 (\$2,373,086) in recurring funds for the 2020-2021 fiscal year shall be used exclusively to support
38 TBI services as follows:

- 39 (1) The sum of three hundred fifty-nine thousand two hundred eighteen dollars
40 (\$359,218) shall be used to fund contracts with the Brain Injury Association
41 of North Carolina, Carolinas Rehabilitation, or appropriate service providers
42 to assist families in accessing the continuum of care and to provide
43 educational programs on brain injury prevention, intervention, and care.
- 44 (2) The sum of two million thirteen thousand eight hundred sixty-eight dollars
45 (\$2,013,868) shall be used to (i) support residential programs across the State
46 that are specifically designed to serve individuals with TBI and (ii) support
47 requests submitted by individual consumers for assistance with services such
48 as, but not limited to, residential supports, home modifications, transportation,
49 and other requests deemed necessary by the consumer's local management
50 entity/managed care organization.

DOROTHEA DIX HOSPITAL PROPERTY FUNDS

SECTION 9F.4. Any funds allocated to the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, from the Dorothea Dix Hospital Property Fund established under G.S. 143C-9-2(b1), pursuant to Section 12F.4 of S.L. 2016-94 and Section 11F.5 of S.L. 2017-57, as amended, that are not expended or encumbered as of June 30, 2020, shall remain in the Dorothea Dix Hospital Property Fund.

FUNDS FOR NEW BROUGHTON HOSPITAL

SECTION 9F.5. Of the funds appropriated in this act to the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, for the new Broughton Hospital for the 2020-2021 fiscal year, the sum of up to eight million seven hundred sixty-nine thousand six hundred fifty-five dollars (\$8,769,655) in recurring funds shall be used only for the following purposes: (i) the creation of no more than 60 full-time equivalent positions assigned to the new Broughton Hospital, (ii) costs directly related to planning for and transitioning patients from the old Broughton Hospital to the new Broughton Hospital, and (iii) operational costs for new beds at the new Broughton Hospital.

SUPPLEMENTAL SHORT-TERM ASSISTANCE FOR GROUP HOMES

SECTION 9F.6.(a) As used in this section, "group home" means any facility that (i) is licensed under Chapter 122C of the General Statutes, (ii) meets the definition of a supervised living facility under 10A NCAC 27G .5601(c)(1) or 10A NCAC 27G .5601(c)(3), and (iii) serves adults whose primary diagnosis is mental illness or a developmental disability but may also have other diagnoses.

SECTION 9F.6.(b) Of the funds appropriated to the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, the sum of eight million dollars (\$8,000,000) in nonrecurring funds for the 2019-2020 fiscal year shall be used to provide temporary, short-term financial assistance in the form of a monthly payment to group homes on behalf of each resident who meets all of the following criteria:

- (1) Was eligible for Medicaid-covered personal care services (PCS) prior to January 1, 2013, but was determined to be ineligible for PCS on or after January 1, 2013, due to Medicaid State Plan changes in PCS eligibility criteria specified in Section 10.9F of S.L. 2012-142, as amended by Section 3.7 of S.L. 2012-145 and Section 70 of S.L. 2012-194.
- (2) Has continuously resided in a group home since December 31, 2012.

SECTION 9F.6.(c) These monthly payments shall be subject to all of the following requirements and limitations:

- (1) The amount of the monthly payments authorized by this section shall not exceed four hundred sixty-four dollars and thirty cents (\$464.30) per month for each resident who meets all criteria specified in subsection (b) of this section.
- (2) A group home that receives the monthly payments authorized by this section shall not, under any circumstances, use these payments for any purpose other than providing, as necessary, supervision and medication management for a resident who meets all criteria specified in subsection (b) of this section.
- (3) The Department shall make monthly payments authorized by this section to a group home on behalf of each resident who meets all criteria specified in subsection (b) of this section only for the period commencing July 1, 2019, and ending June 30, 2020, or upon depletion of the eight million dollars (\$8,000,000) in nonrecurring funds appropriated in this act to the Division of

1 Mental Health, Developmental Disabilities, and Substance Abuse Services,
2 for supplemental short-term assistance for group homes, for the 2019-2020
3 fiscal year for the purpose of this section, whichever is earlier.

4 (4) The Department shall make monthly payments authorized by this section only
5 to the extent sufficient funds are available from the eight million dollars
6 (\$8,000,000) in nonrecurring funds appropriated in this act to the Division of
7 Mental Health, Developmental Disabilities, and Substance Abuse Services,
8 for supplemental short-term assistance for group homes, for the 2019-2020
9 fiscal year for the purpose of this section.

10 (5) The Department shall not make monthly payments authorized by this section
11 to a group home on behalf of a resident during the pendency of an appeal by
12 or on behalf of the resident under G.S. 108A-70.9A.

13 (6) The Department shall terminate all monthly payments pursuant to this section
14 on June 30, 2020, or upon depletion of the eight million dollars (\$8,000,000)
15 in nonrecurring funds appropriated in this act to the Division of Mental Health,
16 Developmental Disabilities, and Substance Abuse Services, for supplemental
17 short-term assistance for group homes, for the 2019-2020 fiscal year for the
18 purpose of this section, whichever is earlier.

19 (7) Each group home that receives the monthly payments authorized by this
20 section shall submit to the Department a list of all funding sources for the
21 operational costs of the group home for the preceding two years, in accordance
22 with the schedule and format prescribed by the Department.

23 **SECTION 9F.6.(d)** The Department shall use an existing mechanism to administer
24 these funds in the least restrictive manner that ensures compliance with this section and timely
25 and accurate payments to group homes. The Department shall not, under any circumstances, use
26 any portion of the eight million dollars (\$8,000,000) in nonrecurring funds appropriated in this
27 act to the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services,
28 for supplemental short-term assistance for group homes, for the 2019-2020 fiscal year for any
29 other purpose than the purpose specified in this section.

30 **SECTION 9F.6.(e)** Nothing in this section shall be construed as an obligation by the
31 General Assembly to appropriate funds for the purpose of this section, or as an entitlement by
32 any group home, resident of a group home, or other person to receive temporary, short-term
33 financial assistance under this section.

34 **SECTION 9F.6.(f)** The funds allocated to the Department of Health and Human
35 Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services,
36 in this section shall not revert at the end of the 2019-2020 fiscal year but shall be available to be
37 used for the Group Home Stabilization and Transition Initiative established in Section 9F.7 of
38 this act.

39 **GROUP HOME STABILIZATION AND TRANSITION INITIATIVE**

40 **SECTION 9F.7.(a)** This section shall be known as the "Group Home Stabilization
41 and Transition Initiative."

42 **SECTION 9F.7.(b)** Of the funds appropriated to the Department of Health and
43 Human Services, Division of Mental Health, Developmental Disabilities, and Substances Abuse
44 Services, the sum of twenty-three million dollars (\$23,000,000) in nonrecurring funds for the
45 2020-2021 fiscal year for the following purposes only:

46 (1) Incentivizing local management entities/managed care organizations
47 (LME/MCOs) to develop and implement new "in-lieu-of" services, or other
48 Medicaid-funded services, to support the residential needs of Medicaid
49 recipients living in licensed, community-based group homes.
50

- 1 (2) Establishing new rate models and rate methodologies to replace the currently
2 inadequate and insufficient State-funded rates supporting residents of
3 licensed, community-based group homes. DHHS shall identify any vacant
4 beds and eligible individuals to fill those beds under the new rate models and
5 rate methodologies and assist with the orderly transition of the eligible
6 individuals into the vacant beds.
- 7 (3) Increasing the existing per member per month payments to LME/MCOs for
8 the 2020-2021 fiscal year to quickly enable and facilitate the transition to a
9 more appropriate and sustainable service-funding model for licensed,
10 community-based group homes by January 1, 2021. Funds expended under
11 this subdivision shall be allocated in per-person amounts, to be determined by
12 DHHS, to individuals with intellectual or other developmental disabilities
13 who received State funding prior to January 1, 2021, and who reside in
14 licensed, community-based group homes for eligible individuals with
15 intellectual and other developmental disabilities.
- 16 (4) Continuing the existing rate structure at the per-person amounts for the
17 2019-2020 fiscal year to offset the loss of bridge funds and maintain the
18 current financial conditions of licensed, community-based group homes that
19 serve adults whose primary diagnosis is mental illness or an intellectual or
20 developmental disability.

21 Residents of group homes who are supported by the North Carolina Innovations
22 Waiver are not eligible to receive any funding under this subsection.

23 **SECTION 9F.7.(c)** DHHS shall develop a more appropriate and sustainable service
24 model for residents of licensed, community-based group homes. In developing this service
25 model, DHHS shall do all of the following:

- 26 (1) In cooperation with stakeholders and LME/MCOs, develop actuarially sound,
27 needs-based rate model and rate methodologies for new "in-lieu-of" services,
28 or other Medicaid-funded services, that will be specific to the residential
29 support services needed in group homes serving Medicaid recipients with
30 intellectual or other developmental disabilities and to residential support
31 services needed in group homes serving Medicaid recipients with a primary
32 diagnosis of mental illness. The rate methodologies shall be comparable to, or
33 a percentage of, existing rates for similar services currently provided through
34 the North Carolina Innovations Waiver. The new rate structures shall include
35 wage and hour increases for direct support personnel working in these group
36 homes.
- 37 (2) In cooperation with stakeholders and LME/MCOs, develop new model
38 service definitions specific to the residential support services needed by
39 Medicaid recipients with mental health needs living in licensed,
40 community-based group homes. The new service definitions shall require the
41 delivery of new habilitation or rehabilitation support services in the residential
42 setting.
- 43 (3) Develop a process whereby all, or a portion of, the State funds used to support
44 Medicaid recipients with mental illness or intellectual or other developmental
45 disabilities living in licensed, community-based group homes prior to the
46 implementation of the new rate structure are used for the new "in-lieu-of"
47 services or other Medicaid services developed pursuant to this subsection. The
48 policy shall ensure an orderly home-by-home transition process. The policy
49 shall ensure that residents who are found to be ineligible for Medicaid services
50 or who do not meet medical necessity criteria for the new "in-lieu-of" services,
51 or other Medicaid-funded services, shall continue to be served using State

1 funds at a needs-based rate comparable to the North Carolina Innovations
2 Waiver rate. No resident shall be displaced as a result of being found ineligible
3 for Medicaid services after the implementation of the new "in-lieu-of"
4 services or other Medicaid-funded services. DHHS may use a regional
5 phased-in approach to achieve the goals set forth in this subdivision.

- 6 (4) Include a plan to direct LME/MCOs to (i) implement "in-lieu-of" services or
7 other Medicaid-funded services for all eligible residents with mental illness or
8 intellectual or other developmental disabilities living in licensed,
9 community-based group homes receiving State funds and (ii) transition
10 eligible residents to these more sustainable and appropriate Medicaid services.
11 (5) No later than November 1, 2020, report to the Joint Legislative Oversight
12 Committee on Health and Human Services and the Joint Legislative Oversight
13 Committee on Medicaid and NC Health Choice on the service model for
14 residents of licensed, community-based group homes that has been developed.
15 The model shall be implemented by January 1, 2021. Once the model is
16 implemented, the State funds that were used to support residents of licensed,
17 community-based group homes prior to implementation shall be reinvested in
18 their entirety in both the new funding model and increased rates to support
19 and equalize wages of direct support personnel serving the residents. The
20 reinvested State funds match plus the federal funds portion of the new services
21 shall be annualized and become a part of the prepaid health plan per member
22 per month amount.

23 **SECTION 9F.7.(d)** The more appropriate and sustainable service model for
24 residents of licensed, community-based group homes developed in accordance with subsection
25 (c) of this section shall be implemented by January 1, 2021. Once the model is implemented, the
26 State funds that were used to support residents of licensed, community-based group homes prior
27 to implementation shall be reinvested in their entirety in both the new funding model and
28 increased rates to support and equalize wages of direct support personnel serving the residents.
29 The reinvested State funds match plus the federal funds portion of the new services shall be
30 annualized and become a part of the prepaid health plan per member per month amount.

31
32 **REPORT ON USE OF FUNDS TO PURCHASE INPATIENT ALCOHOL AND**
33 **SUBSTANCE USE DISORDER TREATMENT SERVICES**

34 **SECTION 9F.8.** The Department of Health and Human Services, Division of Mental
35 Health, Developmental Disabilities, and Substance Abuse Services, shall report annually,
36 beginning September 1, 2019, and ending on September 1, 2026, on the implementation of the
37 use of funds to purchase inpatient alcohol and substance use disorder treatment services required
38 by Section 12F.12 of S.L. 2015-241, as amended by Section 11F.4 of S.L. 2017-57. The report
39 shall be submitted to the Joint Legislative Oversight Committee on Health and Human Services
40 and the Fiscal Research Division with the following information for the prior fiscal year and the
41 two preceding fiscal years, for each Alcohol and Drug Abuse Treatment Center (ADATC):

- 42 (1) The number of beds in operation.
43 (2) The number of bed days.
44 (3) The total amount of receipts, the amount of those receipts that were received
45 from local management entities/managed care organizations, and the amount
46 of those receipts that were received from all other sources.
47 (4) Cost of operation of the ADATC, with personnel and staffing costs reported
48 separately from all other costs.
49 (5) The ADATC's profit or loss.

50
51 **FUNDS FOR OVERDOSE MEDICATIONS**

1 **SECTION 9F.9.** Of the funds appropriated in this act to the Department of Health
2 and Human Services, Division of Mental Health, Developmental Disabilities, and Substance
3 Abuse Services, the sum of one hundred thousand dollars (\$100,000) in recurring funds for each
4 fiscal year of the 2019-2021 fiscal biennium shall be used to purchase opioid antagonists, as
5 defined in G.S. 90-12.7, to reverse opioid-related drug overdoses as follows:

- 6 (1) Seventy-five thousand dollars (\$75,000) in recurring funds for each year of
7 the 2019-2021 fiscal biennium shall be used to purchase opioid antagonists to
8 be distributed at no charge to the North Carolina Harm Reduction Coalition
9 to serve individuals at risk of experiencing an opioid-related drug overdose or
10 to the friends and family members of an at-risk individual.
11 (2) Twenty-five thousand dollars (\$25,000) in recurring funds for each year of the
12 2019-2021 fiscal biennium shall be used to purchase opioid antagonists to be
13 distributed at no charge to North Carolina law enforcement agencies.
14

15 **FUNDS FOR VAYA HEALTH TO EXPAND FACILITY-BASED CRISIS SERVICES**

16 **SECTION 9F.10.(a)** Funds appropriated in S.L. 2018-5 to the Department of Health
17 and Human Services, Division of Mental Health, Developmental Disabilities, and Substance
18 Abuse Services, to be allocated to Vaya Health (Vaya) as a grant-in-aid for the construction of a
19 facility-based crisis center in Wilkes County, shall not revert, but shall be expended or
20 encumbered by December 31, 2019. Vaya shall not use these funds for any purpose other than
21 the purpose stated in Section 11F.5 of S.L. 2018-5.

22 **SECTION 9F.10.(b)** This section becomes effective June 30, 2019, and applies to
23 funds not obligated on that date.
24

25 **FUNDS FOR EVIDENCE-BASED SUPPORTED EMPLOYMENT SERVICES FOR** 26 **INDIVIDUALS WITH SERIOUS MENTAL ILLNESS, INTELLECTUAL** 27 **DISABILITIES, OR DEVELOPMENTAL DISABILITIES**

28 **SECTION 9F.11.** Of the funds appropriated in this act to the Department of Health
29 and Human Services, Division of Mental Health, Developmental Disabilities, and Substance
30 Abuse Services, the sum of one hundred twenty-five thousand dollars (\$125,000) in recurring
31 funds for each year of the 2019-2021 fiscal biennium shall be allocated as a grant to the North
32 Carolina Association of People Supporting Employment First (NC APSE) to develop and
33 implement training programs for the Department, including online training modules, on the
34 provision of evidence-based supported employment services for individuals in targeted
35 populations, in order to assist these individuals with preparation for, identification of, and
36 maintenance of integrated, paid, competitive employment. The Department shall make these
37 training programs available throughout the State to (i) employers that have hired or are willing
38 to hire individuals in targeted populations, (ii) service providers of local management
39 entities/managed care organizations, and (iii) any other entity the Department determines will
40 benefit from receiving this training in order to achieve improved employment outcomes for
41 individuals in targeted populations. As used in this section, "individuals in targeted populations"
42 means individuals with serious mental illness who are in or at risk of entry to an adult care home
43 and individuals with intellectual disabilities, developmental disabilities, or both.
44

45 **YOUTH TOBACCO ENFORCEMENT FUNDING**

46 **SECTION 9F.12.** Of the funds appropriated in this act to the Department of Health
47 and Human Services, Division of Mental Health, Developmental Disabilities, and Substance
48 Abuse Services, the sum of three hundred thousand dollars (\$300,000) in recurring funds for each
49 year of the 2019-2021 fiscal biennium shall be transferred to the Alcohol Law Enforcement
50 Branch. The Alcohol Law Enforcement Branch shall allocate these funds for the performance of
51 statewide compliance checks to enforce the State's youth tobacco access law (G.S. 14-313).

STUDY ESTABLISHMENT OF A REGIONAL BEHAVIORAL HEALTH CENTER

SECTION 9F.13.(a) Of the funds appropriated to the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, the sum of one hundred eighty thousand dollars (\$180,000) in nonrecurring funds for the 2019-2020 fiscal year, shall be used to conduct, through Partners Behavioral Health Management, a feasibility study for the establishment of a behavioral health crisis center located in Burke County to serve a broader region, to be determined by the findings of the feasibility study. The study shall, at a minimum, include all of the following:

- (1) A description of all programs and services to be provided at the facility.
- (2) The facility's service area and the demand for service in that area.
- (3) Current provider capacity to meet the demand for service in that area.
- (4) A recommended location for the facility, including the cost to rent, purchase, or construct a facility at the recommended location, along with the cost of any land, buildings, land improvements, or building improvements.
- (5) Start-up costs for the facility and programs offered at the facility, including any necessary training.
- (6) Annual cost to operate the facility, including staff, training, supplies, food, housekeeping, security, maintenance, administration, medications, and information technology.
- (7) Cost to rent or purchase equipment for the facility.
- (8) Anticipated sources of public and private payment for services provided at the facility, including private insurance, Medicaid, State appropriations, patient payments, and other payment sources.
- (9) The estimated amount of recurring and nonrecurring State appropriations necessary to start and sustain the facility.
- (10) Any referral agreements necessary to ensure continuity of patient care.
- (11) An implementation time line.

SECTION 9F.13.(b) By February 10, 2020, the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, and Partners Behavioral Health Management shall jointly submit a written report of the findings of the feasibility study authorized by subsection (a) of this section to the Joint Legislative Oversight Committee on Health and Human Services.

ESTABLISH A WORKGROUP TO REDUCE ADMINISTRATIVE DUPLICATION FOR MENTAL HEALTH, DEVELOPMENTAL DISABILITIES, AND SUBSTANCE USE DISORDER PROVIDERS

SECTION 9F.14.(a) The Secretary of the Department of Health and Human Services shall establish a workgroup to examine current administrative requirements for mental health, intellectual/developmental disability, and substance use disorder providers and how best to integrate these requirements with similar administrative requirements for physical health providers in order to avoid duplication and enhance efficiency. The workgroup shall consist of representatives from the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, the Division of Health Benefits, the Division of Health Service Regulation, local management entity/managed care organizations, providers, and stakeholders. The examination shall include a review of at least all of the following categories of requirements imposed on mental health, intellectual/developmental disability, and substance use disorder providers and physical health providers:

- (1) Training.
- (2) Service delivery.
- (3) Documentation.

- 1 (4) Claims processing.
- 2 (5) Reporting.
- 3 (6) Monitoring.
- 4 (7) Oversight.
- 5 (8) Facility licensure.
- 6 (9) Medicaid enrollment.
- 7 (10) Credentialing.
- 8 (11) Accreditation.
- 9 (12) Contracts.
- 10 (13) Investigations.
- 11 (14) Audits.

12 **SECTION 9F.14.(b)** In conducting the examination required under subsection (a)
13 of this section, the workgroup shall identify the federal or State entity that created each
14 requirement examined by the workgroup to include State legislation, statutes, contractual
15 requirements, federal Medicaid and managed care law, and provide a recommendation about
16 whether that requirement should remain, be eliminated, or be redesigned. The workgroup shall
17 consider any requirement imposed on mental health, intellectual/developmental disability, and
18 substance use disorder providers that:

- 19 (1) Is not federally mandated.
- 20 (2) Exceeds what is required for physical health.
- 21 (3) Does not add value to the delivery of behavioral health services.
- 22 (4) Is unable to be incorporated into standard electronic health records or does not
23 align with meaningful use of electronic health records.

24 **SECTION 9F.14.(c)** By March 31, 2020, the Department of Health and Human
25 Services shall report the findings and recommendations of the workgroup to the Joint Legislative
26 Oversight Committee on Health and Human Services, the Joint Legislative Oversight Committee
27 on Medicaid and NC Health Choice, and the Fiscal Research Division.

29 PEER WELLNESS CENTER PILOT PROGRAM

30 **SECTION 9F.15.(a)** Of the funds appropriated to the Department of Health and
31 Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse
32 Services (Division), the sum of five hundred thousand dollars (\$500,000) for each year of the
33 2019-2021 fiscal biennium allocated in Section 9K.1 of this act in Mental Health Block Grant
34 funds for Mental Health Services – Adult/Child may be used to fund a two-year Peer Wellness
35 Center pilot program. The Peer Wellness Center pilot program shall consist of two Peer Wellness
36 Centers, one of which is located in a rural community, and one of which is located in an urban
37 community. The Peer Wellness Centers shall serve individuals with severe mental illness,
38 irrespective of the funding sources available to the individual. The Peer Wellness Centers shall
39 (i) provide a social and educational setting that functions as a mutual-support, self-help, and
40 health-promotion environment, (ii) reduce the need to crisis services and hospitalizations, and
41 (iii) offer social connections to improve transitional outcomes. The Peer Wellness Centers shall
42 also do all of the following:

- 43 (1) Offer services and supports that enhance mental health recovery, reduce the
44 need for hospitalization, and that are not covered by Medicaid.
- 45 (2) Be owned, operated, and staffed by peer facilitators who are North Carolina
46 Certified Peer Support Specialists and are trained to facilitate wellness
47 programming in support of mental health recovery and to promote community
48 integration for the individuals served.
- 49 (3) Receive referrals of individuals from advocacy resources, mental health
50 service providers, hospitals, and other community entities.

1 **SECTION 9F.15.(b)** The Division shall accept competitive grant proposals for the
2 pilot Peer Wellness Centers for a period of 180 days after this section becomes effective. Grant
3 proposals shall describe how the proposal will meet all of the following goals and objectives for
4 individuals served through the Peer Wellness Center:

- 5 (1) Improve physical and mental wellness.
- 6 (2) Reduce the rate of hospitalizations.
- 7 (3) Reduce the use of crisis services.
- 8 (4) Increase the rate of successful adaptation to community living for individuals
9 participating in the Division's Transitions to Community Living Initiative.

10 **SECTION 9F.15.(c)** The grantees selected by the Division to be the pilot Peer
11 Wellness Centers shall collect data on all of the following:

- 12 (1) Outcomes for individuals served by the Peer Wellness Center, measured
13 utilizing the eight dimensions of wellness model, which is an integrated health
14 care framework defined through research and endorsed by the Substance
15 Abuse and Mental Health Services Administration.
- 16 (2) The use of hospitals and crisis support measures by individuals while being
17 served by the Peer Wellness Center.
- 18 (3) The number of episodes of urgent support needed by individuals while being
19 served by the Peer Wellness Center.
- 20 (4) The number of individuals served by the Peer Wellness Center who were also
21 participating in the Transitions to Community Living Initiative.

22 **SECTION 9F.15.(d)** Upon completion of the Peer Wellness Center pilot program,
23 each grantee shall report to the Division the data collected under subsection (c) of this section.
24 Within six months after receiving the reports from the grantees, and upon review of those reports,
25 the Division shall submit a report to the Joint Legislative Oversight Committee on Health and
26 Human Services with recommendations regarding (i) the effectiveness and functionality of the
27 pilot Peer Wellness Centers and (ii) whether to expand the Peer Wellness Center pilot program
28 statewide.

29 30 **PART IX-G. PUBLIC HEALTH**

31 32 **LOCAL HEALTH DEPARTMENTS/COMPETITIVE GRANT PROCESS TO** 33 **IMPROVE MATERNAL AND CHILD HEALTH**

34 **SECTION 9G.1.(a)** Funds appropriated in this act to the Department of Health and
35 Human Services, Division of Public Health, for each year of the 2019-2021 fiscal biennium to
36 award competitive grants to local health departments for the improvement of maternal and child
37 health shall be used to continue administering a competitive grant process for local health
38 departments based on maternal and infant health indicators and the county's detailed proposal to
39 invest in evidence-based programs to achieve the following goals:

- 40 (1) Improve North Carolina's birth outcomes.
- 41 (2) Improve the overall health status of children in this State from birth to age 5.
- 42 (3) Lower the State's infant mortality rate.

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

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

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

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

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

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

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

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

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

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

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

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

29 (3) Outcome measures that demonstrate the impact and effectiveness of the
30 programs, services, and activities based on the evaluation protocols developed
31 by the Division, in collaboration with the University of North Carolina
32 Gillings School of Global Public Health, pursuant to Section 12E.11(e) of S.L.
33 2015-241, and reported to the Joint Legislative Oversight Committee on
34 Health and Human Services on April 1, 2016.

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

37
38 **INCREASED FUNDS FOR LOCAL COMMUNICABLE DISEASE SURVEILLANCE,
39 DETECTION, CONTROL, AND PREVENTION**

40 **SECTION 9G.2.** Of the funds appropriated in this act to the Department of Health
41 and Human Services, Division of Public Health, the sum of four million dollars (\$4,000,000) in
42 recurring funds for the 2019-2020 fiscal year and the sum of four million dollars (\$4,000,000) in
43 recurring funds for the 2020-2021 fiscal year, shall be allocated to local health departments to
44 expand local infrastructure for activities associated with the surveillance, detection, control, and
45 prevention of communicable diseases. In distributing these funds to local health departments
46 pursuant to this section, for each year of the 2019-2021 fiscal biennium, and for each fiscal year
47 thereafter, the Division of Public Health shall (i) allocate to each local health department twenty
48 thousand dollars (\$20,000) for each county it serves and (ii) allocate the remaining two million
49 dollars (\$2,000,000) to local health departments based upon the percentage of the State
50 population served by each of the local health departments. Local health departments shall use all

1 funds allocated under this section to supplement and not supplant existing funds for the
2 surveillance, detection, control, and prevention of communicable diseases.

3 4 **LIMITATION ON USE OF STATE FUNDS**

5 **SECTION 9G.3.** The limitation on the use of State funds as stated in Section 12E.13
6 of S.L. 2015-241 shall apply to funds appropriated in this act to the Department of Health and
7 Human Services for each fiscal year of the 2019-2021 fiscal biennium.

8 9 **REPORT ON PREMIUM ASSISTANCE PROGRAM WITHIN AIDS DRUG** 10 **ASSISTANCE PROGRAM**

11 **SECTION 9G.4.** Upon a determination by the Department of Health and Human
12 Services, Division of Public Health, that, in six months or less, it will no longer be feasible to
13 operate the health insurance premium assistance program implemented within the North Carolina
14 AIDS Drug Assistance Program (ADAP) on a cost-neutral basis or in a manner that achieves
15 savings to the State, the Department shall submit a report to the Joint Legislative Oversight
16 Committee on Health and Human Services notifying the Committee of this determination along
17 with supporting documentation and a proposed course of action with respect to health insurance
18 premium assistance program participants.

19 20 **CAROLINA PREGNANCY CARE FELLOWSHIP FUNDS**

21 **SECTION 9G.5.** Of the funds appropriated in this act to the Department of Health
22 and Human Services, Division of Public Health, for the 2019-2021 fiscal biennium, for Carolina
23 Pregnancy Care Fellowship, a nonprofit corporation, no more than fifteen percent (15%) of the
24 funds allocated for the 2019-2020 fiscal year and for the 2020-2021 fiscal year shall be used for
25 administrative purposes. The balance of these funds shall be used for direct services.

26 27 **CAROLINA PREGNANCY CARE FELLOWSHIP CARRYFORWARD FOR** 28 **DURABLE MEDICAL EQUIPMENT AND TRAINING**

29 **SECTION 9G.6.(a)** Funds appropriated to the Department of Health and Human
30 Services, Division of Public Health, for the 2018-2019 fiscal year, for allocation to Carolina
31 Pregnancy Care Fellowship, a nonprofit corporation, shall not revert on June 30, 2019, but shall
32 remain available until the end of the 2019-2021 fiscal biennium. Carolina Pregnancy Care
33 Fellowship shall use these funds to provide grants to clinics that apply to the Carolina Pregnancy
34 Care Fellowship for durable medical equipment, training, or a combination of both, without any
35 limitation on how much of the funds carried forward may be expended for durable medical
36 equipment or training. Carolina Pregnancy Care Fellowship shall not use more than ten percent
37 (10%) of the funds carried forward from the 2018-2019 fiscal year for administrative purposes.

38 **SECTION 9G.6.(b)** This section becomes effective June 30, 2019.

39 40 **STATEWIDE EXPANSION OF THE CONTINUUM OF CARE PILOT PROGRAM**

41 **SECTION 9G.7.(a)** Of the funds appropriated in this act to the Department of Health
42 and Human Services, Division of Public Health, the sum of one million two hundred thousand
43 dollars (\$1,200,000) in nonrecurring funds for the 2019-2020 fiscal year and the sum of one
44 million two hundred thousand dollars (\$1,200,000) in nonrecurring funds for the 2020-2021
45 fiscal year shall be allocated to the Human Coalition, a nonprofit organization, to extend and
46 expand the pilot program authorized by Section 11E.13(b) of S.L. 2017-57, as provided in
47 subsection (b) of this section. These funds shall be used for nonreligious, nonsectarian purposes
48 only.

49 **SECTION 9G.7.(b)** The Human Coalition shall use funds allocated pursuant to
50 subsection (a) of this section to expand the continuum of care pilot program authorized by Section
51 11E.13(b) of S.L. 2017-57 to a statewide program. The purpose of the statewide continuum of

1 care program is to (i) encourage healthy childbirth, (ii) support childbirth as an alternative to
2 abortion, (iii) promote family formation, (iv) assist in establishing successful parenting
3 techniques, and (v) increase the economic self-sufficiency of families. The statewide continuum
4 of care program shall consist of existing locations of the pilot program authorized by Section
5 11E.13(b) of S.L. 2017-57 and other locations around the State to be determined by the Human
6 Coalition. All providers rendering services under the statewide program for which they are
7 compensated with funds allocated pursuant to subsection (a) of this section shall be physically
8 located in the State of North Carolina. The statewide continuum of care program shall provide
9 direct services, supports, social services case management, and referrals to biological parents of
10 unborn children and biological or adoptive parents of children under the age of two, and shall
11 consist of at least all of the following components:

- 12 (1) Outreach to at-risk populations eligible for the program.
- 13 (2) The use of licensed nurses to perform the following functions:
 - 14 a. Assessment and evaluation of needs related to pregnancy or parenting.
 - 15 b. Provision of medically accurate, pregnancy-related medical
16 information to program participants.
- 17 (3) The use of licensed social workers, or other individuals of equivalent
18 experience, to perform the following functions:
 - 19 a. Development of a care plan, resources, and supports for program
20 participants to address identified needs.
 - 21 b. Referrals to appropriate local resources, including State and federal
22 benefits programs and local charitable organizations.
 - 23 c. Assistance in applying for State and federal benefits programs.
 - 24 d. Assistance in accomplishing elements of the care plan.

25 **SECTION 9G.7.(c)** In order to be eligible to receive services under the statewide
26 continuum of care program, an individual shall, at the time of initial contact with the program,
27 be (i) a resident of North Carolina and (ii) a biological parent of an unborn child or a biological
28 or adoptive parent of a child under the age of two. Participants of the pilot program authorized
29 under Section 11E.13(b) of S.L. 2017-57, who terminated a pregnancy prior to birth, are eligible
30 to continue to receive continuum of care program services for a period of six months from the
31 date of termination of pregnancy.

32 **SECTION 9G.7.(d)** The Human Coalition may use up to ten percent (10%) of the
33 funds allocated for each year of the 2019-2021 fiscal biennium for administrative purposes.

34 **SECTION 9G.7.(e)** By December 1, 2019, and every six months thereafter, the
35 Human Coalition shall report to the Department of Health and Human Services on the status and
36 operation of the continuum of care program authorized by subsection (b) of this section. The
37 report shall include at least all of the following:

- 38 (1) A detailed breakdown of expenditures for the program.
- 39 (2) The number of individuals served by the program, and for the individuals
40 served, the types of services provided to each.
- 41 (3) Any other information requested by the Department of Health and Human
42 Services as necessary for evaluating the success of the program.

43 **SECTION 9G.7.(f)** By April 1, 2020, the Department of Health and Human Services
44 shall report to the Joint Legislative Oversight Committee on Health and Human Services and the
45 Fiscal Research Division on the status and operation of the continuum of care program.

46 **SECTION 9G.7.(g)** Section 11E.13(f) of S.L. 2017-57 is repealed.

47 **FIREARM SAFE STORAGE AWARENESS INITIATIVE**

48 **SECTION 9G.8.(a)** Appropriation. – Of the funds appropriated in this act to the
49 Department of Health and Human Services, Division of Public Health, the sum of ninety
50 thousand dollars (\$90,000) in nonrecurring funds for the 2019-2020 fiscal year and the sum of
51

1 seventy thousand (\$70,000) in nonrecurring funds for the 2020-2021 fiscal year shall be used to
2 cover any costs associated with launching the firearm safe storage awareness initiative required
3 by this section, including the purchase and distribution of gun locks.

4 **SECTION 9G.8.(b)** Firearm Safe Storage Awareness Initiative. – The Department
5 of Health and Human Services (Department) shall launch a two-year statewide firearm safe
6 storage awareness initiative to educate the public about the importance of the safe storage of
7 firearms and to facilitate the distribution of gun locks. The initiative required under this section
8 shall include the development of (i) the Internet Web site and toolkit required under subsection
9 (c) of this section and (ii) the outreach process required under subsection (d) of this section.

10 **SECTION 9G.8.(c)** Development of Web Site and Toolkit. – The Department shall
11 develop an Internet Web site to provide information to the public about (i) the importance of the
12 safe storage of a firearm, especially with respect to access by children and youth; (ii) methods
13 for safely storing a firearm; (iii) contact information for obtaining free gun locks, if available;
14 (iv) information on State laws related to the safe storage of firearms; (v) links to Internet Web
15 pages for various resources related to firearm safety such as resources addressing domestic
16 violence, hunter education, and suicide prevention; and (vi) access to a toolkit of information that
17 local communities may use to launch firearm safe storage initiatives at the local level. The toolkit
18 shall provide materials and resources that may be tailored to a community's needs and used for
19 launching local education and awareness campaigns, events, and local groups focused on firearm
20 safe storage and the distribution of free or discounted gun locks. The Department shall develop
21 the Internet Web site and toolkit required under this subsection by July 1, 2020.

22 **SECTION 9G.8.(d)** Development of State-Coordinated Outreach. – Upon
23 development of the Internet Web site and toolkit required under subsection (c) of this section,
24 the Department shall develop and implement an outreach process for (i) disseminating the
25 Internet Web site information and toolkit to the public and to local communities and (ii) the
26 provision of technical assistance to local communities on utilizing the toolkit to launch local
27 initiatives.

28 **SECTION 9G.8.(e)** Use of Third-Party Entity. – The Department may contract with
29 a third-party entity with relevant expertise related to public health and injury prevention to launch
30 the firearm safe storage awareness initiative required by this section.

31 **SECTION 9G.8.(f)** Prohibition on Advocacy. – The firearm safe storage awareness
32 initiative required by this section, and any State funds used to launch and maintain the initiative,
33 shall not be used to advocate, promote, or lobby for the creation of new, or the revision of
34 existing, laws regulating firearms. The firearm safe storage awareness initiative, and any State
35 funds used to launch or maintain the initiative, shall only be used for the purposes set forth in
36 this section and only to explain and promote existing laws regulating firearms and best practices
37 for firearm storage and safety.

38 **SECTION 9G.8.(g)** Report. – By September 1, 2020, the Department of Health and
39 Human Services shall submit a report to the Joint Legislative Oversight Committee on Health
40 and Human Services detailing the Department's progress in meeting the requirement set forth in
41 this section.

42 43 **HUNTERSVILLE OCULAR MELANOMA STUDY**

44 **SECTION 9G.9.(a)** Of the funds appropriated to the Department of Health and
45 Human Services, Division of Public Health, the sum of fifty thousand dollars (\$50,000) in
46 nonrecurring funds for the 2019-2020 fiscal year shall be allocated as a grant to the Town of
47 Huntersville to study and abate the cause of frequent cases of ocular melanoma in the area.

48 **SECTION 9G.9.(b)** By July 1, 2019, the Town of Huntersville shall provide a report
49 to the Department of Environmental Quality and the Department of Health and Human Services
50 on the use of the funds from the 2017 grant and the budget plan for the funds allocated in this
51 section.

1
2 **PART IX-H. SERVICES FOR THE BLIND/DEAF/HARD OF HEARING [RESERVED]**
3

4 **PART IX-I. SOCIAL SERVICES**
5

6 **TEMPORARY FINANCIAL ASSISTANCE FOR FACILITIES LICENSED TO ACCEPT**
7 **STATE-COUNTY SPECIAL ASSISTANCE**

8 **SECTION 9I.1.(a)** The following definitions apply in this section:

9 (1) Facility licensed to accept State-County Special Assistance payments or
10 facility. – Any residential care facility that is (i) licensed by the Department
11 of Health and Human Services and (ii) authorized to accept State-County
12 Special Assistance payments from its residents.

13 (2) State-County Special Assistance. – The program authorized by G.S. 108A-40.

14 **SECTION 9I.1.(b)** Nonrecurring funds appropriated in this act to the Department of
15 Health and Human Services, Division of Social Services (DSS), for each year of the 2019-2021
16 fiscal biennium for facilities licensed to accept State-County Special Assistance payments shall
17 be used to provide temporary financial assistance in the form of a monthly payment to these
18 facilities on behalf of each resident who is a recipient of State-County Special Assistance. The
19 counties shall pay to the State fifty percent (50%) of the cost of providing these monthly
20 payments to these facilities. The monthly payments provided by DSS to these facilities shall be
21 subject to all of the following requirements and limitations:

22 (1) The amount of the monthly payments authorized by this section is equal to
23 thirty-four dollars (\$34.00) per month for each resident of the facility as of the
24 first day of the month who is a recipient of State-County Special Assistance.

25 (2) A facility that receives the monthly payments authorized by this section shall
26 not, under any circumstances, use these payments for any purpose other than
27 to offset the cost of serving residents who are recipients of State-County
28 Special Assistance.

29 (3) The DSS shall make monthly payments authorized by this section to a facility
30 on behalf of a resident only for the period commencing July 1, 2019, and
31 ending June 30, 2021.

32 (4) The DSS shall make monthly payments authorized by this section only to the
33 extent sufficient State and county funds allocated to the DSS for each year of
34 the 2019-2021 fiscal biennium are available for this purpose.

35 (5) The DSS shall not make monthly payments authorized by this section to a
36 facility on behalf of a resident whose eligibility determination for
37 State-County Special Assistance is pending.

38 (6) The DSS shall terminate all monthly payments pursuant to this section on the
39 earlier of the following:

40 a. June 30, 2021.

41 b. Upon depletion of the State and county funds allocated to the DSS for
42 each year of the 2019-2021 fiscal year for this purpose.

43 **SECTION 9I.1.(c)** Notwithstanding any provision of this act or any other provision
44 of law to the contrary, the DSS shall not be required to provide any temporary financial assistance
45 to facilities beyond June 30, 2021, or upon depletion of the State and county funds allocated to
46 the DSS for each year of the 2019-2021 fiscal biennium for this purpose, whichever is earlier.

47 **SECTION 9I.1.(d)** If possible, the DSS shall use an existing mechanism to
48 administer these funds in the least restrictive manner that ensures compliance with this section
49 and timely and accurate payments to facilities. The DSS shall not, under any circumstances, use
50 any portion of the State and county funds allocated to the DSS for each year of the 2019-2021
51 fiscal biennium for the purpose of this section for any other purpose.

1 **SECTION 9I.1.(e)** Of the funds appropriated in this act to the DSS for each year of
2 the 2019-2021 fiscal biennium for facilities licensed to accept State-County Special Assistance
3 payments, the DSS shall not use more than two hundred fifty thousand dollars (\$250,000) in
4 nonrecurring funds for each year of the 2019-2021 fiscal biennium for administrative purposes.

5 **SECTION 9I.1.(f)** Nothing in this section shall be construed as an obligation by the
6 General Assembly to appropriate funds for the purpose of this section, or as an entitlement by
7 any facility, resident of a facility, or other person to receive temporary financial assistance under
8 this section.

9 **SECTION 9I.1.(g)** This section expires on June 30, 2021.

10 11 **TANF BENEFIT IMPLEMENTATION**

12 **SECTION 9I.2.(a)** Beginning October 1, 2019, the General Assembly approves the
13 plan titled "North Carolina Temporary Assistance for Needy Families State Plan FY 2019-2022,"
14 prepared by the Department of Health and Human Services and presented to the General
15 Assembly. The North Carolina Temporary Assistance for Needy Families State Plan covers the
16 period October 1, 2019, through September 30, 2022. The Department shall submit the State
17 Plan, as revised in accordance with subsection (b) of this section, to the United States Department
18 of Health and Human Services.

19 **SECTION 9I.2.(b)** The counties approved as Electing Counties in the North
20 Carolina Temporary Assistance for Needy Families State Plan FY 2019-2022, as approved by
21 this section, are Beaufort, Caldwell, Catawba, Lenoir, Lincoln, Macon, and Wilson.

22 **SECTION 9I.2.(c)** Counties that submitted the letter of intent to remain as an
23 Electing County or to be redesignated as an Electing County and the accompanying county plan
24 for years 2019 through 2022, pursuant to G.S. 108A-27(e), shall operate under the Electing
25 County budget requirements effective July 1, 2019. For programmatic purposes, all counties
26 referred to in this subsection shall remain under their current county designation through
27 September 30, 2022.

28 **SECTION 9I.2.(d)** For each year of the 2019-2021 fiscal biennium, Electing
29 Counties shall be held harmless to their Work First Family Assistance allocations for the
30 2018-2019 fiscal year, provided that remaining funds allocated for Work First Family Assistance
31 and Work First Diversion Assistance are sufficient for payments made by the Department on
32 behalf of Standard Counties pursuant to G.S. 108A-27.11(b).

33 **SECTION 9I.2.(e)** In the event that departmental projections of Work First Family
34 Assistance and Work First Diversion Assistance for the 2019-2020 fiscal year or the 2020-2021
35 fiscal year indicate that remaining funds are insufficient for Work First Family Assistance and
36 Work First Diversion Assistance payments to be made on behalf of Standard Counties, the
37 Department is authorized to deallocate funds, of those allocated to Electing Counties for Work
38 First Family Assistance in excess of the sums set forth in G.S. 108A-27.11, up to the requisite
39 amount for payments in Standard Counties. Prior to deallocation, the Department shall obtain
40 approval by the Office of State Budget and Management. If the Department adjusts the allocation
41 set forth in subsection (d) of this section, then a report shall be made to the Joint Legislative
42 Oversight Committee on Health and Human Services and the Fiscal Research Division.

43 44 **INTENSIVE FAMILY PRESERVATION SERVICES FUNDING AND PERFORMANCE** 45 **ENHANCEMENTS**

46 **SECTION 9I.3.(a)** Notwithstanding the provisions of G.S. 143B-150.6, the
47 Intensive Family Preservation Services (IFPS) Program shall provide intensive services to
48 children and families in cases of abuse, neglect, and dependency where a child is at imminent
49 risk of removal from the home and to children and families in cases of abuse where a child is not
50 at imminent risk of removal. The Program shall be implemented statewide on a regional basis.

1 The IFPS shall ensure the application of standardized assessment criteria for determining
2 imminent risk and clear criteria for determining out-of-home placement.

3 **SECTION 91.3.(b)** The Department of Health and Human Services shall require that
4 any program or entity that receives State, federal, or other funding for the purpose of IFPS shall
5 provide information and data that allows for the following:

- 6 (1) An established follow-up system with a minimum of six months of follow-up
7 services.
- 8 (2) Detailed information on the specific interventions applied, including
9 utilization indicators and performance measurement.
- 10 (3) Cost-benefit data.
- 11 (4) Data on long-term benefits associated with IFPS. This data shall be obtained
12 by tracking families through the intervention process.
- 13 (5) The number of families remaining intact and the associated interventions
14 while in IFPS and 12 months thereafter.
- 15 (6) The number and percentage, by race, of children who received IFPS compared
16 to the ratio of their distribution in the general population involved with Child
17 Protective Services.

18 **SECTION 91.3.(c)** The Department shall continue implementing a
19 performance-based funding protocol and shall only provide funding to those programs and
20 entities providing the required information specified in subsection (b) of this section. The amount
21 of funding shall be based on the individual performance of each program.
22

23 **CHILD CARING INSTITUTIONS**

24 **SECTION 91.4.** Until the Social Services Commission adopts rules setting
25 standardized rates for child caring institutions as authorized under G.S. 143B-153(8), the
26 maximum reimbursement for child caring institutions shall not exceed the rate established for the
27 specific child caring institution by the Department of Health and Human Services, Office of the
28 Controller. In determining the maximum reimbursement, the State shall include county and IV-E
29 reimbursements.
30

31 **USE OF FOSTER CARE BUDGET FOR GUARDIANSHIP ASSISTANCE PROGRAM**

32 **SECTION 91.5.** Of the funds available for the provision of foster care services, the
33 Department of Health and Human Services, Division of Social Services, may continue to provide
34 for the financial support of children who are deemed to be (i) in a permanent family placement
35 setting, (ii) eligible for legal guardianship, and (iii) otherwise unlikely to receive permanency.
36 No additional expenses shall be incurred beyond the funds budgeted for foster care for the
37 Guardianship Assistance Program (GAP). The Guardianship Assistance Program (GAP) shall
38 include provisions for extending guardianship services for individuals who have attained the age
39 of 18 years and opt to continue to receive guardianship services until reaching 21 years of age if
40 the individual is (i) completing secondary education or a program leading to an equivalent
41 credential, (ii) enrolled in an institution that provides postsecondary or vocational education, (iii)
42 participating in a program or activity designed to promote, or remove barriers to, employment,
43 (iv) employed for at least 80 hours per month, or (v) incapable of completing the educational or
44 employment requirements of this section due to a medical condition or disability. The
45 Guardianship Assistance Program rates shall reimburse the legal guardian for room and board
46 and be set at the same rate as the foster care room and board rates in accordance with rates
47 established under G.S. 108A-49.1.
48

49 **CHILD WELFARE POSTSECONDARY SUPPORT PROGRAM (NC REACH)**

50 **SECTION 91.6.(a)** Funds appropriated from the General Fund to the Department of
51 Health and Human Services for the child welfare postsecondary support program shall be used

1 to continue providing assistance with the "cost of attendance" as that term is defined in 20 U.S.C.
2 § 108711 for the educational needs of foster youth aging out of the foster care system and special
3 needs children adopted from foster care after age 12. These funds shall be allocated by the State
4 Education Assistance Authority.

5 **SECTION 91.6.(b)** Of the funds appropriated from the General Fund to the
6 Department of Health and Human Services, the sum of fifty thousand dollars (\$50,000) for each
7 year of the 2019-2021 fiscal biennium shall be allocated to the North Carolina State Education
8 Assistance Authority (SEAA). The SEAA shall use these funds only to perform administrative
9 functions necessary to manage and distribute scholarship funds under the child welfare
10 postsecondary support program.

11 **SECTION 91.6.(c)** Of the funds appropriated from the General Fund to the
12 Department of Health and Human Services, the sum of three hundred thirty-nine thousand four
13 hundred ninety-three dollars (\$339,493) for each year of the 2019-2021 fiscal biennium shall be
14 used to contract with an entity to administer the child welfare postsecondary support program
15 described under subsection (a) of this section, which administration shall include the performance
16 of case management services.

17 **SECTION 91.6.(d)** Funds appropriated to the Department of Health and Human
18 Services for the child welfare postsecondary support program shall be used only for students
19 attending public institutions of higher education in this State.
20

21 **FEDERAL CHILD SUPPORT INCENTIVE PAYMENTS**

22 **SECTION 91.7.(a)** Centralized Services. – The North Carolina Child Support
23 Services Section (NCCSS) of the Department of Health and Human Services, Division of Social
24 Services, shall retain up to fifteen percent (15%) of the annual federal incentive payments it
25 receives from the federal government to enhance centralized child support services. To
26 accomplish this requirement, NCCSS shall do the following:

- 27 (1) In consultation with representatives from county child support services
28 programs, identify how federal incentive funding could improve centralized
29 services.
- 30 (2) Use federal incentive funds to improve the effectiveness of the State's
31 centralized child support services by supplementing and not supplanting State
32 expenditures for those services.
- 33 (3) Continue to develop and implement rules that explain the State process for
34 calculating and distributing federal incentive funding to county child support
35 services programs.

36 **SECTION 91.7.(b)** County Child Support Services Programs. – NCCSS shall
37 allocate no less than eighty-five percent (85%) of the annual federal incentive payments it
38 receives from the federal government to county child support services programs to improve
39 effectiveness and efficiency using the federal performance measures. To that end, NCCSS shall
40 do the following:

- 41 (1) In consultation with representatives from county child support services
42 programs, examine the current methodology for distributing federal incentive
43 funding to the county programs and determine whether an alternative formula
44 would be appropriate. NCCSS shall use its current formula for distributing
45 federal incentive funding until an alternative formula is adopted.
- 46 (2) Upon adopting an alternative formula, develop a process to phase in the
47 alternative formula for distributing federal incentive funding over a four-year
48 period.

49 **SECTION 91.7.(c)** Reporting by County Child Support Services Programs. –
50 NCCSS shall continue implementing guidelines that identify appropriate uses for federal

1 incentive funding. To ensure those guidelines are properly followed, NCCSS shall require county
2 child support services programs to comply with each of the following:

- 3 (1) Submit an annual plan describing how federal incentive funding would
4 improve program effectiveness and efficiency as a condition of receiving
5 federal incentive funding.
- 6 (2) Report annually on the following: (i) how federal incentive funding has
7 improved program effectiveness and efficiency and been reinvested into their
8 programs, (ii) provide documentation that the funds were spent according to
9 their annual plans, and (iii) explain any deviations from their plans.

10 **SECTION 91.7.(d)** Reporting by NCCSS. – NCCSS shall submit a report on federal
11 child support incentive funding to the Joint Legislative Oversight Committee on Health and
12 Human Services and the Fiscal Research Division by November 1 of each year. The report shall
13 describe how federal incentive funds enhanced centralized child support services to benefit
14 county child support services programs and improved the effectiveness and efficiency of county
15 child support services programs. The report shall further include any changes to the State process
16 the NCCSS used in calculating and distributing federal incentive funding to county child support
17 services programs and any recommendations for further changes.

18 **FINAL REPORT/CHILD WELFARE SYSTEM CHANGES**

19 **SECTION 91.8.(a)** Federal Improvement Plan Implementation/Report. – The
20 Department of Health and Human Services, Division of Social Services (Division), shall continue
21 implementing the requirements of the federal Program Improvement Plan to bring our State into
22 compliance with national standards for child welfare policy and practices. The Division shall
23 notify the Joint Legislative Oversight Committee on Health and Human Services (Committee)
24 and the Fiscal Research Division within 30 days of complete implementation of the Program
25 Improvement Plan. The Division shall submit a final report to the Committee on the
26 implementation and outcomes of the Program Improvement Plan no later than 90 days after
27 implementation is complete.

28 **SECTION 91.8.(b)** Child Welfare/NC FAST/Report. – The Division shall notify the
29 Joint Legislative Oversight Committee on Health and Human Services (Committee) and the
30 Fiscal Research Division within 30 days of complete implementation of the child welfare
31 component of the North Carolina Families Accessing Services Through Technology (NC FAST)
32 system. The Division shall then submit a final report to the Committee on the implementation
33 and outcomes of the child welfare component of the NC FAST system no later than 90 days after
34 implementation is complete.

35 **INCREASE ACCESS TO PUBLIC BENEFITS FOR OLDER DUAL ELIGIBLE 36 SENIORS**

37 **SECTION 91.9.(a)** The Department of Health and Human Services, Division of
38 Social Services (Division), shall continue implementing an evidence-based pilot program to
39 increase access to public benefits for seniors aged 65 and older who are dually enrolled in
40 Medicare and Medicaid to (i) improve the health and independence of seniors and (ii) reduce
41 health care costs. The Division shall continue to partner with a not-for-profit firm for the purposes
42 of engaging in a data-driven campaign to help seniors aged 65 and older who are dually enrolled
43 in Medicare and Medicaid meet their basic social needs. The not-for-profit firm shall have
44 demonstrated experience in assisting with these types of services and the partnership shall
45 accomplish each of the following:

- 46 (1) Identify, through data sharing, dual eligible seniors aged 65 and older who
47 qualify for the Supplemental Nutrition and Assistance Program (SNAP) but
48 are not currently enrolled.
49
50

- 1 (2) Conduct an outreach program toward those seniors for the purpose of
- 2 enrolling them into SNAP.
- 3 (3) Provide comprehensive application assistance through outreach specialists to
- 4 complete public benefits application processes.
- 5 (4) Evaluate project effectiveness and explore how data can be utilized to achieve
- 6 optimal outcomes.
- 7 (5) Make recommendations regarding policy options available to the State to
- 8 streamline access to benefits.

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

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

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

24 **SUCCESSFUL TRANSITION/FOSTER CARE YOUTH**

25 **SECTION 9I.10.** The Foster Care Transitional Living Initiative Fund shall continue
26 to fund and support transitional living services that demonstrate positive outcomes for youth,
27 attract significant private sector funding, and lead to the development of evidence-based
28 programs to serve the at-risk population described in this section. The Fund shall continue to
29 support a demonstration project with services provided by Youth Villages to (i) improve
30 outcomes for youth ages 17-21 years who transition from foster care through implementation of
31 outcome-based Transitional Living Services, (ii) identify cost-savings in social services and
32 juvenile and adult correction services associated with the provision of Transitional Living
33 Services to youth aging out of foster care, and (iii) take necessary steps to establish an
34 evidence-based transitional living program available to all youth aging out of foster care. In
35 continuing to implement these goals, the Foster Care Transitional Living Initiative Fund shall
36 support the following strategies:

- 37 (1) Transitional Living Services, which is an outcome-based program that follows
- 38 the Youth Villages Transitional Living Model. Outcomes on more than 7,000
- 39 participants have been tracked since the program's inception. The program has
- 40 been evaluated through an independent Randomized Controlled Trial. Results
- 41 indicate that the Youth Villages Transitional Living Model had positive
- 42 impacts in a variety of areas, including housing stability, earnings, economic
- 43 hardship, mental health, and intimate partner violence in comparison to the
- 44 control population.
- 45 (2) Public-Private Partnership, which is a commitment by private-sector funding
- 46 partners to match at least fifty percent (50%) of the funds appropriated to the
- 47 Foster Care Transitional Living Initiative Fund for the 2019-2021 fiscal
- 48 biennium for the purposes of providing Transitional Living Services through
- 49 the Youth Villages Transitional Living Model to youth aging out of foster
- 50 care.
- 51

- 1 (3) Impact Measurement and Evaluation, which are services funded through
 2 private partners to provide independent measurement and evaluation of the
 3 impact the Youth Villages Transitional Living Model has on the youth served,
 4 the foster care system, and on other programs and services provided by the
 5 State which are utilized by former foster care youth.
- 6 (4) Advancement of Evidence-Based Process, which is the implementation and
 7 ongoing evaluation of the Youth Villages Transitional Living Model for the
 8 purposes of establishing the first evidence-based transitional living program
 9 in the nation. To establish the evidence-based program, additional randomized
 10 controlled trials may be conducted to advance the model.

11
 12 **FINAL REPORT UPON COMPLETE IMPLEMENTATION/EASTERN BAND OF**
 13 **CHEROKEE INDIANS ASSUMPTION OF SERVICES**

14 **SECTION 9I.11.** The Department of Health and Human Services, Division of Social
 15 Services, shall submit a final report to the Joint Legislative Oversight Committee on Health and
 16 Human Services on the assumption of certain services by the Eastern Band of Cherokee Indians
 17 as implemented pursuant to Section 12C.10 of S.L. 2015-241, as amended by Section 12C.2 of
 18 S.L. 2016-94, when implementation is complete.

19
 20 **CHILD ADVOCACY CENTER FUNDING**

21 **SECTION 9I.12.** Of the funds appropriated in this act to the Department of Health
 22 and Human Services, Division of Social Services, for each year of the 2019-2021 fiscal biennium
 23 for child advocacy centers, allocations shall be made as follows:

- 24 (1) Up to one hundred thousand dollars (\$100,000) for each child advocacy center
 25 in good standing with Children's Advocacy Centers of North Carolina, Inc.
- 26 (2) One hundred thousand dollars (\$100,000) to Children's Advocacy Centers of
 27 North Carolina, Inc., for its operations.

28
 29 **ENHANCE PERMANENCY INNOVATION INITIATIVE**

30 **SECTION 9I.13.(a)** G.S. 131D-10.9B(a) reads as rewritten:

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

- 38 ...
- 39 (3) Permanency Training Services, which are services delivered by Children's
 40 Home Society of North Carolina to ~~enhance the readiness of support~~ county
 41 departments of social services to implement the permanency strategies under
 42 subdivision (2) of this ~~subsection~~ subsection, advance permanency-focused
 43 services for children in the legal custody of county departments of social
 44 services, and provide training services to support the delivery of the
 45 services and support services to caregivers and family members who are
 46 supporting the permanency goal of children in the legal custody of county
 47 departments of social services."

48 **SECTION 9I.13.(b)** Funds appropriated to the Department of Health and Human
 49 Services, Division of Social Services, for each year of the 2019-2021 fiscal biennium for the
 50 Permanency Innovation Initiative Fund shall be supplemented, not supplanted, by all available
 51 federal matching funds.

FUNDS FOR STANDARDIZED ASSESSMENT/FOSTER CARE PILOT

SECTION 9L.14.(a) Of the funds appropriated to the Department of Health and Human Services, Division of Social Services, the sum of eighty thousand dollars (\$80,000) for the 2019-2020 fiscal year and the sum of one hundred fifty thousand dollars (\$150,000) for the 2020-2021 fiscal year shall be used for a pilot project to develop and implement a process for every child, four years of age and older, entering into foster care to receive a standardized trauma and evidence-informed screening and assessment to ensure an appropriate diagnosis, which will in turn lead to the proper provision of services for the child. Up to three local management entities/managed care organizations (LME/MCOs) shall participate in the pilot project. The LME/MCOs shall collaborate with their county departments of social services in up to four counties within the LME/MCOs' catchment areas on developing and implementing the standardized screening and assessments, with the intent that (i) by January 1, 2020, the LME/MCOs and their county departments of social services begin training for implementation of the assessments and (ii) by August 1, 2020, the LME/MCOs and county departments of social services begin conducting the assessments. The pilot project shall include support for the LME/MCOs and county departments of social services for training in trauma-focused care and the use of the screening and assessment tool. For providers, the pilot project shall provide ongoing oversight, training, certification, and coaching to ensure fidelity to the screening and assessment model. For purposes of this section, "trauma" is defined as the result of an event, series of events, or set of circumstances that is experienced by an individual as physically or emotionally harmful or threatening and that has lasting adverse effects on the individual's functioning and physical, social, emotional, or spiritual well-being.

SECTION 9L.14.(b) The Division of Social Services shall submit a report on the pilot project described under subsection (a) of this section to the Joint Legislative Oversight Committee on Health and Human Services by April 1, 2022, that shall include, for each participating county, tracking of case flow, completion and timing of the trauma checklist and screening tool, a comprehensive clinical assessment, and diagnostic finding and service recommendations from the assessment.

REPORT ON IMPLEMENTATION/FEDERAL FAMILIES FIRST PREVENTION SERVICES ACT

SECTION 9L.15.(a) The Department of Health and Human Services, Division of Social Services (Division), shall report on its implementation plan for the federal Families First Prevention Services Act (FFPSA), including the maintenance of a continuum of care for placements of children in foster care that includes child-caring institutions. The Division shall develop all aspects of the implementation plan in collaboration with stakeholders and design the implementation plan in conjunction with Medicaid Transformation and the existing implementation of Rylan's Law, pursuant to S.L. 2017-41. The Division and stakeholders shall consider Medicaid as a financial source and shall make recommendations for changes to service definitions in the State Medicaid Plan, Standard Benefit Plans, BH IDD Tailored Plans, and the Tribal Option outlined in Section 9D.16 of this act.

SECTION 9L.15.(b) The Division shall hold quarterly calls with private providers to provide updates and receive feedback on the FFPSA implementation plan. Beginning October 1, 2019, and semiannually thereafter until October 1, 2021, the Division shall report on the implementation of the FFPSA to the Joint Legislative Oversight Committee on Health and Human Services. The Division shall ensure the report is released publicly to local management entities/managed care organizations (LME/MCOs), providers, and consumers.

PART IX-J. VOCATIONAL REHABILITATION SERVICES [RESERVED]

PART IX-K. DHHS BLOCK GRANTS**DHHS BLOCK GRANTS**

SECTION 9K.1.(a) Except as otherwise provided, appropriations from federal block grant funds are made for each year of the fiscal biennium ending June 30, 2021, according to the following schedule:

	FY 2019-2020	FY 2020-2021
TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF) FUNDS		

Local Program Expenditures**Division of Social Services**

01. Work First Family Assistance	\$37,549,914	\$35,549,914
02. Work First County Block Grants	80,093,566	80,093,566
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. Funding for Counties to Assist with County Implementation of NC FAST, Project 4	8,092	0
07. Child Welfare Program Improvement Plan	775,176	775,176
08. Child Welfare Collaborative	400,000	400,000
09. Child Welfare Initiatives	1,400,000	1,400,000

Division of Child Development and Early Education

10. Subsidized Child Care Program	53,203,069	53,013,694
11. Swap-Child Care Subsidy	7,000,000	7,000,000
12. NC Pre-K Services	64,700,000	66,700,000

Division of Public Health

13. Teen Pregnancy Prevention Initiatives	3,450,000	3,450,000
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DHHS Administration

14. Division of Social Services	2,482,260	2,482,260
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1	15. Office of the Secretary	34,042	34,042
2			
3	16. Eligibility Systems – Operations and		
4	Maintenance	653,815	711,349
5			
6	17. NC FAST Implementation	1,817,362	0
7			
8	18. Division of Social Services – Workforce		
9	Innovation & Opportunity Act (WIOA)	93,216	93,216
10			
11	Transfers to Other Block Grants		
12			
13	Division of Child Development and Early Education		
14			
15	19. Transfer to the Child Care and		
16	Development Fund	21,773,001	21,773,001
17			
18	Division of Social Services		
19			
20	20. Transfer to Social Services Block		
21	Grant for Child Protective Services –		
22	Training	1,300,000	1,300,000
23			
24	21. Transfer to Social Services Block		
25	Grant for Child Protective Services	5,040,000	5,040,000
26			
27	22. Transfer to Social Services Block		
28	Grant for County Departments of		
29	Social Services for Children's Services	13,097,783	13,097,783
30			
31	23. Transfer to Social Services Block		
32	Grant – Foster Care Services	1,385,152	1,385,152
33			
34	24. Transfer to Social Services Block		
35	Grant – Child Advocacy Centers	1,582,000	1,582,000
36			
37	25. Transfer to Social Services Block		
38	Grant – Child Protective Services,	737,067	737,067
39	Child Welfare Training for Counties		
40			
41	TOTAL TEMPORARY ASSISTANCE FOR		
42	NEEDY FAMILIES (TANF) FUNDS	\$312,392,996	\$310,435,701
43			
44	TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF)		
45	EMERGENCY CONTINGENCY FUNDS		
46			
47	Local Program Expenditures		
48			
49	Division of Child Development and Early Education		
50			
51	01. Subsidized Child Care	\$33,439,988	\$33,439,988

1			
2	TOTAL TEMPORARY ASSISTANCE FOR		
3	NEEDY FAMILIES (TANF) EMERGENCY		
4	CONTINGENCY FUNDS	\$33,439,988	\$33,439,988
5			
6	SOCIAL SERVICES BLOCK GRANT		
7			
8	Local Program Expenditures		
9			
10	Divisions of Social Services and Aging and Adult Services		
11			
12	01. County Departments of Social Services	\$19,905,849	\$19,905,849
13			
14	02. County Departments of Social Services		
15	(Transfer From TANF)	\$13,097,783	\$13,097,783
16			
17	03. EBCI Tribal Public Health and Human Services	244,740	244,740
18			
19	04. Child Protective Services		
20	(Transfer From TANF)	5,040,000	5,040,000
21			
22	05. State In-Home Services Fund	1,943,950	1,943,950
23			
24	06. Adult Protective Services	2,138,404	2,138,404
25			
26	07. State Adult Day Care Fund	1,994,084	1,994,084
27			
28	08. Child Protective Services/CPS		
29	Investigative Services – Child Medical		
30	Evaluation Program	901,868	901,868
31			
32	09. Special Children Adoption Incentive Fund	462,600	462,600
33			
34	10. Child Protective Services – Child		
35	Welfare Training for Counties		
36	(Transfer From TANF)	1,300,000	1,300,000
37			
38	11. Child Protective Services – Child		
39	Welfare Training for Counties		
40	(Transfer From TANF)	737,067	737,067
41			
42	12. Home and Community Care Block		
43	Grant (HCCBG)	2,696,888	2,696,888
44			
45	13. Child Advocacy Centers		
46	(Transfer from TANF)	1,582,000	1,582,000
47			
48	14. Guardianship – Division of Social Services	1,802,671	1,802,671
49			
50	15. Foster Care Services		
51	(Transfer From TANF)	1,385,152	1,385,152

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Division of Central Management and Support

16. DHHS Competitive Block Grants for Nonprofits	4,774,525	4,774,525
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Division of Mental Health, Developmental Disabilities, and Substance Abuse Services

17. Mental Health Services – Adult and Child/Developmental Disabilities Program/ Substance Abuse Services – Adult	4,149,595	4,149,595
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DHHS Program Expenditures

Division of Services for the Blind

18. Independent Living Program	3,603,793	3,603,793
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Division of Health Service Regulation

19. Adult Care Licensure Program	402,951	402,951
20. Mental Health Licensure and Certification Program	200,880	200,880

Division of Aging and Adult Services

21. Guardianship	3,825,443	3,825,443
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DHHS Administration

22. Division of Aging and Adult Services	679,541	679,541
23. Division of Social Services	654,220	654,220
24. Office of the Secretary/Controller's Office	132,047	132,047
25. Legislative Increases/Fringe Benefits	236,278	236,278
26. Division of Child Development and Early Education	13,878	13,878
27. Division of Mental Health, Developmental Disabilities, and Substance Abuse Services	27,446	27,446
28. Division of Health Service Regulation	121,719	121,719

TOTAL SOCIAL SERVICES BLOCK GRANT	\$74,055,372	\$74,055,372
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LOW-INCOME ENERGY ASSISTANCE BLOCK GRANT

1	Local Program Expenditures		
2			
3	Division of Social Services		
4			
5	01. Low-Income Energy Assistance		
6	Program (LIEAP)	\$40,298,638	\$40,298,638
7			
8	02. Crisis Intervention Program (CIP)	40,298,638	40,298,638
9			
10	Local Administration		
11			
12	Division of Social Services		
13			
14	03. County DSS Administration	6,618,366	6,618,366
15			
16	DHHS Administration		
17			
18	Division of Central Management and Support		
19			
20	04. Division of Social Services	10,000	10,000
21			
22	05. Office of the Secretary/DIRM	128,954	128,954
23			
24	06. Office of the Secretary/Controller's Office	18,378	18,378
25			
26	07. NC FAST Development	2,287,188	2,287,188
27			
28	08. NC FAST Operations and Maintenance	2,539,033	2,539,033
29			
30	Transfers to Other State Agencies		
31			
32	Department of Environmental Quality		
33			
34	09. Weatherization Program	8,692,641	8,552,641
35			
36	10. Heating Air Repair and Replacement		
37	Program (HARRP)	5,881,761	5,701,761
38			
39	11. Local Residential Energy Efficiency Service		
40	Providers – Weatherization	544,742	514,742
41			
42	12. Local Residential Energy Efficiency Service		
43	Providers – HARRP	327,169	277,169
44			
45	13. DEQ – Weatherization Administration	544,742	514,742
46			
47	14. DEQ – HARRP Administration	277,169	277,169
48			
49	Department of Administration		
50			
51	15. N.C. Commission on Indian Affairs	87,736	87,736

1			
2	TOTAL LOW-INCOME ENERGY		
3	ASSISTANCE BLOCK GRANT	\$108,555,155	\$108,125,155
4			
5	CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT		
6			
7	Local Program Expenditures		
8			
9	Division of Child Development and Early Education		
10			
11	01. Child Care Services	\$235,808,573	\$235,800,688
12			
13	02. Smart Start Subsidy	7,000,000	7,000,000
14			
15	03. Transfer from TANF Block Grant		
16	for Child Care Subsidies	21,773,001	21,773,001
17			
18	04. Quality and Availability Initiatives		
19	(TEACH Program \$3,800,000)	55,217,124	55,217,124
20			
21	DHHS Administration		
22			
23	Division of Child Development and Early Education		
24			
25	05. DCDEE Administrative Expenses	9,710,886	9,710,886
26			
27	Division of Social Services		
28			
29	06. Local Subsidized Child Care		
30	Services Support	18,533,357	18,533,357
31			
32	07. Direct Deposit for Child Care Payments	505,100	505,100
33			
34	Division of Central Management and Support		
35			
36	08. NC FAST Development	464,290	0
37			
38	09. NC FAST Operations and Maintenance	1,104,504	1,201,697
39			
40	10. DHHS Central Administration – DIRM		
41	Technical Services	645,162	645,162
42			
43	11. DHHS Central Administration	400,000	400,000
44			
45	Division of Public Health		
46			
47	12. Child Care Health Consultation Contracts	62,205	62,205
48			
49	TOTAL CHILD CARE AND DEVELOPMENT		
50	FUND BLOCK GRANT	\$351,224,202	\$350,849,220
51			

MENTAL HEALTH SERVICES BLOCK GRANT**Local Program Expenditures**

01. Mental Health Services – Child	\$4,779,087	\$4,779,087
02. Mental Health Services – Adult/Child (Peer Wellness Centers Pilot \$500,000)	21,872,198	15,765,206
03. Mental Health Services – First Psychotic Symptom Treatment	1,976,970	1,976,970

DHHS Administration**Division of Mental Health, Developmental Disabilities, and Substance Abuse Services**

04. Administration	200,000	200,000
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**TOTAL MENTAL HEALTH SERVICES
BLOCK GRANT**

\$28,828,255	\$22,721,263
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SUBSTANCE ABUSE PREVENTION AND TREATMENT BLOCK GRANT**Local Program Expenditures****Division of Mental Health, Developmental Disabilities, and Substance Abuse Services**

01. Substance Abuse – HIV and IV Drug	\$2,550,915	\$2,550,915
02. Substance Abuse Prevention	9,110,422	9,110,422
03. Substance Abuse Services – Treatment for Children/Adults	30,453,564	29,500,823
05. Crisis Solutions Initiatives – Collegiate Wellness/Addiction Recovery	1,085,000	1,085,000
06. Crisis Solutions Initiatives – Community Paramedic Mobile Crisis Management	20,000	20,000

DHHS Program Expenditures**Division of Central Management and Support**

07. Competitive Grants	1,600,000	1,600,000
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DHHS Administration**Division of Mental Health, Developmental Disabilities, and Substance Abuse Services**

08. Administration	454,000	454,000
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1			
2	09. Controlled Substance Reporting System		
3	Enhancement	427,655	427,655
4			
5	10. Veterans Initiatives	250,000	250,000
6			
7	TOTAL SUBSTANCE ABUSE PREVENTION		
8	 AND TREATMENT BLOCK GRANT	\$45,951,556	\$44,998,815
9			
10	MATERNAL AND CHILD HEALTH BLOCK GRANT		
11			
12	Local Program Expenditures		
13			
14	Division of Public Health		
15			
16	01. Women and Children's Health Services		
17	(Safe Sleep Campaign \$45,000; Sickle Cell		
18	Centers \$100,000; Prevent Blindness \$575,000;		
19	March of Dimes \$350,000; Teen Pregnancy		
20	Prevention Initiatives \$650,000;		
21	17P Project \$52,000; Nurse-Family		
22	Partnership \$950,000; Perinatal & Neonatal		
23	Outreach Coordinator Contracts \$440,000;		
24	Mountain Area Pregnancy Services \$50,000)	\$14,719,224	\$14,719,224
25			
26	02. Oral Health	48,227	48,227
27			
28	03. Evidence-Based Programs in Counties		
29	With Highest Infant Mortality Rates	1,575,000	1,575,000
30			
31	DHHS Program Expenditures		
32			
33	04. Children's Health Services	1,427,323	1,427,323
34			
35	05. Women's Health – Maternal Health	169,864	169,864
36			
37	06. Women and Children's Health – Perinatal		
38	Strategic Plan Support Position	68,245	68,245
39			
40	07. State Center for Health Statistics	158,583	158,583
41			
42	08. Health Promotion – Injury and		
43	Violence Prevention	87,271	87,271
44			
45	DHHS Administration		
46			
47	09. Division of Public Health Administration	552,571	552,571
48			
49	TOTAL MATERNAL AND CHILD		
50	 HEALTH BLOCK GRANT	\$18,806,308	\$18,806,308
51			

1	PREVENTIVE HEALTH SERVICES BLOCK GRANT		
2			
3	Local Program Expenditures		
4			
5	01. Physical Activity and Prevention	\$3,030,116	\$3,030,116
6			
7	02. Injury and Violence Prevention		
8	(Services to Rape Victims – Set-Aside)	160,000	160,000
9			
10	DHHS Program Expenditures		
11			
12	Division of Public Health		
13			
14	03. HIV/STD Prevention and		
15	Community Planning	137,648	137,648
16			
17	04. Oral Health Preventive Services	150,000	150,000
18			
19	05. Laboratory Services – Testing,		
20	Training, and Consultation	21,000	21,000
21			
22	06. Injury and Violence Prevention		
23	(Services to Rape Victims – Set-Aside)	53,206	53,206
24			
25	07. Performance Improvement and		
26	Accountability	592,123	592,123
27			
28	08. State Center for Health Statistics	82,505	82,505
29			
30	DHHS Administration		
31			
32	Division of Public Health		
33			
34	09. Division of Public Health	65,000	65,000
35			
36	TOTAL PREVENTIVE HEALTH		
37	SERVICES BLOCK GRANT	\$4,291,598	\$4,291,598
38			
39	COMMUNITY SERVICES BLOCK GRANT		
40			
41	01. Community Action Agencies	\$24,170,204	\$20,539,214
42			
43	02. Discretionary Funding	921,096	921,096
44			
45	03. Office of Economic Opportunity	981,096	981,096
46			
47	04. Office of Economic Opportunity – Workforce		
48	Investment Opportunities Act (WIOA)	60,000	60,000
49			
50	TOTAL COMMUNITY SERVICES		
51	BLOCK GRANT	\$26,132,396	\$22,501,406

GENERAL PROVISIONS

SECTION 9K.1.(b) Information to Be Included in Block Grant Plans. – The Department of Health and Human Services shall submit a separate plan for each Block Grant received and administered by the Department, and each plan shall include the following:

- (1) A delineation of the proposed allocations by program or activity, including State and federal match requirements.
- (2) A delineation of the proposed State and local administrative expenditures.
- (3) An identification of all new positions to be established through the Block Grant, including permanent, temporary, and time-limited positions.
- (4) A comparison of the proposed allocations by program or activity with two prior years' program and activity budgets and two prior years' actual program or activity expenditures.
- (5) A projection of current year expenditures by program or activity.
- (6) A projection of federal Block Grant funds available, including unspent federal funds from the current and prior fiscal years.
- (7) The amount of funds qualifying for maintenance of effort in the previous year delineated by program or activity.

SECTION 9K.1.(c) Changes in Federal Fund Availability. – If the Congress of the United States increases the federal fund availability for any of the Block Grants or contingency funds and other grants related to existing Block Grants administered by the Department of Health and Human Services from the amounts appropriated in this act, the Department shall allocate the increase proportionally across the program and activity appropriations identified for that Block Grant in this section. In allocating an increase in federal fund availability, the Office of State Budget and Management shall not approve funding for new programs or activities not appropriated in this act.

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

Notwithstanding the provisions of this subsection, for fiscal years 2019-2020 and 2020-2021, increases in the federal fund availability for the Temporary Assistance to Needy Families (TANF) Block Grant shall be used only for the North Carolina Child Care Subsidy program to pay for child care in four- or five-star rated facilities for 4-year-old children and shall not be used to supplant State funds.

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

SECTION 9K.1.(d) Except as otherwise provided, appropriations from federal Block Grant funds are made for each year of the fiscal biennium ending June 30, 2021, according to the schedule enacted for State fiscal years 2019-2020 and 2020-2021 or until a new schedule is enacted by the General Assembly.

SECTION 9K.1.(e) All changes to the budgeted allocations to the Block Grants or contingency funds and other grants related to existing Block Grants administered by the Department of Health and Human Services that are not specifically addressed in this section shall be approved by the Office of State Budget and Management. The Office of State Budget and Management shall not approve funding for new programs or activities not appropriated in this section. Additionally, if budgeted allocations are decreased, the Office of State Budget and

1 Management shall not approve any reduction of funds designated for subrecipients in subsection
2 (a) of this section under Item 01 of the Maternal and Child Health Block Grant. The Office of
3 State Budget and Management shall consult with the Joint Legislative Oversight Committee on
4 Health and Human Services for review prior to implementing any changes. In consulting, the
5 report shall include an itemized listing of affected programs, including associated changes in
6 budgeted allocations. All changes to the budgeted allocations to the Block Grants shall be
7 reported immediately to the Joint Legislative Oversight Committee on Health and Human
8 Services and the Fiscal Research Division. This subsection does not apply to Block Grant
9 changes caused by legislative salary increases and benefit adjustments.

10 **SECTION 9K.1.(f)** Except as otherwise provided, the Department of Health and
11 Human Services shall have flexibility to transfer funding between the Temporary Assistance for
12 Needy Families (TANF) Block Grant and the TANF Emergency Contingency Funds Block Grant
13 so long as the total allocation for the line items within those block grants remains the same.
14

15 **TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF) FUNDS**

16 **SECTION 9K.1.(g)** The sum of eighty million ninety-three thousand five hundred
17 sixty-six dollars (\$80,093,566) for each year of the 2019-2021 fiscal biennium appropriated in
18 this act in TANF funds to the Department of Health and Human Services, Division of Social
19 Services, shall be used for Work First County Block Grants. The Division shall certify these
20 funds in the appropriate State-level services based on prior year actual expenditures. The Division
21 has the authority to realign the authorized budget for these funds among the State-level services
22 based on current year actual expenditures. The Division shall also have the authority to realign
23 appropriated funds from Work First Family Assistance for electing counties to the Work First
24 County Block Grant for electing counties based on current year expenditures so long as the
25 electing counties meet Maintenance of Effort requirements.

26 **SECTION 9K.1.(h)** The sum of nine million four hundred twelve thousand three
27 hundred ninety-one dollars (\$9,412,391) appropriated in this act to the Department of Health and
28 Human Services, Division of Social Services, in TANF funds for each fiscal year of the
29 2019-2021 fiscal biennium for child welfare improvements shall be allocated to the county
30 departments of social services for hiring or contracting staff to investigate and provide services
31 in Child Protective Services cases; to provide foster care and support services; to recruit, train,
32 license, and support prospective foster and adoptive families; and to provide interstate and
33 post-adoption services for eligible families.

34 Counties shall maintain their level of expenditures in local funds for Child Protective
35 Services workers. Of the Block Grant funds appropriated for Child Protective Services workers,
36 the total expenditures from State and local funds for fiscal years 2019-2020 and 2020-2021 shall
37 not be less than the total expended from State and local funds for the 2012-2013 fiscal year.

38 **SECTION 9K.1.(i)** The sum of two million twenty-six thousand eight hundred
39 seventy-seven dollars (\$2,026,877) appropriated in this act in TANF funds to the Department of
40 Health and Human Services, Special Children Adoption Fund, for each fiscal year of the
41 2019-2021 fiscal biennium shall be used in accordance with G.S. 108A-50.2. The Division of
42 Social Services, in consultation with the North Carolina Association of County Directors of
43 Social Services and representatives of licensed private adoption agencies, shall develop
44 guidelines for the awarding of funds to licensed public and private adoption agencies upon the
45 adoption of children described in G.S. 108A-50 and in foster care. Payments received from the
46 Special Children Adoption Fund by participating agencies shall be used exclusively to enhance
47 the adoption services program. No local match shall be required as a condition for receipt of these
48 funds.

49 **SECTION 9K.1.(j)** The sum of one million four hundred thousand dollars
50 (\$1,400,000) appropriated in this act in TANF funds to the Department of Health and Human
51 Services, Division of Social Services, for each fiscal year of the 2019-2021 fiscal biennium shall

1 be used for child welfare initiatives to (i) enhance the skills of social workers to improve the
2 outcomes for families and children involved in child welfare and (ii) enhance the provision of
3 services to families in their homes in the least restrictive setting.

4 **SECTION 9K.1.(k)** Of the three million four hundred fifty thousand dollars
5 (\$3,450,000) allocated in this act in TANF funds to the Department of Health and Human
6 Services, Division of Public Health, for each year of the 2019-2021 fiscal biennium for teen
7 pregnancy prevention initiatives, the sum of five hundred thousand dollars (\$500,000) in each
8 year of the 2019-2021 fiscal biennium shall be used to provide services for foster care youth and
9 juvenile justice.

10 **SOCIAL SERVICES BLOCK GRANT**

11 **SECTION 9K.1.(l)** The sum of nineteen million nine hundred five thousand eight
12 hundred forty-nine dollars (\$19,905,849) for each year of the 2019-2021 fiscal biennium
13 appropriated in this act in the Social Services Block Grant to the Department of Health and
14 Human Services, Division of Social Services, and the sum of thirteen million ninety-seven
15 thousand seven hundred eighty-three dollars (\$13,097,783) for each year of the 2019-2021 fiscal
16 biennium transferred from funds appropriated in the TANF Block Grant shall be used for county
17 block grants. The Division shall certify these funds in the appropriate State-level services based
18 on prior year actual expenditures. The Division has the authority to realign the authorized budget
19 for these funds, as well as State Social Services Block Grant funds, among the State-level services
20 based on current year actual expenditures.

21 Of the funds allocated in this subsection for each year of the 2019-2021 fiscal
22 biennium for county block grants, three million dollars (\$3,000,000) shall be used to assist
23 counties in the implementation of Project 4, Child Services, in North Carolina Families
24 Accessing Services Through Technology (NC FAST). These funds shall be available in each
25 fiscal year of the fiscal biennium for this purpose.

26 **SECTION 9K.1.(m)** The sum of one million three hundred thousand dollars
27 (\$1,300,000) appropriated in this act in the Social Services Block Grant to the Department of
28 Health and Human Services, Division of Social Services, for each fiscal year of the 2019-2021
29 fiscal biennium shall be used to support various child welfare training projects as follows:

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

33 **SECTION 9K.1.(n)** The Department of Health and Human Services is authorized,
34 subject to the approval of the Office of State Budget and Management, to transfer Social Services
35 Block Grant funding allocated for departmental administration between divisions that have
36 received administrative allocations from the Social Services Block Grant.

37 **SECTION 9K.1.(o)** Social Services Block Grant funds appropriated for the Special
38 Children Adoption Incentive Fund shall require a fifty percent (50%) local match.

39 **SECTION 9K.1.(p)** The sum of five million forty thousand dollars (\$5,040,000)
40 appropriated in this act in the Social Services Block Grant for each fiscal year of the 2019-2021
41 fiscal biennium shall be allocated to the Department of Health and Human Services, Division of
42 Social Services. The Division shall allocate these funds to local departments of social services to
43 replace the loss of Child Protective Services State funds that are currently used by county
44 governments to pay for Child Protective Services staff at the local level. These funds shall be
45 used to maintain the number of Child Protective Services workers throughout the State. These
46 Social Services Block Grant funds shall be used to pay for salaries and related expenses only and
47 are exempt from 10A NCAC 71R .0201(3) requiring a local match of twenty-five percent (25%).

48 **SECTION 9K.1.(q)** The sum of four million seven hundred seventy-four thousand
49 five hundred twenty-five dollars (\$4,774,525) for each year of the 2019-2021 fiscal biennium
50 appropriated in this act in the Social Services Block Grant to the Department of Health and
51

1 Human Services (DHHS), Division of Central Management and Support, shall be used for DHHS
2 competitive block grants pursuant to Section 9B.8 of this act. These funds are exempt from the
3 provisions of 10A NCAC 71R .0201(3).

4 **SECTION 9K.1.(r)** The sum of one million five hundred eighty-two thousand
5 dollars (\$1,582,000) appropriated in this act in the Social Services Block Grant for each fiscal
6 year of the 2019-2021 fiscal biennium to the Department of Health and Human Services, Division
7 of Social Services, shall be used to continue support for the Child Advocacy Centers, and the
8 funds are exempt from the provisions of 10A NCAC 71R .0201(3).

9 **SECTION 9K.1.(s)** The sum of three million eight hundred twenty-five thousand
10 four hundred forty-three dollars (\$3,825,443) for each fiscal year of the 2019-2021 fiscal
11 biennium appropriated in this act in the Social Services Block Grant to the Department of Health
12 and Human Services, Divisions of Social Services and Aging and Adult Services, shall be used
13 for guardianship services pursuant to Chapter 35A of the General Statutes. The Department may
14 expend funds allocated in this section to support existing corporate guardianship contracts during
15 the 2019-2020 and 2020-2021 fiscal years.

16 **SECTION 9K.1.(t)** Of the funds appropriated in the Social Services Block Grant to
17 the Division of Aging and Adult Services for Adult Protective Services, the sum of eight hundred
18 ninety-three thousand forty-one dollars (\$893,041) shall be used to increase the number of Adult
19 Protective Services workers where these funds can be the most effective. These funds shall be
20 used to pay for salaries and related expenses and shall not be used to supplant any other source
21 of funding for staff. These funds are also exempt from 10A NCAC 71R .0201(3) requiring a local
22 match of twenty-five percent (25%).

23 **SECTION 9K.1.(u)** The sum of seven hundred thirty-seven thousand sixty-seven
24 dollars (\$737,067) appropriated in this act in the Social Services Block Grant for each fiscal year
25 of the 2019-2021 fiscal biennium shall be allocated to the Department of Health and Human
26 Services, Division of Social Services. These funds shall be used to assist with training needs for
27 county child welfare training staff and shall not be used to supplant any other source of funding
28 for staff. County departments of social services are exempt from 10A NCAC 71R .0201(3)
29 requiring a local match of twenty-five percent (25%).

30 **LOW-INCOME ENERGY ASSISTANCE BLOCK GRANT**

31 **SECTION 9K.1.(v)** Additional emergency contingency funds received may be
32 allocated for Energy Assistance Payments or Crisis Intervention Payments without prior
33 consultation with the Joint Legislative Oversight Committee on Health and Human Services.
34 Additional funds received shall be reported to the Joint Legislative Oversight Committee on
35 Health and Human Services and the Fiscal Research Division upon notification of the award. The
36 Department of Health and Human Services shall not allocate funds for any activities, including
37 increasing administration, other than assistance payments, without prior consultation with the
38 Joint Legislative Oversight Committee on Health and Human Services.

39 **SECTION 9K.1.(w)** The sum of forty million two hundred ninety-eight thousand
40 six hundred thirty-eight dollars (\$40,298,638) for each year of the 2019-2021 fiscal biennium
41 appropriated in this act in the Low-Income Energy Assistance Block Grant to the Department of
42 Health and Human Services, Division of Social Services, shall be used for Energy Assistance
43 Payments for the households of (i) elderly persons age 60 and above with income up to one
44 hundred thirty percent (130%) of the federal poverty level and (ii) disabled persons eligible for
45 services funded through the Division of Aging and Adult Services.

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

- 49 (1) Ensure that eligible households are made aware of the available assistance,
50 with particular attention paid to the elderly population age 60 and above and
51

- 1 disabled persons receiving services through the Division of Aging and Adult
2 Services.
- 3 (2) Include efforts by the county department of social services to contact other
4 State and local governmental entities and community-based organizations to
5 (i) offer the opportunity to provide outreach and (ii) receive applications for
6 energy assistance.
- 7 (3) Be approved by the local board of social services or human services board
8 prior to submission.
- 9

10 **CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT**

11 **SECTION 9K.1.(x)** Payment for subsidized child care services provided with federal
12 TANF funds shall comply with all regulations and policies issued by the Division of Child
13 Development and Early Education for the subsidized child care program.

14 **SECTION 9K.1.(y)** If funds appropriated through the Child Care and Development
15 Fund Block Grant for any program cannot be obligated or spent in that program within the
16 obligation or liquidation periods allowed by the federal grants, the Department may move funds
17 to child care subsidies, unless otherwise prohibited by federal requirements of the grant, in order
18 to use the federal funds fully.

19

20 **MENTAL HEALTH SERVICES BLOCK GRANT**

21 **SECTION 9K.1.(z)** The sum of one million nine hundred seventy-six thousand nine
22 hundred seventy dollars (\$1,976,970) appropriated in this act in the Mental Health Services Block
23 Grant to the Department of Health and Human Services, Division of Mental Health,
24 Developmental Disabilities, and Substance Abuse Services, for each year of the 2019-2021 fiscal
25 biennium is allocated for Mental Health Services – First Psychotic Symptom Treatment.

26 **SECTION 9K.1.(z1)** The sum of five hundred thousand dollars (\$500,000)
27 appropriated in this section in the Mental Health Services Block Grant to the Department of
28 Health and Human Services, Division of Mental Health, Developmental Disabilities, and
29 Substance Abuse Services, for each year of the 2019-2021 fiscal biennium may be allocated for
30 the two-year Peer Wellness Center pilot program as set forth in Section 9F.15 of this act.

31

32 **SUBSTANCE ABUSE PREVENTION AND TREATMENT BLOCK GRANT**

33 **SECTION 9K.1.(aa)** The sum of two hundred fifty thousand dollars (\$250,000)
34 appropriated in this act in the Substance Abuse Prevention and Treatment Block Grant to the
35 Department of Health and Human Services, Division of Mental Health, Developmental
36 Disabilities, and Substance Abuse Services, for each fiscal year of the 2019-2021 fiscal biennium
37 shall be used to support Veterans initiatives.

38

39 **MATERNAL AND CHILD HEALTH BLOCK GRANT**

40 **SECTION 9K.1.(bb)** If federal funds are received under the Maternal and Child
41 Health Block Grant for abstinence education, pursuant to section 912 of Public Law 104-193 (42
42 U.S.C. § 710), for the 2019-2020 fiscal year or the 2020-2021 fiscal year, then those funds shall
43 be transferred to the State Board of Education to be administered by the Department of Public
44 Instruction. The Department of Public Instruction shall use the funds to establish an abstinence
45 until marriage education program and shall delegate to one or more persons the responsibility of
46 implementing the program and G.S. 115C-81(e1)(4) and (4a). The Department of Public
47 Instruction shall carefully and strictly follow federal guidelines in implementing and
48 administering the abstinence education grant funds.

49 **SECTION 9K.1.(cc)** The sum of one million five hundred seventy-five thousand
50 dollars (\$1,575,000) appropriated in this act in the Maternal and Child Health Block Grant to the
51 Department of Health and Human Services, Division of Public Health, for each year of the

1 2019-2021 fiscal biennium shall be used for evidence-based programs in counties with the
2 highest infant mortality rates. The Division shall report on (i) the counties selected to receive the
3 allocation, (ii) the specific evidence-based services provided, (iii) the number of women served,
4 and (iv) any impact on the counties' infant mortality rate. The Division shall report its findings
5 to the House of Representatives Appropriations Committee on Health and Human Services, the
6 Senate Appropriations Committee on Health and Human Services, and the Fiscal Research
7 Division no later than December 31 of each year.

8 **SECTION 9K.1.(dd)** The sum of sixty-eight thousand two hundred forty-five dollars
9 (\$68,245) allocated in this section in the Maternal and Child Health Block Grant to the
10 Department of Health and Human Services, Division of Public Health, Women and Children's
11 Health Section, for each fiscal year of the 2019-2021 fiscal biennium shall not be used to supplant
12 existing State or federal funds. This allocation shall be used for a Public Health Program
13 Consultant position assigned full-time to manage the North Carolina Perinatal Health Strategic
14 Plan and provide staff support for the stakeholder work group.

15 **SECTION 9K.1.(ee)** The sum of one hundred thousand dollars (\$100,000) allocated
16 in this section in the Maternal and Child Health Block Grant to the Department of Health and
17 Human Services, Division of Public Health, for each year of the 2019-2021 fiscal biennium for
18 community-based sickle cell centers shall not be used to supplant existing State or federal funds.
19

20 **PART X. AGRICULTURE AND CONSUMER SERVICES**

21 **DACS REPORT CHANGES**

22 **SECTION 10.1.(a)** G.S. 19A-62(c) reads as rewritten:

23 "(c) Report. – In March of each year, the Department must report to the ~~Joint Legislative~~
24 ~~Commission on Governmental Operations~~ Joint Legislative Oversight Committee on Agriculture
25 and Natural and Economic Resources and the Fiscal Research Division. The report must contain
26 information regarding all revenues and expenditures of the Spay/Neuter Account."
27

28 **SECTION 10.1.(b)** G.S. 19A-69 reads as rewritten:

29 **"§ 19A-69. Report.**

30 The Department shall report annually to the ~~Joint Legislative Commission on Governmental~~
31 ~~Operations~~ Joint Legislative Oversight Committee on Agriculture and Natural and Economic
32 Resources and the Fiscal Research Division no later than March 1. The report shall contain
33 information regarding all revenues and expenditures of the Animal Shelter Support Fund."
34

35 **SECTION 10.1.(c)** G.S. 106-744(i) reads as rewritten:

36 "(i) The Advisory Committee shall report no later than October 1 of each year to the ~~Joint~~
37 ~~Legislative Commission on Governmental Operations~~, Joint Legislative Oversight Committee
38 on Agriculture and Natural and Economic Resources, the Environmental Review Commission,
39 ~~and the House of Representatives and Senate Appropriations Subcommittees on Natural and~~
40 ~~Economic Resources~~ the chairs of the Senate Appropriations Committee on Agriculture, Natural,
41 and Economic Resources, and the chairs of the House of Representatives Appropriations
42 Committee on Agriculture and Natural and Economic Resources regarding the activities of the
43 Advisory Committee, the agriculture easements purchased, and agricultural projects funded
44 during the previous fiscal year."

45 **SECTION 10.1.(d)** G.S. 106-747(f) reads as rewritten:

46 "(f) Reports. – The Committee shall report on its activities conducted to implement this
47 section, including any findings, recommendations, and legislative proposals, to the North
48 Carolina Military Affairs ~~Commission and Commission~~, the Agriculture and Forestry Awareness
49 ~~Study Commission~~ Commission, and the Joint Legislative Oversight Committee on Agriculture
50 and Natural and Economic Resources beginning September 1, 2017, and annually thereafter, until
51 such time as the Committee completes its work."

SECTION 10.1.(e) G.S. 106-755.1(14) reads as rewritten:

"(14) By September 1 of each year, to report to the ~~House of Representatives Appropriations Subcommittee on Natural and Economic Resources, the Senate Appropriations Committee on Natural and Economic Resources, the Joint Legislative Commission on Governmental Operations,~~ chairs of the Senate Appropriations Committee on Agriculture, Natural, and Economic Resources, the chairs of the House of Representatives Appropriations Committee on Agriculture and Natural and Economic Resources, the Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources, and the Fiscal Research Division on the activities of the Council, the status of the wine and grape industry in North Carolina and the United States, progress on the development and implementation of the State Viticulture Plan, and any contracts or agreements entered into by the Council for research, education, or marketing."

SECTION 10.1.(f) G.S. 106-887(i) reads as rewritten:

"(i) The Department shall report no later than October 1 of each year to the ~~Joint Legislative Commission on Governmental Operations, the House and Senate Appropriations Subcommittees on Natural and Economic Resources, Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources,~~ the chairs of the Senate Appropriations Committee on Agriculture, Natural, and Economic Resources, the chairs of the House of Representatives Appropriations Committee on Agriculture and Natural and Economic Resources, the Fiscal Research Division, and the Environmental Review Commission on the Department's management activities at DuPont State Recreational Forest during the preceding fiscal year and plans for management of DuPont State Recreational Forest for the upcoming fiscal year."

SECTION 10.1.(g) G.S. 106-911 reads as rewritten:

"§ 106-911. Annual report on wildfires.

No later than October 1 of each year, beginning October 1, 2012, the Commissioner shall submit a written report on wildfires in the State to the chairs of the ~~House Appropriations Subcommittee on Natural and Economic Resources and the Senate Appropriations Committee on Natural and Economic Resources, the Joint Legislative Commission on Governmental Operations,~~ Senate Appropriations Committee on Agriculture, Natural, and Economic Resources, the chairs of the House of Representatives Appropriations Committee on Agriculture and Natural and Economic Resources, the Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources, and the Fiscal Research Division of the General Assembly. The report shall include the following information for all major or project wildfires during the prior fiscal year:

...."

SECTION 10.1.(h) G.S. 106-1029(b)(3) and (5) read as rewritten:

"(3) Establish in November prior to those sessions in which the General Assembly considers the State budget, the estimated total assessment that will be collectible in the next budget period and so inform the ~~General Assembly;~~ Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources.

...

(5) By January 15 of each odd-numbered year, report to the ~~General Assembly~~ Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources on the number of acres reforested, type of owners assisted, geographic distribution of funds, the amount of funds ~~encumbered~~ encumbered, and other matters. The report shall include the information by forestry district and statewide and shall be for the two fiscal years prior to the date of the report."

1 **SECTION 10.1.(i)** Section 11.1 of S.L. 2012-142 is codified as G.S. 106-915 and
2 reads as rewritten:

3 **"§ 106-915. B.R.I.D.G.E. Youthful Offenders Program; annual report.**

4 (a) The Division of Adult Correction and Juvenile Justice of the Department of Public
5 Safety shall give priority to the B.R.I.D.G.E. Youthful Offenders Program operated in
6 cooperation with the North Carolina Forest Service when assigning youthful offenders from the
7 ~~Western Youth Institution-Foothills Correctional Institution~~ to work programs.

8 (b) The North Carolina Forest Service shall submit an annual report on the B.R.I.D.G.E.
9 Youthful Offenders Program no later than October 1 of each year beginning October 1, 2012, to
10 the Fiscal Research Division, the ~~Chairs of the House Appropriations Subcommittee on Natural~~
11 ~~and Economic Resources and the Senate Appropriations Committee on Natural and Economic~~
12 ~~Resources, the Chairs of the House Appropriations Subcommittee on Justice and Public Safety~~
13 ~~and the Senate Appropriations Committee on Justice and Public Safety, the Joint Legislative~~
14 ~~Commission on Governmental Operations, chairs of the Senate Appropriations Committee on~~
15 ~~Agriculture, Natural, and Economic Resources, the chairs of the House of Representatives~~
16 ~~Appropriations Committee on Agriculture and Natural and Economic Resources, the Joint~~
17 ~~Legislative Oversight Committee on Agriculture and Natural and Economic Resources, the~~
18 ~~chairs of the Senate Appropriations Committee on Justice and Public Safety, the chairs of the~~
19 ~~House of Representatives Appropriations Committee on Justice and Public Safety, and the Joint~~
20 ~~Legislative Oversight Committee on Justice and Public Safety.~~ The report shall include the
21 following information for the prior fiscal year:

22 "

23 **SECTION 10.1.(j)** Section 13.7(b) of S.L. 2013-360 is codified as G.S. 106-590 and
24 reads as rewritten:

25 **"§ 106-590. Annual report on funds allocated to the North Carolina Agricultural**
26 **Foundation, Inc.**

27 ~~North Carolina Agricultural Foundation—FFA Foundation (hereinafter "FFA Foundation")~~
28 ~~The North Carolina Agricultural Foundation, Inc., shall do the following if the Department of~~
29 ~~Agriculture and Consumer Services allocates funds to the entity it for programs of the North~~
30 ~~Carolina Future Farmers of America Association:~~

- 31 (1) By September 1 of each year, and more frequently as requested, report to the
32 ~~Joint Legislative Commission on Governmental Operations~~ Joint Legislative
33 Oversight Committee on Agriculture and Natural and Economic Resources
34 and the Fiscal Research Division on prior State fiscal year program activities,
35 objectives, and accomplishments and prior State fiscal year itemized
36 expenditures and fund sources.
- 37 (2) Provide to the Fiscal Research Division a copy of the organization's annual
38 audited financial statement within 30 days of issuance of the statement."
39

40 **TIMBER SALES/RETENTION OF PROCEEDS**

41 **SECTION 10.2.** The Department of Agriculture and Consumer Services is
42 authorized to expend up to one hundred fifty thousand dollars (\$150,000) each year for forestry
43 management from funds received from the sale of timber that are deposited with the State
44 Treasurer in a capital improvement account pursuant to G.S. 146-30. The Director of the Budget
45 is authorized to transfer up to one hundred fifty thousand dollars (\$150,000) from the capital
46 improvement account to the Reserve for Forestry Management in the Department's operating
47 budget and to prepare succeeding continuation budget documents to include one hundred fifty
48 thousand dollars (\$150,000) in the Reserve for Forestry Management.

49
50 **HEALTHY FOOD/SMALL RETAILER**

1 **SECTION 10.3.(a)** The funds appropriated by S.L. 2018-5 for the Healthy
2 Food/Small Retailer program shall be used to continue a program to reimburse small food
3 retailers for expenditures related to enhancing access to healthy foods in areas that qualify as
4 food desert zones according to the Economic Research Service of the United States Department
5 of Agriculture. For the purposes of this section, a small food retailer is defined as a business that
6 is a small retail outlet, including corner stores, convenience stores, cooperatives, and bodegas, of
7 no more than 3,000 heated square feet that sells a limited selection of foods and other products.
8 Funds may be used to reimburse small food retailers for the purchase and installation of
9 refrigeration equipment, display shelving, and other equipment necessary for stocking
10 nutrient-dense foods, including fresh vegetables and fruits, whole grains, nuts, seeds, beans and
11 legumes, low-fat dairy products, lean meats, and seafood.

12 **SECTION 10.3.(b)** The Department of Agriculture and Consumer Services may
13 reimburse up to twenty-five thousand dollars (\$25,000) to each eligible small food retailer. Small
14 food retailers receiving moneys from the program shall accept or agree to accept Supplemental
15 Nutrition Assistance Program benefits and shall accept or agree to apply to accept Special
16 Supplemental Nutrition Program for Women, Infants, and Children benefits. The Department
17 shall establish guidelines for application and receipt of funding for small food retailers to ensure
18 that the funds shall be used to enhance and advertise the availability of nutrient-dense foods. The
19 Department shall assist the small food retailer in identifying suppliers of nutrient-dense foods
20 and in developing a strategy to encourage the sale of nutrient-dense foods to customers.

21 **SECTION 10.3.(c)** On or before October 1, 2019, and annually thereafter until the
22 funds are expended, the Department of Agriculture and Consumer Services shall report to the
23 Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources and
24 the Fiscal Research Division on the activities funded by the Healthy Food/Small Retailer
25 program, including the number of small food retailers receiving reimbursement, how the funds
26 were used by the small food retailers, and the gross amount of nutrient-dense food, in dollars,
27 sold to customers by participating small food retailers.

28 **SECTION 10.3.(d)** This section becomes effective June 30, 2019.

29 30 **TOBACCO TRUST FUND ADMINISTRATIVE EXPENSES**

31 **SECTION 10.4.** Notwithstanding G.S. 143-717(i), the Tobacco Trust Fund
32 Commission may use three hundred seventy-five thousand dollars (\$375,000) for the 2019-2020
33 fiscal year for administrative and operating expenses of the Commission and its staff.

34 35 **TOBACCO TRUST FUND GRANT**

36 **SECTION 10.5.** Notwithstanding G.S. 143-720 and G.S. 143-721, of the funds
37 appropriated to the Tobacco Trust Fund in this act, one million five hundred thousand dollars
38 (\$1,500,000) in nonrecurring funds for the 2019-2020 fiscal year is allocated to the Town of
39 Mount Olive to support locally based agriculture educational programs.

40 41 **EASTERN NORTH CAROLINA FOOD COMMERCIALIZATION CENTER FUNDING**

42 **SECTION 10.6.(a)** Funds appropriated by this act to the Department of Agriculture
43 and Consumer Services for local food processing initiatives shall be used to provide a grant to
44 the Eastern North Carolina Food Commercialization Center to provide matching funds for a
45 federal construction grant and to provide working capital and equipment for the Center.

46 **SECTION 10.6.(b)** The Center shall submit an annual report on the use of the funds
47 allocated by this section to the Joint Legislative Oversight Committee on Agriculture and Natural
48 and Economic Resources and the Fiscal Research Division no later than April 1 of each year until
49 the funds are spent or have reverted.

50

1 **DEPARTMENT OF AGRICULTURE AND CONSUMER SERVICES STUDY OF**
2 **STATE-MANAGED PROPERTIES**

3 **SECTION 10.7.(a)** The Department of Agriculture and Consumer Services' Plant
4 Industry Division shall study and report on wildlife enhancement, invasive species control, and
5 native habitat restoration on properties managed by the State. The Division shall include the
6 following in its study and report:

- 7 (1) The amount of funds and other resources dedicated by each State agency land
8 manager (including the Department of Natural and Cultural Resources, the
9 Wildlife Resources Commission, the Department of Environmental Quality,
10 and the Department of Agriculture and Consumer Services) to habitat
11 management for wildlife enhancement, including, but not limited to, invasive
12 species removal, prescribed burning, selective thinning, and native plant
13 restoration.
- 14 (2) The potential need for each State agency land manager for additional funding
15 or positions necessary to support wildlife enhancement, including invasive
16 species removal, prescribed burning, selective thinning, and native plant
17 restoration.
- 18 (3) Identification of existing federal funding sources for wildlife enhancement on
19 State-managed properties and missed match opportunities with State
20 resources.

21 **SECTION 10.7.(b)** The Department shall provide its report to the Joint Legislative
22 Oversight Committee on Agriculture and Natural and Economic Resources and the Fiscal
23 Research Division no later than April 1, 2020.

24
25 **DEPARTMENT OF AGRICULTURE AND CONSUMER SERVICES STUDY OF**
26 **ORGANIC FOOD IN THE FARM TO SCHOOL PROGRAM**

27 **SECTION 10.8.(a)** The Department of Agriculture and Consumer Services shall
28 study and report on the feasibility of including organic food in the NC Farm to School Program.
29 The Department shall include the following in its study and report:

- 30 (1) The availability and sourcing of organically grown products that could be
31 included in the Program.
- 32 (2) The potential costs and benefits associated with the inclusion of organically
33 grown products.
- 34 (3) Identification of existing grants, donations, or other non-State sources to fund
35 the inclusion of organically grown products.

36 **SECTION 10.8.(b)** The Department shall provide its report to the Joint Legislative
37 Oversight Committee on Agriculture and Natural and Economic Resources and the Fiscal
38 Research Division no later than April 1, 2020.

39
40 **SWINE BIOGAS**

41 **SECTION 10.9.** Of the funds appropriated in this act to the Department of
42 Agriculture and Consumer Services for the Agricultural Cost Share Program for Nonpoint Source
43 Pollution Control, the sum of four hundred fifty thousand dollars (\$450,000) is allocated for the
44 purpose of providing cost share assistance to swine farmers for the installation of anaerobic
45 digesters to be used for the production of biogas at an eligible farm. Funds allocated by this
46 section shall not revert and shall remain available until expended for the purposes authorized in
47 this section.

48 The funds shall be administered through the Agriculture Cost Share Program for
49 Nonpoint Source Pollution Control established by Article 72 of Chapter 106 of the General
50 Statutes. Notwithstanding G.S. 106-850(b)(6), participants shall be eligible for cost share of no
51 more than seventy-five percent (75%) of that portion of the construction and equipment costs for

1 the project in excess of four hundred forty dollars (\$440.00) per 1,000 pounds of steady state live
 2 weight of swine located at the eligible farm. The annual limit specified in G.S. 106-850(b)(6)
 3 shall not apply to funds allocated by this section, but total funding provided for any project shall
 4 not exceed one hundred thousand dollars (\$100,000) over the lifetime of the project.

5 For purposes of this section, an "eligible farm" shall be a swine farm meeting the
 6 following criteria:

- 7 (1) The swine farm has a design capacity of less than 1,000,000 pounds steady
 8 state live weight.
- 9 (2) The swine farm has entered into a contract with a duration of 10 years or more
 10 for the purchase of the biogas produced by the anaerobic digester.

11
 12 **PART XI. COMMERCE**

13
 14 **COMMERCE REPORT CHANGE**

15 **SECTION 11.1.** G.S. 143B-434.01(b) reads as rewritten:

16 "(b) Plan. – The Secretary shall review and update the existing Plan on or before April 1
 17 of each year. The Plan shall cover a period of four years and each annual update shall extend the
 18 time frame by one year so that a four-year plan is always in effect. The Secretary shall provide
 19 copies of the Plan and each annual update to the ~~Governor and the Joint Legislative Commission~~
 20 ~~on Governmental Operations.~~ Governor, the chairs of the Senate Appropriations Committee on
 21 Agriculture, Natural, and Economic Resources, the chairs of the House of Representatives
 22 Appropriations Committee on Agriculture and Natural and Economic Resources, and the Joint
 23 Legislative Economic Development and Global Engagement Oversight Committee. The Plan
 24 shall encompass all of the components set out in this section."
 25

26 **COMMUNITY DEVELOPMENT BLOCK GRANTS**

27 **SECTION 11.2.(a)** Of the funds appropriated in this act for federal block grant
 28 funds, the following allocations are made for the fiscal years ending June 30, 2020, and June 30,
 29 2021, according to the following schedule:
 30

31 **COMMUNITY DEVELOPMENT BLOCK GRANT**

32		
33	01. State Administration	\$ 1,610,278
34		
35	02. Neighborhood Revitalization	10,000,000
36		
37	03. Economic Development	11,000,000
38		
39	04. Infrastructure	25,719,918
40		

41 **TOTAL COMMUNITY DEVELOPMENT**

42	BLOCK GRANT – 2018 Program Year	\$ 48,330,196
43	2019 Program Year	\$ 48,330,196
44		

45 **SECTION 11.2.(b)** If federal funds are reduced below the amounts specified in this
 46 section after the effective date of this act, then every program in each of these federal block grants
 47 shall be reduced by the same percentage as the reduction in federal funds.

48 **SECTION 11.2.(c)** Any block grant funds appropriated by the Congress of the
 49 United States in addition to the funds specified in this section shall be expended as follows: each
 50 program category under the Community Development Block Grant shall be increased by the
 51 same percentage as the increase in federal funds.

1 **SECTION 11.2.(d)** The Department of Commerce shall consult with the Joint
2 Legislative Commission on Governmental Operations prior to reallocating Community
3 Development Block Grant Funds. Notwithstanding the provisions of this subsection, whenever
4 the Director of the Budget finds either of the following conditions exist:

- 5 (1) If a reallocation is required because of an emergency that poses an imminent
6 threat to public health or public safety, then the Director of the Budget may
7 authorize the reallocation without consulting the Commission. The
8 Department of Commerce shall report to the Commission on the reallocation
9 no later than 30 days after it was authorized and shall identify in the report the
10 emergency, the type of action taken, and how it was related to the emergency.
11 (2) If the State will lose federal block grant funds or receive less federal block
12 grant funds in the next fiscal year unless a reallocation is made, then the
13 Department of Commerce shall provide a written report to the Commission
14 on the proposed reallocation and shall identify the reason that failure to take
15 action will result in the loss of federal funds. If the Commission does not hear
16 the issue within 30 days of receipt of the report, the Department may take the
17 action without consulting the Commission.

18 **SECTION 11.2.(e)** By September 1, 2019, and September 1, 2020, the Department
19 of Commerce shall report to the chairs of the House of Representatives Appropriations
20 Committee on Agriculture and Natural and Economic Resources; the chairs of the Senate
21 Appropriations Committee on Agriculture, Natural, and Economic Resources; the Joint
22 Legislative Economic Development and Global Engagement Oversight Committee; and the
23 Fiscal Research Division on the use of Community Development Block Grant Funds
24 appropriated in the prior fiscal year. The report shall include the following:

- 25 (1) A discussion of each of the categories of funding and how the categories were
26 selected, including information on how a determination was made that there
27 was a statewide need in each of the categories.
28 (2) Information on the number of applications that were received in each category
29 and the total dollar amount requested in each category.
30 (3) A list of grantees, including the grantee's name, county, category under which
31 the grant was funded, the amount awarded, and a narrative description of the
32 project.

33 **SECTION 11.2.(f)** For purposes of this section, eligible activities under the category
34 of infrastructure in subsection (a) of this section shall be defined as provided in the HUD State
35 Administered Community Development Block Grant definition of the term "infrastructure."
36 Notwithstanding the provisions of subsection (d) of this section, funds allocated to the
37 infrastructure category in subsection (a) of this section shall not be reallocated to any other
38 category.

39 **SECTION 11.2.(g)** Throughout each year, deobligated funds arise in the various
40 funding categories and program years of the Community Development Block Grant (CDBG)
41 program as a result of (i) projects coming in under budget, (ii) projects being cancelled, or (iii)
42 projects being required to repay funds. Surplus federal administrative funds in the CDBG
43 program may vary from year to year based upon the amount of State-appropriated funds allocated
44 and the amount of eligible in-kind funds identified.

45 **SECTION 11.2.(h)** To allow the Department of Commerce and the Department of
46 Environmental Quality to quickly deploy deobligated and surplus federal administrative funds as
47 they are identified throughout the program year, the following shall apply to the use of
48 deobligated CDBG funds and surplus federal administrative funds:

- 49 (1) All surplus federal administrative funds shall be divided equally between the
50 Departments of Commerce and Environmental Quality and shall be used as
51 provided in subdivisions (2) and (3) of this subsection.

- 1 (2) All deobligated funds allocated to the Department of Commerce and any
 2 surplus federal administrative funds, as provided for in subdivision (1) of this
 3 subsection, may be used by the Department for all of the following:
 4 a. To issue grants in the CDBG economic development or neighborhood
 5 revitalization program category.
 6 b. For providing training and guidance to local governments relative to
 7 the CDBG program, its management, and administrative requirements.
 8 c. For additional assistance for pilot broadband projects.
 9 d. For any other purpose consistent with the Department's administration
 10 of the CDBG program if an equal amount of State matching funds is
 11 available.
- 12 (3) All deobligated funds allocated to the Department of Environmental Quality
 13 and any surplus federal administrative funds, as provided for in subdivision
 14 (1) of this subsection, may be used by the Department for all of the following:
 15 a. To issue grants in the CDBG infrastructure program category.
 16 b. For any other purpose consistent with the Department's administration
 17 of the CDBG program if an equal amount of State matching funds is
 18 available.

20 GOLDEN LEAF REPORT CHANGES

21 SECTION 11.3. Section 3 of S.L. 1999-2 reads as rewritten:

22 "Section 3. The Attorney General shall draft articles of incorporation for the nonprofit
 23 corporation to enable the nonprofit corporation to carry out its mission as set out in the Consent
 24 Decree. The articles of incorporation shall provide for the following:

- 25 (1) Consultation; reporting. – The nonprofit corporation shall consult with the
 26 Joint Legislative Commission on Governmental Operations (~~"Commission"~~)
 27 prior to the corporation's board of directors (i) adopting bylaws and (ii)
 28 adopting the annual operating budget. The nonprofit corporation shall also
 29 report on its programs and activities to the ~~Commission~~ Joint Legislative
 30 Oversight Committee on Agriculture and Natural and Economic Resources
 31 and the Joint Legislative Economic Development and Global Engagement
 32 Oversight Committee on or before ~~March 1~~ September 15 of each fiscal year
 33 and more frequently as requested by ~~the Commission~~ either Committee. The
 34 report shall include information on the activities and accomplishments during
 35 the fiscal year, itemized expenditures during the fiscal year, planned activities
 36 and goals for at least the next 12 months, and itemized anticipated
 37 expenditures for the next fiscal year. The nonprofit corporation shall also
 38 ~~annually~~ provide to the Commission Joint Legislative Oversight Committee
 39 on Agriculture and Natural and Economic Resources and the Joint Legislative
 40 Economic Development and Global Engagement Oversight Committee an
 41 itemized report of its administrative expenses and copies of its annual ~~report~~
 42 audited financial statement and tax return ~~information~~ information within 30
 43 days of receiving an audit report.
- 44 (2) Public records; open meetings. – The nonprofit corporation is subject to the
 45 Open Meetings Law as provided in Article 33C of Chapter 143 of the General
 46 Statutes and the Public Records Act as provided in Chapter 132 of the General
 47 Statutes. The nonprofit corporation shall publish at least annually a report,
 48 available to the public and filed with the ~~Joint Legislative Commission on~~
 49 ~~Governmental Operations~~, Joint Legislative Oversight Committee on
 50 Agriculture and Natural and Economic Resources and the Joint Legislative
 51 Economic Development and Global Engagement Oversight Committee, of

1 every expenditure or distribution in furtherance of the public charitable
2 purposes of the nonprofit corporation.

3"
4

5 **COMMERCE NONPROFITS/REPORTING REQUIREMENTS**

6 **SECTION 11.4.(a)** The entities listed in subsection (b) of this section shall do the
7 following for each year that State funds are expended:

- 8 (1) By September 1 of each year, and more frequently as requested, report to the
9 Joint Legislative Oversight Committee on Agriculture and Natural and
10 Economic Resources; the chairs of the House of Representatives
11 Appropriations Committee on Agriculture and Natural and Economic
12 Resources; the chairs of the Senate Appropriations Committee on Agriculture,
13 Natural, and Economic Resources; and the Fiscal Research Division on prior
14 State fiscal year program activities, objectives, and accomplishments and prior
15 State fiscal year itemized expenditures and fund sources.
- 16 (2) Provide to the Joint Legislative Oversight Committee on Agriculture and
17 Natural and Economic Resources; the chairs of the House of Representatives
18 Appropriations Committee on Agriculture and Natural and Economic
19 Resources; the chairs of the Senate Appropriations Committee on Agriculture,
20 Natural, and Economic Resources; and the Fiscal Research Division a copy of
21 the entity's annual audited financial statement within 30 days of issuance of
22 the statement.

23 **SECTION 11.4.(b)** The following entities shall comply with the requirements of
24 subsection (a) of this section:

- 25 (1) North Carolina Biotechnology Center.
 - 26 (2) High Point Market Authority.
 - 27 (3) RTI International.
 - 28 (4) Carolina Small Business Development Fund.
- 29

30 **NC BIOTECHNOLOGY CENTER**

31 **SECTION 11.5.(a)** Of the funds appropriated in this act to the Department of
32 Commerce, the sum of fourteen million six hundred thousand three hundred thirty-eight dollars
33 (\$14,600,338) for the 2019-2020 fiscal year and the sum of fourteen million one hundred
34 thousand three hundred thirty-eight dollars (\$14,100,338) for the 2020-2021 fiscal year shall be
35 allocated to the North Carolina Biotechnology Center (hereinafter "Center") for the following
36 purposes:

- 37 (1) Job creation: AgBiotech Initiative, economic and industrial development, and
38 related activities – three million four hundred twenty-four thousand
39 seventy-three dollars (\$3,424,073) for the 2019-2020 fiscal year and three
40 million one hundred seventy-four thousand seventy-three dollars (\$3,174,073)
41 for the 2020-2021 fiscal year.
- 42 (2) Science and commercialization: science and technology development, Centers
43 of Innovation, business and technology development, education and training,
44 and related activities – nine million three hundred thirteen thousand nineteen
45 dollars (\$9,313,019) for the 2019-2020 fiscal year and nine million sixty-three
46 thousand nineteen dollars (\$9,063,019) for the 2020-2021 fiscal year.
- 47 (3) Center operations: administration, professional and technical assistance and
48 oversight, corporate communications, human resource management, financial
49 and grant administration, legal, and accounting – one million eight hundred
50 sixty-three thousand two hundred forty-six dollars (\$1,863,246) for each fiscal
51 year of the 2019-2021 biennium.

1 **SECTION 11.5.(b)** The Center shall prioritize funding and distribution of loans over
2 existing funding and distribution of grants.

3 **SECTION 11.5.(c)** Up to ten percent (10%) of each of the allocations in subsection
4 (a) of this section may be reallocated to subdivision (a)(1) or subdivision (a)(2) of this section if,
5 in the judgment of Center management, the reallocation will advance the mission of the Center.
6

7 **PART XII. ENVIRONMENTAL QUALITY**

8 9 **DEQ REPORT CHANGES**

10 **SECTION 12.1.(a)** G.S. 113A-241 reads as rewritten:

11 "**§ 113A-241. State to ~~Preserve One Million Acres; Annual report,~~preserve one million**
12 **acres.**

13 (a) The State of North Carolina shall encourage, facilitate, plan, coordinate, and support
14 appropriate federal, State, local, and private land protection efforts so that an additional one
15 million acres of farmland, open space, and conservation lands in the State are permanently
16 protected by December 31, 2009. These lands shall be protected by acquisition in fee simple or
17 by acquisition of perpetual conservation easements by public conservation organizations or by
18 private entities that are organized to receive and administer lands for conservation purposes.

19 (b) The Secretary of Environmental Quality shall lead the effort to add one million acres
20 to the State's protected lands and shall plan and coordinate with other public and private
21 organizations and entities that are receiving and administering lands for conservation purposes.

22 ~~(c) The Secretary of Environmental Quality shall report to the Governor and the~~
23 ~~Environmental Review Commission on or before 1 October of each year on the State's progress~~
24 ~~towards attaining the goal established in this section."~~

25 **SECTION 12.1.(b)** Section 15.6(b) of S.L. 1999-237, as amended by Section 4.21
26 of S.L. 2017-10, reads as rewritten:

27 "Section 15.6.(b) The Department of Environmental Quality and the Office of State Budget
28 and Management shall report to the Joint Legislative Oversight Committee on Agriculture and
29 Natural and Economic Resources the amount and the source of the funds used pursuant to
30 subsection (a) of this section ~~within 30 days of the expenditure of these funds on or before April~~
31 ~~15 of each year and shall include this information in the status of solid waste management report~~
32 ~~required to be submitted pursuant to G.S. 130A-309.06(c)."~~

33 **SECTION 12.1.(c)** G.S. 130A-309.06(c) reads as rewritten:

34 "(c) The Department shall report to the Environmental Review Commission and the Fiscal
35 Research Division on or before ~~January 15~~ April 15 of each year on the status of solid waste
36 management efforts in the State. The report shall ~~include~~ include all of the following:

37 ...

38 (17) ~~A report~~ Reports on the Inactive Hazardous Waste Response Act of 1987
39 pursuant to ~~G.S. 130A-310.10(a)~~ G.S. 130A-310.10.

40 ...

41 (20) A report on the use of funds for Superfund cleanups and inactive hazardous
42 site cleanups."

43 **SECTION 12.1.(d)** G.S. 130A-294(i) reads as rewritten:

44 "(i) The Department shall include in the status of solid waste management report required
45 to be submitted ~~on or before January 15 of each year~~ pursuant to G.S. 130A-309.06(c) a report
46 on the implementation and cost of the hazardous waste management program. The report shall
47 include an evaluation of how well the State and private parties are managing and cleaning up
48 hazardous waste. The report shall also include recommendations to the Governor, State agencies,
49 and the General Assembly on ways to: improve waste management; reduce the amount of waste
50 generated; maximize resource recovery, reuse, and conservation; and minimize the amount of
51 hazardous waste which must be disposed of. The report shall include beginning and ending

1 balances in the Hazardous Waste Management Account for the reporting period, total fees
2 collected pursuant to G.S. 130A-294.1, anticipated revenue from all sources, total expenditures
3 by activities and categories for the hazardous waste management program, any recommended
4 adjustments in annual and tonnage fees which may be necessary to assure the continued
5 availability of funds sufficient to pay the State's share of the cost of the hazardous waste
6 management program, and any other information requested by the General Assembly. In
7 recommending adjustments in annual and tonnage fees, the Department may propose fees for
8 hazardous waste generators, and for hazardous waste treatment facilities that treat waste
9 generated on site, which are designed to encourage reductions in the volume or quantity and
10 toxicity of hazardous waste. The report shall also include a description of activities undertaken
11 to implement the resident inspectors program established under G.S. 130A-295.02. In addition,
12 the report shall include an annual update on the mercury switch removal program that shall
13 include, at a minimum, all of the following:

14"

15 **SECTION 12.1.(e)** G.S. 130A-309.64(e) reads as rewritten:

16 "(e) The Department shall include in the report to be delivered to the Environmental
17 Review Commission ~~on or before January 15 of each year~~ pursuant to G.S. 130A-309.06(c) a
18 description of the implementation of the North Carolina Scrap Tire Disposal Act under this Part
19 for the fiscal year ending the preceding June 30. The description of the implementation of the
20 North Carolina Scrap Tire Disposal Act shall include a list of the recipients of grants under
21 subsection (a) of this section and the amount of each grant for the previous 12-month period. The
22 report also shall include the amount of funds used to clean up nuisance sites under subsection (d)
23 of this section."

24 **SECTION 12.1.(f)** G.S. 130A-309.85 reads as rewritten:

25 **"§ 130A-309.85. Reporting on the management of white goods.**

26 The Department shall include in the report to be delivered to the Environmental Review
27 Commission ~~on or before 15 January of each year~~ pursuant to G.S. 130A-309.06(c) a description
28 of the management of white goods in the State for the fiscal year ending the preceding 30 June.
29 The description of the management of white goods shall include the following information:

30"

31 **SECTION 12.1.(g)** G.S. 130A-309.140(a) reads as rewritten:

32 "(a) The Department shall include in the status of solid waste management report required
33 to be submitted ~~on or before January 15 of each year~~ pursuant to G.S. 130A-309.06(c) a report
34 on the recycling of discarded computer equipment and televisions in the State under this Part.
35 The report must include an evaluation of the recycling rates in the State for discarded computer
36 equipment and televisions, a discussion of compliance and enforcement related to the
37 requirements of this Part, and any recommendations for any changes to the system of collection
38 and recycling of discarded computer equipment, televisions, or other electronic devices."

39 **SECTION 12.1.(h)** G.S. 130A-310.10 reads as rewritten:

40 **"§ 130A-310.10. Annual reports.**

41 (a) The Secretary shall include in the status of solid waste management report required
42 to be submitted ~~on or before January 15 of each year~~ pursuant to G.S. 130A-309.06(c) a report
43 on inactive hazardous sites that includes at least the following:

44 (1) The Inactive Hazardous Waste Sites Priority List.

45 (2) A list of remedial action plans requiring State funding through the Inactive
46 Hazardous Sites Cleanup Fund.

47 (3) A comprehensive budget to implement these remedial action plans and the
48 adequacy of the Inactive Hazardous Sites Cleanup Fund to fund the cost of
49 said these plans.

50 (4) A prioritized list of sites that are eligible for remedial action under
51 CERCLA/SARA together with recommended remedial action plans and a

1 comprehensive budget to implement ~~such~~ these plans. The budget for
 2 implementing a remedial action plan under CERCLA/SARA shall include a
 3 statement as to any appropriation that may be necessary to pay the State's share
 4 of ~~such~~ the plan.

5 (5) A list of sites and remedial action plans undergoing voluntary cleanup with
 6 Departmental approval.

7 (6) A list of sites and remedial action plans that may require State funding, a
 8 comprehensive budget if implementation of these possible remedial action
 9 plans is required, and the adequacy of the Inactive Hazardous Sites Cleanup
 10 Fund to fund the possible costs of ~~said~~ these plans.

11 (7) A list of sites that pose an imminent hazard.

12 (8) A comprehensive budget to develop and implement remedial action plans for
 13 sites that pose imminent hazards and that may require State funding, and the
 14 adequacy of the Inactive Hazardous Sites Cleanup Fund.

15 (8a) Repealed by Session Laws 2015-286, s. 4.7(f), effective October 22, 2015.

16 (9) Any other information requested by the General Assembly or the
 17 Environmental Review Commission.

18 (a1) On or before ~~October 1~~ April 15 of each year, the Department shall report to each
 19 member of the General Assembly who has an inactive hazardous substance or waste disposal site
 20 in the member's district. This report shall include the location of each inactive hazardous
 21 substance or waste disposal site in the member's district, the type and amount of hazardous
 22 substances or waste known or believed to be located on each of these sites, the last action taken
 23 at each of these sites, and the date of that last action. The Department shall include this
 24 information in the status of solid waste management report required to be submitted pursuant to
 25 G.S. 130A-309.06(c).

26 (b) Repealed by Session Laws 2001-452, s. 2.3, effective October 28, 2001."

27 **SECTION 12.1.(i)** G.S. 130A-310.40 reads as rewritten:

28 "**§ 130A-310.40. Legislative reports.**

29 The Department shall include in the status of solid waste management report required to be
 30 submitted ~~on or before January 15 of each year~~ pursuant to G.S. 130A-309.06(c) an evaluation
 31 of the effectiveness of this Part in facilitating the remediation and reuse of existing industrial and
 32 commercial properties. This evaluation shall include any recommendations for additional
 33 incentives or changes, if needed, to improve the effectiveness of this Part in addressing ~~such~~ these
 34 properties. This evaluation shall also include a report on receipts by and expenditures from the
 35 Brownfields Property Reuse Act Implementation Account."

36 **SECTION 12.1.(j)** G.S. 143-215.104U(a) reads as rewritten:

37 "(a) The Secretary shall include in the status of solid waste management report required
 38 to be submitted ~~on or before January 15 of each year~~ pursuant to G.S. 130A-309.06(c) a report
 39 on at least the following:

40"

41 **SECTION 12.1.(k)** Section 14.22(j) of S.L. 2013-360 reads as rewritten:

42 "**SECTION 14.22.(j)** This section authorizes a Long Term Dredging Memorandum of
 43 Agreement with the U.S. Army Corps of Engineers which may last beyond the current fiscal
 44 biennium and which shall provide for all of the following:

45 (1) Prioritization of projects through joint consultation with the State, applicable
 46 units of local government, and the U.S. Army Corps of Engineers.

47 (2) Compliance with G.S. 143-215.73F. Funds in the Shallow Draft Navigation
 48 Channel Dredging Fund shall be used in accordance with that section.

49 (3) Annual reporting by the Department on the use of funds provided to the U.S.
 50 Army Corps of Engineers under the Long Term Dredging Memorandum of
 51 Agreement. These reports shall be made to the ~~Joint Legislative Commission~~

1 ~~on Governmental Operations, Joint Legislative Oversight Committee on~~
2 ~~Agriculture and Natural and Economic Resources,~~ the Fiscal Research
3 Division, and the Office of State Budget and Management and shall include
4 all of the following:

- 5 a. A list of all projects commenced.
- 6 b. The estimated cost of each project.
- 7 c. The date that work on each project commenced or is expected to
8 commence.
- 9 d. The date that work on each project was completed or is expected to be
10 completed.
- 11 e. The actual cost of each project."

12 **COLLABORATORY/GENX**

13 **SECTION 12.2.** Section 13.1(g) of S.L. 2018-5 reads as rewritten:

14 **"SECTION 13.1.(g)** The North Carolina Policy Collaboratory at the University of North
15 Carolina at Chapel Hill (Collaboratory) shall identify faculty expertise, technology, and
16 instrumentation, including mass spectrometers, located within institutions of higher education in
17 the State, including the Universities of North Carolina at Chapel Hill and Wilmington, North
18 Carolina State University, North Carolina A&T State University, Duke University, and other
19 public and private institutions, and coordinate these faculty and resources to conduct nontargeted
20 analysis for PFAS, including GenX, at all public water supply surface water intakes and one
21 public water supply well selected by each municipal water system that operates groundwater
22 wells for public drinking water supplies as identified by the Department of Environmental
23 Quality, to establish a water quality baseline for all sampling sites. The Collaboratory, in
24 consultation with the participating institutions of higher education, shall establish a protocol for
25 the baseline testing required by this subsection, as well as a protocol for periodic retesting of the
26 municipal intakes and additional public water supply wells. No later than ~~December 1, 2019,~~
27 December 1, 2020, Collaboratory shall report the results of such sampling by identifying
28 chemical families detected at each intake to the Environmental Review Commission, the Joint
29 Legislative Oversight Committee on Agriculture and Natural and Economic Resources, the
30 Department of Environmental Quality, the Department of Health and Human Services, and the
31 United States Environmental Protection Agency."
32

33 **SEPTAGE MANAGEMENT PROGRAM PERMITTING TIME LINE AMENDMENTS**

34 **SECTION 12.3.** G.S. 130A-291.1(e2) reads as rewritten:

35 "(e2) A properly completed application for a permit and the annual fee under this section
36 are due by ~~1 January~~ December 15 of each year. The Department shall mail a notice of the annual
37 fees to each permitted septage management firm and each individual who operates a septage
38 treatment or disposal facility prior to ~~1 November~~ October 1 of each calendar year. A late fee in
39 the amount equal to fifty percent (50%) of the annual permit fee under this section shall be
40 submitted when a properly completed application and annual permit fee are not submitted by ~~1~~
41 January January 1 following the ~~1 November~~ October 1 notice. The clear proceeds of civil
42 penalties collected pursuant to this subsection shall be remitted to the Civil Penalty and Forfeiture
43 Fund in accordance with G.S. 115C-457.2."
44

45 **SHALLOW DRAFT NAVIGATION DREDGING AND AQUATIC WEED FUND** 46 **AMENDMENTS**

47 **SECTION 12.4.** G.S. 143-215.73F(b) reads as rewritten:

48 "(b) Uses of Fund. – Revenue in the Fund may only be used for the following purposes:
49

- 1 (1) To provide the State's share of the costs associated with any dredging project
 2 designed to keep shallow draft navigation channels located in State waters or
 3 waters of the ~~state~~ State located within lakes navigable and safe.
- 4 (2) For aquatic weed control projects in waters of the State under Article 15 of
 5 Chapter 113A of the General Statutes. Funding for aquatic weed control
 6 projects is limited to one million dollars (\$1,000,000) in each fiscal year.
- 7 ~~(3)(3a) For the compensation of a beach and inlet management project manager with
 8 the Division of Coastal Management of the Department of Environmental
 9 Quality for the purpose of overseeing all~~ For administrative support of Fund
 10 operations.
- 11 (3b) For administrative support of activities related to beach and inlet management
 12 in the State. Funding for the position is limited to ninety nine thousand dollars
 13 (\$99,000) in each fiscal year.
- 14 (4) To provide funding for siting and acquisition of dredged disposal easement
 15 sites associated with the maintenance of the Atlantic Intracoastal Waterway
 16 between the border with the state of South Carolina and the border with the
 17 Commonwealth of Virginia, under a Memorandum of Agreement between the
 18 State and the federal government.
- 19 (5) For assessments and data collection regarding dredge material disposal sites
 20 located in the State."

22 MOUNT AIRY FUNDING CLARIFICATION

23 **SECTION 12.5.** Subdivision (2) of Section 13.4 of S.L. 2018-5 reads as rewritten:

- 24 "(2) One million dollars (\$1,000,000) to the Town of Mount Airy for ~~a water and
 25 sewer line extension project.~~ water or sewer projects."

27 WATER AND SEWER INFRASTRUCTURE GRANTS

28 **SECTION 12.6.** Of the funds appropriated by this act to the Division of Water
 29 Infrastructure of the Department of Environmental Quality for water and sewer infrastructure
 30 grants, the following sums are allocated to the indicated local governments for the 2019-2020
 31 fiscal year for various water and sewer infrastructure projects:

- 32 (1) Two hundred thousand dollars (\$200,000) to the Town of Four Oaks.
 33 (2) Five hundred thousand dollars (\$500,000) to the Town of Maysville.
 34 (3) Five hundred thousand dollars (\$500,000) to the Town of Midland.
 35 (4) One hundred thousand dollars (\$100,000) to the Town of Wilson's Mills.

37 WASTEWATER INFRASTRUCTURE PROJECT

38 **SECTION 12.7.** Notwithstanding G.S. 159G-22(b), fifteen million dollars
 39 (\$15,000,000) of funds appropriated in this act to the Division of Water Infrastructure for the
 40 Wastewater Reserve shall be used to provide a loan to the City of King for a wastewater system.
 41 Notwithstanding G.S. 159G-20(21) and G.S. 159G-40(b)(1), the interest rate for the loan shall
 42 be zero percent (0%).

44 INVESTMENT FLEXIBILITY AND RETAINED EARNINGS FOR RIPARIAN 45 BUFFER RESTORATION FUND AND RETAINED EARNINGS FOR ECOSYSTEM 46 RESTORATION FUND

47 **SECTION 12.8.(a)** G.S. 147-69.2(a) reads as rewritten:

48 "(a) This section applies to funds held by the State Treasurer to the credit of each of the
 49 following:

- 50 ...
 51 (17n) The Riparian Buffer Restoration Fund.

...."

SECTION 12.8.(b) G.S. 147-69.2(d) reads as rewritten:

"(d) The State Treasurer may invest funds deposited pursuant to subdivisions (17i), (17j), ~~and (17k)–(17l), (17l), and (17n)~~ of subsection (a) of this section in any of the investments authorized under subdivisions (1) through (6) and subdivision (8) of subsection (b) of this section. The State Treasurer may require a minimum deposit, up to one hundred thousand dollars (\$100,000), and may assess a reasonable fee, not to exceed 15 basis points, as a condition of participation pursuant to this subsection. Fees assessed by the State Treasurer may be used to defray the costs of administering the funds and expenditures authorized under this section. Funds deposited pursuant to this subsection shall remain the funds of the North Carolina Conservation Easement Endowment Fund, the Conservation Grant Fund, the Ecosystem Restoration Fund, the Riparian Buffer Restoration Fund, or the Wildlife Endowment Fund, as applicable, and interest or other investment income earned thereon shall be prorated and credited to the North Carolina Conservation Easement Endowment Fund, the Conservation Grant Fund, the Ecosystem Restoration Fund, the Riparian Buffer Restoration Fund, or the Wildlife Endowment Fund on the basis of the amounts contributed to the respective Funds, figured according to sound accounting principles."

CERTAIN TIMBER SALES/NONREVERT

SECTION 12.9. Section 14.3 of S.L. 2015-241 reads as rewritten:

"**SECTION 14.3.** The Department of ~~Environment and Natural Resources'~~ Environmental Quality's Stewardship Program may retain revenue generated from timber harvesting on the Great Coharie property in the Conservation Grant Endowment Interest Fund ~~(6705)–(Fund Code 64307–6705)~~ for the purpose of restoration and stewardship of that property and these funds are hereby appropriated for that purpose. ~~Any unused portion of this revenue remaining in the Fund on June 30, 2019 shall revert to the General Fund."~~

CONSERVATION GRANT FUND CHANGES

SECTION 12.10.(a) G.S. 113A-235(a) is recodified as G.S. 113A-235(a1), and G.S. 113A-232(c) is recodified as G.S. 113A-235(a).

SECTION 12.10.(b) G.S. 113A-232, as amended by subsection (a) of this section, reads as rewritten:

"§ 113A-232. Conservation Grant Fund.

(a) Fund Created. – The Conservation Grant Fund is created within the Department of Environmental Quality. The Fund shall be administered by the Department. ~~The purpose of the Fund is to stimulate the use of conservation easements, to improve the capacity of private nonprofit land trust organizations to successfully accomplish conservation projects, to better equip real estate related professionals to pursue opportunities for conservation, to increase landowner participation in land and water conservation, and to provide an opportunity to leverage private and other public monies for conservation easements.~~

(a1) Fund Purpose. – The purpose of the Conservation Grant Fund is to stimulate the use of conservation easements, to steward properties held by deed or conservation easement by the State, to improve the capacity of private nonprofit land trust organizations to successfully accomplish conservation projects, to better equip real estate related professionals to pursue opportunities for conservation, to increase landowner participation in land and water conservation, and to provide an opportunity to leverage private and other public funds for conservation easements.

(b) Fund Sources. – The Conservation Grant Fund shall consist of any ~~monies–funds~~ appropriated to it by the General Assembly and any ~~monies–funds~~ received from public or private sources. Unexpended ~~monies–funds~~ in the Fund that were appropriated from the General Fund by the General Assembly shall revert at the end of the fiscal year unless the General Assembly

1 otherwise provides. Unexpended ~~monies~~ funds in the Fund from other sources shall not revert
2 and shall remain available for expenditure in accordance with this Article.

3 (c1) Grant Eligibility. – ~~State Conservation properties, as described in G.S. 113A-235,~~
4 State conservation land management agencies, local government conservation land management
5 agencies, and private nonprofit land trust organizations are eligible to receive grants from the
6 Conservation Grant Fund. Private nonprofit land trust organizations must be certified under
7 section Section 501(c)(3) of the Internal Revenue Code to aid in managing the land.

8 (d) Use of Revenue. – Revenue ~~in~~ and investment income generated by the Conservation
9 Grant Fund may be used only for the following purposes:

10 (1) The ~~administrative~~ costs of the Department in administering the Fund. Fund
11 and stewardship program operations.

12 (2) ~~Conservation grants~~ Expenses related to grants, contracts, and agreements
13 made in accordance with this Article. Article, including any of the following:

14 a. Reimbursement for total or partial transaction costs for a donation of
15 real property or an interest in real property from an individual or
16 corporation, when the Department determines either of the following:

17 1. The donor has insufficient financial ability to pay all costs or
18 insufficient taxable income to allow these costs to be included
19 in the donated value.

20 2. The donor has insufficient tax burdens to allow these costs to
21 be offset by charitable deductions.

22 b. Management support, including initial baseline inventory and
23 planning.

24 c. Monitoring compliance of conservation easements, the related use of
25 riparian buffers, natural areas, and greenways, and the presence of
26 ecological integrity.

27 d. Education and studies on conservation properties, including
28 information materials intended for landowners and education for staff
29 and volunteers.

30 e. Stewardship of conservation properties.

31 f. Transaction costs for recipients, including legal expenses, closing and
32 title costs, and unusual direct costs, such as overnight travel.

33 g. Administrative costs.

34 h. Award of grants under G.S. 113A-234.

35 i. Legal expenses incurred in protecting and seeking remedies for
36 damages to Department-held conservation properties.

37 j. Acquisition of conservation properties and easements.

38 (3) To establish an endowment account, the interest from which will be used for
39 a purpose described in ~~G.S. 113A-233(a)~~ this subsection. The principal of this
40 account shall not be used for the purchase of real property or an interest in real
41 property."

42 **SECTION 12.10.(c)** G.S. 113A-233 is repealed.

43 **SECTION 12.10.(d)** G.S. 113A-234 reads as rewritten:

44 **"§ 113A-234. Administration of grants.**

45 (a) Grant Procedures and Criteria. – The Secretary of the Department of Environmental
46 Quality shall establish the procedures and criteria for awarding grants from the Conservation
47 Grant Fund. The criteria shall focus grants on those areas, approaches, and techniques that are
48 likely to provide the optimum positive effect on environmental protection. The Secretary shall
49 make the final decision on the award of grants and shall announce the award publicly in a timely
50 manner.

51"

1 **SECTION 12.10.(e)** G.S. 113A-235, as amended by subsection (a) of this section,
2 reads as rewritten:

3 **"§ 113A-235. Conservation easements, properties eligible for funding.**

4 (a) Property Eligibility. – In order for real property or an interest in real property to be
5 ~~the subject of eligible for a grant under this Article, Article as a conservation property,~~ the real
6 property or interest in real property must meet all of the following conditions:

7 ...

8 ~~(a)(a1) Acquisition and Protection of Conservation Easements.—Properties.~~ – Ecological
9 systems and appropriate public use of these systems may be protected through conservation
10 easements, including conservation agreements under Article 4 of Chapter 121 of the General
11 Statutes, the Conservation and Historic Preservation Agreements Act, and conservation
12 easements under the Conservation Reserve Enhancement Program. The Department may acquire
13 conservation properties and easements by purchase, gift, or assignment, in accordance with
14 G.S. 146-22. The Department of Environmental Quality shall work cooperatively with State and
15 local agencies and qualified nonprofit organizations to monitor compliance with conservation
16 easements and conservation agreements and to ensure the continued viability of the protected
17 ecosystems. Soil and water conservation districts established under Chapter 139 of the General
18 Statutes may acquire easements under the Conservation Reserve Enhancement Program by
19 purchase or gift.

20 "

21 **SECTION 12.10.(f)** Article 16 of Chapter 113A of the General Statutes is amended
22 by adding two new sections to read:

23 **"§ 113A-236. Conservation Grant Fund contribution for long-term management of**
24 **properties or property interests donated or assigned to Department.**

25 A donor or assignor of conservation property interests donated or assigned to the Department
26 shall make a contribution to cover costs related to the long-term management of the property.
27 The donor or assignor shall make the donation at the time the property interest is transferred to
28 the Department and shall meet or exceed the minimum amount determined by the Department to
29 be sufficient for managing and stewarding the property in perpetuity. Nothing in this section is
30 intended to require the Department to accept an offer to donate or assign a conservation property
31 interest.

32 **"§ 113A-237. Rule-making authority.**

33 The Department may adopt rules to implement this Article, including the calculation and
34 collection of the minimum contribution to the Conservation Grant Fund required by
35 G.S. 113A-236."

36 **SECTION 12.10.(g)** Until the Department of Environmental Quality adopts rules
37 implementing G.S. 113A-236, as enacted by subsection (f) of this section, the minimum long-
38 term management contribution shall be calculated as follows:

- 39 (1) For parties that desire to assign a conservation property interest to the
40 Department, including but not limited to conservation easements, the
41 minimum contribution shall be twenty-five thousand dollars (\$25,000) plus
42 one thousand dollars (\$1,000) per acre.
- 43 (2) For parties that desire to donate a conservation property in fee to the
44 Department, the minimum contribution shall be twenty-five thousand dollars
45 (\$25,000) plus twenty percent (20%) of the tax value of the parcel.

46 **SECTION 12.10.(h)** Subsection (g) of this section expires when the Department of
47 Environmental Quality adopts permanent rules implementing G.S. 113A-236, as enacted by
48 subsection (f) of this section.

49
50 **BERNARD ALLEN MEMORIAL EMERGENCY DRINKING WATER FUND**
51 **CLARIFICATION AND FUNDING**

1 **SECTION 12.12.(a)** G.S. 87-98(c) reads as rewritten:

2 "(c) The Department shall disburse monies from the Fund based on financial need and on
3 the risk to public health posed by groundwater contamination and shall give priority to the
4 provision of services under this section to instances when an alternative source of funds is not
5 available. The Fund shall not be used to provide alternative water supply to households with
6 incomes greater than three hundred percent (300%) of the current federal poverty level. The Fund
7 may be used to provide alternative drinking water supplies if the Department determines that the
8 concentration of one or more contaminants in the private drinking water well or improved spring
9 exceeds the federal maximum contaminant level, or the federal drinking water action level as
10 defined in 40 Code of Federal Regulations § 141.1 through § 141.571 (1 July 2007) and 40 Code
11 of Federal Regulations § 143.3 (1 July 2007). For a contaminant for which a federal maximum
12 contaminant level or drinking water action level has not been established, the State groundwater
13 standard established by the Environmental Management Commission for the concentration of
14 that contaminant shall be used to determine whether the Fund may be used to provide alternative
15 drinking water supplies. The Fund may also be used to provide alternative drinking water
16 supplies as provided in this section if the Department determines that the concentration of one or
17 more contaminants in a private drinking water well is increasing over time and that there is a
18 significant risk that the concentration of a ~~contaminant~~ contaminant, including perfluoroalkyl
19 substances or polyfluoroalkyl substances, will exceed the federal maximum contaminant level or
20 drinking water action level, or the State groundwater standard. A determination of the
21 concentration of a contaminant shall be based on a sample of water collected from the private
22 drinking water well within the past 12 months."

23 **SECTION 12.12.(b)** Funds appropriated to the Division of Water Infrastructure of
24 the Department of Environmental Quality for the 2018-2019 fiscal year by Section 13.1(d) of
25 S.L. 2018-5 and deposited into the PFAS Recovery Fund may be used for the purposes set forth
26 in G.S. 87-98, as amended by this section.

27 28 **PART XIII. LABOR [RESERVED]**

29 30 **PART XIV. NATURAL AND CULTURAL RESOURCES**

31 32 **DNCR REPORT CHANGES**

33 **SECTION 14.1.(a)** Part 1 of Article 2 of Chapter 143B of the General Statutes is
34 amended by adding a new section to read:

35 **"§ 143B-53.10. Annual report on fees.**

36 The Department of Natural and Cultural Resources shall submit a report by October 15 of
37 each year to the Joint Legislative Oversight Committee on Agriculture and Natural and Economic
38 Resources on fees charged in the previous fiscal year at all historic sites, museums, aquariums,
39 and State parks and at the North Carolina Zoological Park and the U.S.S. North Carolina
40 Battleship. The report shall include all of the following:

- 41 (1) For each site, the amount and type of fees charged.
- 42 (2) For each site, the total amount collected by type of fee and how the funds were
43 expended.
- 44 (3) Visitor information for each site, including a breakdown of fee-paying visitors
45 and visitors whose fees were waived, such as visitors in school groups.
- 46 (4) Any fee changes and a justification for any increases or decreases.
- 47 (5) Number of days the site was open to visitors.
- 48 (6) Plans, if known, to change fees in the upcoming year."

49 **SECTION 14.1.(b)** G.S. 121-7.3 reads as rewritten:

50 **"§ 121-7.3. Admission and related activity fees and operating hours.**

1 The Department of Natural and Cultural Resources may charge a reasonable admission and
2 related activity fee to the Roanoke Island Festival Park and any historic site or museum
3 administered by the Department. Admission and related activity fees collected under this section
4 are receipts of the Department and shall be deposited in the appropriate special fund. The revenue
5 collected pursuant to this section shall be used only for the individual site or venue where the
6 receipts were generated. The Secretary may adopt rules necessary to carry out the provisions of
7 this section. The Department is exempt from the requirements of Chapter 150B of the General
8 Statutes and G.S. 12-3.1 when adopting, amending, or repealing rules for operating hours and
9 admission fees or related activity fees at the Roanoke Island Festival Park, historic sites, and
10 museums. ~~The Department shall submit a report to the Joint Legislative Oversight Committee on
11 Agriculture and Natural and Economic Resources and the Fiscal Research Division on the
12 amount and purpose of a fee change within 30 days following its effective date."~~

13 **SECTION 14.1.(c)** G.S. 143B-71 reads as rewritten:

14 "**§ 143B-71. Tryon Palace Commission – creation, ~~powers~~ powers, and duties.**

15 There is hereby created the Tryon Palace Commission of the Department of Natural and
16 Cultural Resources with the power and duty to adopt, ~~amend~~ amend, and rescind rules and
17 regulations concerning the restoration and maintenance of the Tryon Palace complex, and with
18 other powers and duties as provided in Article 2 of Chapter 121 of the General Statutes of North
19 Carolina, Statutes, including the authority to charge reasonable admission and related activity
20 fees. The Commission is exempt from the requirements of Chapter 150B of the General Statutes
21 and G.S. 12-3.1 when adopting, amending, or repealing rules for operating hours and admission
22 fees or related activity fees at Tryon Palace Historic Sites and Gardens. ~~The Commission shall
23 submit a report to the Joint Legislative Oversight Committee on Agriculture and Natural and
24 Economic Resources and the Fiscal Research Division on the amount and purpose of a fee change
25 within 30 days following its effective date."~~

26
27 **U.S.S. NORTH CAROLINA BATTLESHIP COMMISSION DYNAMIC PRICING**
28 **CONFORMING CHANGE AND RULE-MAKING EXEMPTION**

29 **SECTION 14.2.(a)** G.S. 143B-73 reads as rewritten:

30 "**§ 143B-73. U.S.S. North Carolina Battleship Commission – creation, powers, and duties.**

31 There is hereby created the U.S.S. North Carolina Battleship Commission of the Department
32 of Natural and Cultural Resources with the power and duty to adopt, amend, and rescind rules
33 ~~and regulations~~ under and not inconsistent with the laws of this State necessary in carrying out
34 the provisions and purposes of this ~~Part~~ Part, including the following:

- 35 (1) The U.S.S. North Carolina Battleship Commission is authorized and
36 empowered to adopt such rules ~~and regulations~~ not inconsistent with the
37 management responsibilities of the Secretary of the Department provided by
38 Chapter 143A of the General Statutes and laws of this State and this Chapter
39 that may be necessary and desirable for the operation and maintenance of the
40 U.S.S. North Carolina as a permanent memorial and exhibit commemorating
41 the heroic participation of the men and women of North Carolina in the
42 prosecution and victory of the Second World War and for the faithful
43 performance and fulfillment of its duties and obligations.
- 44 (2) The U.S.S. North Carolina Battleship Commission shall have the power and
45 duty to charge reasonable admission and related activity fees for admission to
46 the ship and to establish standards and adopt rules ~~and regulations~~; ~~(i)~~
47 ~~establishing and providing for a proper charge for admission to the ship; and~~
48 ~~(ii)~~ for the maintenance and operation of the ship as a permanent memorial
49 and exhibit.
- 50 (3) The Commission shall adopt rules ~~and regulations~~ consistent with the
51 provisions of this Chapter. The Commission is exempt from the requirements

1 of Chapter 150B of the General Statutes and G.S. 12-3.1 when adopting,
2 amending, or repealing rules for operating hours and admission fees or related
3 activity fees at the U.S.S. North Carolina Battleship. ~~The Commission shall~~
4 ~~submit a report to the Joint Legislative Oversight Committee on Agriculture~~
5 ~~and Natural and Economic Resources and the Fiscal Research Division on the~~
6 ~~amount and purpose of a fee change within 30 days following its effective~~
7 ~~date."~~

8 **SECTION 14.2.(b)** G.S. 150B-1(d) reads as rewritten:

9 **"§ 150B-1. Policy and scope.**

10 (d) Exemptions from Rule Making. – Article 2A of this Chapter does not apply to the
11 following:

12 ...

- 13 (23) The Department of Natural and Cultural Resources with respect to operating
14 hours, admission fees—fees, or related activity fees at historic sites and
15 museums pursuant to G.S. 121-7.3.
- 16 (24) Tryon Palace Commission with respect to operating hours, admission fees
17 fees, or related activity fees pursuant to G.S. 143B-71.
- 18 (25) U.S.S. Battleship Commission with respect to operating hours, admission fees
19 fees, or related activity fees pursuant to G.S. 143B-73."
20

21 **SYMPHONY CHALLENGE GRANT**

22 **SECTION 14.3.(a)** Of the funds appropriated in this act to the Department of Natural
23 and Cultural Resources, the sum of two million dollars (\$2,000,000) in recurring funds for the
24 2019-2020 fiscal year and two million dollars (\$2,000,000) in recurring funds for the 2020-2021
25 fiscal year shall be allocated to the North Carolina Symphony in accordance with this section. It
26 is the intent of the General Assembly that the North Carolina Symphony raise at least nine million
27 dollars (\$9,000,000) in non-State funds each year of the 2019-2021 fiscal biennium. The North
28 Carolina Symphony cannot use funds transferred from the organization's endowment to its
29 operating budget to achieve the fund-raising targets set out in subsections (b) and (c) of this
30 section.

31 **SECTION 14.3.(b)** For the 2019-2020 fiscal year, the North Carolina Symphony
32 shall receive the allocation from the Department of Natural and Cultural Resources under this
33 section as follows:

- 34 (1) Upon raising the initial sum of four million dollars (\$4,000,000) in non-State
35 funding, the North Carolina Symphony shall receive the sum of six hundred
36 thousand dollars (\$600,000).
- 37 (2) Upon raising an additional sum of two million dollars (\$2,000,000) in
38 non-State funding for a total amount of six million dollars (\$6,000,000) in
39 non-State funds, the North Carolina Symphony shall receive the sum of seven
40 hundred thousand dollars (\$700,000).
- 41 (3) Upon raising an additional sum of three million dollars (\$3,000,000) in
42 non-State funding for a total amount of nine million dollars (\$9,000,000) in
43 non-State funds, the North Carolina Symphony shall receive the final sum of
44 seven hundred thousand dollars (\$700,000) in the 2019-2020 fiscal year.

45 **SECTION 14.3.(c)** For the 2020-2021 fiscal year, the North Carolina Symphony
46 shall receive the allocation from the Department of Natural and Cultural Resources under this
47 section as follows:

- 48 (1) Upon raising the initial sum of four million dollars (\$4,000,000) in non-State
49 funding, the North Carolina Symphony shall receive the sum of six hundred
50 thousand dollars (\$600,000).

- 1 (2) Upon raising an additional sum of two million dollars (\$2,000,000) in
2 non-State funding for a total amount of six million dollars (\$6,000,000) in
3 non-State funds, the North Carolina Symphony shall receive the sum of seven
4 hundred thousand dollars (\$700,000).
- 5 (3) Upon raising an additional sum of three million dollars (\$3,000,000) in
6 non-State funding for a total amount of nine million dollars (\$9,000,000) in
7 non-State funds, the North Carolina Symphony shall receive the final sum of
8 seven hundred thousand dollars (\$700,000) in the 2020-2021 fiscal year.
9

10 REPORT ON ATTRACTIONS MARKETING

11 **SECTION 14.4.(a)** The Department of Natural and Cultural Resources shall study
12 and report on the marketing of the North Carolina Zoological Park, the North Carolina
13 Aquariums, and the North Carolina State Museum of Natural Sciences (the "State Attractions"),
14 including marketing conducted on behalf of the State Attractions by affiliated or independent
15 support or friends organizations. As part of its report, the Department shall assess and provide
16 the following for the 2018-2019 fiscal year:

- 17 (1) All public and private funds spent on marketing the State Attractions,
18 including a breakdown of funding source and the particular marketing uses
19 for the funds from each source.
- 20 (2) Identification of new or innovative marketing techniques of the State
21 Attractions that could be utilized, but currently lack funding.
- 22 (3) The scope and effectiveness of cooperative or collaborative marketing
23 activities with other State agencies or with the nonprofit corporation with
24 which the Department of Commerce contracts pursuant to
25 G.S. 143B-431.01(b).
- 26 (4) An explanation of measures of effectiveness or reach that are used to evaluate
27 current marketing programs, as well as effectiveness or reach data generated
28 by those measures.

29 **SECTION 14.4.(b)** The Department shall provide its report to the Joint Legislative
30 Oversight Committee on Agriculture and Natural and Economic Resources and the Fiscal
31 Research Division no later than October 15, 2019.
32

33 ADD MARKETING AS PERMISSIBLE USE OF NC ZOO FUND

34 **SECTION 14.5.** G.S. 143B-135.209(a) reads as rewritten:

35 "(a) Fund. – The North Carolina Zoo Fund is created as a special fund. The North Carolina
36 Zoo Fund shall be used for the following types of projects and activities at the North Carolina
37 Zoological Park and to match private funds raised for these ~~types of projects~~: projects and
38 activities:

- 39 (1) Repair, renovation, expansion, maintenance, and educational exhibit
40 construction. Funds used for repair, renovation, and expansion projects may
41 be transferred to a capital projects fund to account for use of the funds for each
42 project.
- 43 (2) Renovations of exhibits in habitat clusters, visitor services facilities, and
44 support facilities (including greenhouses and temporary animal holding
45 areas).
- 46 (3) The acquisition, maintenance, or replacement of tram equipment as required
47 to maintain adequate service to the public.
- 48 (4) Marketing of the zoo.
49

50 STATUTORY AUTHORITY REGARDING RECREATION

1 **SECTION 14.6.(a)** Subsections (a) and (d) of G.S. 143-323 are recodified as
2 subsections (b) and (c) of G.S. 143B-135.60, and entitled "Additional powers and duties of the
3 Department regarding recreation."

4 **SECTION 14.6.(b)** G.S. 143-320(3) is repealed.

5 **SECTION 14.6.(c)** G.S. 143B-135.60, as enacted by subsection (a) of this section,
6 reads as rewritten:

7 **"§ 143B-135.60. Additional powers and duties of the Department regarding recreation.**

8 (a) Definition. – As used in this section, "recreation" means those interests that are
9 diversionary in character and that aid in promoting entertainment, pleasure, relaxation,
10 instruction, and other physical, mental, and cultural developments and experiences of a leisure
11 nature, and includes all governmental, private nonprofit, and commercial recreation forms of the
12 recreation field and includes parks, conservation, recreation travel, the use of natural resources,
13 wilderness, and high density recreation types and the variety of recreation interests in areas and
14 programs which are incorporated in this range.

15 (b) Recreation. – The Department of ~~Environmental Quality~~ shall have the following
16 powers and duties with respect to recreation:

17 ...

18 (c) Federal Assistance. – The Department, with the approval of the Governor, may apply
19 for and accept grants from the federal government and its agencies and from any foundation,
20 corporation, association, or individual, and may comply with the terms, conditions, and
21 limitations of the grant, in order to accomplish any of the purposes of the Department. Grant
22 funds shall be expended pursuant to the ~~Executive Budget Act~~, State Budget Act. The Director of
23 the Department's Division of Parks and Recreation has the authority and responsibility to accept
24 and administer funding through the federal Land and Water Conservation Fund or any successor
25 fund established for similar purposes. The Secretary may designate additional personnel to assist
26 the Director of the Division of Parks and Recreation in fulfilling the Director's responsibilities
27 under this subsection."

28 **PART F PROJECTS**

29 **SECTION 14.7.(a)** One million five hundred thousand dollars (\$1,500,000) of the
30 funds available to the Parks and Recreation Trust Fund for the 2019-2020 fiscal year shall be
31 used to build a public sculpture park on land located between the Legislative Building and the
32 Governor's Mansion in downtown Raleigh to commemorate historic and ongoing struggles for
33 freedom in North Carolina, and especially the enduring roles of African-Americans in the
34 struggle for freedom in this State. Notwithstanding G.S. 143B-135.56(b)(2), these funds shall not
35 be expended unless North Carolina Freedom Park raises the sum of one million seven hundred
36 thousand dollars (\$1,700,000) in non-State funds to match the funds allocated by this section.

37 **SECTION 14.7.(b)** One million dollars (\$1,000,000) of the funds available to the
38 Parks and Recreation Trust Fund for the 2019-2020 fiscal year shall be used for stabilization or
39 renovation of structures located on the Vade Mecum tract at Hanging Rock State Park as set forth
40 in the July 2018 Hanging Rock State Park Expansion Master Plan.
41

42 **CONSERVATION CORPS NAME CHANGE**

43 **SECTION 14.8.** G.S. 143-58.7 reads as rewritten:

44 **"§ 143-58.7. Contracts with ~~Youth~~ Conservation Corps.**

45 State departments, institutions, and agencies may contract with ~~the North Carolina Youth~~
46 Conservation Corps North Carolina to perform trail construction and maintenance, invasive
47 species removal, and other conservation projects in State parks, State forests, and other
48 State-owned facilities where the projects provide direct public benefits to the citizens of the State
49 and offer youth and young adults of the State a structured program that connects them to natural
50 resources and teaches job skills, leadership, community service, and personal responsibility.
51

1 Contracts under this section are exempt from the competitive bidding procedures described in
2 this Article and the rules adopted under it."

3 4 **NATURAL HERITAGE PROGRAM FEES**

5 **SECTION 14.9.** G.S. 143B-135.272(a) reads as rewritten:

6 "(a) The Secretary may establish fees to defray the costs associated with any of the
7 following:

- 8 (1) Responding to inquiries requiring customized environmental review services
9 or the costs associated with developing, improving, or maintaining technology
10 that supports an online interface for external users to access Natural Heritage
11 Program data. ~~The Secretary may reduce or waive the fee established under
12 this subsection if the Secretary determines that a waiver or reduction of the
13 fee is in the public interest.~~
14 (2) Any activity authorized under G.S. 143B-135.234(10), including an inventory
15 of natural areas conducted under the Natural Heritage Program, conservation
16 and protection planning, and informational programs for owners of natural
17 areas, as defined in G.S. 143B-135.254."
18

19 **NATURAL HERITAGE PROGRAM ADMINISTRATION AND FUND CORRECTION**

20 **SECTION 14.10.(a)** G.S. 143B-135.272(b) reads as rewritten:

21 "(b) Fees collected under this section are receipts of the Department of Natural and
22 Cultural Resources and shall be deposited in the ~~Clean Water Management Trust Fund~~ special
23 fund for the purpose of supporting the operations of the Natural Heritage Program."

24 **SECTION 14.10.(b)** Part 42 of Article 2 of Chapter 143B of the General Statutes is
25 amended by adding a new section to read:

26 "**§ 143B-135.273. Administration of the Conservation Tax Credit program.**

27 All duties and responsibilities related to stewardship and oversight of properties and interests
28 for which tax credits were granted under the Conservation Tax Credit program for tax years
29 beginning before January 1, 2014, and previously given to the Department of Environmental
30 Quality or its predecessors are transferred to the Department of Natural and Cultural Resources.
31 The Department of Natural and Cultural Resources shall exercise the duties and responsibilities
32 transferred by this section through the Natural Heritage Program."
33

34 **REPURPOSE CERTAIN PLANNING FUNDS**

35 **SECTION 14.11.** Funds appropriated to the Division of North Carolina Aquariums
36 in the North Carolina Department of Natural and Cultural Resources by Section 14.19 of S.L.
37 2017-57, as amended by Section 4.3 of S.L. 2017-197 and Section 4.9 of S.L. 2017-212, and
38 allocated for planning and permitting of a satellite aquarium area shall instead be used for the
39 following purposes:

- 40 (1) Ninety-three thousand seven hundred ninety-four dollars (\$93,794) to address
41 storm damage at the Core Sound Waterfowl Museum and Heritage Center in
42 Harkers Island, North Carolina.
43 (2) One hundred sixty thousand dollars (\$160,000) to add the home of civil rights
44 leader Golden Frinks to the Historic Edenton State Historic Site.
45

46 **WRC REPORT CHANGE**

47 **SECTION 14.12.** G.S. 143-250 reads as rewritten:

48 "**§ 143-250. Wildlife Resources Fund.**

49 ...

50 All moneys credited to the Wildlife Resources Fund shall be made available to carry out the
51 intent and purposes of this Article in accordance with plans approved by the North Carolina

1 Wildlife Resources Commission, and all ~~such of these~~ funds are hereby appropriated, reserved,
2 set ~~aside~~ ~~aside~~, and made available until expended, for the enforcement and administration of this
3 Article, ~~Chapter 75A, Article 1, and Chapter 113, Subchapter IV of the General Statutes of North~~
4 ~~Carolina. Article 1 of Chapter 75A of the General Statutes, and Subchapter IV of Chapter 113 of~~
5 ~~the General Statutes.~~ No later than October 1 of each year, the Wildlife Resources Commission
6 shall report to the ~~Joint Legislative Commission on Governmental Operations~~ Joint Legislative
7 Oversight Committee on Agriculture and Natural and Economic Resources on the expenditures
8 from the Wildlife Resources Fund during the fiscal year that ended the previous July 1 of that
9 year and on the planned expenditures for the current fiscal year.

10"

11 **PART XV. ADMINISTRATIVE OFFICE OF THE COURTS**

12 **COLLECTION OF WORTHLESS CHECKS**

13
14 **SECTION 15.1.** Notwithstanding the provisions of G.S. 7A-308(c), the Judicial
15 Department may use any balance remaining in the Collection of Worthless Checks Fund on June
16 30, 2019, for the purchase or repair of office or information technology equipment during the
17 2019-2020 fiscal year and may use any balance remaining in the Collection of Worthless Checks
18 Fund on June 30, 2020, for the purchase or repair of office or information technology equipment
19 during the 2020-2021 fiscal year. Prior to using any funds under this section, the Judicial
20 Department shall report to the chairs of the House of Representatives and Senate Appropriations
21 Committees on Justice and Public Safety and the Office of State Budget and Management on the
22 equipment to be purchased or repaired and the reasons for the purchases.
23
24

25 **E-COURTS SYSTEM**

26 **SECTION 15.2.(a)** Notwithstanding G.S. 143C-1-2(b), for the 2019-2020 fiscal
27 year, the Judicial Department shall transfer any unexpended, unencumbered funds to Budget
28 Code 22006-2006 to be used to implement an integrated information technology system
29 (e-Courts) in accordance with G.S. 7A-343.2(b). The cumulative sum transferred shall not
30 exceed three percent (3%) of the Judicial Department's certified budgets for Budget Code 12000,
31 Administrative Office of the Courts, and Budget Code 12001, Office of Indigent Defense
32 Services, for the 2018-2019 fiscal year.

33 **SECTION 15.2.(b)** The Administrative Office of the Courts shall report to the Joint
34 Legislative Oversight Committee on Justice and Public Safety by October 1 of each fiscal year
35 of the biennium all of the following information:

- 36 (1) The specific budgetary actions taken that resulted in unexpended or
37 unencumbered funds that were transferred pursuant to subsection (a) of this
38 section.
- 39 (2) The specific fund codes impacted by the actions that resulted in unexpended
40 or unencumbered funds.

41 **MAGISTRATE/CLERK STAFFING PILOT PROJECT**

42 **SECTION 15.3.(a)** Notwithstanding the minimum staffing number in
43 G.S. 7A-133(c), the clerk of superior court in a county, with the written or e-mailed consent of
44 the chief district court judge, may hire one deputy or assistant clerk in lieu of one of the magistrate
45 positions allocated to that county. To provide accessibility for law enforcement and citizens, the
46 clerk of superior court's office shall provide some of the services traditionally provided by the
47 magistrates' office during some or all of the regular courthouse hours.

48 **SECTION 15.3.(b)** The Administrative Office of the Courts shall report by March
49 1, 2021, to the chairs of the House of Representatives Appropriations Committee on Justice and
50

1 Public Safety and the Senate Appropriations Committee on Justice and Public Safety regarding
 2 all hires made pursuant to subsection (a) of this section.

3
 4 **CONVERT POSITION FROM DRUG TREATMENT COURT TO GUARDIAN AD**
 5 **LITEM**

6 **SECTION 15.4.** As it is the policy of the State that Drug Treatment Courts not be
 7 funded through State appropriations, the Administrative Office of the Courts is directed to
 8 convert position number 65029535, Drug Treatment Court Case Coordinator, to a Guardian ad
 9 Litem supervisor position. This position shall be located in one of the district court districts with
 10 the greatest need for Guardian ad Litem staff.

11
 12 **DISTRICT ATTORNEYS/NO TRANSFER OF FUNDS AND STUDY FEASIBILITY OF**
 13 **OFFICE OF PROSECUTORIAL SERVICES**

14 **SECTION 15.5.(a)** No Transfer of Funds. – For the 2019-2020 fiscal year, no funds
 15 may be transferred from Fund Code 12000-1600 (Office – District Attorney) without the consent
 16 of the Conference of District Attorneys.

17 **SECTION 15.5.(b)** Study. – The School of Government at the University of North
 18 Carolina at Chapel Hill (School of Government), in consultation with the Conference of District
 19 Attorneys, the Administrative Office of the Courts, the Office of Indigent Defense Services, and
 20 any other stakeholders the School of Government deems relevant, shall study the feasibility and
 21 cost of creating an Office of Prosecutorial Services. The study shall compare North Carolina's
 22 judicial branch structure to that of other states in terms of organizational placement of
 23 prosecutorial services within the context of the unified court system and shall also determine the
 24 necessary resources and costs required to make an Office of Prosecutorial Services viable as an
 25 independent agency. The School of Government shall submit the report required under this
 26 subsection by April 1, 2020, to the House of Representatives Appropriations Committee on
 27 Justice and Public Safety and the Senate Appropriations Committee on Justice and Public Safety.

28
 29 **ALLOCATION OF ASSISTANT DISTRICT ATTORNEYS**

30 **SECTION 15.6.(a)** G.S. 7A-60(a1) reads as rewritten:

31 "(a1) The counties of the State are organized into prosecutorial districts, and each district
 32 has the counties and the number of full-time assistant district attorneys set forth in the following
 33 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
3	Pitt	12
4	Carteret, Craven, Pamlico	13
5	Duplin, Jones, Onslow, Sampson	19
6	New Hanover, Pender	<u>19</u> 20
7	Bertie, Halifax, Hertford, Northampton	11
8	Edgecombe, Nash, Wilson	19
9	Greene, Lenoir, Wayne	14
10	Wake	42

1	11	Franklin, Granville, Person	15
2		Vance, Warren	
3	12	Harnett, Lee	11 <u>12</u>
4	13	Johnston	10
5	14	Cumberland	25
6	15	Bladen, Brunswick, Columbus	14
7	16	Durham	18
8	17	Alamance	12
9	18	Orange, Chatham	10
10	19	Scotland, Hoke	10
11	20	Robeson	12
12	21	Anson, Richmond	6
13	22	Caswell, Rockingham	8
14	23	Stokes, Surry	8
15	24	Guilford	34 <u>36</u>
16	25	Cabarrus	9
17	26	Mecklenburg	58
18	27	Rowan	9
19	28	Montgomery, Stanly	6
20	29	Moore	5
21	30	Union	11
22	31	Forsyth	27
23	32	Alexander, Iredell	12
24	33	Davidson, Davie	12
25	34	Alleghany, Ashe, Wilkes,	9
26		Yadkin	
27	35	Avery, Madison, Mitchell,	8
28		Watauga, Yancey	
29	36	Burke, Caldwell, Catawba	19 <u>20</u>
30	37	Randolph	10
31	38	Gaston	15 <u>16</u>
32	39	Cleveland,	12 <u>13</u>
33		Lincoln	
34	40	Buncombe	14
35	41	McDowell, Rutherford	8
36	42	Henderson, Polk, Transylvania	9
37	43	Cherokee, Clay, Graham,	12 <u>13</u>
38		Haywood, Jackson, Macon,	
39		Swain."	

40 **SECTION 15.6.(b)** G.S. 7A-60(a1) as amended by subsection (a) of this section,
 41 reads as rewritten:

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

45			No. of Full-Time
46	Prosecutorial		Asst. District
47	District	Counties	Attorneys
48	1	Camden, Chowan, Currituck,	11
49		Dare, Gates, Pasquotank,	
50		Perquimans	
51	2	Beaufort, Hyde, Martin,	8

1		Tyrrell, Washington	
2	3	Pitt	12
3	4	Carteret, Craven, Pamlico	13
4	5	Duplin, Jones, Onslow,	19
5		Sampson	
6	6	New Hanover, Pender	20
7	7	Bertie, Halifax, Hertford,	11
8		Northampton	
9	8	Edgecombe, Nash, Wilson	19
10	9	Greene, Lenoir, Wayne	14
11	10	Wake	42
12	11	Franklin, Granville, Person	15
13		Vance, Warren	
14	12	Harnett, Lee	12 13
15	13	Johnston	10 11
16	14	Cumberland	25
17	15	Bladen, Brunswick, Columbus	14 15
18	16	Durham	18
19	17	Alamance	12
20	18	Orange, Chatham	10
21	19	Scotland, Hoke	10
22	20	Robeson	12
23	21	Anson, Richmond	6
24	22	Caswell, Rockingham	8
25	23	Stokes, Surry	8
26	24	Guilford	36
27	25	Cabarrus	9
28	26	Mecklenburg	58
29	27	Rowan	9
30	28	Montgomery, Stanly	6
31	29	Moore	5
32	30	Union	11
33	31	Forsyth	27
34	32	Alexander, Iredell	12 13
35	33	Davidson, Davie	12
36	34	Alleghany, Ashe, Wilkes,	9
37		Yadkin	
38	35	Avery, Madison, Mitchell,	8
39		Watauga, Yancey	
40	36	Burke, Caldwell, Catawba	20
41	37	Randolph	10
42	38	Gaston	16 17
43	39	Cleveland,	13
44		Lincoln	
45	40	Buncombe	14
46	41	McDowell, Rutherford	8
47	42	Henderson, Polk, Transylvania	9
48	43	Cherokee, Clay, Graham,	13
49		Haywood, Jackson, Macon,	
50		Swain."	

1 **SECTION 15.6.(c)** G.S. 7A-60(a1), as amended by subsection (a) and (b) of this
 2 section, reads as rewritten:

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

Prosecutorial District	Counties	No. of Full-Time Asst. District Attorneys
6
7 36	Burke, Caldwell	<u>910</u>
8 "

9 **SECTION 15.6.(d)** Subsection (a) of this section becomes effective July 1, 2019.
 10 Subsection (b) of this section becomes effective July 1, 2020. Subsection (c) of this section
 11 becomes effective January 1, 2023.

12 **PART XVI. INDIGENT DEFENSE SERVICES**

13 **IDS MATCH FOR GRANTS**

14 **SECTION 16.1.** Notwithstanding G.S. 143C-6-9, during the 2019-2021 fiscal
 15 biennium, the Office of Indigent Defense Services may use the sum of up to fifty thousand dollars
 16 (\$50,000) from funds available to provide the State matching funds needed to receive grant funds.
 17 Prior to using funds for this purpose, the Office of Indigent Defense Services shall report to the
 18 chairs of the House of Representatives Appropriations Committee on Justice and Public Safety
 19 and the Senate Appropriations Committee on Justice and Public Safety on the grants to be
 20 matched using these funds.

21 **MINIMUM ALLOCATIONS FOR ASSISTANT PUBLIC DEFENDERS/CREATE NEW
 22 PUBLIC DEFENDER DISTRICT IN CLEVELAND AND LINCOLN COUNTIES**

23 **SECTION 16.2.(a)** G.S. 7A-498.7 reads as rewritten:

24 **"§ 7A-498.7. Public Defender Offices.**

25 (a) The following counties of the State are organized into the defender districts listed
 26 below, and in each of those defender districts an office of public defender is
 27 ~~established~~established with the minimum number of full-time assistant public defenders set forth
 28 in the following table:

Defender District	Counties	<u>No. of Full-Time Asst. Public Defenders</u>
29 1	Camden, Chowan, Currituck, Dare, Gates, Pasquotank, Perquimans	<u>15</u>
30 3A	Pitt	<u>13</u>
31 3B	Craven, Pamlico, Carteret	<u>7</u>
32 5	New Hanover	<u>14</u>
33 10	Wake	<u>31</u>
34 12	Cumberland	<u>15</u>
35 14	Durham	<u>22</u>
36 15B	Orange, Chatham	<u>9</u>
37 16A	Scotland, Hoke	<u>6</u>
38 16B	Robeson	<u>9</u>
39 18	Guilford	<u>28</u>
40 21	Forsyth	<u>18</u>
41 26	Mecklenburg	<u>55</u>

1	27A	Gaston	<u>15</u>
2	<u>27B</u>	<u>Cleveland, Lincoln</u>	<u>12</u>
3	28	Buncombe	<u>11</u>
4	29A	McDowell, Rutherford	<u>9</u>
5	29B	Henderson, Polk, Transylvania	<u>7</u>

6 After notice to, and consultation with, the affected district bar, senior resident superior court
 7 judge, and chief district court judge, the Commission on Indigent Defense Services may
 8 recommend to the General Assembly that a district or regional public defender office be
 9 established. A legislative act is required in order to establish a new office or to abolish an existing
 10 office.

11 (b) For each new term, and to fill any vacancy, public defenders shall be appointed from
 12 a list of not less than ~~three~~one and not more than ~~four~~three names nominated as follows:

13 (1) ~~Not less than two and not more than three~~ by written ballot of the attorneys
 14 ~~resident in the defender district who are licensed to practice law in North~~
 15 ~~Carolina. licensed to practice law in North Carolina who are voting members~~
 16 ~~of a district bar located in the defender district.~~ The balloting shall be
 17 conducted pursuant to rules adopted by the Commission on Indigent Defense
 18 Services.

19 (2) ~~One name submitted by the Administrative Officer of the Courts after~~
 20 ~~consultation with the Director of the Office of Indigent Defense Services.~~

21 (b1) The appointment required under subsection (b) of this section shall be made by the
 22 senior resident superior court judge of the superior court district or set of districts as defined in
 23 G.S. 7A-41.1 that includes the county or counties of the defender district for which the public
 24 defender is being appointed. The appointment shall be made within 60 days from the date the
 25 nominees are submitted to the senior resident superior court judge. If the resident superior court
 26 judge fails to make an appointment within the required time, then the nominee who received the
 27 most votes from the local bar shall then be deemed appointed on the sixty-first day after the date
 28 the nominees are submitted.

29"

30 **SECTION 16.2.(a1)** The amendments to G.S. 7A-498.7(b) and (b1) enacted in
 31 subsection (a) of this section are effective when this act becomes law. The following applies to
 32 any vacancies existing as of the effective date of this section:

33 (1) If the senior resident superior court judge received a list of nominees more
 34 than 60 days before the effective date of this section, the nominee who
 35 received the most votes from the local bar shall be deemed appointed effective
 36 immediately.

37 (2) If the senior resident superior court judge received a list of nominees less than
 38 60 days before the effective date of this section, the senior resident superior
 39 court judge shall have 60 days from the effective date of this act to make an
 40 appointment.

41 (3) If the senior resident superior court judge has not received a list of nominees,
 42 then upon receipt of a list of nominees, the senior resident superior court judge
 43 shall proceed as required under G.S. 7A-498.7(b) and (b1).

44 **SECTION 16.2.(b)** The Office of Indigent Defense Services may use up to the sum
 45 of two million one hundred thirty-nine thousand five hundred twenty-one dollars (\$2,139,521)
 46 in funds appropriated to create new positions for the Public Defender District 27B, as provided
 47 in subsection (a) of this section. These positions shall include the public defender, up to 12
 48 assistant public defenders, and up to six and one-quarter support positions.

50 **PAC RATE IMPLEMENTATION REPORT**

1 **SECTION 16.3.** The Office of Indigent Defense Services shall report to the chairs
2 of the Joint Legislative Oversight Committee on Justice and Public Safety by December 1, 2019,
3 regarding the implementation of rate increases to the Private Assigned Counsel Fund.
4

5 **PART XVII. JUSTICE**

6 **NO HIRING OF SWORN STAFF POSITIONS FOR NC STATE CRIME LAB**

7 **SECTION 17.1.** The Department of Justice shall not hire sworn personnel to fill
8 vacant positions in the North Carolina State Crime Laboratory. Nothing in this section shall be
9 construed to require the termination of sworn personnel or to affect North Carolina State Crime
10 Laboratory personnel who are sworn and employed by the Laboratory as of the effective date of
11 this section and who continue to meet the sworn status retention standards mandated by the North
12 Carolina Criminal Justice Education and Standards Commission.
13

14 **PART XVIII. PUBLIC SAFETY**

15 **GRANT REPORTING AND MATCHING FUNDS**

16 **SECTION 18.1.(a)** The Department of Public Safety, the Department of Justice, and
17 the Judicial Department shall each report by May 1 of each year to the chairs of the House of
18 Representatives Appropriations Committee on Justice and Public Safety and the Senate
19 Appropriations Committee on Justice and Public Safety on grant funds received or preapproved
20 for receipt by those departments. The report shall include information on the amount of grant
21 funds received or preapproved for receipt by each department, the use of the funds, the State
22 match expended to receive the funds, and the period to be covered by each grant. If a department
23 intends to continue the program beyond the end of the grant period, that department shall report
24 on the proposed method for continuing the funding of the program at the end of the grant period.
25 Each department shall also report on any information it may have indicating that the State will
26 be requested to provide future funding for a program presently supported by a local grant.
27

28 **SECTION 18.1.(b)** Notwithstanding the provisions of G.S. 143C-6-9, the
29 Department of Public Safety may use up to the sum of one million two hundred thousand dollars
30 (\$1,200,000) during the 2019-2020 fiscal year and up to the sum of one million two hundred
31 thousand dollars (\$1,200,000) during the 2020-2021 fiscal year from funds available to the
32 Department to provide the State match needed in order to receive grant funds. Prior to using
33 funds for this purpose, the Department shall report to the chairs of the House of Representatives
34 Appropriations Committee on Justice and Public Safety and the Senate Appropriations
35 Committee on Justice and Public Safety on the grants to be matched using these funds.
36
37

38 **NO TRANSFER OF POSITIONS TO OTHER STATE AGENCIES**

39 **SECTION 18.2.(a)** Notwithstanding any other provision of law, the Office of State
40 Budget and Management shall not transfer any positions, personnel, or funds from the
41 Department of Public Safety to any other State agency during the 2019-2021 fiscal biennium
42 unless the transfer was included in the base budget for one or both fiscal years of the biennium.
43 This subsection shall not apply to the annual transfer of two hundred thirty-four thousand eight
44 hundred ninety-one dollars (\$234,891) to the Office of the Governor for administrative support.
45

46 **SECTION 18.2.(b)** This section becomes effective July 1, 2019. If any transfers that
47 violate this section were made in fiscal year 2018-2019, prior to this section becoming effective,
48 those transfers shall be rescinded within 15 days of this section becoming effective.

49 **CODIFY LAPSED SALARY REPORT**

50 **SECTION 18.3.** Part 1 of Article 13 of Chapter 143B of the General Statutes is
51 amended by adding a new section to read:

"§ 143B-605. Lapsed salary reports.

(a) The Department shall report the following information to the chairs of the Joint Legislative Oversight Committee on Justice and Public Safety and the chairs of the House of Representatives Appropriations Committee on Justice and Public Safety and the Senate Appropriations Committee on Justice and Public Safety:

(1) The amount of lapsed salary generated by fund code for the previous six months.

(2) An itemized accounting of the use of lapsed salary funds including:

a. Fund code.

b. Current certified budget.

c. Annual projected expenditure.

d. Annual projected shortfall.

e. Amount of lapsed salary funds transferred to date.

(b) The reports shall be submitted by February 1 and August 1 of each year. The August report shall also include an annual accounting of this information for the previous fiscal year."

CONTINUE PILOT PROJECT TO TREAT OPIATE OVERDOSE

SECTION 18.4.(a) Pilot Project. – The Department of Public Safety, in conjunction with the City of Wilmington, shall continue to develop and implement the pilot project known as "Quick Response Team" (QRT) to address the needs of opiate and heroin overdose victims who are not getting follow-up treatment.

SECTION 18.4.(b) Report. – The Department of Public Safety and the City of Wilmington shall report on the results of the pilot project to the chairs of the Joint Legislative Oversight Committee on Justice and Public Safety by February 1, 2021.

MAKE BOXING COMMISSION INDEPENDENT FROM THE SECRETARY OF THE DEPARTMENT OF PUBLIC SAFETY

SECTION 18.5.(a) Article 68 of Chapter 143 of the General Statutes reads as rewritten:

"Article 68.

"Regulation of Boxing.

...

"§ 143-651. Definitions.

The following definitions apply in this Article:

...

(4a) Branch. – The Alcohol Law Enforcement Branch of the State Bureau of Investigation.

(4b) Commission. – The North Carolina Boxing Commission.

...

(23b) Sanctioned amateur match. – Any match regulated by an amateur sports organization that has been recognized and approved by the Branch Commission.

...

"§ 143-652.1. Regulation of boxing, kickboxing, mixed martial arts, and toughman events.

(a) Regulation. – ~~The Alcohol Law Enforcement Branch of the Department of Public Safety Commission~~ shall regulate live boxing, kickboxing, and mixed martial arts matches, whether professional, amateur, or sanctioned amateur, or toughman events, in which admission is charged for viewing, or the contestants compete for a purse or prize of value greater than twenty-five dollars (\$25.00). The ~~Branch Commission~~ shall have the exclusive authority to approve and issue rules for the regulation of the conduct, promotion, and performances of live boxing, kickboxing, and mixed martial arts matches and exhibitions, whether professional,

1 amateur, or sanctioned amateur, and toughman events in this State. The rules shall be issued
2 pursuant to the provisions of Chapter 150B of the General Statutes and may include, without
3 limitation, the following subjects:

4 ...

5 (b) Enforcement. – The Commission shall enforce this Article through the Branch.

6 **"§ 143-652.2. Boxing Advisory Commission.**

7 (a) Creation. – The Boxing ~~Advisory Commission~~ is created ~~within the Department of~~
8 ~~Public Safety to advise the Alcohol Law Enforcement Branch of the Department of Public Safety~~
9 ~~concerning matters regulated by this Article. The Commission shall to regulate matters set forth~~
10 ~~in this Article. The Commission shall consist of six voting members and two nonvoting advisory~~
11 ~~members. The Commission shall be administratively located within the Department of Public~~
12 ~~Safety but shall exercise its powers independently of the Secretary of Public Safety. All the~~
13 ~~members shall be residents of North Carolina. The members shall be appointed as follows:~~

14 ...

15 (2) One voting member shall be appointed by the General Assembly upon the
16 recommendation of the President Pro Tempore of the Senate for an initial term
17 of three years.

18 (3) One voting member shall be appointed by the General Assembly upon the
19 recommendation of the Speaker of the House of Representatives for an initial
20 term of three years.

21 ...

22 ~~Notwithstanding the schedule above in subdivisions (1), (5), (7), and (8) of this subsection,~~
23 ~~if any former member of the North Carolina Boxing Commission is appointed to the initial~~
24 ~~membership, that person shall serve an initial term of three years. Appointments by the General~~
25 ~~Assembly pursuant to subdivisions (2) and (3) of this subsection shall be made in accordance~~
26 ~~with G.S. 120-121. The member appointed pursuant to subdivision (6) of this subsection may~~
27 ~~serve on the Commission only if an agreement exists and remains in effect between the Tribal~~
28 ~~Council of the Eastern Band of the Cherokee and the Commission authorizing the Commission~~
29 ~~to regulate professional boxing matches within the Cherokee Indian Reservation as provided by~~
30 ~~the Professional Boxing Safety Act of 1996.~~

31 The two nonvoting advisory members appointed pursuant to subdivisions (7) and (8) of this
32 subsection shall advise the Commission ~~and the Branch~~ on matters concerning the health and
33 physical condition of boxers and health issues relating to the conduct of exhibitions and boxing
34 matches. They may prepare and submit to the Commission for its consideration and ~~to the Branch~~
35 ~~for its approval~~ any rules that in their judgment will safeguard the physical welfare of all
36 participants engaged in boxing.

37 Terms for all members of the Commission except for the initial appointments shall be for
38 three years.

39 ~~The Secretary of Public Safety Commission shall designate which member of the~~
40 ~~Commission is elect one of its members to serve as chair. A member of the Commission may be~~
41 ~~removed from office by the Secretary of Public Safety for cause. Members of the Commission~~
42 ~~are subject to the conflicts of interest requirements of 15 U.S.C. § 6308 (contained in the~~
43 ~~Professional Boxing Safety Act of 1996, as amended). Each member, before entering upon the~~
44 ~~duties of a member, shall take and subscribe an oath to perform the duties of the office faithfully,~~
45 ~~impartially, and justly to the best of the member's ability. A record of these oaths shall be filed~~
46 ~~in the Department of Public Safety.~~

47 (b) Vacancies. – Members shall serve until their successors are appointed and have been
48 qualified. Any Vacancies for members appointed by the General Assembly shall be filled in
49 accordance with G.S. 120-122. Except as otherwise provided in this subsection, any vacancy in
50 the membership of the Commission shall be filled in the same manner as the original

1 appointment. A vacancy in the membership of the Commission other than by expiration of term
2 shall be filled for the unexpired term only.

3 ...

4 ~~(d) Review Authority of the Commission.—The Commission shall review existing rules~~
5 ~~adopted under this Article and shall from time to time make recommendations to the Branch for~~
6 ~~changes or addition to such rules. Any proposals for change, amendment, addition, or deletion to~~
7 ~~those rules shall be submitted by the Branch to the Commission for its comments prior to~~
8 ~~approval.~~

9 ...

10 ~~(g) Initial appointments to the Commission under this section shall be for terms~~
11 ~~commencing July 1, 2007.~~

12 ...

13 **"§ 143-654. Licensing and permitting.**

14 (a) License and Permit Required. – Except for sanctioned amateur matches, it is unlawful
15 for any person to act in this State as an announcer, contestant, judge, manager, matchmaker,
16 promoter, referee, timekeeper, or second unless the person is licensed to do so under this Article.
17 It is unlawful for a promoter to present a match in this State, other than a sanctioned amateur
18 match, unless the promoter has a permit issued under this Article to do so. The Branch
19 Commission has the exclusive authority to issue, deny, suspend, or revoke any license or permit
20 provided for in this Article.

21 (b) License. – All licenses issued under this Article shall be valid only during the calendar
22 year in which they are issued, except contestant licenses shall be valid for one year from the date
23 of issuance. A license for an announcer, contestant, judge, matchmaker, referee, timekeeper, or
24 second shall be issued only to a natural person. A natural person shall not transfer or assign a
25 license or change it into another name. A license for a manager or promoter may be issued to a
26 corporation or partnership; provided, however, that all officers or partners shall submit an
27 application for individual licensure, and only those officers or partners who are licensed shall be
28 entitled to negotiate or sign contracts. The addition of a new officer or partner during the license
29 period shall necessitate the filing of an application for individual licensure by the new officer or
30 partner.

31 An applicant for a license shall file with the Branch-Commission the appropriate
32 nonrefundable fee and any forms, documents, medical examinations, or exhibits the Branch
33 Commission may require in order to properly administer this Article. The information requested
34 shall include the date of birth and social security number of each applicant as well as any other
35 personal data necessary to positively identify the applicant and may include the requirement of
36 verification of any documents the Branch-Commission deems appropriate. A person may not
37 participate under a fictitious or assumed name in any match unless the person has first registered
38 the name with the Branch-Commission.

39 (c) Surety Bond. – An applicant for a promoter's license must submit, in addition to any
40 other forms, documents, or exhibits requested by the Branch-Commission, a surety bond payable
41 to the Branch-Commission for the benefit of any person injured or damaged by (i) the promoter's
42 failure to comply with any provision of this Article or any rules adopted by the Branch
43 Commission or (ii) the promoter's failure to fulfill the obligations of any contract related to the
44 holding of a match. The surety bond shall be issued in an amount to be no less than ten thousand
45 dollars (\$10,000). The amount of the surety bond shall be negotiable upon the sole discretion of
46 the Branch-Commission. All surety bonds shall be upon forms approved and supplied by the
47 Secretary of Public Safety and supplied by the Branch-Commission.

48 (d) Permit. – A permit issued to a promoter under this Article is valid for a single match.
49 An applicant for a permit shall file with the Branch-Commission the appropriate nonrefundable
50 fee and any forms or documents the Branch-Commission may require.

51 **"§ 143-655. Fees; State Boxing Revenue Account.**

(a) License Fees. – The ~~Branch~~Commission shall collect the following license fees:

Announcer	\$75.00
Contestant	\$50.00
Judge	\$75.00
Manager	\$150.00
Matchmaker	\$300.00
Promoter	\$450.00
Referee	\$75.00
Timekeeper	\$75.00
Second	\$50.00.

The annual license renewal fees shall not exceed the initial license fees.

(b) Permit Fees. – The ~~Branch~~Commission may establish a fee schedule for permits issued under this Article. The fees may vary depending on the seating capacity of the facility to be used to present a match. The fee may not exceed the following amounts:

Seating Capacity	Fee Amount
Less than 2,000	\$150.00
2,000 – 5,000	\$300.00
Over 5,000	\$450.00.

(b1) Admission Fees. – The ~~Branch~~Commission shall collect a fee in the amount of two dollars (\$2.00) per spectator to attend events regulated in this Article.

...

"§ 143-656. Contracts and financial arrangements.

Any contract between licensees and related to a match or exhibition held or to be held in this State must meet the requirements of administrative rules as set forth by the ~~Branch~~Commission. Any contract which does not satisfy the requirements of the administrative rules shall be void and unenforceable. All contracts shall be in writing.

...

"§ 143-658. Violations.

(a) Civil Penalties. – The ~~Secretary of Public Safety~~Commission may issue an order against a licensee or other person who willfully violates any provision of this Article, imposing a civil penalty of up to five thousand dollars (\$5,000) for a single violation or of up to twenty-five thousand dollars (\$25,000) for multiple violations in a single proceeding or a series of related proceedings. No order under this subsection may be entered without giving the licensee or other person 15 days' prior notice and an opportunity for a contested case hearing conducted pursuant to Article 3 of Chapter 150B of the General Statutes.

The clear proceeds of civil penalties imposed pursuant to this subsection shall be remitted to the Civil Penalty and Forfeiture Fund in accordance with G.S. 115C-457.2.

(b) Criminal Penalties. – A willful violation of any provision of this Article shall constitute a Class 2 misdemeanor. The ~~Secretary of Public Safety~~Commission may refer any available evidence concerning violations of this Article to the proper district attorney, who may, with or without such a reference, institute the appropriate criminal proceedings.

(c) Injunction. – Whenever it appears to the ~~Secretary of Public Safety~~Commission that a person has engaged or is about to engage in an act or practice constituting a violation of any provision of this Article or any rule or order hereunder, the ~~Secretary of Public Safety~~Commission may bring an action in any court of competent jurisdiction to enjoin those acts or practices and to enforce compliance with this Article or any rule or order issued pursuant to this Article.

...."

SECTION 18.5.(b) The terms of initial appointees by the General Assembly under subdivisions (2) and (3) of subsection (a) of G.S. 143-652.2, as amended by subsection (a) of this section, shall begin on July 1, 2019, and expire on June 30, 2022.

1 **SECTION 18.5.(c)** Rules adopted by the Alcohol Law Enforcement Branch of the
2 Department of Public Safety under G.S. 143-652.1 shall remain in effect until amended or
3 repealed in accordance with G.S. 143-652.1, as amended by subsection (a) of this section.
4 Policies, procedures, and guidance shall remain in effect until similarly amended or repealed.

5 **SECTION 18.5.(d)** The implementation of this section shall not affect any
6 investigation pursuant to Article 68 of Chapter 143 of the General Statutes ongoing as of the
7 effective date of this section. Any hearing or proceeding pursuant to Article 68 of Chapter 143
8 of the General Statutes ongoing as of the effective date of this section shall continue. Prosecutions
9 for offenses or violations committed prior to the effective date of this section are not abated or
10 affected by this section, and the statutes that would be applicable but for this section shall remain
11 applicable to those prosecutions.

12 **SECTION 18.5.(e)** This section becomes effective July 1, 2019, and applies to (i)
13 applications for a license or permit submitted on or after that date, (ii) contracts entered into on
14 or after that date, and (iii) offenses and violations committed on or after that date.

15 16 **STATE CAPITOL POLICE/CREATION OF RECEIPT-SUPPORTED POSITIONS**

17 **SECTION 18.6.(a)** Creation of Receipt-Supported Positions Authorized. – The State
18 Capitol Police may contract with State agencies for the creation of receipt-supported positions to
19 provide security services to the buildings occupied by those agencies.

20 **SECTION 18.6.(b)** Annual Report Required. – No later than September 1 of each
21 fiscal year, the State Capitol Police shall report to the Joint Legislative Oversight Committee on
22 Justice and Public Safety the following information for the fiscal year in which the report is due:

- 23 (1) A list of all positions in the State Capitol Police. For each position listed, the
24 report shall include at least the following information:
25 a. The position type.
26 b. The agency to which the position is assigned.
27 c. The source of funding for the position.
28 (2) For each receipt-supported position listed, the contract and any other terms of
29 the contract.

30 **SECTION 18.6.(c)** Additional Reporting Required Upon Creation of
31 Receipt-Supported Positions. – In addition to the report required by subsection (b) of this section,
32 the State Capitol Police shall report the creation of any position pursuant to subsection (a) of this
33 section to the chairs of the House of Representatives Appropriations Committee on Justice and
34 Public Safety and the Senate Appropriations Committee on Justice and Public Safety and to the
35 Fiscal Research Division within 30 days of the position's creation. A report submitted pursuant
36 to this section shall include at least all of the following information:

- 37 (1) The position type.
38 (2) The agency to which the position is being assigned.
39 (3) The position salary.
40 (4) The total amount of the contract.
41 (5) The terms of the contract.

42 **SECTION 18.6.(d)** Format of Reports. – Reports submitted pursuant to this section
43 shall be submitted electronically and in accordance with any applicable General Assembly
44 standards.

45 46 **USE OF SEIZED AND FORFEITED PROPERTY**

47 **SECTION 18.7.(a)** Seized and forfeited assets transferred to the Department of
48 Justice or to the Department of Public Safety during the 2019-2021 fiscal biennium pursuant to
49 applicable federal law shall be credited to the budget of the recipient department and shall result
50 in an increase of law enforcement resources for that department. The Department of Public Safety
51 and the Department of Justice shall each make the following reports to the chairs of the House

1 of Representatives Appropriations Committee on Justice and Public Safety and the Senate
2 Appropriations Committee on Justice and Public Safety:

- 3 (1) A report upon receipt of any assets.
- 4 (2) A report that shall be made prior to use of the assets on their intended use and
5 the departmental priorities on which the assets may be expended.
- 6 (3) A report on receipts, expenditures, encumbrances, and availability of these
7 assets for the previous fiscal year, which shall be made no later than
8 September 1 of each year.

9 **SECTION 18.7.(b)** The General Assembly finds that the use of seized and forfeited
10 assets transferred pursuant to federal law for new personnel positions, new projects, acquisition
11 of real property, repair of buildings where the repair includes structural change, and construction
12 of or additions to buildings may result in additional expenses for the State in future fiscal periods.
13 Therefore, the Department of Justice and the Department of Public Safety are prohibited from
14 using these assets for such purposes without the prior approval of the General Assembly.

15 **SECTION 18.7.(c)** Nothing in this section prohibits State law enforcement agencies
16 from receiving funds from the United States Department of Justice, the United States Department
17 of the Treasury, and the United States Department of Health and Human Services.

18 **SECTION 18.7.(d)** The Joint Legislative Oversight Committee on Justice and Public
19 Safety shall study the impact on State and local law enforcement efforts of the receipt of seized
20 and forfeited assets. The Committee shall report its findings and recommendations prior to the
21 convening of the 2020 Regular Session of the 2019 General Assembly.

22 23 **CENTER FOR COMMUNITY TRANSITIONS/CONTRACT AND REPORT**

24 **SECTION 18.8.** The Department of Public Safety may continue to contract with The
25 Center for Community Transitions, Inc., a nonprofit corporation, for the purchase of prison beds
26 for minimum security female inmates during the 2019-2021 fiscal biennium. The Center for
27 Community Transitions, Inc., shall report by February 1 of each year to the chairs of the House
28 of Representatives Appropriations Committee on Justice and Public Safety and the Senate
29 Appropriations Committee on Justice and Public Safety on the annual cost per inmate and the
30 average daily inmate population compared to bed capacity using the same methodology as that
31 used by the Department of Public Safety.

32 33 **INMATE CONSTRUCTION PROGRAM**

34 **SECTION 18.9.** Notwithstanding any other provision of law, but subject to Article
35 3 of Chapter 148 of the General Statutes, during the 2019-2021 fiscal biennium, the State
36 Construction Office may utilize inmates in the custody of the Division of Adult Correction of the
37 Department of Public Safety through the Inmate Construction Program for repair and renovation
38 projects on State-owned facilities, with priority given to Department of Public Safety
39 construction projects. State agencies utilizing the Inmate Construction Program shall reimburse
40 the Division of Adult Correction of the Department of Public Safety for the cost of transportation,
41 custody, and wages for the inmate crews.

42 43 **STATEWIDE MISDEMEANANT CONFINEMENT PROGRAM REPORT**

44 **SECTION 18.10.** G.S. 148-32.1(b2) reads as rewritten:

45 "(b2) The Statewide Misdemeanant Confinement Program is established. The Program
46 shall provide for the housing of misdemeanants from all counties serving sentences imposed for
47 a period of more than 90 days and for all sentences imposed for impaired driving under
48 G.S. 20-138.1, regardless of length. Those misdemeanants shall be confined in local confinement
49 facilities except as provided in subsections (b3) and (b4) of this section. The Program shall
50 address methods for the placement and transportation of inmates and reimbursement to counties
51 for the housing of those inmates. Any county that voluntarily agrees to house misdemeanants

1 from that county or from other counties pursuant to the Program may enter into a written
2 agreement with the Division of Adult Correction and Juvenile Justice to do so.

3 The North Carolina Sheriffs' Association shall:

4 (1) Report no later than the fifteenth day of each month to the Office of State
5 Budget and Management and the Fiscal Research Division on the Statewide
6 Misdemeanant Confinement Program. Each monthly report shall include all
7 of the following:

8 a. The daily population delineated by misdemeanor or DWI monthly
9 housing.

10 b. The cost of housing prisoners under the Program.

11 c. The cost of transporting prisoners under the Program.

12 d. Personnel costs.

13 e. Inmate medical care costs.

14 f. The number of counties that volunteer to house inmates under the
15 Program.

16 g. The administrative costs paid to the Sheriffs' Association and to the
17 Department of Public Safety.

18 (2) Report no later than October 1 of each year to the chairs of the House of
19 Representatives Appropriations Committee on Justice and Public Safety and
20 the Senate Appropriations Committee on Justice and Public Safety and the
21 Joint Legislative Oversight Committee on Justice and Public Safety on the
22 Statewide Misdemeanant Confinement Program. The report shall include the
23 following with respect to the prior fiscal year:

24 a. The cost of housing prisoners by county under the Program.

25 b. The cost of transporting prisoners by county under the Program.

26 c. Personnel costs by county.

27 d. Inmate medical care costs by county.

28 e. The number of counties that volunteer to house inmates under the
29 Program.

30 f. The administrative costs paid to the Sheriffs' Association and to the
31 Department of Public Safety."

32 33 **INTERSTATE COMPACT FEES TO SUPPORT TRAINING PROGRAMS AND** 34 **EQUIPMENT PURCHASES SECTIONS**

35 **SECTION 18.11.(a)** Notwithstanding the provisions of G.S. 148-65.7, fees collected
36 for the Interstate Compact Fund during the 2019-2021 fiscal biennium may be used by the
37 Division of Adult Correction of the Department of Public Safety during the 2019-2021 fiscal
38 biennium to provide training programs and equipment purchases for the Section of Community
39 Corrections, but only to the extent sufficient funds remain available in the Fund to support the
40 mission of the Interstate Compact Program.

41 **SECTION 18.11.(b)** No later than October 1 of each fiscal year, the Department of
42 Public Safety shall report to the Joint Legislative Oversight Committee on Justice and Public
43 Safety on the amount of funds used pursuant to this section and for what purposes the funds were
44 used.

45 46 **NURSE STAFFING AT STATE PRISONS ANNUAL REPORT**

47 **SECTION 18.12.(a)** The Department of Public Safety shall report the following
48 information to the Joint Legislative Oversight Committee on Justice and Public Safety beginning
49 February 1, 2020, and annually thereafter:

50 (1) The total number of permanent nursing positions allocated to the Department,
51 the number of filled positions, the number of positions that have been vacant

1 for more than six months, and information regarding the location of both filled
2 and vacant positions.

3 (2) The extent to which temporary contract services are being used to staff vacant
4 nursing positions, the method for funding the contract services, and any cost
5 differences between the use of permanent employees versus contract
6 employees.

7 (3) A progress report on the implementation of its plan to (i) reduce the use of
8 contract services to provide nursing in State prisons and (ii) attract and retain
9 qualified nurses for employment in permanent positions in State prisons.

10 **SECTION 18.12.(b)** Notwithstanding any other provision of law, the Department of
11 Public Safety may, in its discretion and subject to the approval of the Office of State Budget and
12 Management, convert funds appropriated for contractual nursing services to permanent nursing
13 positions when it is determined to promote security, generate cost savings, or improve health care
14 quality. The Department shall report on any such conversions to the Fiscal Research Division.

15 **DEPARTMENT REPORT ON PRISON PERSONNEL MATTERS**

16 **SECTION 18.13.** No later than February 1, 2020, the Department of Public Safety,
17 Division of Adult Correction, shall report to the Joint Legislative Oversight Committee on Justice
18 and Public Safety the following information for the last five fiscal years regarding Division
19 employees working in State prisons:
20

21 (1) The number of Division employees charged with the commission of a criminal
22 offense committed in a State prison and during the employee's work hours.
23 The information shall be provided by State facility and shall specify the
24 offense charged and the outcome of the charge.

25 (2) The number of employees disciplined, demoted, or separated from service due
26 to personal misconduct. To the extent it does not disclose confidential
27 personnel records, the information shall be organized by type of misconduct,
28 nature of corrective action taken, and outcome of the corrective action.

29 (3) The hiring and screening process, including any required credentials or skills,
30 criminal background checks, and personality assessments. The information
31 shall also include the process the Division uses to verify the information
32 provided by an applicant.

33 (4) The methods used to prevent delivery of contraband items to prisoners,
34 including illegal drugs and mobile phones, and an evaluation or summary of
35 the effectiveness of the methods.
36

37 **STATEWIDE MISDEMEANANT CONFINEMENT PROGRAM FUNDING TRANSFER**

38 **SECTION 18.14.** Of the funds appropriated in this act for the Statewide
39 Misdemeanant Confinement Program:

40 (1) The sum of one million dollars (\$1,000,000) shall be transferred each fiscal
41 year to the North Carolina Sheriffs' Association, Inc., a nonprofit corporation,
42 to support the Program and for administrative and operating expenses of the
43 Association and its staff.

44 (2) The sum of two hundred twenty-five thousand dollars (\$225,000) shall be
45 allocated each fiscal year to the Division of Adult Correction for its
46 administrative and operating expenses for the Program.
47

48 **PRISON REFORM REPORT**

49 **SECTION 18.15.** The Department of Public Safety (Department) shall report
50 quarterly beginning November 1, 2019, and continuing quarterly until the end of the 2019-2021

1 fiscal biennium, to the Joint Legislative Oversight Committee on Justice and Public Safety on
2 the Department's prison reform initiatives, including:

- 3 (1) All modifications to Department rules, policies, and procedures related to
4 disciplinary actions against correctional officers and other correctional staff.
- 5 (2) All modifications to Department rules, policies, and procedures related to
6 disciplinary actions against inmates.
- 7 (3) The amount, content, quality, and frequency of staff training.
- 8 (4) Modifications to inmate work assignments, including assessments of the
9 appropriateness of particular work assignments based on inmate
10 classification.
- 11 (5) Facility infrastructure improvements made to emergency communication,
12 location tracking capabilities, and installation of additional cameras.
- 13 (6) Increased availability of staff personal safety equipment and institutional
14 safety equipment.
- 15 (7) Adequacy of staffing of prison facilities and actions taken to increase staffing
16 levels.
- 17 (8) Actions taken to increase retention efforts of staff.
- 18 (9) Changes to the hiring and orientation processes and procedures for
19 correctional officers.
- 20 (10) Methods used to prevent delivery of contraband items to prisoners, including
21 illegal drugs and mobile phones, and an evaluation or summary of the
22 effectiveness of the methods.
- 23 (11) Modifications to housing capacity to meet prison staffing requirements.

24
25 **PLAN TO ADDRESS STANDARD OPERATING CAPACITY OF THE DIVISION OF**
26 **ADULT CORRECTION AND JUVENILE JUSTICE**

27 **SECTION 18.16.(a)** The Department of Public Safety shall develop a long-term plan
28 to meet Standard Operating Capacity requirements of the Division of Adult Correction and
29 Juvenile Justice. The long-term plan shall, at a minimum, include the following:

- 30 (1) An analysis of the required staffing to meet Standard Operating Capacity
31 requirements.
- 32 (2) Recommendations for reopening closed facilities.
- 33 (3) Recommendations for constructing new facilities.
- 34 (4) Recommendations to reduce the prison population.

35 **SECTION 18.16.(b)** The Department of Public Safety shall submit its long-term
36 plan required under subsection (a) of this section to the Joint Legislative Oversight Committee
37 on Justice and Public Safety no later than December 1, 2019.

38
39 **REIMBURSE COUNTIES FOR HOUSING AND EXTRAORDINARY MEDICAL**
40 **EXPENSES**

41 **SECTION 18.17.** Notwithstanding G.S. 143C-6-9, the Department of Public Safety
42 may use funds available to the Department for the 2019-2021 fiscal biennium to reimburse
43 counties for the cost of housing convicted inmates, parolees, and post-release supervisees
44 awaiting transfer to the State prison system, as provided in G.S. 148-29. The reimbursement may
45 not exceed forty dollars (\$40.00) per day per prisoner awaiting transfer. Beginning October 1,
46 2019, the Department shall report quarterly to the chairs of the Joint Legislative Oversight
47 Committee on Justice and Public Safety and the chairs of the House of Representatives
48 Appropriations Committee on Justice and Public Safety and the Senate Appropriations
49 Committee on Justice and Public Safety on the expenditure of funds to reimburse counties for
50 prisoners awaiting transfer.
51

LIMIT USE OF COMMUNITY PROGRAM FUNDS

SECTION 18.18.(a) Funds appropriated in this act to the Department of Public Safety for the 2019-2021 fiscal biennium for community program contracts, that are not required for or used for community program contracts, may be used only for the following:

- (1) Other statewide residential programs that provide Level 2 intermediate dispositional alternatives for juveniles.
- (2) Statewide community programs that provide Level 2 intermediate dispositional alternatives for juveniles.
- (3) Regional programs that are collaboratives of two or more Juvenile Crime Prevention Councils which provide Level 2 intermediate dispositional alternatives for juveniles.
- (4) The Juvenile Crime Prevention Council funds to be used for the Level 2 intermediate dispositional alternatives for juveniles listed in G.S. 7B-2506(13) through (23).

SECTION 18.18.(b) Funds appropriated by this act to the Department of Public Safety for the 2019-2021 fiscal biennium for community programs may not be used for staffing, operations, maintenance, or any other expenses of youth development centers or detention facilities.

SECTION 18.18.(c) The Department of Public Safety shall submit an electronic report by October 1 of each year of the 2019-2021 fiscal biennium on all expenditures made in the preceding fiscal year from the miscellaneous contract line in Fund Code 1230 to the chairs of the House of Representatives Appropriations Committee on Justice and Public Safety and the Senate Appropriations Committee on Justice and Public Safety and the Fiscal Research Division. The report shall include all of the following: an itemized list of the contracts that have been executed, the amount of each contract, the date the contract was executed, the purpose of the contract, the number of juveniles that will be served and the manner in which they will be served, the amount of money transferred to the Juvenile Crime Prevention Council fund, and an itemized list of grants allocated from the funds transferred to the Juvenile Crime Prevention Council fund.

STATE FUNDS MAY BE USED AS FEDERAL MATCHING FUNDS

SECTION 18.19. Funds appropriated in this act to the Department of Public Safety for each fiscal year of the 2019-2021 fiscal biennium may be used as matching funds for the Juvenile Accountability Incentive Block Grants. If North Carolina receives Juvenile Accountability Incentive Block Grants or a notice of funds to be awarded, the Office of State Budget and Management and the Governor's Crime Commission shall consult with the Department of Public Safety regarding the criteria for awarding federal funds. The Office of State Budget and Management, the Governor's Crime Commission, and the Department of Public Safety shall report to the chairs of the House of Representatives Appropriations Committee on Justice and Public Safety and the Senate Appropriations Committee on Justice and Public Safety and the Joint Legislative Oversight Committee on Justice and Public Safety prior to allocation of the federal funds. The report shall identify the amount of funds to be received for the 2019-2020 fiscal year, the amount of funds anticipated for the 2020-2021 fiscal year, and the allocation of funds by program and purpose.

CREATE HAZARDOUS MATERIALS FACILITY FUND

SECTION 18.20.(a) G.S. 166A-29.1 reads as rewritten:

"§ 166A-29.1. **Hazardous materials facility fee, fee and Fund.**

...

(b1) Hazardous Materials Facility Fund. – The Hazardous Materials Facility Fund is established as a special fund within the Department. All fees collected under this section shall be

1 credited to the Fund and shall be used to support the hazardous materials response programs
2 established pursuant to subsection (f) of this section.

3 ...

4 (f) Use of Fee Proceeds. – The proceeds of fees assessed pursuant to this section shall be
5 used for the following:

- 6 (1) To offset costs associated with the establishment and maintenance of a
7 hazardous materials database and a hazardous materials response application.
- 8 (2) To offset costs associated with the operations of the regional response
9 program for hazardous materials emergencies and terrorist incidents.
- 10 (3) To provide grants to counties for hazardous materials emergency response
11 planning, training, equipment, and related exercises.
- 12 (4) To offset Division costs that directly support hazardous materials emergency
13 preparedness and response."

14 **SECTION 18.20.(b)** This section becomes effective July 1, 2019, and applies to fees
15 collected on or after that date.

17 **RADIOLOGICAL EMERGENCY PLANNING**

18 **SECTION 18.21.(a)** G.S. 166A-29 reads as rewritten:

19 **"§ 166A-29. Emergency planning; charge.**

20 (a) Every person, firm, corporation or municipality who is licensed to construct or who
21 is operating a fixed nuclear facility for the production of electricity shall pay to the Department
22 of Public Safety an annual fee of at least thirty thousand dollars (\$30,000) for each fixed nuclear
23 facility which is located within this State or has a Plume Exposure Pathway Emergency Planning
24 Zone of which any part is located within this State. This fee is to be applied to the costs of
25 planning and implementing emergency response activities as are required by the Federal
26 Emergency Management Agency for the operation of nuclear facilities. Said fee is to be paid ~~no~~
27 later than July 31 of each year, on a schedule set by the Department of Public Safety. This
28 minimum fee may be increased from time to time as the costs of such planning and
29 implementation increase. Such increases shall be by agreement between the State and the
30 licensees or operators of the fixed nuclear facilities.

31 (b) Every person, firm, corporation or municipality who is licensed to construct or who
32 is operating a fixed nuclear facility for the production of electricity shall pay to the Department
33 of Public Safety, for the use of the Radiation Protection Section of the Division of ~~Public Health~~
34 Health Service Regulation of the Department of Health and Human Services, an annual fee of at
35 least thirty-six thousand dollars (\$36,000) for each fixed nuclear facility that is located within
36 this State or that has a Plume Exposure Pathway Emergency Planning Zone any part of which is
37 located within this State. This fee shall be applied only to the costs of planning and implementing
38 emergency response activities as required by the Federal Emergency Management Agency for
39 the operation of nuclear facilities. This fee is to be paid ~~no later than July 31 of each year, on a~~
40 schedule set by the Department of Public Safety.

41"

42 **SECTION 18.21.(b)** This section becomes effective July 1, 2019, and applies to fees
43 assessed on or after that date.

45 **PART XIX. ADMINISTRATION**

47 **DOA/MANAGE STATE PORTFOLIO OF REAL PROPERTY & UPDATE** 48 **E-PROCUREMENT SYSTEM**

49 **SECTION 19.1.(a)** Notwithstanding the provisions of G.S. 66-58.12(c), the sum of
50 one million five hundred thousand dollars (\$1,500,000) in nonrecurring funds for the 2019-2020
51 fiscal year transferred in this act from the E-Commerce Fund in the Department of Administration

1 Budget Code 24100, Fund Code 2514, to the Department of Administration Budget Code 14100,
2 Fund Code 1412, shall be used to develop a real estate information system as required by Section
3 31.2 of S.L. 2018-5.

4 **SECTION 19.1.(b)** For purposes of updating the E-Procurement System (hereinafter
5 "System"), the Department of Administration shall do all of the following:

- 6 (1) Create a detailed plan for updating the System, including:
 - 7 a. The ways in which the System will be improved.
 - 8 b. The itemized costs of the improvements.
 - 9 c. The length of time it will take to make the improvements.
- 10 (2) No later than October 1, 2019, submit a report on the detailed plan required
11 by subdivision (1) of this subsection to the Joint Legislative Oversight
12 Committee on General Government.
- 13 (3) No later than October 1, 2019, submit a report on the detailed plan required
14 by subdivision (1) of this subsection to the State Chief Information Officer for
15 review and approval as provided in G.S. 143B-1322(c)(14).

16
17 **PART XX. ADMINISTRATIVE HEARINGS [RESERVED]**

18
19 **PART XXI. AUDITOR [RESERVED]**

20
21 **PART XXII. BUDGET AND MANAGEMENT**

22
23 **IMPROVE TRANSPARENCY IN INVESTMENT AND RETIREMENT FUND**
24 **EXPENDITURES**

25 **SECTION 22.1.(a)** The Office of State Budget and Management, in consultation
26 with the Fiscal Research Division, shall study the feasibility of converting the following Funds
27 within Budget Code 13410, Department of the State Treasurer, from receipt-supported to General
28 Fund-supported: 1110 General Administration, 1130 Escheat Fund, 1150 Information Services,
29 1210 Investment Management Division, 1310 Local Government, 1410 Retirement Operations
30 Division Fund, and 1510 Financial Operations Division. The Office of State Budget and
31 Management shall develop a plan and schedule to adjust the Base Budget for the 2021-2023 fiscal
32 biennium to:

- 33 (1) Show that receipts from the Funds listed in this subsection are used to offset
34 General Fund appropriations. Any increase in funding from the General Fund
35 to the Retirement System Division and State Health Plan Division shall be
36 offset by corresponding adjustments to the agency employer contribution rates
37 and amounts. Receipts that have been transferred from the Investment
38 Management Division, the Escheat Fund, and the Local Government
39 Operations Division Fund shall be deposited as nontax revenue to offset the
40 increase in appropriations in the amounts certified for the 2019-2020 fiscal
41 year.
- 42 (2) Reflect interest earnings as nontax revenue.
- 43 (3) Eliminate all transfers from Funds 1130, 1210, 1310, and 1410 used to pay for
44 administration in Funds 1110, 1150, and 1510.
- 45 (4) Identify any amendments to current law to implement the plan.
- 46 (5) Require the Department of the State Treasurer's expenditures be recorded in
47 the North Carolina Accounting System in the appropriate budget code, fund
48 code, and account code and not be charged directly to the Investment Asset
49 Classes.

1 **SECTION 22.1.(b)** The Office of State Budget and Management shall present its
2 proposed plan and recommendations to the Joint Legislative Oversight Committee on General
3 Government at its meeting in January 2020.

4
5 **PART XXIII. BUDGET AND MANAGEMENT – SPECIAL APPROPRIATIONS**
6 **[RESERVED]**

7
8 **PART XXIV. CONTROLLER**

9
10 **OVERPAYMENTS AUDIT**

11 **SECTION 24.1.(a)** During the 2019-2021 fiscal biennium, receipts generated by the
12 collection of inadvertent overpayments by State agencies to vendors as a result of pricing errors,
13 neglected rebates and discounts, miscalculated freight charges, unclaimed refunds, erroneously
14 paid excise taxes, and related errors shall be deposited in Special Fund 24172 as required by
15 G.S. 147-86.22(c).

16 **SECTION 24.1.(b)** During the 2019-2021 fiscal biennium, two hundred fifty
17 thousand dollars (\$250,000) of the funds in Special Fund 24172 shall be used by the Office of
18 the State Controller for data processing, debt collection, or e-commerce costs, and are hereby
19 appropriated for that purpose.

20 **SECTION 24.1.(c)** The State Controller shall report annually to the Joint Legislative
21 Commission on Governmental Operations and the Fiscal Research Division on the revenue
22 deposited into Special Fund 24172 and the disbursement of that revenue.

23
24 **PART XXV. ELECTIONS**

25
26 **BOARD OF ELECTIONS/REPORT ON POST-ELECTION AUDITS**

27 **SECTION 25.1.** After conducting a post-election audit, the Board of Elections shall
28 produce a report which summarizes the audit, including the rationale for and the findings of the
29 audit. The report shall be submitted to the Joint Legislative Oversight Committee on General
30 Government within 10 business days of the date the audit is completed.

31
32 **PART XXVI. GENERAL ASSEMBLY [RESERVED]**

33
34 **PART XXVII. GOVERNOR [RESERVED]**

35
36 **PART XXVIII. HOUSING FINANCE AGENCY**

37
38 **STUDY STATE HOME FORECLOSURE PREVENTION PROJECT**

39 **SECTION 28.1.** The Program Evaluation Division shall study the State Home
40 Foreclosure Prevention Project, established in Article 11 of Chapter 45 of the General Statutes,
41 to determine the effectiveness of the Project in seeking and implementing solutions to avoid
42 foreclosures for home loans. The study shall consider, among other things, the following: (i) the
43 number of homeowners who have avoided foreclosure because of intervention by the Housing
44 Finance Agency through the Project, (ii) the actions undertaken by the Housing Finance Agency
45 that were most effective in helping homeowners avoid foreclosure, (iii) changes that can be made
46 to improve the effectiveness of the Housing Finance Agency in helping homeowners avoid
47 foreclosure, and (iv) whether the current distribution of funds authorized by G.S. 45-104(d)
48 should be reallocated to make more funds available to directly assist homeowners trying to avoid
49 foreclosure. By February 1, 2020, the Program Evaluation Division shall submit the findings of
50 the study, including any recommendations for legislation, to the Joint Legislative Oversight
51 Committee on General Government.

1
2 **PART XXIX. INSURANCE**

3
4 **INSURANCE REGULATORY FEE**

5 **SECTION 29.1.** The percentage rate to be used in calculating the insurance
6 regulatory charge under G.S. 58-6-25 is six and one-half percent (6.5%) for the 2020 calendar
7 year.

8
9 **PART XXX. INSURANCE – INDUSTRIAL COMMISSION [RESERVED]**

10
11 **PART XXXI. LIEUTENANT GOVERNOR [RESERVED]**

12
13 **PART XXXII. MILITARY AND VETERANS AFFAIRS**

14
15 **DMVA/TECHNICAL AMENDMENT TO DELETE OBSOLETE LANGUAGE FROM**
16 **STATUTE REGULATING SCHOLARSHIPS**

17 **SECTION 32.1.** G.S. 143B-1225 reads as rewritten:

18 **"§ 143B-1225. Scholarship.**

19 (a) A scholarship granted pursuant to this Part shall consist of the following benefits in
20 either a State or private educational institution:

21 ...

- 22 (4) No educational assistance shall be afforded a child under this Part after the
23 end of an eight-year period beginning on the date the scholarship is first
24 awarded. ~~Those persons who have been granted a scholarship under this Part~~
25 ~~prior to the effective date of this act shall be entitled to the remainder of their~~
26 ~~period of scholarship eligibility if used prior to August 1, 2010.~~ Whenever a
27 child is enrolled in an educational institution and the period of entitlement
28 ends while enrolled in a term, quarter or semester, such period shall be
29 extended to the end of such term, quarter or semester, but not beyond the
30 entitlement limitation of four academic years.

31"

32
33 **AMEND RESIDENCY REQUIREMENT FOR QUALIFIED VETERANS ELIGIBLE TO**
34 **BE BURIED IN STATE VETERANS CEMETERIES**

35 **SECTION 32.2.** G.S. 65-43 reads as rewritten:

36 **"§ 65-43. Definitions.**

37 For purposes of this Article, the following definitions shall apply, unless the context requires
38 otherwise:

39 ...

- 40 (3) A "qualified veteran" means a veteran who meets the requirements of
41 sub-subdivisions a. and b. of this subdivision:
42 a. A veteran who served an honorable military service or who served a
43 period of honorable nonregular service and is any of the following:
44 1. A veteran who is entitled to retired pay for nonregular service
45 under 10 U.S.C. §§ 12731-12741, as amended.
46 2. A veteran who would have been entitled to retired pay for
47 nonregular service under 10 U.S.C. §§ 12731-12741, as
48 amended, but for the fact that the person was under 60 years of
49 age.
50 3. A veteran who is eligible for interment in a national cemetery
51 under 38 U.S.C. § 2402, as amended.

- b. Who is a legal resident of North Carolina:
1. At the time of death, or
 2. ~~For a period of at least 10 years, or~~
 3. At the time he or she entered the Armed Forces of the United States."

ESTABLISH NORTH CAROLINA VETERANS CEMETERY TRUST FUND

SECTION 32.3. Article 8A of Chapter 65 of the General Statutes is amended by adding a new section to read as follows:

"§ 65-45. North Carolina Veterans Cemeteries Trust Fund.

(a) Establishment and Source of Funds. – There is established the North Carolina Veterans Cemeteries Trust Fund, a special fund within the Department of Military and Veterans Affairs. The Fund shall be maintained as a special fund and shall be administered by the Department to carry out the provisions of this section. Interest accruing from the monies in the Fund shall be credited to the Fund. The Fund shall consist of the following sources of funding:

- (1) Ten percent (10%) of the total receipts collected for cemetery burials and received by the Department each fiscal year. The Department shall transfer the receipts to the Fund periodically, but no later than the end of each fiscal year.
- (2) All interest and investment earnings received on monies in the Fund.
- (3) Any other funds, as directed by the General Assembly.

(b) Use of Fund. – The funds in the Fund shall be allowed to accumulate until they have generated sufficient interest earnings to maintain the State's veterans' cemeteries once they have reached full capacity. The interest earnings in the Fund shall be used to maintain existing veterans' cemeteries once they have reached full capacity, but the principal shall not be spent. The interest earnings in the Fund shall not be used to open new veterans' cemeteries. The Veterans Affairs Commission shall have sole authority to approve the use of the Fund for the purposes authorized in this subsection, and they shall, in exercising that authority, act without direction from or supervision of the Secretary."

VETERANS AFFAIRS COMMISSION/AWARDING OF SERVICE MEDALS

SECTION 32.4. G.S. 143B-1220 reads as rewritten:

"§ 143B-1220. Veterans' Affairs Commission – creation, powers and duties.

There is hereby created the Veterans' Affairs Commission of the Department of Military and Veterans Affairs. The Veterans' Affairs Commission shall have the following functions and duties, as delegated by the Secretary of Military and Veterans Affairs:

- ...
- (3) To promulgate rules and regulations concerning the awarding of scholarships for children of North Carolina veterans as provided by this Article. The Commission shall make rules and regulations consistent with the provisions of this Article. All rules and regulations not inconsistent with the provisions of this Chapter heretofore adopted by the State Board of Veterans' Affairs shall remain in full force and effect unless and until repealed or superseded by action of the Veterans' Affairs Commission. All rules and regulations adopted by the Commission shall be enforced by the Department of Military and Veterans Affairs; and
 - (4) ~~To promulgate rules concerning the awarding of the North Carolina Services Medal to all veterans who have served in any period of war as defined in 38 U.S.C. § 101. The award shall be self-financing; those who wish to be awarded the medal shall pay a fee to cover the expenses of producing the medal and awarding the medal. All rules adopted by the Commission with respect to the~~

- 1 North Carolina Services Medal shall be implemented and enforced by the
2 Department of Military and Veterans Affairs; and
3 (5) To advise the Secretary on any matter the Secretary may refer to it."
4

5 PART XXXIII. REVENUE

6 DOR/ELIMINATE VACANT POSITIONS

7 SECTION 33.1. The Department of Revenue shall eliminate a sufficient number of
8 permanent or temporary vacant positions funded through the Collections Assistance Fee to
9 generate a recurring annual savings of five hundred thousand dollars (\$500,000) for each year of
10 the 2019-2021 fiscal biennium. The Department shall report on the eliminated positions to the
11 Joint Legislative Oversight Committee on General Government by October 1, 2019.
12

13 PART XXXIV. SECRETARY OF STATE [RESERVED]

14 PART XXXV. TREASURER

15 EXPAND THE TYPE OF CANCERS COVERED AS OCCUPATIONAL DISEASES FOR 16 FIREFIGHTERS' DEATH BENEFITS

17 SECTION 35.1. G.S. 143-166.2 reads as rewritten:

18 "§ 143-166.2. Definitions.

19 The following definitions apply in this Article:

20 ...

- 21 (6) Killed in the line of duty. – This term shall apply to all of the following deaths:

22 ...

- 23 e. When the death of a firefighter occurs as a direct and proximate result
24 of any of the following cancers that are occupationally related to
25 firefighting, that firefighter is presumed to have been killed in the line
26 of duty:

- 27 1. Mesothelioma.
- 28 2. Testicular cancer.
- 29 3. ~~Intestinal cancer.~~ Cancer of the small intestine.
- 30 4. Esophageal cancer.
- 31 5. Oral cavity cancer.
- 32 6. Pharynx cancer.

33"

34 PART XXXVI. GENERAL GOVERNMENT

35 GENERAL GOVERNMENT REPORTING REQUIREMENTS

36 DEPARTMENT OF ADMINISTRATION

37 SECTION 36.1.(a) G.S. 116D-4 reads as rewritten:

38 "§ 116D-4. Minority and historically underutilized business participation.

39 (a) Minority Business Participation. – The goals set by G.S. 143-128 for participation in
40 projects by minority businesses apply to projects funded by the proceeds of bonds or notes issued
41 under this section. The following State agencies shall monitor compliance with this requirement
42 and shall report to the General Assembly and the Joint Legislative Oversight Committee on
43 General Government by January 1 of each year on the participation by minority businesses in
44 these projects. The State Construction Office, Department of Administration, shall monitor
45 compliance with this requirement with regard to projects funded by the proceeds of university
46
47
48
49
50
51

1 improvement general obligation bonds and notes and special obligation bonds and notes; the
2 Board of Governors of The University of North Carolina shall provide the State Construction
3 Office any information required by the State Construction Office to monitor compliance. The
4 Community Colleges System Office shall monitor compliance with regard to projects funded by
5 the proceeds of community college general obligation bonds and notes.

6"

7 **SECTION 36.1.(b)** G.S. 143-48 reads as rewritten:

8 "**§ 143-48. State policy; cooperation in promoting the use of small contractors, minority**
9 **contractors, physically handicapped contractors, and women contractors;**
10 **purpose; required annual reports.**

11 ...

12 (d) The Department of Administration shall collect and compile the data described in this
13 section and report it annually to the General ~~Assembly~~Assembly and the Joint Legislative
14 Oversight Committee on General Government.

15"

16 **SECTION 36.1.(c)** G.S. 143-128.3 reads as rewritten:

17 "**§ 143-128.3. Minority business participation administration.**

18 (a) All public entities subject to G.S. 143-128.2 shall report to the Department of
19 Administration, Office of Historically Underutilized Business, the following with respect to each
20 building project:

21 ...

22 The reports shall be in the format and contain the data prescribed by the Secretary of
23 Administration. The University of North Carolina and the State Board of Community Colleges
24 shall report quarterly and all other public entities shall report semiannually. The Secretary of the
25 Department of Administration shall make reports every six months to the Joint Legislative
26 Committee on Governmental Operations and the Joint Legislative Oversight Committee on
27 General Government on information reported pursuant to this subsection.

28 ...

29 (c) The Secretary shall study and recommend to the General ~~Assembly~~Assembly, the
30 Joint Legislative Oversight Committee on General Government, and other State agencies ways
31 to improve the effectiveness and efficiency of the State capital facilities development, minority
32 business participation program and good faith efforts in utilizing minority businesses as set forth
33 in G.S. 143-128.2, and other appropriate good faith efforts that may result in the increased
34 utilization of minority businesses.

35 (d) The Secretary shall appoint an advisory board to develop recommendations to
36 improve the recruitment and utilization of minority businesses. The Secretary, with the input of
37 its advisory board, shall review the State's programs for promoting the recruitment and utilization
38 of minority businesses involved in State capital projects and shall recommend to the General
39 Assembly, the Joint Legislative Oversight Committee on General Government, the State
40 Construction Office, The University of North Carolina, and the community colleges system
41 changes in the terms and conditions of State laws, rules, and policies that will enhance
42 opportunities for utilization of minority businesses on these projects. The Secretary shall provide
43 guidance to these agencies on identifying types of projects likely to attract increased participation
44 by minority businesses and breaking down or combining elements of work into economically
45 feasible units to facilitate minority business participation.

46 ...

47 (g) The Secretary shall report findings and recommendations as required under this
48 section to the Joint Legislative Committee on Governmental Operations and the Joint Legislative
49 Oversight Committee on General Government annually on or before ~~June 1, beginning June 1,~~
50 ~~2002~~September 1, beginning September 1, 2019."

51 **SECTION 36.1.(d)** G.S. 143-341 reads as rewritten:

1 **"§ 143-341. Powers and duties of Department.**

2 The Department of Administration has the following powers and duties:

3 ...

4 (8) General Services:

5 ...

6 i. To establish and operate a central motor fleet and such subsidiary
7 related facilities as the Secretary may deem necessary, and to that end:

8 ...

9 11. To report annually to the General ~~Assembly~~ Assembly and the
10 Joint Legislative Oversight Committee on General
11 Government on any rules adopted, amended or repealed under
12 sub-sub-subdivisions 3., 7., or 7a. of this sub-subdivision.

13 ...

14 (12) Report on Vehicles Managed. – Beginning on September 1, 2019, and
15 semiannually thereafter, the Department of Administration shall provide a
16 report to the Joint Legislative Oversight Committee on General Government
17 and the Joint Legislative Oversight Committee on Justice and Public Safety
18 on the status of all motor vehicles managed by the Department of
19 Administration for the Department of Public Safety. The report shall include
20 all of the following information:

21 a. The number of motor vehicles managed by the Department of
22 Administration for the Department of Public Safety.

23 b. The condition of each motor vehicle, including the mileage on each
24 motor vehicle.

25 c. The average amount of time taken to repair or replace a motor vehicle.

26 d. The number and condition of any backup motor vehicles managed by
27 the Department of Administration and available for use by the
28 Department of Public Safety, including the location and condition of
29 each motor vehicle."

30 **SECTION 36.1.(e)** Section 27.6(c) of S.L. 2015-241 is repealed.

31 **SECTION 36.1.(f)** G.S. 143-341.2 reads as rewritten:

32 **"§ 143-341.2. Proactive management of State-owned and State-leased real property**
33 **portfolio.**

34 (a) Duties of the Department of Administration. – The Department of Administration
35 shall have the following powers and duties:

36 ...

37 (7) Reporting. – The Department of Administration shall make the following
38 reports:

39 a. No later than December 1, 2018, and every five years thereafter, the
40 Department shall report the following to the Joint Legislative
41 Commission on Governmental Operations, ~~to~~ the Joint Legislative
42 Oversight Committee on General Government, the Fiscal Research
43 Division of the General Assembly, and ~~to~~ the Program Evaluation
44 Division of the General Assembly:

45 1. The plan developed pursuant to subdivision (1) of this
46 subsection.

47 2. A summary of the performance measurement procedures
48 developed pursuant to subdivision (2) of this subsection.

49 b. If any State agency fails to submit the information required by
50 subdivision (b)(1) of this section, the Department shall report the
51 failure to the chairs of the Joint Legislative Commission on

1 Governmental ~~Operations~~ Operations, the Joint Legislative Oversight
 2 Committee on General Government, and ~~to the chairs of the~~ Joint
 3 Legislative Program Evaluation Oversight Committee within 30 days.

- 4 c. No later than December 1, 2019, and each year thereafter, the
 5 Department shall report to the Joint Legislative Commission on
 6 Governmental Operations, ~~to the~~ Joint Legislative Oversight
 7 Committee on General Government, Fiscal Research Division of the
 8 General Assembly, and ~~to the~~ Program Evaluation Division of the
 9 General Assembly on the State's portfolio of real property. This report
 10 shall include at least the following information:

11"

12 **SECTION 36.1.(g)** G.S. 143-747 reads as rewritten:

13 **"§ 143-747. Council of Internal Auditing.**

14 ...

- 15 (c) The Council shall:

16 ...

- 17 (12) ~~Issue an annual report including, but not limited to,~~ No later than August 1 of
 18 each year, issue a report that shall include, but not be limited to, service efforts
 19 and accomplishments of State agency internal auditors and to propose
 20 proposed legislation for consideration by the Governor and General
 21 Assembly. The annual report shall be prepared by the Office of State
 22 Controller and shall be submitted to the General Assembly and the Joint
 23 Legislative Oversight Committee on General Government."

24 **SECTION 36.1.(h)** G.S. 143B-394.16(b) reads as rewritten:

25 "(b) Report. – The Commission shall report its findings and recommendations, including
 26 any legislative or administrative proposals, to the General Assembly and the Joint Legislative
 27 Oversight Committee on General Government no later than April 1 each year."

28 **SECTION 36.1.(i)** G.S. 143B-394.21 is amended by adding a new subsection to
 29 read:

30 "(c) The North Carolina Council for Women shall report on the quarterly distributions of
 31 the grants from the Sexual Assault and Rape Crisis Center Fund to the House and Senate chairs
 32 of the General Government Appropriations Committee within five business days of distribution.
 33 The report shall include the date, amount, and recipients of the fund disbursements. The report
 34 shall also include any eligible programs which are ineligible to receive funding during the relative
 35 reporting cycle as well as the reason of the ineligibility for that relative reporting cycle."

36 **SECTION 36.1.(j)** G.S. 143B-409 reads as rewritten:

37 **"§ 143B-409. North Carolina State Commission of Indian Affairs – reports.**

38 The Commission shall prepare a written annual report giving an account of its proceedings,
 39 transactions, findings, and recommendations. This report shall be submitted to the ~~Governor and~~
 40 ~~the legislature.~~ Governor, General Assembly, and the Joint Legislative Oversight Committee on
 41 General Government. The report will become a matter of public record and will be maintained
 42 in the State Historical Archives. It may also be furnished to such other persons or agencies as the
 43 Commission may deem proper."

44 **SECTION 36.1.(k)** G.S. 143B-410 reads as rewritten:

45 **"§ 143B-410. North Carolina State Commission of Indian Affairs – fiscal records; clerical**
 46 **staff.**

47 Fiscal records shall be kept by the Secretary of Administration. The audit report will become
 48 a part of the annual report and will be submitted in accordance with the regulations governing
 49 preparation and submission of the annual report. The Commission shall submit the annual report
 50 to the Joint Legislative Oversight Committee on General Government."

51 **SECTION 36.1.(l)** G.S. 143B-411.2 reads as rewritten:

1 **"§ 143B-411.2. North Carolina Advisory Council on the Eastern Band of the Cherokee –**
 2 **purpose or creation; powers and duties.**

3 The purpose of the Council is to study on a continuing basis the relationship between the
 4 Eastern Band of the Cherokee and the State of North Carolina in order to resolve any matters of
 5 concern to the State or the Tribe. It shall be the duty of the Council:

- 6 (1) Identify existing and potential conflicts between the State of North Carolina
 7 and the Eastern Band of Cherokee ~~Indians;~~Indians.
 8 (2) Propose State and federal legislation and agreements between the State of
 9 North Carolina and the Cherokee Tribe to resolve existing and potential
 10 ~~conflicts;~~conflicts.
 11 (3) To study and make recommendations concerning any issue referred to the
 12 Council by any official of the Eastern Band of the Cherokee, the State of North
 13 Carolina, or the government of Haywood, Jackson, Swain, Graham, or
 14 Cherokee Counties.
 15 (4) Study other issues of mutual concern to the Eastern Band of the
 16 ~~Cherokee;~~Cherokee.
 17 ~~(5) Make a report with recommendations as needed, but not less often than~~
 18 ~~biannually to the Governor, the Chief of the Eastern Band of the Cherokee,~~
 19 ~~the General Assembly, and the Tribal Council of the Eastern Band of the~~
 20 ~~Cherokee."~~

21 **SECTION 36.1.(m)** The North Carolina Farmworker Council, enacted as Part 26 of
 22 Article 9 of Chapter 143B of the General Statutes, is repealed.

23
 24 **ETHICS COMMISSION**

25 **SECTION 36.2.** G.S. 138A-10 reads as rewritten:

26 **"§ 138A-10. Powers and duties.**

- 27 (a) In addition to other powers and duties specified in this Chapter, the Commission shall:
 28 ...
 29 (11) Report annually to the ~~General Assembly~~Assembly, the Joint Legislative
 30 Oversight Committee on General Government, and the Governor on the
 31 Commission's activities and generally on the subject of public disclosure,
 32 ethics, and conflicts of interest, including recommendations for administrative
 33 and legislative action, as the Commission deems appropriate.
 34"

35
 36 **OFFICE OF STATE HUMAN RESOURCES**

37 **SECTION 36.3.** G.S. 143-583 reads as rewritten:

38 **"§ 143-583. Model program; technical assistance; reports.**

- 39 ...
 40 (c) The Office of State Human Resources shall report annually to the Joint Legislative
 41 Commission on Governmental Operations and the Joint Legislative Oversight Committee on
 42 General Government on the safety, health, and workers' compensation activities of State
 43 agencies, compliance with this Article, and the fines levied against State agencies pursuant to
 44 Article 16 of Chapter 95 of the General Statutes."

45
 46 **OFFICE OF STATE AUDITOR**

47 **SECTION 36.4.** G.S. 147-64.11 reads as rewritten:

48 **"§ 147-64.11. Review of office.**

49 The Auditor may, on his own initiative and as often as he deems necessary, or as requested
 50 by the ~~General Assembly~~Assembly or the Joint Legislative Oversight Committee on General
 51 Government, cause to be made a quality review audit of the operations of his office. Such a "peer

1 review" shall be conducted in accordance with standards prescribed by the accounting profession.
2 Upon the recommendation of the Joint Legislative Commission on Governmental Operations
3 may contract with an independent public accountant, qualified management consultant, or other
4 professional person to conduct a financial and compliance, economy and efficiency, and program
5 result audit of the State Auditor."
6

7 OFFICE OF STATE BUDGET AND MANAGEMENT

8 SECTION 36.5.(a) Article 6 of Chapter 143C of the General Statutes is amended by
9 adding a new section to read:

10 "§ 143C-6-13. Results first annual report.

11 By October 1 of each year, the Office of State Budget and Management shall submit an
12 annual report to the Joint Legislative Commission on Governmental Operations, Joint Legislative
13 Oversight Committee on General Government, and Joint Legislative Program Evaluation
14 Oversight Committee on the progress in implementing the cost-benefit analysis model for use in
15 crafting policy and budget decisions. The reports may include recommendations for legislation."

16 SECTION 36.5.(b) Section 26.3(c) of S.L. 2017-57 is repealed.

17 SECTION 36.5.(c) G.S. 143C-6-23 reads as rewritten:

18 "§ 143C-6-23. State grant funds: administration; oversight and reporting requirements.

19 ...

20 (h) Report on Grant Recipients That Failed to Comply. ~~Not later than May 1, 2007, and~~
21 ~~by May 1 of every succeeding year, the~~ The Office of State Budget and Management shall report
22 ~~to the Joint Legislative Commission on Governmental Operations and the Fiscal Research~~
23 ~~Division on post online at regular intervals a list of all grantees or subgrantees that failed to~~
24 ~~comply with this section with respect to grant funds received in the prior fiscal year."~~

25 SECTION 36.5.(d) G.S. 143-194 is repealed.

27 OFFICE OF STATE CONTROLLER

28 SECTION 36.6. G.S. 143B-426.39 reads as rewritten:

29 "§ 143B-426.39. Powers and duties of the State Controller.

30 The State Controller shall:

31 ...

32 (12a) Prepare and submit to the Joint Legislative Commission on Governmental
33 Operations, the Joint Legislative Oversight Committee on General
34 Government, and the Fiscal Research Division at the end of each quarter, a
35 report on the revenue deposited in Special Reserve Account 24172 and the
36 disbursement of that revenue.

37"

39 STATE BOARD OF ELECTIONS

40 SECTION 36.7.(a) G.S. 66-58 reads as rewritten:

41 "§ 66-58. Sale of merchandise or services by governmental units.

42 ...

43 (c) The provisions of subsection (a) shall not prohibit:

44 ...

45 (17) The sale by the ~~Bipartisan~~ State Board of Elections ~~and Ethics Enforcement~~
46 to political committees and candidate committees of computer software
47 designed by or for the ~~Bipartisan~~ State Board of Elections ~~and Ethics~~
48 ~~Enforcement~~ to provide a uniform system of electronic filing of the campaign
49 finance reports required by ~~Article 23 of Chapter 163A~~ Article 22A of Chapter
50 163 of the General Statutes and to facilitate the State Board's monitoring of
51 compliance with that Article. ~~This computer software for electronic filing of~~

1 ~~campaign finance reports shall not exceed a cost of one hundred dollars~~
 2 ~~(\$100.00) to any political committee or candidate committee without the~~
 3 ~~Bipartisan State Board of Elections and Ethics Enforcement first notifying in~~
 4 ~~writing the Joint Legislative Commission on Governmental Operations."~~

5 **SECTION 36.7.(b)** G.S. 163-165.9 reads as rewritten:

6 **"§ 163-165.9. Voting systems: powers and duties of county board of elections.**

7 ...

8 (b) After the acquisition of any voting system, the county board of elections shall comply
 9 with any requirements of the State Board of Elections regarding training and support of the voting
 10 system by completing all of the following:

11 ...

12 (2) The county board of elections shall annually maintain software license and
 13 maintenance agreements necessary to maintain the warranty of its voting
 14 system. A county board of elections may employ qualified personnel to
 15 maintain a voting system in lieu of entering into maintenance agreements
 16 necessary to maintain the warranty of its voting system. State Board of
 17 Elections is not required to provide routine maintenance to any county board
 18 of elections that does not maintain the warranty of its voting system. If the
 19 State Board of Elections provides any maintenance to a county that has not
 20 maintained the warranty of its voting system, the county shall reimburse the
 21 State for the cost. The State Board of Elections shall ~~annually~~ report annually
 22 by January 15 to the House and Senate Committees on Appropriations, to the
 23 Fiscal Research Division, the Joint Legislative Oversight Committee on
 24 General Government, and to the Joint Legislative Commission on
 25 Governmental Operations on implementation of this subdivision. If requested
 26 by the county board of elections, the State Board of Elections may enter into
 27 contracts on behalf of that county under this subdivision, but such contracts
 28 must also be approved by the county board of elections. Any contract entered
 29 into under this subdivision shall be paid from non-State funds. Neither a
 30 county nor the State Board of Elections shall enter into any contract with any
 31 vendor for software license and maintenance agreements unless the vendor
 32 agrees to (i) operate a training program for qualification of county personnel
 33 under this subsection with training offered within the State of North Carolina
 34 and (ii) not dishonor warranties merely because the county is employing
 35 qualified personnel to maintain the voting system as long as the county:

36"

37
 38 **HOUSING FINANCE AGENCY**

39 **SECTION 36.8.(a)** G.S. 122A-5.14 reads as rewritten:

40 **"§ 122A-5.14. Home Protection Program and Fund.**

41 ...

42 (d) ~~Annual Report. By April 1 of each year, the Agency shall report to the House~~
 43 ~~Appropriations Subcommittee on General Government and Senate Appropriations~~
 44 ~~Subcommittee on General Government and Information Technology on the effectiveness of the~~
 45 ~~Program in accomplishing its purposes and provide any other information the Agency determines~~
 46 ~~is pertinent or that the General Assembly requests."~~

47 **SECTION 36.8.(b)** G.S. 122A-5.15 reads as rewritten:

48 **"§ 122A-5.15. Workforce Housing Loan Program.**

49 ...

50 (d) By February 1 of each year, the Agency shall report to the Joint Legislative
 51 Commission on Governmental ~~Operations~~ Operations and the Joint Legislative Oversight

1 Committee on General Government, and the Fiscal Research Division on the number of loans
2 made under this section, the amount of each loan, and whether the low-income housing
3 development is located in a low-, moderate-, or high-income county, as designated by the
4 Agency."

5 **SECTION 36.8.(c)** G.S. 122A-16 reads as rewritten:

6 "**§ 122A-16. Oversight by committees of General Assembly; annual reports.**

7 (a) The Finance Committee of the House of Representatives and the Finance Committee
8 of the Senate shall exercise continuing oversight of the Agency in order to assure that the Agency
9 is effectively fulfilling its statutory purpose; provided, however, that nothing in this Chapter shall
10 be construed as required by the Agency to receive legislative approval for the exercise of any of
11 the powers granted by this Chapter. The Agency shall, promptly following the close of each fiscal
12 year, submit an annual report of its activities for the preceding year to the Governor, the Office
13 of State Budget and Management, State Auditor, the aforementioned committees of the General
14 Assembly and the Local Government Commission. Each such report shall set forth a complete
15 operating and financial statement of the Agency during such year. The Agency shall cause an
16 audit of its books and accounts to be made at least once in each year by an independent certified
17 public accountant and the cost thereof may be paid from any available moneys of the Agency.
18 The Agency shall on ~~January-February~~ 1 and July 1 of each year submit a written report of its
19 activities to the Joint Legislative Commission on Governmental ~~Operations.~~ Operations and the
20 Joint Legislative Oversight Committee on General Government. The Agency shall also at the end
21 of each fiscal year submit a written report of its budget expenditures by line item to the Joint
22 Legislative Commission on Governmental ~~Operations.~~ Operations and the Joint Legislative
23 Oversight Committee on General Government.

24 (b) The Agency shall report to the General Assembly and the Joint Legislative Oversight
25 Committee on General Government by April 1 of each year concerning the status of the HOME
26 Program and shall include in the report information on priorities met, types of activities funded,
27 and types of activities not funded.

28 (c) The Agency shall report to the General Assembly and the Joint Legislative Oversight
29 Committee on General Government describing the operation of the Emergency Program to
30 Reduce Home Foreclosures established in S.L. 2008-226 not later than May 1 of each year until
31 the funds are completely disbursed from the State Home Foreclosure Prevention Trust Fund.
32 Information in the report shall be presented in aggregate form and may include the number of
33 clients helped, the effectiveness of the funds in preventing home foreclosures, recommendations
34 for further efforts needed to reduce foreclosures, and provide any other aggregated information
35 the Agency determines is pertinent or that the General Assembly requests."

36 **SECTION 36.8.(d)** Section 298(a) of Chapter 321 of the Session Laws of 1993 reads
37 as rewritten:

38 "(a) Funds appropriated in this act to the Department of Commerce for the federal HOME
39 Program shall be transferred to the Housing Finance Agency in the Office of the Governor and
40 shall be used by the Agency to match federal funds appropriated for the HOME Program. In
41 allocating State funds appropriated to match federal HOME Program funds, the Agency shall
42 give priority to HOME Program projects, as follows:

- 43 (1) First priority to projects that are located in counties designated as severely
44 distressed counties under G.S. 105-130.40(c) or G.S. 105-151.17(c); and
- 45 (2) Second priority to projects that benefit persons and families whose incomes
46 are fifty percent (50%) or less of the median family income for the local area,
47 with adjustments for family size, according to the latest figures available from
48 the U.S. Department of Housing and Urban Development.

49 ~~The Housing Finance Agency shall report to the General Assembly by April 1 of each year~~
50 ~~concerning the status of the HOME Program and shall include in the report information on~~
51 ~~priorities met, types of activities funded, and types of activities not funded."~~

1 **SECTION 36.8.(e)** Section 5 of S.L. 2008-226, as amended by Section 2.17(f) of
2 S.L. 2012-79, is repealed.

3
4 **DEPARTMENT OF INSURANCE**

5 **SECTION 36.9.(a)** G.S. 58-2-120 reads as rewritten:

6 "**§ 58-2-120. Reports of Commissioner to the Governor and General Assembly.**

7 The Commissioner shall, from time to time, report to the ~~Governor and the~~ Governor, the
8 General Assembly ~~Assembly~~, and the Joint Legislative Oversight Committee on General
9 Government any change or changes that in the Commissioner's opinion should be made in the
10 laws relating to insurance and other subjects pertaining to the Department."

11 **SECTION 36.9.(b)** G.S. 58-42-45 reads as rewritten:

12 "**§ 58-42-45. Article subject to Administrative Procedure Act; legislative oversight of plans.**

13 ...

14 (b) At the same time the Commissioner issues a notice of hearing under G.S. 150B-38,
15 the Commissioner shall provide copies of the notice to the ~~Joint Regulatory Reform Committee~~
16 ~~and to the~~ Committee, Joint Legislative Commission on Governmental Operations ~~Operations~~,
17 and the Joint Legislative Oversight Committee on General Government. The Commissioner shall
18 provide the ~~Committee~~ Committees and Commission with copies of any plan promulgated by or
19 approved by the Commissioner under G.S. 58-42-1(1) or (2)."

20 **SECTION 36.9.(c)** G.S. 58-79-20 reads as rewritten:

21 "**§ 58-79-20. Inspection of premises; dangerous material removed.**

22 The Commissioner of Insurance, or the chief of fire department or chief of police where there
23 is no chief of fire department, or the city or county building inspector, electrical inspector, heating
24 inspector, or fire prevention inspector has the right at all reasonable hours, for the purpose of
25 examination, to enter into and upon all buildings and premises in their jurisdiction. When any of
26 such officers find in any building or upon any premises overcrowding in violation of occupancy
27 limits established pursuant to the North Carolina State Building Code, combustible material or
28 inflammable conditions dangerous to the safety of such building or premises they shall order the
29 same to be removed or remedied, and this order shall be forthwith complied with by the owner
30 or occupant of such buildings or premises. The owner or occupant may, within twenty-four hours,
31 appeal to the Commissioner of Insurance from the order, and the cause of the complaint shall be
32 at once investigated by his direction, and unless by his authority the order of the officer above
33 named is revoked it remains in force and must be forthwith complied with by the owner or
34 occupant. The Commissioner of Insurance, fire chief, or building inspector, electrical inspector,
35 heating inspector, or fire prevention inspector shall make an immediate investigation as to the
36 presence of combustible material or the existence of inflammable conditions in any building or
37 upon any premises under their jurisdiction upon complaint of any person having an interest in
38 such building or premises or property adjacent thereto. The Commissioner may, in person or by
39 deputy, visit any municipality or county and make such inspections alone or in company with the
40 local officer. The Commissioner shall submit annually, as early as consistent with full and
41 accurate preparation, and not later than the first day of June, a detailed report of his official action
42 under this Article, and it shall be embodied in his report to the ~~General Assembly~~ Assembly and
43 the Joint Legislative Oversight Committee on General Government."

44 **SECTION 36.9.(d)** G.S. 58-87-1 reads as rewritten:

45 "**§ 58-87-1. Volunteer Fire Department Fund.**

46 ...

47 (c) Report. – The Commissioner must submit a written report to the General Assembly
48 and the Joint Legislative Oversight Committee on General Government within 60 days after the
49 grants have been made. This report must contain the following:

50"

51 **SECTION 36.9.(e)** G.S. 58-87-5 reads as rewritten:

1 **"§ 58-87-5. Volunteer Rescue/EMS Fund.**

2 ...

3 (e) Report. – The Commissioner must submit a written report to the General Assembly
4 and the Joint Legislative Oversight Committee on General Government within 60 days after the
5 grants have been made. This report must contain the following:

6"

7 **SECTION 36.9.(f)** G.S. 58-92-15(n) reads as rewritten:

8 "(n) The Commissioner shall review the effectiveness of this section and report every three
9 years to the General Assembly and the Joint Legislative Oversight Committee on General
10 Government the Commissioner's findings, and if appropriate, recommendations for legislation to
11 improve the effectiveness of this Article. The report and legislative recommendations shall be
12 submitted no later than June 30 following the conclusion of each three-year period."

13
14 **INDUSTRIAL COMMISSION**

15 **SECTION 36.10.(a)** G.S. 97-78 reads as rewritten:

16 **"§ 97-78. Salaries and expenses; administrator, executive secretary, deputy commissioners,
17 and other staff assistance; annual report.**

18 ...

19 (e) No later than October 1 of each year, the Commission shall publish annually for free
20 distribution a report of the administration of this Article, together with such recommendations as
21 the Commission deems advisable. No later than October 1 of each year, the Commission shall
22 submit this report to the Joint Legislative Oversight Committee on ~~Agriculture and Natural and~~
23 ~~Economic Resources, the Senate Appropriations Committee on Agriculture, Natural, and~~
24 ~~Economic Resources, and the chairs of the House of Representatives Appropriations Committee~~
25 ~~on Agriculture and Natural and Economic Resources.~~ General Government, the Senate
26 Appropriations Committee on General Government and Information Technology, and the House
27 Appropriations Committee on General Government.

28 (f) ~~No later than April 1, 2008, the~~ Every four years beginning April 1, 2020, the
29 Commission shall prepare and implement a strategic plan for accomplishing all of the following:

30 ...

31 (g) The Commission shall demonstrate its success in implementing its strategic plan
32 under subsection (f) of this section by including all of the following in its annual report under
33 subsection (e) of this section:

34 ...

35 (2) The total number of requests for, and disputes involving, medical
36 compensation under G.S. 97-25 in which final disposition was not made
37 within 75 days of the filing of the motion with the Commission, and, for each
38 such request or dispute, the date the motion or other initial pleading was filed,
39 the date on which final disposition was made ~~and, where reasonably~~
40 ~~ascertainable, the date on which any ordered medical treatment was actually~~
41 ~~provided.made.~~

42 (3) At a minimum, the number of reports of employee misclassification received,
43 the number of cases referred to each State agency, the number and amount of
44 back taxes, wages, benefits, penalties, or other monies assessed and, where
45 reasonably ascertainable, the amount of back taxes, wages, benefits, penalties,
46 or other monies collected."

47 **SECTION 36.10.(b)** G.S. 143-788(b) is repealed.

48
49 **DEPARTMENT OF MILITARY AND VETERANS AFFAIRS**

50 **SECTION 36.11.(a)** G.S. 144-9 reads as rewritten:

1 **"§ 144-9. Retirement of a flag of the United States of America or the State of North**
 2 **Carolina.**

3 ...

4 (b) The Division of Veterans Affairs shall accept, at no charge, a worn, tattered, or
 5 otherwise damaged flag of the United States of America or the State of North Carolina from a
 6 citizen of the State and shall make arrangements for its respectful disposal. The Division shall
 7 establish a flag retirement program to encourage citizens to send in or drop off such flags at the
 8 Division's office in Raleigh and at any Veterans Home or Veterans Cemetery in the State and
 9 may establish other locations for flag drop-off as it deems appropriate. The Division shall
 10 advertise the flag retirement program on its Web site and by printed posters placed at all flag
 11 drop-off locations. ~~On or before December 31, 2016, and annually thereafter, the Division shall~~
 12 ~~report the number of flags received under the program to the Joint Legislative Committee on~~
 13 ~~Governmental Operations.~~

14"

15 **SECTION 36.11.(b)** G.S. 143B-1300(a) reads as rewritten:

16 "(a) The Assistant Secretary for Veterans Affairs shall report annually to the Secretary of
 17 the Department of Military and Veterans Affairs and the Joint Legislative Oversight Committee
 18 on General Government on the activities of the State Veterans Homes Program. This report shall
 19 contain an accounting of all monies received and expended, statistics on residents in the homes
 20 during the year, recommendations to the Secretary, the Governor, and the General Assembly as
 21 to the program, and such other matters as may be deemed pertinent."

22 **SECTION 36.11.(c)** G.S. 143B-1310 reads as rewritten:

23 **"§ 143B-1310. Commission established; purpose; transaction of business.**

24 ...

25 (c) Transaction of Business. – The Commission shall meet, at a minimum, at least once
 26 during each quarter and shall provide a report on military affairs to the Secretary of Military and
 27 Veterans Affairs ~~and to Affairs,~~ the General Assembly–Assembly, and the Joint Legislative
 28 Oversight Committee on General Government at least every six months. Prior to the start of a
 29 Regular Session of the General Assembly, the Commission shall report to the General Assembly
 30 and the Joint Legislative Oversight Committee on General Government with recommendations,
 31 if any, for legislation. Priority actions or issues may be submitted at any time.

32"

33
 34 **DEPARTMENT OF REVENUE**

35 **SECTION 36.12.** G.S. 105-256 reads as rewritten:

36 **"§ 105-256. Publications prepared by Secretary of Revenue; report on fraud prevention**
 37 **progress.**

38 (a) Publications. – The Secretary shall prepare and publish the following:

39 ...

40 (6) On an annual basis, a report on the quality of services provided to taxpayers
 41 through the Taxpayer Assistance Call Center, walk-in assistance, and taxpayer
 42 education. The report must be submitted to the Joint Legislative Commission
 43 on Governmental ~~Operations~~ Operations and the Joint Legislative Oversight
 44 Committee on General Government.

45 ...

46 (8) ~~By January 1 and July 1~~ February 15 and August 15 of each year, a semiannual
 47 report on the Department's activities listed in this subdivision. The report must
 48 be submitted to the Joint Legislative Commission on Governmental
 49 ~~Operations~~ Operations, the Joint Legislative Oversight Committee on General
 50 Government, and to the Revenue Laws Study Committee.

51"

1
2 **SECRETARY OF STATE**

3 **SECTION 36.13.(a)** G.S. 64-1.1 is repealed.

4 **SECTION 36.13.(b)** G.S. 147-54.5 reads as rewritten:

5 **"§ 147-54.5. Investor Protection and Education Trust Fund; administration; limitations on**
6 **use of the Fund.**

7 ...

8 (f) Beginning January 1, 1997, the Department of the Secretary of State shall report
9 annually to the General Assembly's Fiscal Research Division and to the Joint Legislative
10 Commission on Governmental Operations and the Joint Legislative Oversight Committee on
11 General Government on the expenditures from the Investor Protection and Education Trust Fund
12 and on the effectiveness of investor awareness education efforts of the Department of the
13 Secretary of State."

14
15 **DEPARTMENT OF STATE TREASURER**

16 **SECTION 36.14.(a)** G.S. 147-69.3 reads as rewritten:

17 **"§ 147-69.3. Administration of State Treasurer's investment programs.**

18 ...

19 (i1) The State Treasurer shall report the incentive bonus paid to the Chief Investment
20 Officer to the Joint Legislative Commission on Governmental ~~Operations~~ Operations and the
21 Joint Legislative Oversight Committee on General Government by October 1 of each year.

22"

23 **SECTION 36.14.(b)** G.S. 147-68 reads as rewritten:

24 **"§ 147-68. To receive and disburse moneys; to make reports.**

25 ...

26 ~~(d2) After consulting with the Select Committee on Information Technology and the Joint~~
27 ~~Legislative Commission on Governmental Operations and after consultation with and approval~~
28 ~~of the Information Resources Management Commission, the Department of State Treasurer may~~
29 ~~spend departmental receipts for the 2000-2001 fiscal year to continue improvement of the~~
30 ~~Department's investment banking operations system, retirement payroll systems, and other~~
31 ~~information technology infrastructure needs. The Department of State Treasurer shall report by~~
32 ~~January 1, 2001, and annually thereafter to the following regarding the amount and use of the~~
33 ~~departmental receipts: the Joint Legislative Commission on Governmental Operations, the Chairs~~
34 ~~of the General Government Appropriations Subcommittees of both the House of Representatives~~
35 ~~and the Senate, and the Joint Legislative Committee on Information Technology.~~

36"

37 **SECTION 36.14.(c)** G.S. 147-69.2A reads as rewritten:

38 **"§ 147-69.2A. Investments; special funds held by the State Treasurer.**

39 ...

40 (b) Organization and Reporting. – All documents of the Governor or the State Treasurer
41 concerning the Fund are public records governed by Chapter 132 of the General Statutes and any
42 applicable provisions of the General Statutes protecting confidential information.

43 The State Treasurer and the Governor shall jointly develop and adopt an investment policy
44 statement for the Fund.

45 The State Treasurer and Governor shall jointly adopt a common policy to prevent conflicts
46 of interests such that (i) the designees of the State Treasurer and Governor who selected the
47 third-party investment management firm, (ii) the staff of the State Treasurer overseeing the Fund,
48 and (iii) the third-party investment management firm's employees selecting or overseeing Fund
49 investments do not provide services for compensation (as an employee, consultant, or otherwise),
50 within two years after the end of their service to the Fund, to any entity in which an investment
51 from the Fund was made.

1 By October 1, 2015, and at least semiannually thereafter, the State Treasurer shall submit a
2 report to the Governor, the Office of State Budget and Management, the Joint Legislative
3 Commission on Governmental Operations, and the Fiscal Research Division on investments
4 made from the Fund and any return on investment. This report shall be made for the Fund in lieu
5 of the reports required by G.S. 147-69.8 and G.S. 147-69.12(b).

6"

7 **SECTION 36.14.(d)** G.S. 147-69.12(a) reads as rewritten:

8 "**§ 147-69.12. Reporting on the State Treasurer's investment programs.**

9 (a) No later than the tenth day of February, May, August, and November of each year,
10 the State Treasurer shall report on all investments for which the State Treasurer is in any way
11 ~~responsible.~~ responsible, including investments made from The Escheat Fund and return on
12 investment as provided in G.S. 147-69.2A. The State Treasurer's quarterly report shall include
13 each of the following:

14"

15

16 **PART XXXVII. INFORMATION TECHNOLOGY**

17

18 **CJLEADS REPORT CHANGE**

19 **SECTION 37.1.** Section 6A.4 of S.L. 2011-145, as amended by S.L. 2011-391, reads
20 as rewritten:

21 "**SECTION 6A.4.(a)** ~~The Office of the State Controller, in cooperation with the State Chief~~
22 ~~Information Officer, Officer~~ shall:

23 ...

24 "**SECTION 6A.4.(b)** ~~The Office of the State Controller~~ State Chief Information Officer shall
25 administer CJLEADS with the assistance of a Leadership Council consisting of:

26 ...

27 "**SECTION 6A.4.(e)** Agencies shall use existing resources and shall not charge the ~~Office~~
28 ~~of the State Controller~~ Department of Information Technology to provide required support for
29 CJLEADS.

30"

31

32 **CYBERSECURITY PROCUREMENT BIDDING REQUIREMENTS**

33 **SECTION 37.2.** G.S. 143B-1350(i) reads as rewritten:

34 "(i) Exceptions. – In addition to permitted waivers of competition, the requirements of
35 competitive bidding shall not apply to information technology contracts and procurements:

36 (1) In cases of pressing need or emergency arising from a security incident.

37 (2) In the use of master licensing or purchasing agreements governing the
38 Department's acquisition of proprietary intellectual property.

39 (3) In the procurement of cybersecurity and infrastructure security products,
40 consistent with Best Value procurement principles as provided in
41 G.S. 143-135.9."

42

43 **PART XXXVIII. SALARIES AND BENEFITS**

44

45 **ELIGIBLE STATE-FUNDED EMPLOYEES AWARDED LEGISLATIVE SALARY**

46 **INCREASES/EFFECTIVE JANUARY 1, 2020**

47 **SECTION 38.1.(a)** Except as provided by subsection (b) of this section, a person (i)
48 whose salary is set by this Part, pursuant to the North Carolina Human Resources Act, or as
49 otherwise authorized in this act and (ii) who is employed in a State-funded position on December
50 31, 2019, is awarded a legislative salary increase that is:

1 (1) The greater of one percent (1%) or five hundred dollars (\$500.00), effective
 2 January 1, 2020.

3 (2) As otherwise allowed or provided by law.

4 **SECTION 38.1.(b)** The following persons are not eligible to receive the legislative
 5 salary increases provided by subsection (a) of this section:

6 (1) Teachers, principals, and assistant principals paid pursuant to a salary
 7 schedule or pay plan enacted in this act.

8 (2) Local community college employees.

9 (3) Members of the State Highway Patrol compensated pursuant to this act.

10 (4) Employees of the Division of Adult Correction, Department of Public Safety,
 11 eligible to receive a greater increase under this Part.

12 (5) Trial Court Coordinators and Administrators eligible to receive a greater
 13 increase in this act.

14 (6) Employees of the Department of Transportation not eligible to receive
 15 increases pursuant to Section 38.20 of this act.

16 **SECTION 38.1.(c)** Part-time employees shall receive the increase authorized by this
 17 section on a prorated and equitable basis.

18 **SECTION 38.1.(d)** No eligible State-funded employee shall be prohibited from
 19 receiving the full salary increase provided in this section solely because the employee's salary
 20 after applying the legislative increase is above the maximum of the salary range prescribed by
 21 the State Human Resources Commission.

22
 23 **GOVERNOR AND COUNCIL OF STATE**

24 **SECTION 38.2.(a)** Effective January 1, 2020, G.S. 147-11(a) reads as rewritten:

25 "(a) The salary of the Governor shall be ~~one hundred forty-seven thousand two hundred~~
 26 ~~eighty-seven dollars (\$147,287)~~ one hundred forty-eight thousand seven hundred sixty dollars
 27 (\$148,760) annually, payable monthly."

28 **SECTION 38.2.(b)** Effective January 1, 2020, the annual salaries for members of
 29 the Council of State, payable monthly, are set as follows:

<u>Council of State</u>	<u>Annual Salary</u>
Lieutenant Governor	\$131,413
Attorney General	131,413
Secretary of State	131,413
State Treasurer	131,413
State Auditor	131,413
Superintendent of Public Instruction	131,413
Agriculture Commissioner	131,413
Insurance Commissioner	131,413
Labor Commissioner	131,413

40
 41 **CERTAIN EXECUTIVE BRANCH OFFICIALS**

42 **SECTION 38.3.** Effective January 1, 2020, the annual salaries, payable monthly, for
 43 the following executive branch officials for the 2019-2021 fiscal biennium are as follows:

<u>Executive Branch Officials</u>	<u>Annual Salary</u>
Chairman, Alcoholic Beverage Control Commission	\$118,005
State Controller	164,318
Commissioner of Banks	132,443
Chair, Board of Review, Division of Employment Security	129,912

1	Members, Board of Review,	
2	Division of Employment Security	128,325
3	Chairman, Parole Commission	129,912
4	Full-Time Members of the Parole Commission	120,116
5	Chairman, Utilities Commission	147,264
6	Members of the Utilities Commission	132,443
7	Executive Director, North Carolina	
8	Agricultural Finance Authority	114,918

9
10 **JUDICIAL BRANCH**

11 **SECTION 38.4.(a)** Effective January 1, 2020, the annual salaries, payable monthly,
12 for the following judicial branch officials for the 2019-2021 fiscal biennium are as follows:
13

14	<u>Judicial Branch Officials</u>	<u>Annual Salary</u>
15	Chief Justice, Supreme Court	\$154,619
16	Associate Justice, Supreme Court	150,606
17	Chief Judge, Court of Appeals	148,224
18	Judge, Court of Appeals	144,376
19	Judge, Senior Regular Resident Superior Court	140,482
20	Judge, Superior Court	136,588
21	Chief Judge, District Court	124,129
22	Judge, District Court	120,234
23	Chief Administrative Law Judge	121,265
24	District Attorney	132,087
25	Assistant Administrative Officer of the Courts	127,197
26	Public Defender	132,087
27	Director of Indigent Defense Services	136,136

28 **SECTION 38.4.(b)** The district attorney or public defender of a judicial district, with
29 the approval of the Administrative Officer of the Courts or the Commission on Indigent Defense
30 Services, respectively, shall set the salaries of assistant district attorneys or assistant public
31 defenders, respectively, in that district such that the average salaries of assistant district attorneys
32 or assistant public defenders in that district, for the 2019-2021 fiscal biennium, do not exceed
33 seventy-nine thousand four hundred dollars (\$79,400) and the minimum salary of any assistant
34 district attorney or assistant public defender is at least forty-two thousand six hundred
35 ninety-three dollars (\$42,693), effective January 1, 2020.
36

37 **ASSISTANT DISTRICT ATTORNEYS' SALARY ADJUSTMENTS**

38 **SECTION 38.4A.** Of the funds available in the OSHR Minimum of Market Reserve,
39 the sum of eight hundred thousand dollars (\$800,000) shall be transferred to the Administrative
40 Office of the Courts to provide a budgeted annual salary of seventy thousand dollars (\$70,000)
41 for each new Assistant District Attorney position created in S.L. 2017-57.
42

43 **CLERKS OF SUPERIOR COURT**

44 **SECTION 38.5.** Effective January 1, 2020, G.S. 7A-101(a) reads as rewritten:

45 "(a) The clerk of superior court is a full-time employee of the State and shall receive an
46 annual salary, payable in equal monthly installments, based on the population of the county as
47 determined in subsection (a1) of this section, according to the following schedule:

48	Population	Annual Salary
49	Less than 100,000	\$90,972 \$91,882
50	100,000 to 149,999	101,831 102,849
51	150,000 to 249,999	112,690 113,817

1 250,000 and above 123,554124,790

2 When a county changes from one population group to another, the salary of the clerk shall be
 3 changed, on July 1 of the fiscal year for which the change is reported, to the salary appropriate
 4 for the new population group, except that the salary of an incumbent clerk shall not be decreased
 5 by any change in population group during his continuance in office."
 6

7 **ASSISTANT AND DEPUTY CLERKS OF SUPERIOR COURT**

8 **SECTION 38.6.** Effective January 1, 2020, G.S. 7A-102(c1) reads as rewritten:

9 "(c1) A full-time assistant clerk or a full-time deputy clerk, and up to one full-time deputy
 10 clerk serving as head bookkeeper per county, shall be paid an annual salary subject to the
 11 following minimum and maximum rates:

12	Assistant Clerks and	Annual Salary
13	Head Bookkeeper	
14	Minimum	\$34,780 <u>\$35,128</u>
15	Maximum	<u>61,162</u> 61,774
16		
17	Deputy Clerks	Annual Salary
18	Minimum	\$31,200 <u>\$31,512</u>
19	Maximum	<u>48,034</u> 48,534."

20
 21 **MAGISTRATES**

22 **SECTION 38.7.** Effective January 1, 2020, G.S. 7A-171.1(a)(1) reads as rewritten:

23 "(a) The Administrative Officer of the Courts, after consultation with the chief district
 24 judge and pursuant to the following provisions, shall set an annual salary for each magistrate:

25 (1) A full-time magistrate shall be paid the annual salary indicated in the table set
 26 out in this subdivision. A full-time magistrate is a magistrate who is assigned
 27 to work an average of not less than 40 hours a week during the term of office.
 28 The Administrative Officer of the Courts shall designate whether a magistrate
 29 is full-time. Initial appointment shall be at the entry rate. A magistrate's salary
 30 shall increase to the next step every two years on the anniversary of the date
 31 the magistrate was originally appointed for increases to Steps 1 through 3, and
 32 every four years on the anniversary of the date the magistrate was originally
 33 appointed for increases to Steps 4 through 6.

34 Table of Salaries of Full-Time Magistrates

36	Step Level	Annual Salary	
37		Minimum	Maximum
38	Entry Rate	\$38,620	<u>\$39,120</u>
39	Step 1	\$40,309	\$41,471 <u>\$41,971</u>
40	Step 2	\$43,297	\$44,546 <u>\$45,046</u>
41	Step 3	\$46,459	\$47,802 <u>\$48,302</u>
42	Step 4	\$50,248	\$51,704 <u>\$52,221</u>
43	Step 5	\$54,814	\$56,404 <u>\$56,968</u>
44	Step 6	\$59,929	\$61,670 <u>\$62,287.</u> "

45
 46 **LEGISLATIVE EMPLOYEES**

47 **SECTION 38.8.(a)** Effective January 1, 2020, the annual salaries of the Legislative
 48 Services Officer and of nonelected employees of the General Assembly in effect on December
 49 31, 2019, shall be legislatively increased by the greater of five hundred dollars (\$500.00) or one
 50 percent (1%).

51 **SECTION 38.8.(b)** Nothing in this act limits any of the provisions of G.S. 120-32.

GENERAL ASSEMBLY PRINCIPAL CLERKS

SECTION 38.9. Effective January 1, 2020, 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 eleven one hundred seven dollars (\$111,107)~~, one hundred twelve thousand two hundred eighteen dollars (\$112,218), payable monthly. Each principal clerk shall also receive such additional compensation as approved by the Speaker of the House of Representatives or the President Pro Tempore of the Senate, respectively, for additional employment duties beyond those provided by the rules of their House. The Legislative Services Commission shall review the salary of the principal clerks prior to submission of the proposed operating budget of the General Assembly to the Governor and shall make appropriate recommendations for changes in those salaries. Any changes enacted by the General Assembly shall be by amendment to this paragraph."

SERGEANTS-AT-ARMS AND READING CLERKS

SECTION 38.10. Effective January 1, 2020, 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 thirty-eight dollars (\$438.00)~~ four hundred forty-eight dollars (\$448.00) per week plus subsistence at the same daily rate provided for members of the General Assembly, plus mileage at the rate provided for members of the General Assembly for one round trip only from their homes to Raleigh and return. The sergeants-at-arms shall serve during sessions of the General Assembly and at such time prior to the convening of, and subsequent to adjournment or recess of, sessions as may be authorized by the Legislative Services Commission. The reading clerks shall serve during sessions only."

COMMUNITY COLLEGES

SECTION 38.11.(a) Effective for the 2019-2020 fiscal year, the State Board of Community Colleges may provide community college personnel salary increases in accordance with policies adopted by the Board. Compensation increases under Section 38.1 of this act may be used for any one or more of the following purposes: (i) merit pay, (ii) across-the-board increases, (iii) recruitment bonuses, (iv) retention increases, and (v) any other compensation increase pursuant to those policies. The Board shall make a report on the use of these funds to the General Assembly by no later than March 1, 2020.

SECTION 38.11.(b) Effective January 1, 2020, the minimum salaries for nine-month, full-time curriculum community college faculty for the 2019-2020 fiscal year are as follows:

<u>Education Level</u>	<u>Minimum Salary</u>
Vocational Diploma/Certificate or Less	\$38,081
Associate Degree or Equivalent	38,603
Bachelor's Degree	40,871
Master's Degree or Education Specialist	42,882
Doctoral Degree	45,782

No full-time faculty member shall earn less than the minimum salary for his or her education level.

The pro rata hourly rate of the minimum salary for each education level shall be used to determine the minimum salary for part-time faculty members.

UNIVERSITY OF NORTH CAROLINA SYSTEM

1 **SECTION 38.12.(a)** Effective for the 2019-2020 fiscal year, the annual salaries of
2 University of North Carolina SHRA employees shall be increased as provided by Section 38.1
3 of this act.

4 **SECTION 38.12.(b)** For the 2019-2020 fiscal year, the Board of Governors of The
5 University of North Carolina may provide EHRA employees a salary increase pursuant to the
6 policies adopted by the Board. Funds for EHRA compensation increases may be used for any
7 one or more of the following purposes: (i) merit pay, (ii) across the board increases, (iii)
8 recruitment bonuses, (iv) retention increases, and (v) any other compensation increase pursuant
9 to those policies.

10 **SECTION 38.12.(c)** The Board of Governors of The University of North Carolina
11 shall make a report on the use of compensation increase and bonus funds to the General Assembly
12 by no later than March 1, 2020.

13 14 **STATE AGENCY TEACHERS**

15 **SECTION 38.13.** Employees of schools operated by the Department of Health and
16 Human Services, the Department of Public Safety, and the State Board of Education who are
17 paid on the Teacher Salary Schedule shall be paid as authorized under this act.

18 19 **MOST STATE EMPLOYEES**

20 **SECTION 38.14.** Unless otherwise expressly provided by this part, the annual
21 salaries in effect for the following persons on December 31, 2019, shall be legislatively increased
22 as provided by Section 38.1 of this act:

- 23 (1) Permanent, full-time State officials and persons whose salaries are set in
24 accordance with the State Human Resources Act.
- 25 (2) Permanent, full-time State officials and persons in positions exempt from the
26 State Human Resources Act.
- 27 (3) Permanent, part-time State employees.
- 28 (4) Temporary and permanent hourly State employees.

29 30 **ALL STATE-SUPPORTED PERSONNEL**

31 **SECTION 38.15.(a)** The legislative salary increases provided in this act for the
32 2019-2020 fiscal year do not apply to persons separated from service due to resignation,
33 dismissal, reduction in force, death, or retirement or whose last workday is prior to January 1,
34 2020. With respect to the legislative increases awarded in this part, payroll checks issued to
35 employees after January 1, 2020, that represent payment of services provided prior to January 1,
36 2020, shall not be eligible for salary increases provided for in this act.

37 **SECTION 38.15.(b)** This section applies to all employees paid from State funds,
38 whether or not subject to or exempt from the North Carolina Human Resources Act, including
39 employees of public schools, community colleges, and The University of North Carolina.

40 **SECTION 38.15.(c)** The employee compensation and benefits provisions enacted in
41 S.L. 2018-5 shall remain in effect until December 31, 2019, except as otherwise specifically
42 provided in this act.

43 44 **USE OF FUNDS APPROPRIATED FOR LEGISLATIVELY MANDATED INCREASES**

45 **SECTION 38.16.(a)** The appropriations set forth in Section 2.1 of this act include
46 appropriations for legislatively mandated salary increases and employee benefits in amounts set
47 forth in the Committee Report that accompanies this act. The Office of State Budget and
48 Management shall ensure that those funds are used only for the purposes of legislatively
49 mandated salary increases and employee benefits.

50 **SECTION 38.16.(b)** If the Director of the Budget determines that funds appropriated
51 to a State agency for legislatively mandated salary increases and employee benefits exceed the

1 amount required by that agency for those purposes, the Director may reallocate those funds to
2 other State agencies that received insufficient funds for legislatively mandated salary increases
3 and employee benefits.

4 **SECTION 38.16.(c)** Any funds appropriated for legislatively mandated salary and
5 benefits increases in excess of the amounts required to implement the increases shall be credited
6 to the Pay Plan Reserve.

7 **SECTION 38.16.(d)** No later than May 1, 2020, the Office of State Budget and
8 Management shall report to the Joint Legislative Commission on Governmental Operations
9 Fiscal Research Division on the expenditure of funds for legislatively mandated salary increases
10 and employee benefits. This report shall include at least the following information for each State
11 agency for the 2019-2020 fiscal year:

- 12 (1) The total amount of funds that the agency received for legislatively mandated
13 salary increases and employee benefits.
- 14 (2) The total amount of funds transferred from the agency to other State agencies
15 pursuant to subsection (b) of this section. This section of the report shall
16 identify the amounts transferred to each recipient State agency.
- 17 (3) The total amount of funds used by the agency for legislatively mandated salary
18 increases and employee benefits.
- 19 (4) The amount of funds credited to the Pay Plan Reserve.

20 21 **MEMBERS OF THE STATE HIGHWAY PATROL**

22 **SECTION 38.17.** Effective January 1, 2020, in order to maintain an
23 experience-based pay structure progression, the entry level annual salary of members of the State
24 Highway Patrol is set in the amount of forty-four thousand four hundred forty dollars (\$44,440).
25

26 **PAY PLAN RESERVE/MEMBERS OF THE STATE HIGHWAY PATROL**

27 **SECTION 38.18.** G.S. 143C-4-9(a) reads as rewritten:

28 "(a) Creation. – The Pay Plan Reserve is established within the General Fund. The General
29 Assembly shall appropriate in the Current Operations Appropriations Act or other appropriations
30 act a specific amount to this reserve for allocation, on an as-needed basis only, to fund statutory
31 and scheduled pay expenses authorized by:

- 32 (1) ~~G.S. 20-187.3.~~ G.S. 20-187.3, for troopers of the State Highway Patrol
33 compensated pursuant to an experience-based salary schedule.
- 34 (2) G.S. 7A-102.
- 35 (3) G.S. 7A-171.1.
- 36 (4) Teacher Salary Schedule, as enacted by the General Assembly.
- 37 (5) Pay Plans for Principals and Assistant Principals, as enacted by the General
38 Assembly."

39 40 **CORRECTIONAL OFFICERS/CUSTODY-BASED PAY DIFFERENTIAL**

41 **SECTION 38.19.** Until otherwise provided by the General Assembly, whenever an
42 employee is in a Correctional Officer position assigned to a lower custody level facility and the
43 employee is required to staff a higher custody level facility for any period of time, the employee
44 shall receive a pay differential applied to their base salary for the period of time the employee
45 worked at the higher custody level facility, as follows:

- 46 (1) For employees assigned to minimum custody facilities that are required to
47 staff medium custody facilities, the pay differential is ten percent (10%).
- 48 (2) For employees assigned to medium custody facilities that are required to staff
49 close custody facilities, the pay differential is ten percent (10%).
- 50 (3) For employees assigned to minimum custody facilities that are required to
51 staff close custody facilities, the pay differential is twenty percent (20%).

DEPARTMENT OF TRANSPORTATION PERSONNEL

SECTION 38.20.(a) Of the funds appropriated from the Highway Fund to the Department of Transportation (DOT) the sum of seven million five hundred thousand dollars (\$7,500,000) in recurring funds for the 2019-2020 year shall be used to give employees of the Division of Motor Vehicles (DMV) annual salary increases, effective July 1, 2019.

By January 15, 2020, the DOT shall submit a report detailing the salary increases awarded to DMV employees and the methodology used to award the salary increases as authorized by this section to the Joint Legislative Transportation Oversight Committee and the Fiscal Research Division.

SECTION 38.20.(b) Section 34.19(h) of S.L. 2018-5 reads as rewritten:

"SECTION 34.19.(h) This section becomes effective July 1, 2018, and expires ~~June 30, 2020~~ April 1, 2019."

SECTION 38.20.(c) Employees of the Department of Transportation who received salary adjustments under Section 34.19 of S.L. 2018-5 are ineligible to receive any legislative salary increases awarded during the 2019-2021 fiscal biennium.

SECTION 38.20.(d) For the 2019-2021 fiscal biennium, the Office of State Human Resources shall not delegate to the Department of Transportation any classification or salary administration functions.

SPECIAL ANNUAL LEAVE

SECTION 38.21.(a) Any person who is (i) a full-time permanent employee of the State or a community college institution on July 1, 2019, and (ii) eligible to earn annual leave shall have a one-time additional five days of annual leave credited on July 1, 2019.

SECTION 38.21.(b) The additional leave granted in this section shall be accounted for separately in the same manner as the leave provided by Section 35.26 of S.L. 2018-5, and shall remain available during the length of the employee's employment, notwithstanding any other limitation on the total number of days of annual leave that may be carried forward. Part-time permanent employees shall receive a pro rata amount of the five days awarded by this section.

SECTION 38.21.(c) The additional leave awarded under this section has no cash value and is not eligible for cash in. If not used prior to the time of separation or retirement, the bonus leave cannot be paid out and is lost.

SECTION 38.21.(d) Notwithstanding any provision of G.S. 126-8 to the contrary, any vacation leave remaining on December 31 of each year in excess of 30 days shall be reduced by the number of days awarded in this section that were actually used by the employee during the year, such that the calculation of vacation leave days that would convert to sick leave shall reflect a deduction of those days of special annual leave awarded in this section that were used by the employee during the year.

SECTION 38.21.(e) The number of days awarded by this section that carry forward to each following year shall equal the number of days awarded in this section remaining on December 31 of each year plus the number of days awarded in this section that were deducted from vacation leave in excess of 30 days for the calculation of sick leave.

SECTION 38.21.(f) No employee may be required to take the additional leave awarded by this section.

SALARY-RELATED CONTRIBUTIONS

SECTION 38.22.(a) Effective for the 2019-2021 fiscal biennium, required employer salary-related contributions for employees whose salaries are paid from department, office, institution, or agency receipts shall be paid from the same source as the source of the employee's salary. If an employee's salary is paid in part from the General Fund or Highway Fund and in part from department, office, institution, or agency receipts, required employer salary-related

1 contributions may be paid from the General Fund or Highway Fund only to the extent of the
 2 proportionate part paid from the General Fund or Highway Fund in support of the salary of the
 3 employee, and the remainder of the employer's requirements shall be paid from the source that
 4 supplies the remainder of the employee's salary. The requirements of this section as to source of
 5 payment are also applicable to payments on behalf of the employee for hospital medical benefits,
 6 longevity pay, unemployment compensation, accumulated leave, workers' compensation,
 7 severance pay, separation allowances, and applicable disability income benefits.

8 **SECTION 38.22.(b)** Effective July 1, 2019, the State's employer contribution rates
 9 budgeted for retirement and related benefits as a percentage of covered salaries for the 2019-2020
 10 fiscal year for teachers and State employees, State law enforcement officers (LEOs), the
 11 University and Community Colleges Optional Retirement Programs (ORPs), the Consolidated
 12 Judicial Retirement System (CJRS), and the Legislative Retirement System (LRS) are as set forth
 13 below:

	Teachers and State Employees	State LEOs	ORPs	CJRS	LRS
17 Retirement	12.97%	12.97%	6.84%	33.60%	26.46%
18 Disability	0.10%	0.10%	0.10%	0.00%	0.00%
19 Death	0.16%	0.16%	0.00%	0.00%	0.00%
20 Retiree Health	6.43%	6.43%	6.43%	6.43%	6.43%
21 NC 401(k)	0.00%	5.00%	0.00%	0.00%	0.00%
22					
23 Total Contribution					
24 Rate	19.66%	24.66%	13.37%	40.03%	32.89%

25 The rate for teachers and State employees and State law enforcement officers includes
 26 one one-hundredth percent (0.01%) for the Qualified Excess Benefit Arrangement.

27 **SECTION 38.22.(c)** Effective July 1, 2020, the State's employer contribution rates
 28 budgeted for retirement and related benefits as a percentage of covered salaries for the 2020-2021
 29 fiscal year for teachers and State employees, State law enforcement officers (LEOs), the
 30 University and Community Colleges Optional Retirement Programs (ORPs), the Consolidated
 31 Judicial Retirement System (CJRS), and the Legislative Retirement System (LRS) are as set forth
 32 below:

	Teachers and State Employees	State LEOs	ORPs	CJRS	LRS
36 Retirement	14.67%	14.67%	6.84%	36.61%	29.66%
37 Disability	0.10%	0.10%	0.10%	0.00%	0.00%
38 Death	0.16%	0.16%	0.00%	0.00%	0.00%
39 Retiree Health	6.88%	6.88%	6.88%	6.88%	6.88%
40 NC 401(k)	0.00%	5.00%	0.00%	0.00%	0.00%
41					
42 Total Contribution					
43 Rate	21.81%	26.81%	13.82%	43.49%	36.54%

44 The rate for teachers and State employees and State law enforcement officers includes
 45 one one-hundredth percent (0.01%) for the Qualified Excess Benefit Arrangement.

46 **SECTION 38.22.(d)** Effective July 1, 2019, the maximum annual employer
 47 contributions, payable monthly, by the State for each covered employee or retiree for the
 48 2019-2020 fiscal year to the State Health Plan for Teachers and State Employees are (i) for
 49 Medicare-eligible employees and retirees, four thousand eight hundred sixty-six dollars (\$4,866)
 50 and (ii) for non-Medicare-eligible employees and retirees, six thousand two hundred sixty-two
 51 dollars (\$6,262).

1 **SECTION 38.22.(e)** Effective July 1, 2020, the maximum annual employer
2 contributions, payable monthly, by the State for each covered employee or retiree for the
3 2020-2021 fiscal year to the State Health Plan for Teachers and State Employees are (i) for
4 Medicare-eligible employees and retirees, five thousand one hundred ninety-nine dollars
5 (\$5,199) and (ii) for non-Medicare-eligible employees and retirees, six thousand six hundred
6 ninety dollars (\$6,690).

7
8 **PROVIDE ONE-TIME COST OF LIVING SUPPLEMENT FOR RETIREES OF THE**
9 **TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM, THE**
10 **CONSOLIDATED JUDICIAL RETIREMENT SYSTEM, AND THE LEGISLATIVE**
11 **RETIREMENT SYSTEM**

12 **SECTION 38.23.(a)** G.S. 135-5 is amended by adding a new subsection to read:

13 "(xxx) After July 1, 2020, but before November 1, 2020, a one-time cost-of-living
14 supplement payment shall be made to or on account of beneficiaries who are living as of
15 September 1, 2020, and whose retirement commenced on or before September 1, 2020. The
16 payment shall be one percent (1.0%) of the beneficiary's annual retirement allowance payable as
17 of September 1, 2020, and shall not be prorated for date of retirement commencement. If the
18 beneficiary dies before the payment is made, then the payment shall be payable to the member's
19 legal representative. No beneficiary shall be deemed to have acquired a vested right to any future
20 supplemental payments."

21 **SECTION 38.23.(b)** G.S. 135-65 is amended by adding a new subsection to read:

22 "(ii) After July 1, 2020, but before November 1, 2020, a one-time cost-of-living
23 supplement payment shall be made to or on account of beneficiaries who are living as of
24 September 1, 2020, and whose retirement commenced on or before September 1, 2020. The
25 payment shall be one percent (1.0%) of the beneficiary's annual retirement allowance payable as
26 of September 1, 2020, and shall not be prorated for date of retirement commencement. If the
27 beneficiary dies before the payment is made, then the payment shall be payable to the member's
28 legal representative. No beneficiary shall be deemed to have acquired a vested right to any future
29 supplemental payments."

30 **SECTION 38.23.(c)** G.S. 120-4.22A is amended by adding a new subsection to read:

31 "(cc) In accordance with subsection (a) of this section, after July 1, 2020, but before
32 November 1, 2020, a one-time cost-of-living supplement payment shall be made to or on account
33 of beneficiaries who are living as of September 1, 2020, and whose retirement commenced on or
34 before September 1, 2020. The payment shall be one percent (1.0%) of the beneficiary's annual
35 retirement allowance payable as of September 1, 2020, and shall not be prorated for date of
36 retirement commencement. If the beneficiary dies before the payment is made, then the payment
37 shall be payable to the member's legal representative. No beneficiary shall be deemed to have
38 acquired a vested right to any future supplemental payments."

39 **SECTION 38.23.(d)** Notwithstanding any other provision of law to the contrary, in
40 order to administer the one-time cost-of-living supplement for retirees provided for in
41 subsections (a), (b), and (c) of this section, the Retirement Systems Division of the Department
42 of State Treasurer may increase receipts from the retirement assets of the corresponding
43 retirement system or pay costs associated with the administration of the payment directly from
44 the retirement assets.

45
46 **OSC/SAP-SKILLED EMPLOYEES SALARY ADJUSTMENTS**

47 **SECTION 38.24.** Of the funds available in the OSHR Minimum of Market Reserve,
48 the sum of two hundred fifteen thousand dollars (\$215,000) shall be transferred to the Office of
49 State Controller to be used to adjust the salaries of SAP-skilled employees closer to eighty-five
50 percent (85%) of the midpoint of average market pay rates.
51

PART XXXIX. CAPITAL**PROCEDURES FOR DISBURSEMENT OF CAPITAL FUNDS**

SECTION 39.1. The appropriations made by the 2019 General Assembly for capital improvements are for constructing, repairing, or renovating State buildings, utilities, and other capital facilities, for acquiring sites for them where necessary, for acquiring buildings and land for State government purposes and other purposes as set forth in G.S. 143C-4-3.1, and shall be disbursed for the purposes provided by this act. Expenditure of funds shall not be made by any State department, institution, or agency until an allotment has been approved by the Governor as Director of the Budget. The allotment shall be approved only after full compliance with the State Budget Act, Chapter 143C of the General Statutes. Prior to the award of construction contracts for projects to be financed in whole or in part with self-liquidating appropriations, the Director of the Budget shall approve the elements of the method of financing of those projects, including the source of funds, interest rate, and liquidation period. Provided, however, that if the Director of the Budget approves the method of financing a project, the Director shall report that action to the Joint Legislative Commission on Governmental Operations at its next meeting.

Where direct capital improvement appropriations include the purpose of furnishing fixed and movable equipment for any project, those funds for equipment shall not be subject to transfer into construction accounts except as authorized by the Director of the Budget. The expenditure of funds for fixed and movable equipment and furnishings shall be reviewed and approved by the Director of the Budget prior to commitment of funds.

Capital improvement projects authorized by the 2019 General Assembly shall be completed, including fixed and movable equipment and furnishings, within the limits of the amounts of the direct or self-liquidating appropriations provided, except as otherwise provided in this act. Capital improvement projects authorized by the 2019 General Assembly for the design phase only shall be designed within the scope of the project as defined by the approved cost estimate filed with the Director of the Budget, including costs associated with site preparation, demolition, and movable and fixed equipment.

CAPITAL IMPROVEMENT AND REPAIRS AND RENOVATIONS APPROPRIATIONS

SECTION 39.2.(a) The following agency capital improvement projects have been assigned a project code for reference to allocations in this Part and for intended project support by the General Assembly for future fiscal years:

Agency Capital Improvement Projects	Project Code
Department of Agriculture and Consumer Services	
Eaddy Building—Addition & Renovation	DACS19-1
Tidewater Research Station—Swine Unit Replacements	DACS19-2
Mountain Island State Forest—Improvements	DACS19-3
Department of Environmental Quality	
Water Resources Development Projects	DEQ-WRD19
Division of Water Resources—	
Reedy Creek Environmental Lab/Equipment Storage & Workshop	DEQ19-1
Department of Administration	
DHHS/Dix Campus Relocation	DOA19-1
State Gov't. Complex Chiller Plant	DOA19-2

1	Department of Information Technology	
2	Eastern Data Center Improvements	DIT19-1
3	Western Data Center Improvements	DIT19-2
4	Rural Broadband/GREAT Program	DIT19-3
5		
6	Department of Natural and Cultural Resources	
7	NC Museum of History Renovation/Addition	DNCR19-1
8	NC Museum of Art—Light Control	DNCR19-2
9	Fort Fisher—New Visitor Center	DNCR19-3
10	NC Zoo—Asia Continent Animal Exhibit	DNCR19-4
11	NC Zoo—Australia Continent Exhibit	DNCR19-5
12	NC Zoo—Parking/Trams	DNCR19-6
13	NC Transportation Museum	DNCR19-7
14	State Parks—Various Projects	DNCR19-8
15		
16	Department of Public Safety	
17	Perquimans YDC—Raise the Age Renovations	DPS19-1
18	Richmond YDC—Raise the Age Renovations	DPS19-2
19	Alcoholism & Chemical Dependency Program—	
20	Black Mountain Modular Classrooms	DPS19-3
21	National Guard—	
22	Federal Match Funding Pool	NG19-1
23	STARBASE	NG19-2
24	Western Region Readiness Center Annex	DPS19-5
25	Samarcand Training Academy—	
26	Live Fire Training Building	DPS19-6
27	Dormitory & Training Building	DPS19-7
28	Adult Correction Entrance Processing Stations	DPS19-8
29	State Highway Patrol—	
30	Renovate Troop B	DPS19-9
31		
32	General Assembly	
33	Committee Renovations/Elevator Repair	NCGA19-1
34		
35	The University of North Carolina	
36	Western Carolina University—	
37	Steam Plant Project	UNC/WCU19-1
38	University of North Carolina at Wilmington—	
39	Dobo Hall Renovation	UNC/WIL19-1
40	Randall Library Renovation and Expansion	UNC/WIL19-2
41	University of North Carolina at Charlotte—	
42	Cameron/Burson Building Renovation	UNC/CLT19-1
43	North Carolina Central University—	
44	Lee Biology, Phase 2	UNC/NCC19-1
45	University of North Carolina at Chapel Hill—Business Building	UNC/CH19-1
46	North Carolina State University—	
47	S.T.E.M. Building	UNC/NCS19-1
48	University of North Carolina at Greensboro—	
49	Jackson Library Renovation & Addition	UNC/GRE19-1
50	Eastern Carolina University—	
51	School of Medicine Building	UNC/ECU19-1

1		
2	Repairs and Renovations	R&R19
3		
4	Civil War Museum	OG19-1
5	Montreat College	OG19-2
6	Guilford Mental Health	OG19-3
7		

8 **SECTION 39.2.(b)** This subsection authorizes the following capital projects and
 9 allocates funding in the 2019-2021 fiscal biennium based upon projected cash flow needs for the
 10 authorized projects. The authorizations provided in this subsection represent the maximum
 11 amount of funding from the State Capital and Infrastructure Fund that may be expended on each
 12 project. An additional action by the General Assembly is required to increase the maximum
 13 authorization for any of the projects listed.

14 In each fiscal year, the Office of State Budget and Management may reallocate
 15 appropriations from the State Capital and Infrastructure Fund between projects to meet cash flow
 16 requirements for a project, provided that the following criteria are met:

- 17 (1) If the project for which funds have been appropriated in this Part is for one of
 18 the constituent institutions of The University of North Carolina, then
 19 unencumbered funds may be allocated from another project for a constituent
 20 institution of The University of North Carolina for which funds have been
 21 appropriated.
- 22 (2) If the project is for which funds have been appropriated in this Part for a State
 23 agency that is not The University of North Carolina, then unencumbered funds
 24 may be allocated from another project for a State agency for which funds have
 25 been appropriated.
- 26 (3) The amount disbursed will not exceed amounts appropriated from the State
 27 Capital and Infrastructure Fund.
- 28 (4) The amount disbursed on any project cannot exceed the amount authorized
 29 for that project.
- 30 (5) The amount reallocated cannot be used to expand the scope of the project.

31 There is allocated from the State Capital and Infrastructure Fund for the 2019-2021 fiscal
 32 biennium the following amounts for capital improvement project codes, as defined in subsection
 33 (a) of this section:

34
 35 **Capital Improvements –**

36 State Capital and	Total		
37 Infrastructure Fund	Project Authorization	2019-2020	2020-2021
38			
39	DACS19-1	967,000	967,000
40	DACS19-2	1,429,000	1,429,000
41	DACS19-3	1,500,000	1,500,000
42	DEQ-WRD19	N/A	11,007,000
43	DEQ19-1	30,008,000	3,000,800
44	DOA19-1	270,000,000	–
45	DOA19-2	12,523,000	12,523,000
46	DIT19-1	5,741,000	5,741,000
47	DIT19-2	3,150,000	3,150,000
48	DNCR19-1	60,000,000	20,000,000
49	DNCR19-2	1,000,000	1,000,000
50	DNCR19-3	8,000,000	8,000,000
51	DNCR19-4	20,014,500	–
			10,014,500

1	DNCR19-7	4,500,000	250,000	250,000
2	DPS19-1	1,731,000	1,731,000	–
3	DPS19-2	5,825,000	1,000,000	4,825,000
4	DPS19-3	1,013,000	1,013,000	–
5	NG19-1	4,000,000	4,000,000	–
6	NG19-2	500,000	500,000	–
7	DPS19-6	1,499,000	1,499,000	–
8	DPS19-7	11,094,000	1,109,400	2,773,500
9	DPS19-8	3,070,000	3,070,000	–
10	DPS19-9	2,152,000	2,152,000	–
11	NCGA19-1	2,097,635	2,097,635	–
12	UNC/WCU19-1	16,500,000	16,500,000	–
13	UNC/GRE19-1	84,000,000	10,000,000	36,000,000
14	UNC/WIL19-1	10,000,000	10,000,000	–
15	UNC/WIL19-2	56,400,000	5,640,000	14,100,000
16	UNC/CLT19-1	45,000,000	4,500,000	11,250,000
17	UNC/NCC19-1	8,100,000	810,000	2,025,000
18	UNC/CH19-1	75,000,000	10,000,000	7,000,000
19	UNC/NCS19-1	80,000,000	14,000,000	21,000,000
20	UNC/ECU19-1	215,000,000	15,000,000	13,000,000
21	R&R19	N/A	250,000,000	125,000,000

22
23 **SECTION 39.2.(c)** Notwithstanding G.S. 143C-4-3.1(e), the following allocations
24 are made from the State Capital and Infrastructure Fund for the following purposes:

- 25 (1) A grant in the amount of twelve million one hundred thousand dollars
26 (\$12,100,000) for the 2019-2020 fiscal year and a grant in the amount of three
27 million dollars (\$3,000,000) for the 2020-2021 fiscal year to the North
28 Carolina Civil War & Reconstruction History Center Foundation, a nonprofit
29 corporation, for construction of the North Carolina Civil War &
30 Reconstruction History Center.
- 31 (2) A grant in the amount of ten million dollars (\$10,000,000) for the 2019-2020
32 fiscal year and a grant in the amount of ten million dollars (\$10,000,000) for
33 the 2020-2021 fiscal year to Montreat College, a nonprofit corporation, for
34 cybersecurity programs.
- 35 (3) A grant in the amount of seven million seven hundred thousand dollars
36 (\$7,700,000) to Guilford County for the construction of a facility-based
37 mental health crisis center to serve adults in Guilford County.

38 **SECTION 39.2.(d)** Of the funds in the State Capital and Infrastructure Fund for the
39 2019-2021 fiscal biennium, the following allocations shall be made to the following agencies for
40 repairs and renovations pursuant to G.S. 143C-8-13:

- 41 (1) One-fourth shall be allocated for repairs and renovations at the constituent
42 institutions of The University of North Carolina, as determined by the Board
43 of Governors.
- 44 (2) Three-fourths shall be allocated for repairs and renovations for State agencies,
45 excluding The University of North Carolina.

46 The Office of State Budget and Management shall consult with or report to the Joint
47 Legislative Commission on Governmental Operations, as appropriate, in accordance with
48 G.S. 143C-8-13(b). The Board of Governors shall report to the Joint Legislative Commission on
49 Governmental Operations in accordance with G.S. 143C-8-13(b).

1 **SECTION 39.2.(e)** Notwithstanding G.S. 143C-8-13, of the funds allocated in
 2 subdivision (2) of subsection (d) of this section for the 2019-2020 fiscal year, the following sums
 3 shall be allocated for the following projects:

- 4 (1) Five hundred thousand dollars (\$500,000) shall be allocated to the Department
 5 of Natural and Cultural Resources to be used for State Historic Sites
 6 maintained by the Department. Funds allocated pursuant to this subdivision
 7 shall not be used for Tryon Palace, the NC Transportation Museum, or the
 8 U.S.S. North Carolina Battleship.
 9 (2) Five hundred thousand dollars (\$500,000) shall be allocated to the Office of
 10 State Budget and Management to be provided as a grant to the North Carolina
 11 Future Farmers of America Association to be used for expansions for the
 12 NCCFFA Center.
 13 (3) Three million six hundred forty thousand dollars (\$3,640,000) shall be
 14 allocated to the Department of Revenue for security improvements at various
 15 locations throughout the State.

16 **SECTION 39.2.(f)** Funds allocated under this section that may be expended on
 17 projects where the recipient intends or expects to receive insurance proceeds or State or federal
 18 aid or assistance shall be used only to the extent that funds received from the settlement of a
 19 claim for loss or damage covered under the recipient's applicable insurance policy, or other aid
 20 or assistance, are insufficient to cover all damages sustained as a result of Hurricane Florence.

21 **SECTION 39.2.(g)** For project code UNC/NCS19-1, North Carolina State
 22 University shall commit to providing funding of at least eighty million dollars (\$80,000,000)
 23 from non-State sources on or before June 30, 2021, as a match for the intended State allocations
 24 totaling eighty million dollars (\$80,000,000) for the project.

25 **SECTION 39.2.(h)** For project code UNC/CH19-1, the University of North Carolina
 26 at Chapel Hill shall commit to providing funding of at least seventy-five million dollars
 27 (\$75,000,000) from non-State sources on or before June 30, 2022, as a match for the intended
 28 State allocations totaling seventy-five million dollars (\$75,000,000) for the project.

29
 30 **SIX-YEAR INTENDED PROJECT ALLOCATION SCHEDULE**

31 **SECTION 39.3.** It is the intent of the General Assembly to fund capital improvement
 32 projects on a cash flow basis and to plan for future project funding based upon projected
 33 availability in the State Capital and Infrastructure Fund. Nothing in this section shall be construed
 34 (i) to appropriate funds or (ii) as an obligation by the General Assembly to appropriate funds for
 35 the projects listed in future years. The following schedule lists capital improvement projects that
 36 will begin or be completed in fiscal years outside of the 2019-2021 fiscal biennium and estimated
 37 amounts (in thousands) needed for completion of those projects:

38

39 Project Code	FY19-20	FY20-21	FY21-22	FY22-23	FY23-24	FY24-25
41 DEQ19-1	3,000.8	7,502	12,003.2	7,502	—	—
42 DOA19-1	—	5,000	67,500	81,000	67,500	49,000
43 DNCR19-1	20,000	25,000	15,000	—	—	—
44 DNCR19-4	—	10,014.5	10,000	—	—	—
45 DNCR19-5	—	—	—	10,000	10,000	—
46 DNCR19-6	—	—	1,500	3,400	—	—
47 DNCR19-7	250	250	2,000	2,000	—	—
48 DNCR19-8	—	—	—	—	10,000	—
49 DPS19-2	1,000	4,825	—	—	—	—
50 DPS19-5	—	—	—	—	15,015	—
51 DPS19-7	1,109.4	2,773.5	4,437.6	2,773.5	—	—

1	UNC/GRE19-1	10,000	36,000	25,000	13,000	—	—
2	UNC/WIL19-2	5,640	14,100	22,560	14,100	—	—
3	UNC/CLT19-1	4,500	11,250	18,000	11,250	—	—
4	UNC/NCC19-1	810	2,025	3,240	2,025	—	—
5	UNC/CH19-1	10,000	7,000	18,750	20,000	19,250	—
6	UNC/NCS19-1	14,000	21,000	25,000	20,000	—	—
7	UNC/ECU19-1	15,000	13,000	7,000	30,000	80,000	70,000
8	OG19-1	12,100	3,000	14,400	16,500	—	—
9	OG19-2	10,000	10,000	—	—	—	—

WATER RESOURCES DEVELOPMENT PROJECTS

SECTION 39.4.(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 three hundred fifty-five thousand dollars (\$32,355,000) in federal funds.

	Name of Project	2019-2020
21	(1) Princeville Flood Damage Reduction (Pre-Constr./Design)	\$1,400,000
22	(2) Carolina Beach CSRM	—
23	(3) Kure Beach CSRM	14,000
24	(4) Wrightsville Beach CSRM	—
25	(5) Ocean Isle CSRM	—
26	(6) Planning Assistance to Communities	38,000
27	(7) Wilmington Harbor DA Maintenance	6,550,000
28	(8) Morehead City Maintenance	1,500,000
29	(9) Surf City/North Topsail CSRM (Pre-Constr./Design)	148,000
30	(10) West Onslow CSRM (Pre-Constr./Design)	148,000
31	(11) NRCS EQIP/Stream Restoration	2,320,000
32	(12) State-Local Projects (WRD Grant Pgm.)	1,500,000
33	(13) Bogue Banks CSRM	—
34	(14) Neuse River-Goldsboro Sec. 1135, CAP, Project Mods.(50/50)	333,000
35	(15) Concord Streams, Sec. 206, CAP, Ecosystem Restoration,	
36	Stricker Branch, Constr. (65/35)	619,000
37	(16) Manteo Old House Channel, Sec. 204, CAP, Design Comp. (65/35)	73,000
38	(17) Lumberton 205, CAP, Flood Damage Reduction (50/50)	125,000
39	(18) B. Everette Jordan Reservoir Water Supply	119,000
40	(19) Swannanoa Flood Mitigation Project	637,000
41	(20) North Topsail Beach Shoreline Protection – Phase 2	500,000
42	TOTALS	\$16,024,000

SECTION 39.4.(b) It is the intent of the General Assembly that funds carried forward from previous fiscal years be used to supplement the eleven million seven thousand dollars (\$11,007,000) allocated for water resources development projects in this section. Therefore, the following funds carried forward from previous fiscal years shall be used for the following projects:

Name of Project	Amount Carried Forward
------------------------	-------------------------------

1	(1)	Princeville Flood Damage Reduction (Pre-Constr./Design)	\$1,400,000
2	(2)	Morehead City Maintenance	1,500,000
3	(3)	Kure Beach CSRM	315,000
4	(4)	Wrightsville Beach CSRM	2,206,000
5	(5)	Carolina Beach CSRM	686,000
6	(6)	Ocean Isle CSRM	1,040,000
7	(7)	Planning Assistance to Communities	38,000
8	(8)	Surf City/North Topsail CSRM (Pre-Constr./Design)	255,000
9	(9)	West Onslow CSRM (Pre-Constr./Design)	220,000
10	(10)	Neuse River-Goldsboro Sec. 1135, CAP, Project Mods.(50/50)	333,000
11	(11)	Concord Streams, Sec. 206, CAP, Ecosystem Restoration,	
12		Stricker Branch, Constr. (65/35)	1,023,000
13	(12)	Manteo Old House Channel, Sec. 204, CAP, Design Comp. (65/35)	2,219,000
14	(13)	Lumberton 205, CAP, Flood Damage Reduction (50/50)	125,000
15	(14)	B. Everette Jordan Reservoir Water Supply	119,000
16	(15)	North Topsail Beach Shoreline Protection – Phase 2	1,500,000
17			
18	TOTALS		\$12,979,000

SECTION 39.4.(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 2019-2020 fiscal year or if the projects funded under subsection (a) of this section are accomplished at a lower cost, the Department may use the resulting fund availability to fund any of the following:

- (1) U.S. Army Corps of Engineers project feasibility studies.
- (2) U.S. Army Corps of Engineers projects whose schedules have advanced and require State matching funds in the 2019-2020 fiscal year.
- (3) State-local water resources development projects.

Funds subject to this subsection that are not expended or encumbered for the purposes set forth in subdivisions (1) through (3) of this subsection shall revert to the State Capital and Infrastructure Fund at the end of the 2019-2020 fiscal year.

SECTION 39.4.(d) The Department shall submit semiannual reports on the use of these funds to the Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources, the Fiscal Research Division, and the Office of State Budget and Management on or before March 1 and September 1. Each report shall include all of the following:

- (1) All projects listed in this section.
- (2) The estimated cost of each project.
- (3) The date that work on each project began or is expected to begin.
- (4) The date that work on each project was completed or is expected to be completed.
- (5) The actual cost of the project.

The semiannual reports also shall show those projects advanced in schedule, those projects delayed in schedule, and an estimate of the amount of funds expected to revert to the State Capital and Infrastructure Fund.

SECTION 39.4.(e) Notwithstanding any provision of law to the contrary, funds appropriated for a water resources development project shall be used to provide no more than fifty percent (50%) of the nonfederal portion of funds for the project. This subsection applies to funds appropriated in this act and to funds appropriated prior to the 2019-2021 fiscal biennium that are unencumbered and proposed for reallocation to provide the nonfederal portion of funds

1 for water resources development projects. The limitation on fund usage contained in this
 2 subsection applies only to projects in which a local government or local governments participate.
 3

4 **NON-GENERAL FUND CAPITAL IMPROVEMENT AUTHORIZATIONS**

5 **SECTION 39.5.(a)** The General Assembly authorizes the following capital projects
 6 to be funded with receipts or from other non-General Fund and non-State Capital and
 7 Infrastructure Fund sources available to the appropriate department:

8	Amount of Non-General Fund	
9 Name of Project	Funding Authorized	
10	FY 2019-2020	FY 2020-2021
11		
12 Department of Natural and Cultural Resources		
13 NC Zoo–Gift Shop Material Warehouse	\$300,000	–
14 Department of Agriculture and Consumer Services		
15 State Farmers Market Restaurant	1,250,000	–
16 Piedmont Triad Farmers Market Restaurant	200,000	–
17 State Fairgrounds Improvements	1,000,000	–
18 State Research Stations–Irrigation Improvements	200,000	–
19 State Research Stations–Pesticide Storage & Mixing	200,000	–
20 State Research Stations–Poultry Facilities Improvements	1,500,000	–
21 State Research Stations–Animal Feed & Grain Storage	250,000	–
22 Department of Military and Veteran Affairs		
23 Fayetteville Veterans Home Sprinklers	3,553,000	–
24 Wake County Veterans Home	5,208,500	–
25 Forsyth County Veterans Home	5,208,500	–
26 Department of Public Safety		
27 Stonewall Jackson YDC Classroom & Kennel	677,000	–
28 Department of Transportation		
29 Polk County Maintenance Shop	2,484,117	–
30 Ocracoke Ferry Quarters	1,190,000	–
31 Currituck Maintenance & Equipment Facilities	1,491,914	–
32 Northampton County/Jackson Sub.– Shop	–	\$5,239,960
33 Repairs & Renovations	6,550,000	6,725,000
34 Wildlife Resources Commission		
35 Land Acquisition	8,000,000	8,000,000
36 McKinney Lake Residence	275,000	–
37 McCoy Road	325,000	–
38 New Bern Depot Boat Storage	250,000	–
39 Sandhills Depot Pole Shed	175,000	–
40 District 7 Storage Building–Wilkesboro	125,000	–
41 Sykes Depot Greenhouse	–	150,000
42 New Shooting Ranges	–	1,000,000
43 Marion Aquaculture Building	330,000	–
44 McKinney Hatchery Building	–	650,000
45 Caswell Depot Storage Building	–	400,000
46 Rhems Depot Storage Building	–	200,000
47 Troy Depot Replacement	–	750,000
48 Boating Access Repair & Renovation	900,000	900,000
49		
50 TOTAL AMOUNT OF NON-GENERAL		
51 FUND CAPITAL PROJECTS		

AUTHORIZED**\$41,643,031****\$24,014,960**

SECTION 39.5.(b) From funds deposited with the State Treasurer in a capital improvement account to the credit of the Department of Agriculture and Consumer Services pursuant to G.S. 146-30, the sum of seventy-five thousand dollars (\$75,000) for the 2019-2020 fiscal year and the sum of seventy-five thousand dollars (\$75,000) for the 2020-2021 fiscal year shall be transferred to the Department of Agriculture and Consumer Services to be used, notwithstanding G.S. 146-30, by the Department for its plant conservation program under Article 19B of Chapter 106 of the General Statutes for costs incidental to the acquisition of land, such as land appraisals, land surveys, title searches, and environmental studies, and for the management of the plant conservation program preserves owned by the Department.

NATIONAL GUARD PROJECTS

SECTION 39.6.(a) The Office of State Budget and Management may allocate from the State Capital and Infrastructure Fund to the Department of Public Safety funds needed to provide a State match for federal funds for projects included in the latest Armory and Facilities Development Plan developed pursuant to G.S. 127A-210, or as needed for repairs of facilities damaged during Hurricane Florence, and designated by the Adjutant General of the North Carolina National Guard in an amount not exceeding four million dollars (\$4,000,000) during the 2019-2020 fiscal year.

SECTION 39.6.(b) No later than June 1, 2021, and every two years thereafter, the Department shall report on the use of these funds to the Joint Legislative Commission on Governmental Operations, the Fiscal Research Division of the General Assembly, and the Office of State Budget and Management. Each report shall include all of the following:

- (1) The status of all projects undertaken pursuant to this section.
- (2) The estimated total cost of each project.
- (3) The date that work on each project began or is expected to begin.
- (4) The date that work on each project was completed or is expected to be completed.
- (5) The actual cost of each project, including federal matching funds.
- (6) Facilities planned for closure or reversion.
- (7) A list of projects advanced in schedule, those projects delayed in schedule, and an estimate of the amount of funds expected to revert to the General Fund.

REPORTING ON CAPITAL PROJECTS

SECTION 39.7.(a) Article 8 of Chapter 143C of the General Statutes is amended by adding the following new section to read:

"§ 143C-8-14. Capital project reporting.

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

- (1) Capital project. – Any capital improvement, as that term is defined in G.S. 143C-1-1, that is not complete by the effective date of this section and that is funded in whole or in part with State funds, including receipts, non-General Fund sources, or statutorily or constitutionally authorized indebtedness of any kind.
- (2) Construction phase. – The status of a particular capital project as described using the terms customarily employed in the design and construction industries.
- (3) New capital project. – A capital project that has been authorized by an act of the General Assembly in the most recent Current Operations Appropriations Act.

(b) Reporting. – The following reports are required:

- 1 (1) By October 1 and April 1 of each year, each State agency shall report on the
2 status of agency capital projects to the Joint Legislative Oversight Committee
3 on Capital Improvements and the Fiscal Research Division.
- 4 (2) Beginning January 1, and quarterly thereafter, each State agency shall report
5 on the status of agency capital projects to the Fiscal Research Division of the
6 General Assembly and to the Office of State Budget and Management.
- 7 (c) Report Contents. – The reports required by subsection (b) of this section shall include
8 at least the following information about every agency capital project:
- 9 (1) The current construction phase of the project.
- 10 (2) The anticipated time line from the current construction phase to project
11 completion.
- 12 (3) Information about expenditures that have been made in connection with the
13 project, regardless of source of the funds expended.
- 14 (4) Information about the adequacy of funding to complete the project, including
15 estimates of how final expenditures will relate to initial estimates of
16 expenditures, and whether or not scope reductions will be necessary in order
17 to complete the project within its budget.
- 18 (5) For new capital projects only, an estimate of the operating costs for the project
19 for the first five fiscal years of its operation.
- 20 (d) Additional Requirements. – In addition to the other reports required by this section,
21 the following reports are required:
- 22 (1) On October 1 and April 1 of each year, the Office of State Construction shall
23 report on the status of the Facilities Condition Assessment Program (FCAP)
24 to the Joint Legislative Oversight Committee on Capital Improvements and
25 the Fiscal Research Division. The report shall include (i) summary
26 information about the average length of time that passes between FCAP
27 assessments for an average State building, (ii) detailed information about
28 when the last FCAP assessment was for each State building complex, and (iii)
29 detailed information about the condition and repairs and renovations needs of
30 each State building complex.
- 31 (2) On January 1, and quarterly thereafter, the State Construction Office shall
32 report to the Joint Legislative Oversight Committee on Capital Improvements
33 on the status of plan review, approval, and permitting for each State capital
34 improvement project and community college capital improvement project
35 over which the Office exercises plan review, approval, and permitting
36 authority. Each report shall include (i) summary information about the
37 workload of the Office during the previous quarter, including information
38 about the average length of time spent by the State Construction Office on
39 each major function it performs that is related to capital project approval, and
40 (ii) detailed information about the amount of time spent engaged in those
41 functions for each project that the State Construction Office worked on during
42 the previous quarter."

44 STATUTORY CHANGES–CAPITAL

45 **SECTION 39.8.(a)** G.S. 143C-8-13 is amended by adding the following new
46 subsection to read:

47 "(d) In making campus allocations of funds allocated to the Board of Governors of The
48 University of North Carolina for the purposes described in subsection (a) of this section, the
49 Board of Governors shall negatively weight the availability of non-State resources and
50 carryforward funds available for repair and renovations and shall include information about the

1 manner in which this subsection was complied with in any report submitted pursuant to this
2 section."

3 **SECTION 39.8.(b)** G.S. 143C-8-13 reads as rewritten:

4 **"§ 143C-8-13. Repairs and Renovations.**

5 (a) Use of Funds. – ~~Funds~~ Except as otherwise provided for in this section, funds for
6 repairs and renovations shall be available for expenditure only upon an act of appropriation by
7 the General Assembly. Funds appropriated for repairs and renovations shall be used only for
8 State facilities and related infrastructure that are supported from the General Fund or the State
9 Capital and Infrastructure Fund and for Department of Information Technology facilities and
10 related infrastructure. Funds appropriated for repairs and renovations projects shall not be used
11 for new construction or the expansion of the building area (sq. ft.) of an existing facility unless
12 required in order to comply with federal or State codes or standards. Allowable projects include
13 any of the following:

- 14 (1) Roof repairs and replacements.
- 15 (2) Structural repairs.
- 16 (3) Repairs and renovations to meet federal and State standards.
- 17 (4) Repairs to or installation of new electrical, plumbing, and heating, ventilating,
18 and air-conditioning systems.
- 19 (5) Improvements to meet the requirements of the Americans with Disabilities
20 Act, 42 U.S.C. § 12101, et seq., as amended.
- 21 (6) Improvements to meet fire safety needs.
- 22 (7) Improvements to existing facilities for energy efficiency.
- 23 (8) Improvements to remove asbestos, lead paint, and other contaminants,
24 including the removal and replacement of underground storage tanks.
- 25 (9) Improvements and renovations to improve use of existing space.
- 26 (10) Historical restoration.
- 27 (11) Improvements to roads, walks, drives, and utilities infrastructure.
- 28 (12) Drainage and landscape improvements.
- 29 (13) Building demolition.

30 (b) Allocation and Reallocation of Funds for Particular Projects. – Any funds that are
31 allocated to the Board of Governors of The University of North Carolina or to the Office of State
32 Budget and Management may be allocated or reallocated by those agencies for repairs and
33 renovations projects so long as all of the following conditions are satisfied:

- 34 (1) Any project that receives an allocation or reallocation satisfies the
35 requirements of subsection (a) of this section.
- 36 (2) If the allocation or reallocation of funds from one project to another under this
37 section is two million five hundred thousand dollars (\$2,500,000) or more for
38 a particular project, the Office of State Budget and Management or the Board
39 of Governors, as appropriate, consults with the Joint Legislative Commission
40 on Governmental Operations prior to the expenditure or reallocation.
- 41 (3) If the allocation or reallocation of funds from one project to another under this
42 section is less than two million five hundred thousand dollars (\$2,500,000) for
43 a particular project, the allocation or reallocation of funds is reported to the
44 Joint Legislative Commission on Governmental Operations within 60 days of
45 the expenditure or reallocation.

46 (c) Notwithstanding any provision of G.S. 143C-8-7 to the contrary, the chancellor of a
47 constituent institution of The University of North Carolina may pay for projects for repairs and
48 renovations with funds available to the constituent institution according to the following:

- 49 (1) The project meets all of the following requirements:
 - 50 a. The total project costs do not exceed one million dollars (\$1,000,000).

1 b. The project is one of the types set forth in subdivisions (1) through
2 (13) of subsection (a) of this section, regardless of whether the relevant
3 facilities and related infrastructure are supported from the General
4 Fund or the State Capital and Infrastructure Fund.

5 (2) The constituent institution reports on projects undertaken pursuant to this
6 subsection to the Board of Governors of The University of North Carolina and
7 the Fiscal Research Division on a quarterly basis. The report shall include all
8 of the following information for each project:

9 a. The facility at which the project is being undertaken.

10 b. The nature and scope of the project.

11 c. The source of funds for the project.

12 d. The category of projects set forth in subsection (a) of this section that
13 the project falls within.

14 (3) Any funds from a General Fund appropriation that are contractually obligated
15 for a project pursuant to this subsection shall not revert at the end of the fiscal
16 year but shall remain available to fund the completion of the project."

17 **SECTION 39.8.(c)** G.S. 143C-8-7 reads as rewritten:

18 "**§ 143C-8-7. When a State agency may begin a capital improvement project.**

19 (a) No State agency may expend funds for the construction or renovation of any capital
20 improvement project except as needed to comply with this Article or otherwise authorized by the
21 General Assembly. Funds that become available by gifts, excess patient receipts above those
22 budgeted at the University of North Carolina Hospitals at Chapel Hill, federal or private grants,
23 receipts becoming a part of special funds by act of the General Assembly, or any other funds
24 available to a State agency or institution may be utilized for advanced planning through the
25 working drawing phase of capital improvement projects, upon approval of the Director of the
26 Budget.

27 (b) Notwithstanding any other provision of law to the contrary, the Department of
28 Agriculture and Consumer Services is authorized to utilize the types of funds described in
29 subsection (a) of this section to build equipment structures that meet the description contained in
30 G.S. 143-138(b4)(1)c. on an as-needed basis, provided that the total project cost does not exceed
31 one hundred twenty-five thousand dollars (\$125,000)."

32 **SECTION 39.8.(d)** G.S. 143C-8-12(a) reads as rewritten:

33 "(a) University Projects. – Notwithstanding any other provision of this Chapter, the Board
34 of Governors of The University of North Carolina may approve any of the following:

35 (1) Expenditures to plan a capital improvement project of The University of North
36 Carolina, the planning for which is to be funded entirely with non-General
37 Fund money.

38 (2) Expenditures for a capital improvement project of The University of North
39 Carolina that is to be funded and operated entirely with non-General Fund
40 money.

41 (3) A change in the scope of any previously approved capital improvement project
42 of The University of North Carolina provided that both the project and change
43 in scope are funded entirely with non-General Fund money.

44 Nothing in this subsection shall be construed to prohibit expenditures for planning for a
45 project that has been authorized by an act of the General Assembly and funded with an allocation
46 from the State Capital and Infrastructure Fund."

47 **SECTION 39.8.(e)** G.S. 143C-3-3(b) reads as rewritten:

48 "(b) University of North Carolina System Request. – Notwithstanding the requirement in
49 G.S. 116-11 that the Board of Governors prepare a unified budget request for all of the constituent
50 institutions of The University of North Carolina, budget requests of the University shall be
51 subject to all of the following:

(1) Repairs and renovations requests, capital fund requests, and information technology requests shall comply with subsections (c), (d), and (e) of this section.

(2) The University of North Carolina shall not make a capital funds request proposing to construct a new facility, expand the building area (square feet) of an existing facility, or rehabilitate an existing facility to accommodate new or expanded uses unless the University has completed advanced planning through schematic design of the project with funds other than General Fund appropriations. For purposes of this subdivision, "funds other than General Fund appropriations" includes funds carried forward from one fiscal year to another pursuant to G.S. 116-30.3 and G.S. 116-30.3B.

Nothing in this subsection shall be construed to prohibit expenditures for planning for a project that has been authorized by an act of the General Assembly and funded with an allocation from the State Capital and Infrastructure Fund.

SECTION 39.8.(f) G.S. 143C-4-3.1 reads as rewritten:

"§ 143C-4-3.1. State Capital and Infrastructure Fund.

...

(e) Use of Funds. – Monies in the Fund shall first be used to meet the debt service obligations of the State. In addition to meeting the State's debt service obligations, monies in the Fund may be used for the following purposes:

(1) New State and The University of North Carolina capital projects governed pursuant to Article 8 of Chapter 143C of the General Statutes.

(2) Repair and renovation of existing capital assets, as provided in G.S. 143C-8-13.

(3) Broadband infrastructure projects funded through appropriations to the Growing Rural Economies with Access to Technology Fund established in G.S. 143B-1373(b).

(f) Funds Available Only Upon Appropriation. – Funds reserved to the Fund shall be available for expenditure only upon an act of appropriation by the General Assembly.

(g) Unexpended Funds. – Funds appropriated for a project that are unspent and unencumbered upon completion of the project shall revert to the Fund."

SECTION 39.8.(g) The recurring appropriation to the Growing Rural Economies with Access to Technology Fund from the State Capital and Infrastructure Fund shall expire on June 30, 2029.

NC BOND STATE CAPITAL ALLOCATIONS

SECTION 39.9. If House Bill 241, 2019 Regular Session, becomes law, then Section 1(e) of that act reads as rewritten:

"SECTION 1.(e) Use of Education Bond and Note Proceeds. –

...

(1a) Subject to the provisions of subdivision (2) of this subsection, two hundred million dollars (\$200,000,000) of the proceeds of education bonds and notes, including premium thereon, if any, shall be used for paying the costs of capital outlay projects for constituent institutions and repairs and renovations in the following general amounts set forth below:

The University of North Carolina

Various Statewide	New Construction, Repairs, Renovations	\$200,000,000
<u>Elizabeth City State University—New Library Building</u>		<u>\$32,000,000</u>

1	<u>University of North Carolina School of the Arts—Stevens Center Renovation</u>	<u>\$42,200,000</u>
2	<u>Appalachian State University—Wey Hall Renovation</u>	<u>\$25,400,000</u>
3	<u>Fayetteville State University—Rosenthal/Chick Building Renovation</u>	<u>\$13,700,000</u>
4	<u>University of North Carolina at Pembroke—</u>	
5	<u>Givens Performing Arts Center Renovation</u>	<u>\$31,200,000</u>
6	<u>Winston-Salem State University—Hauser Bldg. Renovation/Addition</u>	<u>\$15,100,000</u>
7	<u>Western Carolina University—Moore Building, Phase II Renovation</u>	<u>\$11,900,000</u>
8	<u>North Carolina School of Science and Math—Various Repairs and Renovations</u>	<u>\$10,000,000</u>
9	<u>North Carolina Agricultural and Technical State University—</u>	
10	<u>Carver Hall Renovations</u>	<u>\$18,500,000</u>
11		
12	Total for The University of North Carolina	\$200,000,000

13
14 ...
15 (2) Special allocation provisions. – In determining the use of the proceeds of
16 education bonds and notes, including premium thereon, if any, set forth in this
17 section, the following special allocation provisions apply:

18 ...
19 b. The capital outlay projects for a constituent institution to be financed
20 with the proceeds of the bonds issued under this act shall be
21 determined by the Board of Governors of The University of North
22 Carolina based upon the criteria set forth in this act, and upon
23 application by the constituent institution in which the capital outlay
24 projects for a constituent institution is to be located or that will
25 otherwise be served by the capital outlay projects for a constituent
26 institution. With respect to proceeds allocated in subdivision (1a) of
27 this subsection:

28 ...
29 3. The General Assembly may at this session or at any subsequent
30 session increase or decrease the allocations of the proceeds for
31 the bonds and notes, including premium thereon, if any, for
32 projects set forth in subdivision (1a) of this subsection or
33 reallocate any amounts among projects not listed in
34 subdivision (1a) of this subsection but listed in the six-year
35 capital improvement plan developed pursuant to
36 G.S. 143C-8-5, so long as the aggregate amount of the
37 allocations does not exceed two hundred million dollars
38 (\$200,000,000).

39"

40
41 **GROWING G.R.E.A.T. PROGRAM**

42 **SECTION 39.10.(a)** G.S. 143B-1373 reads as rewritten:

43 **"§ 143B-1373. Growing Rural Economies with Access to Technology (GREAT) program.**

44 (a) As used in this section, the following definitions apply:

45 ...
46 (6) Eligible project. – An eligible project is a discrete and specific project located
47 in an unserved area of an economically distressed county seeking to provide
48 broadband service to homes, businesses, and community anchor points not
49 currently served. Eligible projects do not include middle mile, backhaul, and
50 other similar projects not directed at broadband service to end users. If a
51 project area is contiguously located within more than one county, for the

1 purposes of this section, the project shall be deemed to be located in the county
2 where the greatest number of unserved households will be served.

3 ...

4 (c) Project areas comprised of census blocks, or portions thereof, within which a
5 broadband provider is receiving State or federal matching funds to deploy technologically neutral
6 scalable broadband service within the next 18 months are ineligible for the GREAT program. It
7 is essential for the Office to know the location of census blocks, or portions thereof, comprising
8 these areas so it can determine project eligibility. A private provider receiving State or federal
9 matching funds to deploy broadband service within such an area shall, within 60 days of the
10 effective date of this section, submit only a listing of the census blocks, or portions thereof,
11 comprising each of its federally funded project areas meeting this requirement and nothing more
12 to the Office. In future program years, the cutoff date for submitting this census block data shall
13 be May 15. This will enable the office to update maps and advise applicants as to the unserved
14 areas of the State that are eligible for consideration in that program year. The Office shall only
15 utilize this data to update maps of census blocks to reflect these census blocks, or portions thereof,
16 as being served. Failure on the part of a provider to submit the listing of census blocks by the
17 cutoff date shall result in those areas being eligible for inclusion under this program during the
18 upcoming program year. The Office shall use the census block data provided only for mapping
19 of unserved areas. Upon expiration of the 18-month period described in this subsection, a private
20 provider receiving State or federal matching funds to deploy broadband service shall submit
21 written documentation that broadband deployment has begun or been completed in the census
22 blocks, or portions thereof, that have been deemed ineligible by the Office due to the existence
23 of a federally funded project area. Information provided to the Office pursuant to this subsection
24 is not a public record, as that term is defined in G.S. 132-1.

25 (d) Applications for grants will be submitted at times designated by the Secretary and
26 will include, at a minimum, the following information:

27 ...

28 (5) An illustration or description of the actual area to be served and the number
29 of homes, businesses, community anchor points, agricultural operations, or
30 agricultural processing facilities that will have access to broadband as a result
31 of the ~~project~~-project, including any publicly available addresses for the
32 foregoing.

33 ...

34 (d1) A provider submitting an application pursuant to this section shall bear the burden of
35 proof that the proposed area to be served can, in fact, be served using the proposed technology.
36 The burden of proof may be satisfied by the submission of data, maps, and any other information
37 satisfactory to the Office, demonstrating that the area and number of households proposed to be
38 served can be provided the minimum upload and download speeds indicated in the application.

39 (e) Applications shall be made publicly available by posting on the Web site of the
40 Department of Information Technology for a period of at least 30 days prior to award. During
41 the 30-day period, any interested party may submit comments to the Secretary concerning any
42 pending application. A provider of broadband services may submit a protest of any application
43 on the grounds the proposed project covers an area that is not an eligible area under this section.
44 Protests shall be submitted in writing, accompanied by all relevant supporting documentation,
45 and shall be considered by the Office in connection with the review of the application. Upon
46 submission of evidence satisfactory to the Office that the proposed project area includes
47 households that have a minimum download and upload speed of 10:1, as measured using a
48 methodology satisfactory to the Office, the Office may amend an application to reduce the
49 number of unserved households in the project area to reflect an accurate level of current
50 broadband service. The Office may amend application scores in accordance with amended
51 applications. For applications with filed protests, the Secretary shall issue a written decision to

1 the protesting party at least 15 days prior to the approval of that application. Following a protest
2 that is granted for a portion of the application, the Office may release to an applicant the locations
3 or areas declared ineligible. The information released to the applicant is not a public record, as
4 that term is defined under G.S. 132-1, and shall remain confidential. Any provider submitting a
5 protest shall verify that the information in the protest is accurate and that the protest is submitted
6 in good faith. The Office may disqualify any protest or application that contains inaccurate
7 information or information not submitted in good faith. The Office shall develop procedures that
8 address the consideration of protests.

9 In the resolution of a protest the Office may obtain speed tests, satisfactory to the Office,
10 from the home or business located at the very end of the segments or runs of the proposed service
11 extension. If the result of the test indicates that the tested home or business at the end of a given
12 segment or run is currently receiving a minimum download and upload speed of 10:1, then that
13 home or business, and all of the other homes or businesses along that segment or run of the
14 proposed service extension, shall be deemed ineligible and removed from consideration and the
15 application shall be adjusted accordingly. If the result of the speed test indicates that the home or
16 business is receiving less than a minimum download and upload speed of 10:1, then that home
17 or business, and all other homes or businesses situated along that segment or run of the proposed
18 service extension, shall remain eligible.

19 (f) The Office may consult with the Department of Commerce to determine if a
20 broadband project proposed under this section will benefit a potential economic development
21 project relevant to the proposed area outlined in the broadband project.

22 (g) Applications shall be scored based upon a system that awards a single point for criteria
23 considered to be the minimum level for the provision of broadband service with additional points
24 awarded to criteria that exceed minimum levels. The Office shall score project applications in
25 accordance with the following:

26 ...
27 (3) ~~Households~~ Unservd households to be served. – The Office shall give
28 additional points to projects that will provide broadband service ~~to~~ based upon
29 the percentage of the total unserved households within the eligible
30 economically distressed county, as county that the project will serve. The
31 number of unserved households shall be determined by using the most recent
32 data published by the Federal Communications Commission or any other
33 information available to the Office. Points shall be given to projects that will
34 serve a percentage of unserved households within the project area as follows:

35 **Households To Be Served** **Points Given**
36 ~~Under 150~~ Less than 20% 1
37 ~~150-249~~ 20% to 30% 2
38 ~~250-300~~ and up 3

39 ...
40 (6) Base speed multiplier. – Projects that will provide minimum download and
41 minimum upload speeds shall have the aggregate points given under
42 subdivisions (1) through (5) of this subsection multiplied by a factor at the
43 level indicated in the table below:

44 **Minimum Download:**
45 **Minimum Upload** **Score Multiplier**
46 10:1 Mbps. ~~0.95~~ 0.85
47 25:3 Mbps. ~~or greater~~ > 100:10 Mbps. 1.35
48 100:10 Mbps. or greater 1.75

49 (h) The Office shall score applications based upon the metrics provided in subsection (g)
50 of this section. In awarding grants based upon the scoring metrics, the Office shall also award ~~an~~
51 additional ~~point~~ points to proposed projects according to the following:

- 1 (1) One point, where a county has a Community Broadband Planning Playbook
2 that meets the guidelines established by the Office.
- 3 (2) Two points, where a proposed project will provide symmetrical minimum
4 download and minimum upload speeds that exceed 25:25 Mbps.
- 5 (3) One point, where a proposed project will include digital literacy training.
- 6 (4) One point, where a proposed project will include low-cost service for qualified
7 low-income households.
- 8 (5) One point, where a proposed project will include acceptance of Lifeline
9 support, as offered by the Federal Communications Commission.

10 (i) Applications receiving the highest score shall receive priority status for the awarding
11 of grants pursuant this section. As a means of breaking a tie for applications receiving the same
12 score, the Office may first consider highest total households being served and then lowest project
13 cost per household for the proposed projects. Applicants awarded grants pursuant to this section
14 shall enter into an agreement with the Office. The agreement shall contain all of the elements
15 outlined in subsection (d) of this section and any other provisions the Office may require. The
16 agreement shall contain a provision governing the time line and minimum requirements and
17 thresholds for disbursement of grant funds measured by the progress of the project. Grant funds
18 shall be disbursed only upon verification by the Office that the terms of the agreement have been
19 fulfilled according to the progress milestones contained in the agreement. At project completion,
20 the grant recipient shall certify and provide to the Office evidence consistent with Federal
21 Communications Commission attestation that the proposed minimum upstream and minimum
22 downstream broadband speeds identified in the application guidelines, and for which a base speed
23 multiplier was awarded pursuant to subdivision (6) of subsection (g) of this section, are available
24 throughout the project area prior to any end user connections. ~~A single grant award~~ Grant awards
25 for either a single project or the cumulative total of projects in a given county shall not exceed
26 two million dollars (\$2,000,000). No more than one grant may be awarded per fiscal year for a
27 project in any one eligible economically distressed county. (\$2,000,000) in any fiscal year.

28 "

29 **SECTION 39.10.(b)** G.S. 143B-1373(a)(5) reads as rewritten:

30 "(5) Eligible economically distressed county. – A county designated as a
31 development tier one or tier two area, as defined in G.S. 143B-473.08."

32 **SECTION 39.10.(c)** G.S. 143B-1373(i), as amended by subsection (a) of this
33 section, reads as rewritten:

34 "(i) Applications receiving the highest score shall receive priority status for the awarding
35 of grants pursuant this section. As a means of breaking a tie for applications receiving the same
36 score, the Office may consider total households being served and the project cost per household
37 for the proposed projects. Applicants awarded grants pursuant to this section shall enter into an
38 agreement with the Office. The agreement shall contain all of the elements outlined in subsection
39 (d) of this section and any other provisions the Office may require. The agreement shall contain
40 a provision governing the time line and minimum requirements and thresholds for disbursement
41 of grant funds measured by the progress of the project. Grant funds shall be disbursed only upon
42 verification by the Office that the terms of the agreement have been fulfilled according to the
43 progress milestones contained in the agreement. At project completion, the grant recipient shall
44 certify and provide to the Office evidence consistent with Federal Communications Commission
45 attestation that the proposed minimum upstream and minimum downstream broadband speeds
46 identified in the application guidelines, and for which a base speed multiplier was awarded
47 pursuant to subdivision (6) of subsection (g) of this section, are available throughout the project
48 area prior to any end user connections. Grant awards for either a single project or the cumulative
49 total of projects in a given county shall not exceed two million dollars (\$2,000,000) in any fiscal
50 year. No more than one-third of the funds appropriated to the fund established in subsection (b)
51 of this section shall be disbursed for projects located in a development tier two county."

1 **SECTION 39.10.(d)** G.S. 143B-1373(i), as amended by subsections (a) and (c) of
2 this section, reads as rewritten:

3 "(i) Applications receiving the highest score shall receive priority status for the awarding
4 of grants pursuant this section. As a means of breaking a tie for applications receiving the same
5 score, the Office may consider total households being served and the project cost per household
6 for the proposed projects. Applicants awarded grants pursuant to this section shall enter into an
7 agreement with the Office. The agreement shall contain all of the elements outlined in subsection
8 (d) of this section and any other provisions the Office may require. The agreement shall contain
9 a provision governing the time line and minimum requirements and thresholds for disbursement
10 of grant funds measured by the progress of the project. Grant funds shall be disbursed only upon
11 verification by the Office that the terms of the agreement have been fulfilled according to the
12 progress milestones contained in the agreement. At project completion, the grant recipient shall
13 certify and provide to the Office evidence consistent with Federal Communications Commission
14 attestation that the proposed minimum upstream and minimum downstream broadband speeds
15 identified in the application guidelines, and for which a base speed multiplier was awarded
16 pursuant to subdivision (6) of subsection (g) of this section, are available throughout the project
17 area prior to any end user connections. Grant awards for either a single project or the cumulative
18 total of projects in a given county shall not exceed two million dollars (\$2,000,000) in any fiscal
19 year. No more than ~~one-third~~ one-half of the funds appropriated to the fund established in
20 subsection (b) of this section shall be disbursed for projects located in a development tier two
21 county. If the Office has not received enough grant applications for projects located in a
22 development tier one county to disburse one-half of the funds appropriated to the fund established
23 in subsection (b) of this section as of March 1 of each year, then the Office may allocate any
24 unencumbered funds in the fund for projects located in a development tier two county."

25 **SECTION 39.10.(e)** Subsections (b) and (c) of this section become effective July 1,
26 2020. Subsection (d) of this section becomes effective July 1, 2021.

27 **DHHS WORKSPACE EVALUATION**

28 **SECTION 39.11.(a)** Of the funds available to the Department of Health and Human
29 Services (Department), the Department, in coordination with the Department of Administration,
30 shall use up to two hundred twenty-five thousand dollars (\$225,000) to complete a workspace
31 evaluation that does the following:
32

- 33 (1) Analyzes employee functions to create a workspace design that adequately
34 and properly fits the business needs of the agency and its divisions.
- 35 (2) Diminishes any underutilized or unnecessary square footage in an effort to
36 right-size the necessary workspace for the agency and provide for the most
37 efficient use of available State funds.

38 **SECTION 39.11.(b)** The Department shall submit the results of the evaluation
39 described in this section to the Joint Legislative Oversight Committee on Capital Improvements
40 and the Fiscal Research Division on or before April 1, 2020.

41 **SECTION 39.11.(c)** The funds appropriated for the DHHS/Dix Campus Relocation
42 in this Part may not be used for other planning, conceptual design, design development, or
43 construction document preparation, including any programming of the workspace for building or
44 space design development purposes, until the workspace evaluation has been completed and
45 reported as described in this section and has been formally incorporated into space programming
46 efforts by the entity engaged by the Department to provide the design services for any new space
47 to accommodate any portion of the Department's workforce.

48 **DHHS PRIVATE DEVELOPMENT CHANGES**

49 **SECTION 39.12.(a)** The Department of Administration may issue a request for
50 proposal pursuant to G.S. 143-128.1C(b) for a development contract to design and construct the
51

1 new Department of Health and Human Services Administrative Complex while undertaking
2 planning associated with funds appropriated in this act. For the purposes of this complex only,
3 the Department may accept submissions for review that include less than fifty percent (50%)
4 financing, but not less than thirty percent (30%) financing, as defined in G.S. 143-128.1C(a)(4).

5 **SECTION 39.12.(b)** G.S. 111-42(c) of the General Statutes reads as rewritten:

6 "(c) "State property or State building" means building and land owned, leased, or
7 otherwise controlled by the State, exclusive of schools, colleges and universities, the North
8 Carolina State Fair, farmers markets and agricultural centers, the Legislative Office Building,
9 ~~and the State Legislative Building.~~ Building, and the new Health and Human Services
10 Administrative Complex."

11 12 **REALLOCATION OF SPECIAL INDEBTEDNESS FUNDS FOR THE ECU SCHOOL** 13 **OF DENTISTRY**

14 **SECTION 39.13.(a)** Section 27.8(a) of S.L. 2008-107, as amended by Section 2(a)
15 of S.L. 2009-209, reads as rewritten:

16 "**SECTION 27.8.(a)** The State, with the prior approval of the State Treasurer and the Council
17 of State, as provided in Article 9 of Chapter 142 of the General Statutes, is authorized to issue or
18 incur special indebtedness in order to provide funds to the State to be used, together with other
19 available funds, to pay the capital facility costs of the projects described in this subsection. In
20 accordance with G.S. 142-83, this subsection authorizes the issuance or incurrence of special
21 indebtedness:

- 22 (1) In the maximum aggregate principal amount of sixty-one million five hundred
23 ninety-nine thousand three hundred sixty-nine dollars (\$61,599,369) to
24 finance the capital facility costs of completing a School of Dentistry ~~building~~
25 building, life safety improvements to the Brody School of Medicine, and
26 renovation of space at the ECU Health Science Campus, Brody School of
27 Medicine, to accommodate the dental school at East Carolina University and
28 no more than 10 satellite dental clinics across the State. No more than a
29 maximum aggregate amount of twenty-one million dollars (\$21,000,000) of
30 special indebtedness may be issued or incurred under this subdivision prior to
31 July 1, 2009. No more than a maximum aggregate amount of sixty million
32 dollars (\$60,000,000) of special indebtedness may be issued or incurred under
33 this subdivision prior to July 1, 2010.

34"

35 **SECTION 39.13.(b)** Nothing in this section shall be construed to authorize any
36 entity to issue or incur additional indebtedness.

37 38 **MOUNTAIN ISLAND EDUCATIONAL FOREST VISITOR CENTER**

39 **SECTION 39.14.** The North Carolina Forest Service within the Department of
40 Agriculture and Consumer Services shall rename the Visitor and Interpretive Center at Mountain
41 Island Educational State Forest "The Laura Shidal Visitor and Interpretive Center at Mountain
42 Island Educational State Forest."

43 44 **PART XL. TRANSPORTATION**

45 46 **CASH FLOW HIGHWAY FUND AND HIGHWAY TRUST FUND APPROPRIATIONS**

47 **SECTION 40.1.(a)** Subsections (b) and (c) of Section 34.1 of S.L. 2018-5 are
48 repealed.

49 **SECTION 40.1.(b)** The General Assembly authorizes and certifies anticipated
50 revenues for the Highway Fund as follows:

51 For Fiscal Year 2021-2022 \$ 2,436 million

1 For Fiscal Year 2022-2023 \$ 2,473 million
 2 For Fiscal Year 2023-2024 \$ 2,506 million
 3 For Fiscal Year 2024-2025 \$ 2,605 million

4 **SECTION 40.1.(c)** The General Assembly authorizes and certifies anticipated
 5 revenues for the Highway Trust Fund as follows:

6 For Fiscal Year 2021-2022 \$ 1,689 million
 7 For Fiscal Year 2022-2023 \$ 1,727 million
 8 For Fiscal Year 2023-2024 \$ 1,760 million
 9 For Fiscal Year 2024-2025 \$ 1,811 million

10 **SECTION 40.1.(d)** The Department of Transportation, in collaboration with the
 11 Office of State Budget and Management, shall develop a four-year revenue forecast. The first
 12 fiscal year in the four-year revenue forecast shall be the 2025-2026 fiscal year. The four-year
 13 revenue forecast developed under this subsection shall be used (i) to develop the four-year cash
 14 flow estimates included in the biennial budgets, (ii) to develop the Strategic Transportation
 15 Improvement Program, and (iii) by the Department of the State Treasurer to compute
 16 transportation debt capacity.

17

18 **CONTINGENCY FUNDS**

19 **SECTION 40.2.(a)** Of the funds appropriated in this act to the Department of
 20 Transportation, twelve million dollars (\$12,000,000) for each fiscal year of the 2019-2021 fiscal
 21 biennium shall be allocated statewide for rural or small urban highway improvements and related
 22 transportation enhancements to public roads and public facilities, industrial access roads, railroad
 23 infrastructure, and spot safety projects, including pedestrian walkways that enhance highway
 24 safety. Projects funded pursuant to this subsection require prior approval by the Secretary of
 25 Transportation. Funds allocated under this subsection shall not revert at the end of the applicable
 26 fiscal year but shall remain available until expended. The use of funds that do not revert under
 27 this subsection is not restricted to the fiscal year in which the funds were allocated.

28

29 **CAPITAL, REPAIRS, AND RENOVATIONS**

30 **SECTION 40.3.** The funds appropriated in this act from the Highway Fund to the
 31 Department of Transportation for the 2019-2021 fiscal biennium for capital, repairs, and
 32 renovations are allocated as follows:

33

Capital – Highway Fund	2019-2020	2020-2021
Polk Maintenance Shop Replacement	\$2,484,117	\$0
Ocracoke Ferry Quarters	\$1,190,000	\$0
Currituck Maintenance & Storage	\$1,491,914	\$0
Northampton County Jackson Sub-shop	\$0	\$5,239,960
Repairs and Renovations – Highway Fund		
Statewide Roof Repairs/Replacement	\$1,500,000	\$1,500,000
Statewide Demolition of Obsolete Buildings	\$500,000	\$500,000
Statewide Water and Sewer	\$750,000	\$750,000
Statewide Asbestos Abatement	\$500,000	\$500,000
Statewide ADA Compliance	\$750,000	\$750,000
Statewide Small Office Repair and Renovation	\$1,750,000	\$2,075,000
Statewide Security Upfits	\$400,000	\$500,000
Replace 20 Rooftop HVAC Units at Century Center	\$150,000	\$150,000
Art Museum Basement Concrete Repair	\$250,000	\$0
TOTAL CAPITAL, REPAIRS, AND RENOVATIONS – HIGHWAY FUND	\$11,716,031	\$11,964,960

51

1
2 **ADDITIONAL POWELL BILL FUNDS TO BE USED PRIMARILY FOR**
3 **RESURFACING OF STREETS**

4 **SECTION 40.4.** Of the funds appropriated from the Highway Fund in this act to the
5 Department of Transportation for State Aid to Municipalities the sum of fourteen million seven
6 hundred fifty thousand dollars (\$14,750,000) in recurring funds for fiscal year 2019-2020 and
7 the sum of twenty-nine million five hundred thousand dollars (\$29,500,000) in recurring funds
8 for fiscal year 2020-2021 shall be used by municipalities as follows: (i) at least eighty percent
9 (80%) shall be used on the resurfacing of streets within the corporate limits of the municipality
10 and (ii) the remaining funds may be used as authorized under G.S. 136-41.3(a).

11
12 **AIRPORT IMPROVEMENT PROGRAM**

13 **SECTION 40.5.(a)** Article 7 of Chapter 63 of the General Statutes is amended by
14 adding a new section to read:

15 **"§ 63-74. Airport Improvement Program.**

16 (a) Purpose. – There is established an Airport Improvement Program (AIP) that shall
17 serve to (i) fund improvements at eligible airports and (ii) pay debt service or related financing
18 costs and expenses on revenue bonds or notes issued by eligible airports. The Department of
19 Transportation shall allocate funds appropriated to this program to eligible airports based on the
20 findings in the biennial economic impact study, as described in this section. The Department
21 shall adopt rules governing the distribution and use of these funds.

22 (b) Eligible Airport. – Any publicly owned, commercial service airport with more than
23 10,000 passenger boardings during the two calendar years preceding the fiscal year in which
24 funds are allocated is eligible to apply for Airport Improvement Program funds.

25 (c) Economic Impact Study and Distribution Formula. – The Department of
26 Transportation shall conduct a biennial economic impact study that examines the annual
27 economic impact of each commercial service airport in North Carolina. The Department shall
28 disburse AIP funds appropriated in a year to each eligible airport in proportion to the total
29 economic impact of the airport, adjusted as provided in this subsection.

30 (1) For an eligible airport with one of the three largest economic impacts, the
31 airport's distribution amount shall be reduced by a percentage equal to the
32 lesser of twenty percent (20%) or five percent (5%) multiplied by each full ten
33 percent (10%) of economic impact calculated for that airport. The aggregate
34 amount of the reduction to the eligible airports with the three largest economic
35 impacts is the amount to be redistributed to the remaining eligible airports as
36 provided in subdivision (2) of this subsection.

37 (2) For an eligible airport that does not have one of the three largest economic
38 impacts, the airport's distribution amount shall be increased based upon the
39 following formula:

40 a. Twenty-five percent (25%) of the redistribution amount shall be
41 distributed equally.

42 b. Seventy-five percent (75%) of the redistribution amount shall be based
43 upon the airport's share of passenger boardings compared to the total
44 number of passenger boardings used for all airports receiving a
45 distribution pursuant to this subdivision.

46 (d) Permissible Uses, Reporting, and Return of Funds. – The Department of
47 Transportation shall not allocate funds to an airport under this section until that airport has
48 provided a report outlining how the airport will use the funds in conformance with the purposes
49 of the program. No later than 45 days from the date the Department receives the report required
50 under this subsection, the Department shall make a determination whether the intended use of
51 the funds matches the purposes of the program and, if so, allocate funds under this section to the

1 compliant airport. An airport that receives funds under this section shall return the funds to the
2 Department if the funds are in the possession or control of the airport and not expended or
3 encumbered by August 31 of the year following the fiscal year in which the Department makes
4 the allocation. All funds returned to the Department under this section, or retained by the
5 Department for failure of an eligible airport to submit a report under this subsection, shall be
6 credited to the fund from which they were appropriated and shall remain unexpended and
7 unencumbered until appropriated by the General Assembly.

8 (e) Limitation. – Notwithstanding any provision of law to the contrary, the allocation of
9 funds under this section to eligible airports, the enactment of this section, and the issuance of
10 bonds or notes by the airports in reliance thereon, shall not in any manner constitute a pledge of
11 the full faith and credit and taxing power of the State. Additionally, allocations under this section
12 are subject to the availability of funds appropriated to the Airport Improvement Program. A
13 security interest shall not be granted in funds allocated under this section."

14 **SECTION 40.5.(b)** Section 34.19(b) of S.L. 2017-57 is repealed.

15 **COMMISSION ON AEROSPACE AND INTELLIGENT TRANSPORTATION**

16 **SECTION 40.6.(a)** Findings. – The General Assembly finds that opportunities exist
17 for North Carolina to build on its rich aviation history, strong university research history,
18 established aviation marketplace, as well as its unique geography for testing. North Carolina also
19 boasts a demographic cross section for market testing that is unique and well-suited to examine
20 urban and rural mobility needs. The State also has a strong military and National Guard presence,
21 which could prove productive in expediting unmanned flight. The General Assembly recognizes
22 that there are many unknown factors in this new aerospace and intelligent transportation sector.

23 **SECTION 40.6.(b)** Commission Established. – There is established the Commission
24 on Aerospace and Intelligent Transportation (Commission) to be located administratively in the
25 Department of Transportation, Division of Aviation. However, the Commission shall exercise all
26 its prescribed powers and duties independently of the Department of Transportation.

27 **SECTION 40.6.(c)** Commission Membership. – The Commission shall consist of
28 the following members:

- 29 (1) The Lieutenant Governor or the Lieutenant Governor's designee.
- 30 (2) Two members of the House of Representatives appointed by the Speaker of
31 the House of Representatives.
- 32 (3) Two members of the Senate appointed by the President Pro Tempore of the
33 Senate.
- 34 (4) The Secretary of the Department of Commerce or the Secretary's designee.
- 35 (5) The Secretary of the Department of Transportation or the Secretary's designee.
- 36 (6) The Secretary of the Department of Military and Veterans Affairs or the
37 Secretary's designee.
- 38 (7) The Chancellor of Elizabeth City State University or the Chancellor's
39 designee.

40 **SECTION 40.6.(d)** Commission Organization. – The Commission shall be
41 organized as follows:

- 42 (1) Chair. – The Lieutenant Governor or the Lieutenant Governor's designee shall
43 serve as Chair of the Commission.
- 44 (2) Staff and consultants. – The Chair of the Commission may, with the approval
45 of the Commission, hire staff and consultants to assist the Commission in
46 performing the Commission's purpose and duties.
- 47 (3) Travel and subsistence. – Members, staff, and consultants of the Commission
48 shall receive travel and subsistence expenses in accordance with the
49 provisions of G.S. 138-5 and G.S. 138-6 from funds made available to the
50 Commission.
51

- 1 (4) Meeting space. – With the approval of the Legislative Services Commission,
2 space in the Legislative Building and the Legislative Office Building may be
3 made available to the Commission.
- 4 (5) Frequency of meetings and quorum. – The Commission shall meet upon the
5 call of the Chair and shall have its first meeting no later than September 1,
6 2019. The Commission shall meet at least quarterly. A majority of the
7 members of the Commission shall constitute a quorum for the transaction of
8 business.

9 **SECTION 40.6.(e)** Duties. – The duties of the Commission shall include the
10 following:

- 11 (1) Recommend State goals and a framework for achieving the benchmarks
12 prescribed by the study authorized in subsection (f) of this section, and to
13 ensure that by 2021 the appropriate funding and economic development exist
14 in North Carolina to cultivate a culture for aerospace and intelligent
15 transportation.
- 16 (2) The Commission shall review the progress made toward the recommended
17 goals, evaluate the strategies developed and used toward attaining those goals,
18 and may make additional recommendations above and beyond those laid out
19 in the study.

20 **SECTION 40.6.(f)** Study. – The Commission shall study the following:

- 21 (1) Examine the feasibility and economic impact of creating an eVTOL (Electric
22 Vertical Takeoff and Landing) and UAS (Unmanned Aircraft Systems)
23 corridor in the State of North Carolina focused on research, development, and
24 commercialization and use the emerging technology to serve the citizens of
25 the State to improve safety, health, and overall well-being.
- 26 (2) Gather information that is available in the eVTOL and UAS fields, including
27 commercial developments and technology initiatives, to (i) estimate the
28 market potential, (ii) develop a point of view on opportunities, threats, and
29 ecosystem requirements, and (iii) create a strategic advisory group to inform
30 the strategic discussion and direction to assist the State of North Carolina in
31 its approach to compete and win in the next generation of mobility.
- 32 (3) Conduct expert interviews with sector leaders in aviation,
33 telecommunications, first responders, education, health, transportation, fuel
34 technologies, emergency management, military, agriculture, city planning,
35 state planning, and relevant venture capital entities to inform and define
36 value-creation opportunities.
- 37 (4) Explore suppliers, demand sources (first responders, education, health care,
38 other target industries, and individual citizens), regulatory issues, and current
39 and emerging competitors.
- 40 (5) Consider current trends and forward-looking insights, with a focus on impact
41 to include the following key areas: legislative or regulatory, suppliers, demand
42 and users, participants, competitors, supporting technologies (such as fuel,
43 connectivity, and vehicles), and infrastructure requirements.

44 **SECTION 40.6.(g)** Authorization to Contract Vendor to Perform Study. – The
45 Commission may contract with any qualified vendor to perform the study authorized in
46 subsection (f) of this section without complying with the provisions of Article 3, Article 3C, and
47 Article 3D of Chapter 143 of the General Statutes or any other provision of law to the contrary.

48 **SECTION 40.6.(h)** EVTOL Summit. – Based on the findings from the study
49 authorized under subsection (f) of this section, the Commission shall by July 31, 2020, organize
50 and implement an eVTOL Summit in North Carolina. The Summit will coordinate with
51 stakeholders who have verified Federal Aviation Administration (FAA) proof of concept eVTOL

1 vehicles that meet the criteria of viable vehicles for North Carolina that are recommended in the
2 study.

3 **SECTION 40.6.(i)** Report. – By October 1, 2020, the Commission shall report the
4 findings from the study required under subsection (f) of this section and the eVTOL Summit
5 authorized under subsection (h) of this section, including any legislative recommendations, to
6 the chairs of the Joint Legislative Transportation Oversight Committee and the Fiscal Research
7 Division.

8 **SECTION 40.6.(j)** Funds. – Of the funds appropriated in this act from the Highway
9 Fund to the Department of Transportation, the sum of seven hundred fifty thousand dollars
10 (\$750,000) in nonrecurring funds for fiscal year 2019-2020 may be used for the study authorized
11 in subsection (f) of this section, and the sum of five hundred thousand dollars (\$500,000) in
12 nonrecurring funds for fiscal year 2019-2020 may be used by the Commission to implement the
13 eVTOL Summit and pay for administrative costs, stipends, travel, and public relation costs
14 associated with the Commission's duties.

15 **SECTION 40.6.(k)** Reversion. – Any unexpended or unencumbered funds in
16 subsection (j) of this section shall not revert to the Highway Fund on June 30, 2020, but shall
17 remain available to the Commission for the purposes authorized in this section until November
18 1, 2020.

19 **SECTION 40.6.(l)** Expiration. – This section expires November 1, 2020.

20 21 **BUDGETING DOT LEGISLATIVE SALARY INCREASES**

22 **SECTION 40.7.(a)** The amount of funds appropriated for legislative salary increases
23 for employees of the Department of Transportation (Department) shall be budgeted on a recurring
24 basis in the correct Fund Code that corresponds to the positions in which it supports. Any transfer
25 and use of the funds for any other purpose shall be done on a nonrecurring basis.

26 **SECTION 40.7.(b)** The Department shall report to the Joint Legislative Oversight
27 Committee on Transportation the amount allocated to each division or unit no more than 30 days
28 after an allocation has occurred.

29 30 **BRIDGE NAMING**

31 **SECTION 40.8.** Notwithstanding any provision of law to the contrary, the
32 Department of Transportation shall designate the bridge described in the subdivision below as
33 follows:

- 34 (1) The bridge over Stanley Creek on Black Snake Road between Millman Road
35 and Chestnut Street Extension located in the Town of Stanley in Gaston
36 County as the "Lance Corporal Nicholas S. O'Brien, U.S.M.C. Bridge."
37

38 **CODIFY MOBILITY/MODERNIZATION FUND**

39 **SECTION 40.9.(a)** Chapter 136 of the General Statutes is amended by adding a new
40 Article to read:

41 "Article 14C.

42 "Mobility/Modernization Fund.

43 **"§ 136-189.20. Spot Mobility Program.**

44 (a) Of the funds appropriated to the Mobility/Modernization Fund in the Highway Fund,
45 forty percent (40%) of the funds shall be used for a Spot Mobility Program that shall be managed
46 by the State Traffic Engineer of the Department of Transportation. The purpose of the Spot
47 Mobility Program is to provide funding for small projects that will reduce traffic congestion and
48 vehicular delay times. The Department shall develop a quantitative, evidence-based formula to
49 use in selecting projects to receive funding from the Spot Mobility Program. At a minimum, the
50 Department shall consider all of the following in developing the formula required by this section:

- 51 (1) The travel-time savings resulting from the proposed project.

1 (2) Reductions to motor vehicle queues resulting from the proposed project.

2 (3) The service life of the proposed project.

3 (4) The benefit-cost ratio of the proposed project.

4 (b) In selecting projects to receive funding from the Spot Mobility Program, the
5 Department shall give preference to projects that will improve access from the State highway
6 system to a school. For purposes of this section, the term "school" means any facility engaged in
7 the educational instruction of children in any grade or combination of grades from kindergarten
8 through the twelfth grade at which attendance satisfies the compulsory attendance law and
9 includes charter schools as authorized under G.S. 115C-218.5.

10 **"§ 136-189.21. Economic development; small construction; industrial access.**

11 Of the funds appropriated to the Mobility/Modernization Fund in the Highway Fund, twelve
12 percent (12%) of the funds shall be used for the following purposes:

13 (1) To allocate to the Economic Development Fund to be used for prioritized
14 transportation improvements and infrastructure that expedite commercial
15 growth as well as either job creation or job retention.

16 (2) For small construction projects recommended by the Chief Engineer in
17 consultation with the Chief Operating Officer and approved by the Secretary
18 of Transportation. Funds used in accordance with this subdivision shall be
19 allocated equally among the 14 Highway Divisions for small construction
20 projects.

21 (3) To use for the development and expansion of access roads to industrial
22 facilities.

23 **"§ 136-189.22. High-impact and low-cost construction projects.**

24 Of the funds appropriated to the Mobility/Modernization Fund in the Highway Fund,
25 forty-eight percent (48%) of the funds shall be used for construction projects that are high impact
26 and low cost. The funds shall be allocated equally among the 14 Highway Divisions. Projects
27 funded under this section include intersection improvement projects, minor widening projects,
28 and operational improvement projects. The Department shall develop a quantitative,
29 evidence-based formula to use in selecting projects to receive funding under this section. At a
30 minimum, the Department shall consider all of the following in developing the formula required
31 by this section:

32 (1) The average daily traffic volume of a roadway and whether the proposed
33 project will generate additional traffic.

34 (2) Any restrictions on a roadway.

35 (3) Any safety issues with a roadway.

36 (4) The condition of the lanes, shoulders, and pavement on a roadway.

37 (5) The site distance and radius of any intersection on a roadway.

38 **"§ 136-189.23. Annual report.**

39 The Department shall submit to the Joint Legislative Transportation Oversight Committee
40 and to Fiscal Research Division an annual report beginning March 1, 2020, detailing: (i) the
41 formulas developed under this article, (ii) the types of projects funded under this article, and (iii)
42 the total amount of funding allocated to each project funded under this article."

43 **SECTION 40.9.(b)** Conforming Repeal. – Subsections (a) through (d) of Section
44 34.7 of S.L. 2017-57 are repealed.

45
46 **STI/AUTHORIZE DOT TO PROVIDE FINANCIAL SUPPORT FOR BICYCLE AND**
47 **PEDESTRIAN IMPROVEMENTS**

48 **SECTION 40.10.** G.S. 136-189.11(d)(3)c. reads as rewritten:

49 "c. Bicycle and pedestrian limitation. – The Department ~~shall not~~ is
50 authorized to provide financial support for independent bicycle and
51 pedestrian improvement projects, except for projects as a proportional

1 match to federal funds administered by the Department for that
 2 purpose. Eligibility is determined by the population listed in the most
 3 recent State Aid to Municipalities report or, if the municipality is not
 4 included in the report, by certified letter:

- 5 1. Municipalities with a population of 25,000 or less are eligible
 6 for a fifteen percent (15%) State match of total project cost.
 7 The required local match is five percent (5%).
- 8 2. Municipalities with a population of more than 25,000 but less
 9 than or equal to 50,000 shall be eligible for a ten percent (10%)
 10 State match of total project cost. The required local match is
 11 ten percent (10%).
- 12 3. Municipalities with a population of greater than 50,000 are
 13 ineligible for State matching funds.

14 This sub-subdivision shall not apply to funds allocated to a
 15 municipality pursuant to G.S. 136-41.1 that are committed by the
 16 municipality as matching funds for federal funds administered by the
 17 Department and used for bicycle and pedestrian improvement projects.
 18 This limitation shall not apply to funds authorized for projects in the
 19 State Transportation Improvement Program that are scheduled for
 20 construction as of October 1, 2013, in State fiscal year 2012-2013,
 21 2013-2014, or 2014-2015."
 22

23 **STI/REVISE LIGHT RAIL LIMITATIONS**

24 **SECTION 40.11.(a)** G.S. 136-189.10 reads as rewritten:

25 **"§ 136-189.10. Definitions.**

26 ...

- 27 (2) Division needs projects. – Includes only the following:

28 ...

- 29 e. Public transportation service not included in subdivision (3) or (4) of
 30 this section. This sub-subdivision includes commuter rail, intercity
 31 rail, and light rail. ~~Nothing in this sub-subdivision shall be construed~~
 32 ~~as authorizing total State funding in excess of the maximum~~
 33 ~~established in sub-subdivision g. of subdivision (3) of this section for~~
 34 ~~commuter rail and light rail projects.~~

35 ...

- 36 (3) Regional impact projects. – Includes only the following:

37 ...

- 38 g. Public transportation service that spans two or more counties and that
 39 serves more than one municipality. Programmed funds pursuant to this
 40 sub-subdivision shall not exceed ten percent (10%) of any distribution
 41 region allocation. This sub-subdivision includes commuter rail,
 42 intercity rail, and light rail. ~~Total State funding for a commuter rail or~~
 43 ~~light rail project shall not exceed the lesser of ten percent (10%) of the~~
 44 ~~distribution region allocation or ten percent (10%) of the estimated~~
 45 ~~total project costs used during the prioritization scoring process. The~~
 46 ~~State shall not be responsible or liable for any project costs in excess~~
 47 ~~of the maximum established under this sub-subdivision. Any~~
 48 ~~agreement entered into by the State to fund a commuter rail or light~~
 49 ~~rail project shall include language setting out the limitations set forth~~
 50 ~~in this sub-subdivision.~~

51"

1 **SECTION 40.11.(b)** G.S. 136-189.11(d1) is repealed.

2
3 **DMV/HEARINGS UNIT ALIGNMENT**

4 **SECTION 40.12.(a)** Revised Budget. – The Office of State Budget and
5 Management, in consultation with the Division of Motor Vehicles, shall adjust the Hearing Unit's
6 certified budget for the 2019-2020 fiscal year to correctly align total requirements and receipts
7 to reflect the requirement set forth in Section 34.9 of S.L. 2014-100, as amended by Section
8 29.30A of S.L. 2015-241 and Section 34.32 of S.L. 2017-57, that all functions, activities, and
9 personnel associated with administering and conducting the hearings be fully receipt-supported
10 from the fee proceeds collected by the Hearings Unit.

11 **SECTION 40.12.(b)** Report. – The Division of Motor Vehicles is required to report
12 on any organizational changes occurring on or after October 1, 2018, to the Joint Legislative
13 Transportation Oversight Committee, the House of Representatives Appropriations Committee
14 on Transportation, the Senate Appropriations Committee on the Department of Transportation,
15 and the Fiscal Research Division. This report shall be submitted by November 1, 2019, and shall
16 include the following:

- 17 (1) The role and responsibilities of each full-time equivalent (FTE) moved in or
18 out of Fund Code 1304.
19 (2) The budgeted salary and benefits of each FTE moved in or out of Fund Code
20 1304.
21 (3) Justification of movement in or out of Fund Code 1304.
22 (4) Funding source before and after move, including Fund Code.
23 (5) The certified budget for the 2019-2020 fiscal year with total requirements,
24 receipts, and FTEs.
25

26 **DMV/ONLINE PERFORMANCE DASHBOARD TO INCLUDE DMV**
27 **REGISTRATIONS OF HYBRID AND ELECTRIC VEHICLES**

28 **SECTION 40.13.(a)** Expand Performance Dashboard. – The Department of
29 Transportation shall expand its performance dashboard available on the Department's home page
30 of the Department's Web site to track the following information about the Division of Motor
31 Vehicles:

- 32 (1) The number of hybrid vehicle registrations issued per month and year-to-date.
33 (2) The number of hybrid vehicle registrations renewed per month and
34 year-to-date.
35 (3) The number of plug-in electric vehicle registrations issued per month and
36 year-to-date.
37 (4) The number of plug-in electric vehicle registrations renewed per month and
38 year-to-date.

39 **SECTION 40.13.(b)** Definitions. – For purposes of this section, (i) a hybrid vehicle
40 is one that is capable of being propelled, at least in part by electricity, but is also capable of using
41 motor fuel to propel the vehicle and (ii) a plug-in electric motor vehicle is as defined in
42 G.S. 20-4.01.

43 **SECTION 40.13.(c)** Implementation Date. – The expansion of the Department's
44 performance dashboard required under subsection (a) of this section shall be completed by
45 October 1, 2019.
46

47 **DMV/REDUCE NUMBER OF YEARS FOR A VEHICLE TO QUALIFY FOR AN**
48 **ANTIQUÉ REGISTRATION PLATE**

49 **SECTION 40.14.** G.S. 20-79.4(b)(94) reads as rewritten:

- 50 "(94) Historic Vehicle Owner. – Issuable for a motor vehicle that is at least ~~35~~ years
51 ~~old~~ 25 years old measured from the date of manufacture. The plate for an

1 historic vehicle shall bear the word "Antique" unless the vehicle is a model
2 year 1943 or older. The plate for a vehicle that is a model year 1943 or older
3 shall bear the word "Antique" or the words "Horseless Carriage", at the option
4 of the vehicle owner."
5

6 **DMV/STUDY REGISTRATION FEES FOR ALTERNATIVE FUEL MOTOR**
7 **VEHICLES**

8 **SECTION 40.16.(a)** Study Determining Amount. – The Division of Motor Vehicles
9 (Division) shall study the feasibility of determining the amount of a registration fee owed under
10 G.S. 20-87 for a motor vehicle using an alternative fuel source based off the actual usage of the
11 vehicle.

12 **SECTION 40.16.(b)** Study Payment Method. – The Division shall study the
13 feasibility of allowing the payment of a registration fee imposed under G.S. 20-87 for a motor
14 vehicle using an alternative fuel source in installments instead of a lump sum.

15 **SECTION 40.16.(c)** Report. – The Division shall report the findings of the study
16 required under subsection (a) of this section, including any legislative recommendations, to the
17 Joint Legislative Transportation Oversight Committee by January 31, 2021. The Division shall
18 report the findings of the study required under subsection (b) of this section, including any
19 legislative recommendations, to the Joint Legislative Transportation Oversight Committee by
20 January 15, 2020.
21

22 **DMV/RFP FOR NEW OFFICE SPACE FOR DMV RALEIGH STATE LICENSE PLATE**
23 **AGENCY AND REPORTS RELATED TO MOVE FROM NEW BERN AVENUE**
24 **BUILDING**

25 **SECTION 40.17.(a)** The Department of Administration (Department) is directed to
26 review the inventory of State-owned office space in the City of Raleigh for purposes of relocating
27 the Division of Motor Vehicles State License Plate Agency located on New Bern Avenue. If by
28 November 1, 2019, the Department is unable to locate suitable office space, the Department shall
29 issue a request for proposal (RFP) within 30 days seeking new office space for lease or purchase
30 for the State License Plate Agency. The geographic scope of the RFP shall be the City of Raleigh.

31 **SECTION 40.17.(b)** By January 15, 2020, the Department, in consultation with the
32 Division of Motor Vehicles (Division), shall submit a report to the Joint Legislative
33 Transportation Oversight Committee, the House of Representatives Appropriations Committee
34 on Transportation, the Senate Appropriations Committee on the Department of Transportation,
35 and the Fiscal Research Division containing the following information: (i) results of the review
36 of State-owned office space in the City of Raleigh suitable for the State License Plate Agency,
37 (ii) the RFP issued and a summary of all responses to the RFP, and (iii) the estimated cost to
38 relocate the State License Plate Agency.

39 **SECTION 40.17.(c)** At least 30 days prior to approval by the Council of State of the
40 lease or purchase of new office space for the State License Plate Agency, the Department of
41 Administration shall submit a report to the Joint Legislative Transportation Oversight
42 Committee, the House of Representatives Appropriations Committee on Transportation, the
43 Senate Appropriations Committee on the Department of Transportation, and the Fiscal Research
44 Division detailing the agreement.

45 **SECTION 40.17.(d)** By January 15, 2021, the Division shall submit a report to the
46 Joint Legislative Transportation Oversight Committee, the House of Representatives
47 Appropriations Committee on Transportation, the Senate Appropriations Committee on the
48 Department of Transportation, and the Fiscal Research Division containing the following
49 information: (i) an itemized list of expenses associated with the Division Headquarters relocation,
50 (ii) an itemized list of expenses associated with State License Plate Agency relocation, and (iii)
51 lease rates and agreements for both locations.

1 **SECTION 40.17.(e)** The Division of Motor Vehicles shall examine the anticipated
2 attrition of Division headquarters' employees and determine the cost of recruiting, replacing, and
3 training new employees. Additionally, the Division shall analyze the total cost to the employees
4 who remain with the Division and commute to Rocky Mount from the Triangle area. The
5 Division shall report on any transportation assistance and other compensation considerations for
6 those Division employees. The Division shall report on the anticipated total cost to the Division
7 to relocate to Rocky Mount, itemized by: packing and moving, furniture purchases, information
8 technology set up, security equipment purchases, and other upfitting requirements. The Division
9 shall report to the Joint Legislative Transportation Oversight Committee, the House of
10 Representatives Appropriations Committee on Transportation, the Senate Appropriations
11 Committee on the Department of Transportation, and the Fiscal Research Division by October 1,
12 2019.

13 14 **DMV/TOWN OF MARSHALL**

15 **SECTION 40.18.** The Division of Motor Vehicles is directed to reopen a Division
16 office in the Town of Marshall, with the same hours of operation and services the office had
17 provided before it closed, by September 1, 2019.

18 19 **FERRY/PASSENGER FERRY FUNDS**

20 **SECTION 40.19.** The Department of Transportation, Ferry Division, may enter into
21 a contract to lease a ferry vessel for operation between Hatteras and Ocracoke from May 24,
22 2019, to September 2, 2019, without complying with the provisions of Article 8 of Chapter 143
23 of the General Statutes, G.S. 136-28.1, or any other provision of law to the contrary.

24 25 **REPORT ON FUNDS APPROPRIATED FOR USE ON RAIL INFRASTRUCTURE**

26 **SECTION 40.21.(a)** On or before March 1, 2020, and every year thereafter until the
27 project is complete, the Department of Transportation shall submit an itemized report detailing
28 the use of the funds appropriated for the Global TransPark Connector to the Joint Legislative
29 Transportation Oversight Committee, the House of Representatives Appropriations Committee
30 on Transportation, the Senate Appropriations Committee on the Department of Transportation,
31 and the Fiscal Research Division.

32 **SECTION 40.21.(b)** On or before March 1, 2020, the Department of Transportation
33 shall submit an itemized report detailing the use of the funds appropriated for the Piedmont
34 locomotives and cars to the Joint Legislative Transportation Oversight Committee, the House of
35 Representatives Appropriations Committee on Transportation, the Senate Appropriations
36 Committee on the Department of Transportation, and the Fiscal Research Division. The report
37 shall include the overhaul policy for locomotives, a locomotives overhaul schedule with budget
38 requirements, and amount of funds expended and/or committed for overhaul activities.

39 **SECTION 40.21.(c)** On or before March 1, 2020, the Department of Transportation
40 shall submit an itemized report detailing the use of the funds appropriated for the train station
41 maintenance needs to the Joint Legislative Transportation Oversight Committee, the House of
42 Representatives Appropriations Committee on Transportation, the Senate Appropriations
43 Committee on the Department of Transportation, and the Fiscal Research Division. The report
44 shall include the eligibility requirements of stations, methodology in allocating funds to stations,
45 allowed uses of funds, and amount of funds expended and/or committed for projects.

46 47 **FUNDS FOR SELMA UNION STATION DEPOT**

48 **SECTION 40.22.** Of the funds appropriated in this act to the Department of
49 Transportation for train station maintenance, the sum of two hundred fifty-seven thousand five
50 hundred dollars (\$257,500) in nonrecurring funds shall be allocated to the Selma Union Station
51 Depot.

FUNDS TO CONDUCT A STUDY OF PORTS AND A SUPPLY CHAIN ANALYSIS FOR OFFSHORE WIND ENERGY

SECTION 40.23.(a) The NC Ports Authority shall conduct a study of State ports and other transportation infrastructure to identify existing assets, current capabilities, and needed investments to assist in providing services for cargo, transportation, and trade, and to identify potential improvements to enhance the ability of the State to facilitate and foster the growth of offshore wind supply chain industries in North Carolina. In conducting the study, the NC Ports Authority may consult with local government entities and other stakeholders with relevant expertise as the NC Ports Authority deems appropriate.

SECTION 40.23.(b) The NC Ports Authority shall conduct an economic development study to evaluate the State's business advantages, economic climate, workforce readiness, ports and transportation assets studied in subsection (a) of this section, and any other relevant State assets to create a roadmap for North Carolina to effectively compete in attracting offshore wind energy supply chain industries to the State. In conducting this economic development study and in creating a roadmap, the NC Ports Authority shall consider at least all of the following:

- (1) Identification and characterization of discrete segments within the offshore wind supply chain, including major manufacturing operations, specialty component manufacturing, component assembly, and ancillary services for future offshore wind energy projects along the east coast of the United States.
- (2) Estimated number and type of direct manufacturing jobs.
- (3) Potential ancillary economic benefits.
- (4) Potential industry investment in North Carolina and opportunities for rural economic development.
- (5) Highest impact investment opportunities to produce the largest net economic benefit.
- (6) Potential benefits to local tax bases.
- (7) Expected additional contribution to State economic output.
- (8) Any additional information the NC Ports Authority identifies as relevant to the conduct of its study.

SECTION 40.23.(c) The NC Ports Authority shall submit the reports and the roadmap described in this section, and any legislative recommendations, to the Joint Legislative Transportation Oversight Committee and the Fiscal Research Division on or before March 1, 2020.

PART XLI. FINANCE

INCREASE STANDARD DEDUCTION

SECTION 41.1.(a) G.S. 105-153.5(a)(1) reads as rewritten:

"(1) Standard deduction amount. – The standard deduction amount is zero for a person who is not eligible for a standard deduction under section 63 of the Code. For all other taxpayers, the standard deduction amount is equal to the amount listed in the table below based on the taxpayer's filing status:

Filing Status	Standard Deduction
Married, filing jointly/surviving spouse	\$20,000 <u>\$20,750</u>
Head of Household	15,000 <u>15,563</u>
Single	10,000 <u>10,375</u>
Married, filing separately	10,000 <u>10,375.</u> "

SECTION 41.1.(b) This section is effective for taxable years beginning on or after January 1, 2021.

1
2 **INCOME EXCLUSION FOR IRA DISTRIBUTIONS TO CHARITIES BY TAXPAYERS**
3 **AGE 70 1/2 OR OLDER**

4 **SECTION 41.2.(a)** G.S. 105-153.5(a)(2)a. reads as rewritten:

5 "a. Charitable Contribution. – The amount allowed as a deduction for
6 charitable contributions under section 170 of the Code for that taxable
7 year. For taxable years ~~beginning on or after 2014, 2014 through 2018,~~
8 a taxpayer who elected to take the income exclusion under section
9 408(d)(8) of the Code for a qualified charitable distribution from an
10 individual retirement plan by a person who has attained the age of 70
11 1/2 may deduct the amount that would have been allowed as a
12 charitable deduction under section 170 of the Code had the taxpayer
13 not elected to take the income exclusion."

14 **SECTION 41.2.(b)** G.S. 105-153.5(c2)(3) reads as rewritten:

15 "(3) For taxable years ~~beginning on or after 2014, 2014 through 2018,~~ the taxpayer
16 must add the amount excluded from the taxpayer's gross income for a qualified
17 charitable distribution from an individual retirement plan by a person who has
18 attained age 70 1/2 under section 408(d)(8) of the Code. The purpose of this
19 subdivision is to decouple from the income exclusion available under federal
20 tax law."

21 **SECTION 41.2.(c)** This section is effective when it becomes law.
22

23 **FRANCHISE TAX CHANGES**

24 **SECTION 41.3.(a)** G.S. 105-120.2(b) reads as rewritten:

25 "(b) Tax Rate. – Every corporation taxed under this section shall annually pay to the
26 Secretary of Revenue, at the time the return is due, the greater of the following:

27 (1) A franchise or privilege tax at the rate of ~~one dollar and fifty cents (\$1.50)~~ set
28 in G.S. 105-122(d2) per one thousand dollars (\$1,000) of the amount
29 determined under subsection (a) of this ~~section, but in section. In~~ no case shall
30 the tax be more than one hundred fifty thousand dollars (\$150,000) nor less
31 than two hundred dollars (\$200.00).

32 (2) If the tax calculated under this subdivision exceeds the tax calculated under
33 subdivision (1) of this subsection, then the tax is levied at the rate of ~~one dollar~~
34 ~~and fifty cents (\$1.50)~~ set in G.S. 105-122(d2) per one thousand dollars
35 (\$1,000) ~~on the greater of the following: the total actual investment in tangible~~
36 property in this State of such corporation as computed under G.S. 105-122(d).

37 a. ~~Fifty five percent (55%) of the appraised value as determined for ad~~
38 ~~valorem taxation of all the real and tangible personal property in this~~
39 ~~State of each such corporation plus the total appraised value of~~
40 ~~intangible property returned for taxation of intangible personal~~
41 ~~property as computed under G.S. 105-122(d).~~

42 b. ~~The total actual investment in tangible property in this State of such~~
43 ~~corporation as computed under G.S. 105-122(d)."~~

44 **SECTION 41.3.(b)** G.S. 105-122(d)(2) is repealed.

45 **SECTION 41.3.(c)** G.S. 105-122(d2) reads as rewritten:

46 "(d2) Tax Rate. – For an electric power company or a company that is a member of a
47 qualified group, the tax rate is one dollar and fifty cents (\$1.50) per one thousand dollars (\$1,000)
48 of the company's tax base as determined under subsection (d) of this section. For purposes of this
49 subsection, the term "electric power company" has the same meaning as defined in
50 G.S. 105-130.4(s3) and the term "qualified group" means an affiliated group that has one or more
51 members that is an electric power company.

1 ~~For a C Corporation,~~ For all other C Corporations, as defined in G.S. 105-130.2, ~~the~~ the tax
2 rate is ~~one dollar and fifty cents (\$1.50)~~ one dollar and thirty cents (\$1.30) per one thousand
3 dollars (\$1,000) of the corporation's tax base as determined under subsection (d) of this section.
4 For an S Corporation, as defined in G.S. 105-130.2, the tax rate is two hundred dollars (\$200.00)
5 for the first one million dollars (\$1,000,000) of the corporation's tax base as determined under
6 subsection (d) of this section and ~~one dollar and fifty cents (\$1.50)~~ one dollar and thirty cents
7 (\$1.30) per one thousand dollars (\$1,000) of its tax base that exceeds one million dollars
8 (\$1,000,000).

9 In no event may the tax imposed by this section be less than two hundred dollars (\$200.00)."

10 **SECTION 41.3.(d)** G.S. 105-122(d2), as amended by subsection (c) of this section,
11 reads as rewritten:

12 "(d2) Tax Rate. – For an electric power company or a company that is a member of a
13 qualified group, the tax rate is one dollar and fifty cents (\$1.50) per one thousand dollars (\$1,000)
14 of the company's tax base as determined under subsection (d) of this section. For purposes of this
15 subsection, the term "electric power company" has the same meaning as defined in
16 G.S. 105-130.4(s3) and the term "qualified group" means an affiliated group that has one or more
17 members that is an electric power company.

18 For all other C Corporations, as defined in G.S. 105-130.2, the tax rate is ~~one dollar and thirty~~
19 ~~cents (\$1.30)~~ one dollar (\$1.00) per one thousand dollars (\$1,000) of the corporation's tax base
20 as determined under subsection (d) of this section. For an S Corporation, as defined in
21 G.S. 105-130.2, the tax rate is two hundred dollars (\$200.00) for the first one million dollars
22 (\$1,000,000) of the corporation's tax base as determined under subsection (d) of this section and
23 ~~one dollar and thirty cents (\$1.30)~~ one dollar (\$1.00) per one thousand dollars (\$1,000) of its tax
24 base that exceeds one million dollars (\$1,000,000).

25 In no event may the tax imposed by this section be less than two hundred dollars (\$200.00)."

26 **SECTION 41.3.(e)** G.S. 105-122(d2), as amended by subsections (c) and (d) of this
27 section, reads as rewritten:

28 "(d2) Tax Rate. – ~~For an electric power company or a company that is a member of a~~
29 ~~qualified group, the tax rate is one dollar and fifty cents (\$1.50) per one thousand dollars (\$1,000)~~
30 ~~of the company's tax base as determined under subsection (d) of this section. For purposes of this~~
31 ~~subsection, the term "electric power company" has the same meaning as defined in G.S. 105-~~
32 ~~130.4(s3) and the term "qualified group" means an affiliated group that has one or more members~~
33 ~~that is an electric power company.~~

34 ~~For all other C Corporations,~~ For a C Corporation, as defined in G.S. 105-130.2, the tax rate
35 is one dollar (\$1.00) per one thousand dollars (\$1,000) of the corporation's tax base as determined
36 under subsection (d) of this section. For an S Corporation, as defined in G.S. 105-130.2, the tax
37 rate is two hundred dollars (\$200.00) for the first one million dollars (\$1,000,000) of the
38 corporation's tax base as determined under subsection (d) of this section and one dollar (\$1.00)
39 per one thousand dollars (\$1,000) of its tax base that exceeds one million dollars (\$1,000,000).

40 In no event may the tax imposed by this section be less than two hundred dollars (\$200.00)."

41 **SECTION 41.3.(f)** Subsections (a) through (c) of this section are effective for
42 taxable years beginning on or after January 1, 2020, and applicable to the calculation of franchise
43 tax reported on the 2019 and later corporate income tax returns. Subsection (d) of this section is
44 effective for taxable years beginning on or after January 1, 2021, and applicable to the calculation
45 of franchise tax reported on the 2020 and later corporate income tax returns. Subsection (e) of
46 this section is effective for taxable years beginning on or after January 1, 2027, and applicable to
47 the calculation of franchise tax reported on the 2026 and later corporate income tax returns.
48 Except as otherwise provided, this section is effective when it becomes law.

49
50 **USE MARKET-BASED SOURCING FOR MULTISTATE INCOME TAX**
51 **APPORTIONMENT**

1 **SECTION 41.4.(a)** G.S. 105-130.4 reads as rewritten:

2 "**§ 105-130.4. Allocation and apportionment of income for corporations.**

3 ...

4 (1) ~~(l)~~ Sales Factor. – The sales factor is a fraction, the numerator of which is the total
5 sales of the corporation in this State during the income year, and the denominator of which is the
6 total sales of the corporation everywhere during the income year. Notwithstanding any other
7 provision under this Part, the receipts from any casual sale of property shall be excluded from
8 both the numerator and the denominator of the sales factor. Where a corporation is not taxable in
9 another state on its apportionable income but is taxable in another state only because of
10 nonapportionable income, all sales shall be treated as having been made in this State.

11 Receipts are in this State if the taxpayer's market for the receipts is in this State. If the market
12 for a receipt cannot be determined, the state or states of assignment shall be reasonably
13 approximated. In a case in which a taxpayer cannot ascertain the state or states to which receipts
14 of a sale are to be assigned through the use of a method of reasonable approximation, the receipts
15 must be excluded from the denominator of a taxpayer's sales factor. Except as otherwise provided
16 by this section, a taxpayer's market for receipts is in this State as provided below:

17 (1) In the case of sale, rental, lease, or license of real property, if and to the extent
18 the property is located in this State.

19 (2) Sales of tangible personal property are in this State if the property is received
20 in this State by the purchaser. In the case of delivery of goods by common
21 carrier or by other means of transportation, including transportation by the
22 purchaser, the place at which the goods are ultimately received after all
23 transportation has been completed shall be considered as the place at which
24 the goods are received by the purchaser. Direct delivery into this State by the
25 taxpayer to a person or firm designated by a purchaser from within or without
26 the State shall constitute delivery to the purchaser in this State. In the case of
27 rental, lease, or license of tangible personal property, if and to the extent the
28 property is located in this State.

29 (3) Other sales are in this State if any of the following occur: In the case of sale of
30 tangible personal property, if and to the extent the property is received in this
31 State by the purchaser. In the case of delivery of goods by common carrier or
32 by other means of transportation, including transportation by the purchaser,
33 the place at which the goods are ultimately received after all transportation
34 has been completed is considered the place at which the goods are received
35 by the purchaser. Direct delivery into this State by the taxpayer to a person or
36 firm designated by a purchaser from within or without the State constitutes
37 delivery to the purchaser in this State.

38 a. The receipts are from real or tangible personal property located in this
39 State, and includes receipts from incidental services sold as part of, or
40 in connection with, the sale of tangible personal property in this State.

41 b. The receipts are from intangible property and are received from
42 sources within this State.

43 c. The receipts are from services and the income producing activities are
44 in this State. For the purposes of this subdivision, an
45 "income producing activity" means an activity directly performed by
46 the taxpayer or its agents for the ultimate purpose of generating the
47 sale of the service. Receipts from income producing activities
48 performed within and without this State are attributed to this State in
49 proportion to the income producing activities performed in this State
50 to total income producing activities performed everywhere that
51 generate the sale of service.

- 1 (4) In the case of sale of a service, if and to the extent the service is delivered to
2 a location in this State.
- 3 (5) In the case of intangible property that is rented, leased, or licensed, if and to
4 the extent the property is used in this State. Intangible property utilized in
5 marketing a good or service to a consumer is "used in this State" if that good
6 or service is purchased by a consumer who is in this State.
- 7 (6) In the case of intangible property that is sold, if and to the extent the property
8 is used in this State. A contract right, government license, or similar intangible
9 property that authorized the holder to conduct a business activity in a specific
10 geographic area is "used in this State" if the geographic area includes all or
11 part of this State. Receipts from a sale of intangible property that is contingent
12 on the productivity, use, or disposition of the intangible property shall be
13 treated as receipts from the rental, lease, or licensing of the intangible property
14 as provided under subdivision (5) of this subsection. All other receipts from a
15 sale of intangible property shall be excluded from the numerator and
16 denominator of the sales factor.

17 (11) Wholesale Content Distributors. – A whole content distributor's market for receipts
18 is in this State as provided in G.S. 105-130.4A. In no event may the amount of income
19 apportioned to this State be less than the amount determined under this subsection. The amount
20 determined under this subsection is the total domestic gross receipts of the wholesale content
21 distributor from advertising and licensing activities multiplied by two percent (2%). For purposes
22 of this section, the term "wholesale content distributor" has the same meaning as defined in
23 G.S. 105-130.4A.

24 (12) Banks. – A bank's market for receipts is in this State as provided in G.S. 105-130.4B.
25 For purposes of this section, the term "bank" has the same meaning as defined in
26 G.S. 105-130.4B.

27 ...

28 (s3) Electric Power Company. – All apportionable income of an electric power company
29 shall be apportioned by a fraction, the numerator of which is the average value of the real and
30 tangible personal property owned or rented and used in this State by the electric power company
31 during the income year and the denominator of which is the average value of all the real and
32 tangible personal property owned or rented and used by the electric power company during the
33 income year. For purposes of this subsection, the term "electric power company" is a company,
34 including any of its wholly owned noncorporate limited liability companies, primarily engaged
35 in the business of supplying electricity for light, heat, current, or power to persons in this State
36 and that is subject to control of one or more of the following entities: the North Carolina Utilities
37 Commission or the Federal Energy Regulatory Commission.

38 For purposes of this subsection, the average value of real and tangible personal property
39 owned or rented by an electric power company is determined as follows:

- 40 (1) The average value of property shall be determined by averaging the values at
41 the beginning and end of the income year, but in all cases the Secretary may
42 require the averaging of monthly or other periodic values during the income
43 year if reasonably required to reflect properly the average value of the
44 corporation's property.
- 45 (2) An electric power company that ceases its operations in this State before the
46 end of its income year because of its intention to dissolve or to relinquish its
47 certificate of authority, or because of a merger, conversion, or consolidation,
48 or for any other reason whatsoever shall use the real estate and tangible
49 personal property values as of the first day of the income year and the last day
50 of its operations in this State in determining the average value of property, but
51 the Secretary may require averaging of monthly or other periodic values

1 during the income year if reasonably required to reflect properly the average
 2 value of the electric power company's property.

3 (3) Property owned by an electric power company is valued at its original cost.

4 (4) Property rented by an electric power company is valued at eight times the net
 5 annual rental rate.

6 (5) Net annual rental rate is the annual rental rate paid by an electric power
 7 company less any annual rental rate received by the electric power company
 8 from sub-rentals except that sub-rentals shall not be deducted when they
 9 constitute apportionable income.

10 (6) Any property under construction and any property the income from which
 11 constitutes nonapportionable income shall be excluded from the computation
 12 of the average value of an electric power company's real and tangible personal
 13 property.

14 "...."

15 **SECTION 41.4.(b)** Part 1 of Article 4 of Chapter 105 of the General Statutes is
 16 amended by adding a new section to read:

17 **"§ 105-130.4A. Market-based sourcing for wholesale content distributors.**

18 (a) Definitions. – The definitions in G.S. 105-130.4 and the following definitions apply
 19 to this section:

20 (1) Customer. – A person who has a direct contractual relationship with a
 21 wholesale content distributor from whom the wholesale content distributor
 22 derives gross receipts, including a business customer such as an advertiser or
 23 licensee and an individual customer that directly subscribes with the
 24 wholesale content distributor for access to film programming.

25 (2) Gross receipts. – The same meaning as the term "sales" in G.S. 105-130.4.

26 (3) Wholesale content distributor. – A broadcast television network, a cable
 27 program network, or any television distribution company owned by, affiliated
 28 with, or under common ownership with any such network. The term does not
 29 mean or include a multi-channel video programming distributor or a
 30 distributor of subscription-based Internet programming services.

31 (b) Market for Receipts. – The receipts factor of a wholesale content distributor is a
 32 fraction, the numerator of which is the sum of the wholesale content distributor's gross receipts
 33 from transactions and activity in the regular course of its trade or business from sources within
 34 the State and the denominator of which is the sum of the wholesale content distributor's gross
 35 receipts from transactions and activity in the regular course of its trade or business everywhere.
 36 A wholesale content distributor's receipts from transactions and activities in the regular course
 37 of its business, including, but not limited to, advertising, licensing, and distribution activities, but
 38 excluding receipts from the sale of real property or tangible personal property, are in this State if
 39 derived from a business customer whose commercial domicile is in this State. Receipts derived
 40 from an individual customer are in this State if the billing address of the individual customer as
 41 listed in the broadcaster's books and records is in this State."

42 **SECTION 41.4.(c)** Part 1 of Article 4 of Chapter 105 of the General Statutes is
 43 amended by adding a new section to read:

44 **"§ 105-130.4B. Market-based sourcing for banks.**

45 (a) Definitions. – The definitions in G.S. 105-130.4 apply to this section and the
 46 following definitions apply to this section:

47 (1) Bank. – Defined in G.S. 105-130.7B.

48 (2) Billing address. – The location indicated in the books and records of the
 49 taxpayer on the first day of the taxable year, or on the date in the taxable year
 50 when the customer relationship began, as the address where any notice,
 51 statement, or billing relating to the customer's account is mailed.

- 1 (3) Borrower, cardholder, or payor located in this State. – A borrower, credit
2 cardholder, or payor whose billing address is in this State.
- 3 (4) Card issuer's reimbursement fee. – The fee a taxpayer receives from a
4 merchant's bank because one of the persons to whom the taxpayer has issued
5 a credit, debit, or similar type of card has charged merchandise or services to
6 the card.
- 7 (5) Credit card. – A card, or other means of providing information, that entitles
8 the holder to charge the cost of purchases, or a cash advance against a line of
9 credit.
- 10 (6) Debit card. – A card, or other means of providing information, that enables
11 the holder to charge the cost of purchases, or a cash withdrawal, against the
12 holder's bank account or a remaining balance on the card.
- 13 (7) Loan. – Any extension of credit resulting from direct negotiations between the
14 taxpayer and its customer, and/or the purchase, in whole or in part, of such an
15 extension of credit from another. The term includes participations,
16 syndications, and leases treated as loans for federal income tax purposes.
- 17 (8) Loan secured by real property. – A loan or other obligation of which fifty
18 percent (50%) or more of the aggregate value of the collateral used to secure
19 the loan or other obligation, when valued at fair market value as of the time
20 the original loan or obligation was incurred, was real property.
- 21 (9) Merchant discount. – The fee, or negotiated discount, charged to a merchant
22 by the taxpayer for the privilege of participating in a program whereby a
23 credit, debit, or similar type of card is accepted in payment for merchandise
24 or services sold to the cardholder, net of any cardholder chargeback and
25 unreduced by any interchange transaction or issuer reimbursement fee paid to
26 another for charges or purchased made by its cardholder.
- 27 (10) Participation. – An extension of credit in which an undivided ownership
28 interest is held on a prorated basis in a single loan or pool of loans and related
29 collateral. In a loan participation, the credit originator initially makes the loan
30 and then subsequently resells all or a portion of it to other lenders. The
31 participation may or may not be known to the borrower.
- 32 (11) Payor. – The person who is legally responsible for making payment to the
33 taxpayer.
- 34 (12) Real property owned. – Real property (i) on which the taxpayer may claim
35 depreciation for federal income tax purposes or (ii) to which the taxpayer
36 holds legal title and on which no other person may claim depreciation for
37 federal income tax purposes or could claim depreciation if subject to federal
38 income tax. Real property does not include coin, currency, or property
39 acquired in lieu of or pursuant to a foreclosure.
- 40 (13) Syndication. – An extension of credit in which two or more persons fund and
41 each person is at risk only up to a specified percentage of the total extension
42 of credit or up to a specified dollar amount.
- 43 (14) Tangible personal property owned. – Tangible personal property (i) on which
44 the taxpayer may claim depreciation for federal income tax purposes or (ii) to
45 which the taxpayer holds legal title and on which no other person may claim
46 depreciation for federal income tax purposes could claim depreciation if
47 subject to federal income tax. Tangible personal property does not include
48 coin, currency, or property acquired in lieu of or pursuant to a foreclosure.
- 49 (15) Transportation property. – Vehicles and vessels capable of moving under their
50 own power as well as any equipment or containers attached to such property.

1 Examples of transportation property include aircraft, trains, water vessels,
2 motor vehicles, rolling stock, barges, and trailers.

3 **(b) General Rule.** – The receipts factor of a bank is a fraction, the numerator of which is
4 the total receipts of the taxpayer in this State during the income year, and the denominator of
5 which is the total receipts of the taxpayer everywhere during the income year. The method of
6 calculating receipts for purposes of the denominator is the same as the method used in
7 determining receipts for purposes of the numerator. The receipts factor includes only those
8 receipts described herein that are apportionable income for the taxable year. Notwithstanding any
9 other provision under this Part, the receipts from the following are excluded from both the
10 numerator and the denominator of the receipts factor:

- 11 (1) Receipts from a casual sale of property.
- 12 (2) Receipts exempt from taxation.
- 13 (3) The portion of receipts realized from the sale or maturity of securities or other
14 obligations that represents a return of principal.
- 15 (4) Receipts in the nature of dividends subtracted under G.S. 105-130.5(b)(3a)
16 and (3b) and dividends excluded for federal tax purposes.
- 17 (5) The portion of receipts from financial swaps and other similar financial
18 derivatives that represent the notional principal amount that generates the cash
19 flow traded in the swap agreement.

20 **(c) Receipts from the Sale, Lease, or Rental of Real Property.** – The numerator of the
21 receipts factor includes receipts from the sale, lease, or rental of real property owned by the
22 taxpayer if the property is located within this State or receipts from the sublease of real property
23 if the property is located within this State.

24 **(d) Receipts from the Sale, Lease, or Rental of Tangible Personal Property.** – The method
25 for calculating receipts from the sale, lease, or rental of tangible personal property is as follows:

- 26 (1) Tangible personal property. – Except as provided in subdivision (2) of this
27 subsection, the numerator of the receipts factor includes receipts from the sale,
28 lease, or rental of tangible personal property owned by the taxpayer if the
29 property is located within this State when it is first placed in service by the
30 lessee.
- 31 (2) Transportation property. – Receipts from the lease or rental of transportation
32 property owned by the taxpayer are included in the numerator of the receipts
33 factor to the extent that the property is used in this State. The extent an aircraft
34 will be deemed to be used in this State and the amount of receipts that is to be
35 included in the numerator of this State's receipts factor is determined by
36 multiplying all the receipts from the lease or rental of the aircraft by a fraction,
37 the numerator of which is the number of landings of the aircraft in this State
38 and the denominator of which is the total number of landings of the aircraft.
39 If the extent of the use of any transportation property within this State cannot
40 be determined, then the property will be deemed to be used wholly in the state
41 in which the property has its principal base of operations. A motor vehicle will
42 be deemed to be used wholly in the state in which it is registered.

43 **(e) Interest, Fees, and Penalties from Loans Secured by Real Property.** – The numerator
44 of the receipts factor includes interest, fees, and penalties from loans secured by real property if
45 the property is located within this State. If the property is located both within this State and one
46 or more other states, the receipts described in this subsection are included in the numerator of the
47 receipts factor if more than fifty percent (50%) of the fair market value of the real property is
48 located within this State. If more than fifty percent (50%) of the fair market value of the real
49 property is not located within any one state, then the receipts described in this subsection are
50 included in the numerator of the receipts factor if the borrower is located in this State. The
51 determination of whether the real property securing a loan is located within this State is made as

1 of the time the original agreement was made and any and all subsequent substitutions of collateral
2 are disregarded.

3 (f) Interest, Fees, and Penalties from Loans Not Secured by Real Property. – The
4 numerator of the receipts factor includes interest, fees, and penalties from loans not secured by
5 real property if the borrower is located in this State.

6 (g) Net Gains from the Sale of Loans. – The numerator of the receipts factor includes net
7 gains from the sale of loans. Net gains from the sale of loans include income recorded under the
8 coupon stripping rules of Section 1286 of the Code. The amount of net gains from the sale of
9 loans that is included in the numerator is determined as follows:

10 (1) Secured by real property. – The amount of net gains, but not less than zero,
11 from the sale of loans secured by real property is determined by multiplying
12 the net gains by a fraction, the numerator of which is the amount included in
13 the numerator of the receipts factor pursuant to subsection (e) of this section,
14 and the denominator of which is the total amount of interest, fees, and
15 penalties from loans secured by real property.

16 (2) Not secured by real property. – The amount of net gains, but not less than zero,
17 from the sale of loans not secured by real property is determined by
18 multiplying the net gains by a fraction, the numerator of which is the amount
19 included in the numerator of the receipts factor pursuant to subsection (f) of
20 this section, and the denominator of which is the total amount of interest, fees,
21 and penalties from loans not secured by real property.

22 (h) Receipts from Interest, Fees, and Penalties from Cardholders. – The numerator of the
23 receipts factor includes interest, fees, and penalties charged to credit, debit, or similar
24 cardholders, including annual fees and overdraft fees, if the cardholder is located in this State.

25 (i) Receipts from ATM Fees. – The numerator of the receipts factor includes receipts
26 from fees from the use of an ATM owned or rented by the taxpayer, if the ATM is located in this
27 State. The receipts factor includes all ATM fees that are not forwarded directly to another bank.
28 Receipts from ATM fees that are not sourced under this subsection are sourced pursuant to
29 subsection (l) of this section.

30 (j) Net Gains from the Sale of Credit Card Receivables. – The numerator of the receipts
31 factor includes net gains, but not less than zero, from the sale of credit card receivables multiplied
32 by a fraction, the numerator of which is the amount included in the numerator of the receipts
33 factor pursuant to subsection (h) of this section, and the denominator of which is the taxpayer's
34 total amount of interest, fees, and penalties charged to cardholders.

35 (k) Miscellaneous Receipts. – The numerator of the receipts factor includes all of the
36 following:

37 (1) Card issuer's reimbursement fees. – Receipts from card issuer's reimbursement
38 fees if the payor is located in this State.

39 (2) Receipts from merchant's discount. – Receipts from a merchant discount if the
40 payor is located in this State.

41 (3) Loan servicing fees. – Receipts from loan servicing fees if the payor is located
42 in this State.

43 (4) Receipts from services. – Receipts from services not otherwise apportioned
44 under this section if the payor is located in this State.

45 (5) Receipts from investment assets and activity and trading assets and activity. –
46 Receipts from one or more of the following:

47 a. Interest and dividends from investment assets and activities and
48 trading assets and activities if the payor is located in this State.

49 b. Net gains and other income, but not less than zero, from investment
50 assets and activities and trading assets and activities multiplied by a
51 fraction, the numerator of which is the amount included in the

1 numerator of the receipts factor pursuant to sub-subdivision a. of this
2 subdivision, and the denominator of which is the taxpayer's total
3 amount of interest and dividends from investment assets and activities
4 and trading assets and activities.

5 (l) All Other Receipts. – All other receipts not specifically enumerated in this section are
6 included in the numerator of the receipts factor if the payor is located in this State."

7 **SECTION 41.4.(d)** The Utilities Commission shall adjust the rates for public
8 utilities, excluding water public utilities with less than two hundred thousand dollars (\$200,000)
9 in annual operating revenues, for the tax changes in subsection (a) of this section. Each utility
10 shall calculate the cumulative net effect of the tax changes and file the calculations with proposed
11 rate changes to reflect the net prospective tax changes in utility customer rates within 60 days of
12 the enactment of this act. Any adjustments required to existing tax assets or liabilities reflected
13 in the utility's books and records required by the tax changes shall be deferred and reflected in
14 customer rates in either the utility's next rate case or earlier if deemed appropriate by the
15 Commission.

16 **SECTION 41.4.(e)** Under Section 38.4 of S.L. 2016-94, the Department of Revenue
17 adopted and submitted to the Rules Review Commission rules regarding the implementation and
18 administration of market-based sourcing principles based on legislation proposed in that section.
19 The Department adopted the rules on January 4, 2017, and submitted the rules to the Rules
20 Review Commission on January 18, 2017. The Rules Review Commission approved and
21 delivered the rules to the Codifier of Rules on February 16, 2017. Pursuant to Section 38.4(b) of
22 S.L. 2016-94, the Codifier of Rules did not enter the rules into the Administrative Code. The
23 Department of Revenue shall revise the rules in a manner consistent with this section.

24 **SECTION 41.4.(f)** G.S. 105-130.4(s3), as enacted by subsection (a) of this section,
25 is repealed.

26 **SECTION 41.4.(g)** G.S. 105-122(c1)(1) reads as rewritten:

27 "(1) Statutory. – A corporation that is subject to income tax under Article 4 of this
28 Chapter must apportion its capital stock, surplus, and undivided profits by
29 using the fraction it applies in apportioning its income under that Article. A
30 corporation that is not subject to income tax under Article 4 of this Chapter
31 must apportion its capital stock, surplus, and undivided profits by using the
32 fraction it would be required to apply in apportioning its income if it were
33 subject to that Article. The apportionment fraction for a wholesale content
34 distributor, as that term is defined in G.S. 105-130.4A, shall not be less than
35 two percent (2%). The apportionment method set out in this subdivision is
36 considered the statutory method of apportionment and is presumed to be the
37 best method of determining the amount of a corporation's capital stock,
38 surplus, and undivided profits attributable to the corporation's business in this
39 State."

40 **SECTION 41.4.(h)** Subsections (a) through (c) and subsection (g) of this section are
41 effective for taxable years beginning on or after January 1, 2020. Subsection (f) of this section is
42 effective for taxable years beginning on or after January 1, 2026. The remainder of this section
43 is effective when it becomes law.

44 **MARKETPLACE FACILITATORS TO COLLECT SALES TAX**

45 **SECTION 41.5.(a)** G.S. 105-164.3 reads as rewritten:

46 **"§ 105-164.3. Definitions.**

47 The following definitions apply in this Article:

48 ...
49

- 1 (20a) Marketplace. – A physical or electronic place, forum, platform, application,
- 2 or other method by which a marketplace seller sells or offers to sell items, the
- 3 delivery of or first use of which is sourced to this State.
- 4 (20b) Marketplace facilitated sale. – The sale of an item by a marketplace facilitator
- 5 on behalf of a marketplace seller that occurs through a marketplace.
- 6 (20c) Marketplace facilitator. – A person that, directly or indirectly and whether
- 7 through one or more affiliates, does both of the following:
- 8 a. Lists or otherwise makes available for sale a marketplace seller's items
- 9 through a marketplace owned or operated by the marketplace
- 10 facilitator.
- 11 b. Does one or more of the following:
- 12 1. Collects the sales price or purchase price of a marketplace
- 13 seller's items or otherwise processes payment.
- 14 2. Makes payment processing services available to purchasers for
- 15 the sale of a marketplace seller's items.
- 16 3. Transmits the offer or acceptance for the sale of the items.
- 17 (20d) Marketplace seller. – A person that sells or offers to sell items through a
- 18 marketplace regardless of any of the following:
- 19 a. Whether the person has a physical presence in this State.
- 20 b. Whether the person is registered as a retailer in this State.
- 21 c. Whether the person would have been required to collect and remit
- 22 sales and use tax had the sales not been made through a marketplace.
- 23 d. Whether the person would not have been required to collect and remit
- 24 sales and use tax had the sales not been made through a marketplace.

25 "

26 **SECTION 41.5.(b)** G.S. 105-164.8(b) reads as rewritten:

27 "(b) Remote Sales. – A retailer who makes a remote sale is engaged in business in this

28 State and is subject to the tax levied under this Article if at least one of the following conditions

29 is met:

30 ...

31 (3) The retailer solicits or transacts business in this State by employees,

32 independent contractors, agents, or other representatives, whether the remote

33 sales ~~thus~~ subject to taxation by this State result from or are related in any

34 other way to the solicitation or transaction of business. A retailer is presumed

35 to be soliciting or transacting business by an independent contractor, agent, or

36 other representative if the retailer enters into an agreement with a resident of

37 this State under which the ~~resident, person,~~ for a commission or other

38 consideration, directly or indirectly refers potential customers, whether by a

39 link on an Internet Web site or otherwise, to the retailer. This presumption

40 applies only if the cumulative gross receipts from sales by the retailer to

41 purchasers in this State who are referred to the retailer by all ~~residents~~ persons

42 with this type of agreement with the retailer is in excess of ten thousand dollars

43 (\$10,000) during the preceding four quarterly periods. This presumption may

44 be rebutted by proof that the ~~resident person~~ with whom the retailer has an

45 agreement did not engage in any solicitation in the State on behalf of the seller

46 that would satisfy the nexus requirement of the United States Constitution

47 during the four quarterly periods in question.

48 ...

49 (9) The retailer, with respect to retailer makes remote sales into North Carolina

50 sourced to this State, including sales as a marketplace seller, for the previous

1 or the current calendar year, had one or more year that meet either of the
2 following:

3 a. Gross sales in excess of one hundred thousand dollars (\$100,000).

4 b. Two hundred or more separate transactions.

5 (10) The retailer is a marketplace facilitator that makes sales, including all
6 marketplace facilitated sales for all marketplace sellers, sourced to this State
7 for the previous or the current calendar year that meet either of the following:

8 a. Gross sales in excess of one hundred thousand dollars (\$100,000).

9 b. Two hundred or more separate transactions."

10 **SECTION 41.5.(c)** Part 2 of Article 5 of Chapter 105 of the General Statutes is
11 amended by adding a new section to read:

12 **"§ 105-164.4J. Marketplace facilitated sales.**

13 (a) Scope. – This section applies to a marketplace facilitator that makes sales, including
14 all marketplace facilitated sales for all marketplace sellers, sourced to this State for the previous
15 or the current calendar year that meet either of the following:

16 (1) Gross sales in excess of one hundred thousand dollars (\$100,000).

17 (2) Two hundred or more separate transactions.

18 (b) Payment of Tax. – A marketplace facilitator that meets the threshold in subsection (a)
19 of this section is considered the retailer of each marketplace facilitated sale it makes and is liable
20 for collecting and remitting the sales and use tax on all such sales. A marketplace facilitator is
21 required to comply with the same requirements and procedures as all other retailers registered or
22 who are required to be registered to collect and remit sales and use tax in this State. A marketplace
23 seller shall treat a sale made through a marketplace facilitator that is subject to the provisions of
24 this section as a wholesale sale. A marketplace facilitator is required to collect and remit sales
25 tax as required by this section regardless of whether a marketplace seller for whom it makes a
26 marketplace facilitated sale meets any of the following conditions:

27 (1) Has a physical presence in this State.

28 (2) Is required to be registered to collect and remit sales and use tax in this State.

29 (3) Would have been required to collect and remit sales and use tax in this State
30 had the sale not been made through a marketplace.

31 (4) Would not have been required to collect and remit sales and use tax in this
32 State had the sale not been made through a marketplace.

33 (c) Report. – A marketplace facilitator must report to each marketplace seller for whom
34 it makes marketplace facilitated sales the gross sales sourced to this State and the number of
35 separate transactions sourced to this State made on behalf of the marketplace seller. The report
36 shall be made no later than 10 days after the end of each calendar month.

37 (d) Refund of Tax. – If a purchaser receives a refund on any portion of the sales price
38 from a marketplace facilitator who collected and remitted the tax on the retail sale, the provisions
39 of G.S. 105-164.11A(a) apply.

40 (e) Class Actions. – No class action may be brought against a marketplace facilitator in
41 any court of this State on behalf of customers arising from or in any way related to an
42 overpayment of sales or use tax collected on facilitated sales by a marketplace facilitator,
43 regardless of whether that claim is characterized as a tax refund claim. Nothing in this subsection
44 affects a customer's right to seek a refund as provided under G.S. 105-164.11.

45 (f) Agreements. – Nothing in this section shall be construed to interfere with the ability
46 of a marketplace facilitator and a marketplace seller to enter into an agreement with each other
47 regarding the fulfillment of the requirements of this Article except that an agreement may not
48 require a marketplace seller to collect and remit sales and use tax on marketplace facilitated sales.

49 (g) Use Tax Obligation. – Nothing in this section affects the obligation of any purchaser
50 to remit use tax for any taxable transaction for which a marketplace facilitator does not collect
51 and remit sales or use tax.

1 (h) Limitation. – This section does not apply to an accommodation facilitator, an
 2 admission facilitator, or a service contract facilitator whose collection and remittance
 3 requirements are set out in G.S. 105-164.4F, 105-164.4G, and 105-164.4I, respectively."

4 **SECTION 41.5.(d)** G.S. 105-237.1(a) reads as rewritten:

5 "(a) Authority. – The Secretary may compromise a taxpayer's liability for a tax that is
 6 collectible under G.S. 105-241.22 when the Secretary determines that the compromise is in the
 7 best interest of the State and makes one or more of the following findings:

8 ...

9 (8) A marketplace facilitator can show to the satisfaction of the Secretary that the
 10 failure to collect the correct amount of tax was due to incorrect information
 11 given to the marketplace facilitator by a marketplace seller."

12 **SECTION 41.5.(e)** G.S. 105-164.3 reads as rewritten:

13 **"§ 105-164.3. Definitions.**

14 The following definitions apply in this Article:

15 (1) Accommodation. – A hotel room, a motel room, a residence, a cottage, or a
 16 similar lodging facility for occupancy by an individual.

17 (1a) Accommodation facilitator. – A person that contracts, either directly or
 18 indirectly, with a provider of an accommodation to do, either directly or
 19 indirectly, one or more of the activities listed in this subdivision. The term
 20 includes a real estate broker as defined in G.S. 93A-2. The activities are:

21 a. Market the accommodation and accept payment or collect credit card
 22 or other payment information for the rental of the accommodation.

23 b. List the accommodation for rental on a forum, platform, or other
 24 application for a fee or other consideration.

25 "

26 **SECTION 41.5.(f)** G.S. 105-164.4F reads as rewritten:

27 **"§ 105-164.4F. Accommodation rentals.**

28 (a) Definition.—The following definitions apply in this section:

29 ~~(1) Accommodation.—A hotel room, a motel room, a residence, a cottage, or a~~
 30 ~~similar lodging facility for occupancy by an individual.~~

31 ~~(2) Facilitator.—A person who is not a rental agent and who contracts with a~~
 32 ~~provider of an accommodation to market the accommodation and to accept~~
 33 ~~payment from the consumer for the accommodation.~~

34 ~~(3) Rental agent.—The term includes a real estate broker, as defined in G.S.~~
 35 ~~93A-2.~~

36 (b) Tax. – The gross receipts derived from the rental of an accommodation are taxed at
 37 the general rate set in G.S. 105-164.4. Gross receipts derived from the rental of an
 38 accommodation include the sales price of the rental of the accommodation. The sales price of the
 39 rental of an accommodation is determined as if the rental were a rental of tangible personal
 40 property. The sales price of the rental of an accommodation ~~marketed—made~~ by ~~a—~~an
 41 accommodation facilitator includes charges designated as facilitation fees—fees, service fees,
 42 listing fees, and any other charges necessary to complete the rental.

43 (b1) Retailer. – For purposes of the tax imposed by this section, the retailer is the
 44 applicable person listed below. The liability of an accommodation facilitator for the tax imposed
 45 by this section relieves the provider of the accommodation from liability. The retailer is:

46 (1) The provider of the accommodation, if the provider of the accommodation
 47 does any of the following with respect to the rental of the accommodation:

48 a. Collects payment for the accommodation at the time of the reservation.

49 b. Collects payment for the accommodation at the time the consumer
 50 occupies or has the right to occupy the accommodation.

- 1 c. Contracts with an accommodation facilitator that makes the
2 reservation and collects credit card or other payment information at
3 the time of the reservation, but does not collect payment for the
4 accommodation at the time of the reservation.
- 5 (2) The accommodation facilitator, if the accommodation facilitator collects
6 payment or a deposit for the accommodation at the time of the reservation.
- 7 (c) Accommodation Facilitator Transactions. – For a transaction in which the rental of
8 an accommodation is made by an accommodation facilitator, but the provider of the
9 accommodation is considered the retailer, the following provisions apply:
- 10 (1) ~~A~~The accommodation facilitator must report to the retailer with whom it has
11 ~~a contract~~ the sales price a consumer pays to the facilitator for an the
12 accommodation rental marketed made by the accommodation facilitator.
- 13 (2) A retailer must notify ~~a~~an accommodation facilitator when an
14 accommodation rental ~~marketed made~~ by the accommodation facilitator is
15 completed, and the accommodation facilitator must send the retailer the
16 portion of the sales price the accommodation facilitator owes the retailer and
17 the tax due on the sales price no later than 10 days after the end of each
18 calendar month.
- 19 (3) An accommodation facilitator that does not send the retailer the tax due on the
20 sales price is liable for the amount of tax the accommodation facilitator fails
21 to send. ~~A~~An accommodation facilitator is not liable for tax sent to a retailer
22 but not remitted by the retailer to the Secretary. Tax payments received by a
23 retailer from ~~a~~an accommodation facilitator are held in trust by the retailer
24 for remittance to the Secretary.
- 25 (4) A retailer that receives a tax payment from ~~a~~an accommodation facilitator
26 must remit the amount received to the Secretary. A retailer is not liable for tax
27 due but not received from ~~a~~an accommodation facilitator.
- 28 (5) The requirements imposed by this section on a retailer and ~~a~~an
29 accommodation facilitator are considered terms of the contract between the
30 retailer and the accommodation facilitator.
- 31 (c1) Accommodation Facilitator Report. – An accommodation facilitator must file with
32 the Secretary an annual report by March 31 of each year for the prior calendar year for
33 accommodation rentals for which it is not considered the retailer under subsection (b1) of this
34 section. The annual report must be provided in electronic format and include the property owner's
35 name, property owner's mailing address, physical location of the accommodation, rental activity
36 detail, available gross receipts information for rentals, and any other information deemed
37 necessary by the Secretary.
- 38 (d) ~~Rental Agent. – A person who, by written contract, agrees to be the rental agent for~~
39 ~~the provider of an accommodation is considered a retailer under this Article and is liable for the~~
40 ~~tax imposed by this section. The liability of a rental agent for the tax imposed by this section~~
41 ~~relieves the provider of the accommodation from liability.~~
- 42 (e) Exemptions. – The tax imposed by this section does not apply to the following:
- 43 (1) A private residence, cottage, or similar accommodation that is rented for fewer
44 than 15 days in a calendar year ~~other than a private residence, cottage, or~~
45 ~~similar accommodation listed with a real estate broker or agent.~~unless the
46 accommodation is rented by an accommodation facilitator that is considered
47 the retailer under subsection (b1) of this section.
- 48 (2) An accommodation supplied to the same person for a period of 90 or more
49 continuous days.

- 1 (3) An accommodation arranged or provided to a person by a school, camp, or
 2 similar entity where a tuition or fee is charged to the person for enrollment in
 3 the school, camp, or similar entity."

4 **SECTION 41.5.(g)** G.S. 105-164.3 reads as rewritten:

5 **"§ 105-164.3. Definitions.**

6 The following definitions apply in this Article:

7 ...

8 (1b) Admission charge. – Gross receipts derived for the right to attend an
 9 entertainment activity. The term includes a charge for a single ticket, a
 10 multi-occasion ticket, a seasonal pass, and an annual pass; a membership fee
 11 that provides for admission; a cover charge; a surcharge; a convenience fee, a
 12 processing fee, a facility charge, a facilitation fee, or similar charge; or any
 13 other charges included in gross receipts derived from admission.

14 (1c) Admission facilitator. – A person who accepts payment of an admission
 15 charge to an entertainment activity and who is not the operator of the venue
 16 where the entertainment activity occurs.

17 ...

18 (1f) Amenity. – A feature that increases the value or attractiveness of an
 19 entertainment activity that allows a person access to items that are not subject
 20 to tax under this Article and that are not available with the purchase of
 21 admission to the same event without the feature. The term includes parking
 22 privileges, special entrances, access to areas other than general admission,
 23 mascot visits, and merchandise discounts. The term does not include any
 24 charge for food, prepared food, and alcoholic beverages subject to tax under
 25 this Article.

26 ...

27 (9a) Entertainment activity. – An activity listed in this subdivision:

- 28 a. A live performance or other live event of any kind, the purpose of
 29 which is for entertainment.
 30 b. A movie, motion picture, or film.
 31 c. A museum, a cultural site, a garden, an exhibit, a show, or a similar
 32 attraction.
 33 d. A guided tour at any of the activities listed in sub-subdivision c. of this
 34 subdivision.

35"

36 **SECTION 41.5.(h)** G.S. 105-164.4G reads as rewritten:

37 **"§ 105-164.4G. Entertainment activity.**

38 (a) ~~Definition.~~—The following definitions apply in this section:

39 (1) ~~Admission charge.~~—Gross receipts derived for the right to attend an
 40 ~~entertainment activity. The term includes a charge for a single ticket, a~~
 41 ~~multi-occasion ticket, a seasonal pass, and an annual pass; a membership fee~~
 42 ~~that provides for admission; a cover charge; a surcharge; a convenience fee, a~~
 43 ~~processing fee, a facility charge, a facilitation fee, or similar charge; or any~~
 44 ~~other charges included in gross receipts derived from admission.~~

45 (2) ~~Amenity.~~—A feature that increases the value or attractiveness of an
 46 ~~entertainment activity that allows a person access to items that are not subject~~
 47 ~~to tax under this Article and that are not available with the purchase of~~
 48 ~~admission to the same event without the feature. The term includes parking~~
 49 ~~privileges, special entrances, access to areas other than general admission,~~
 50 ~~mascot visits, and merchandise discounts. The term does not include any~~

1 charge for food, prepared food, and alcoholic beverages subject to tax under
2 this Article.

3 (3) Entertainment activity.— An activity listed in this subdivision:

4 a. A live performance or other live event of any kind, the purpose of
5 which is for entertainment.

6 b. A movie, motion picture, or film.

7 c. A museum, a cultural site, a garden, an exhibit, a show, or a similar
8 attraction.

9 d. A guided tour at any of the activities listed in sub-subdivision c. of this
10 subdivision.

11 (4) Facilitator.— A person who accepts payment of an admission charge to an
12 entertainment activity and who is not the operator of the venue where the
13 entertainment activity occurs.

14 (b) Tax. – The gross receipts derived from an admission charge to an entertainment
15 activity are taxed at the general rate set in G.S. 105-164.4. The tax is due and payable by the
16 retailer in accordance with G.S. 105-164.16. For purposes of the tax imposed by this section, the
17 retailer is the applicable person listed below:

18 (1) The operator of the venue where the entertainment activity occurs, unless the
19 retailer and the admission facilitator have a contract between them allowing
20 for dual remittance, as provided in subsection (d) of this section.

21 (2) The person that provides the entertainment and that receives admission
22 charges directly from a purchaser.

23 (3) A person other than a person listed in subdivision (1) or (2) of this subsection
24 that receives gross receipts derived from an admission charge sold at retail.

25 (c) Admission Facilitator. – ~~A~~ An admission facilitator must report to the retailer with
26 whom it has a contract the admission charge a consumer pays to the admission facilitator for an
27 entertainment activity. The admission facilitator must send the retailer the portion of the gross
28 receipts the admission facilitator owes the retailer and the tax due on the gross receipts derived
29 from an admission charge no later than 10 days after the end of each calendar month. ~~A~~ An
30 admission facilitator that does not send the retailer the tax due on the gross receipts derived from
31 an admission charge is liable for the amount of tax the admission facilitator fails to send to the
32 retailer. ~~A~~ An admission facilitator is not liable for tax sent to a retailer but not remitted by the
33 retailer to the Secretary. Tax payments received by a retailer from ~~a~~ an admission facilitator are
34 held in trust by the retailer for remittance to the Secretary. A retailer that receives a tax payment
35 from ~~a~~ an admission facilitator must remit the amount received to the Secretary. A retailer is not
36 liable for tax due but not received from ~~a~~ an admission facilitator. The requirements imposed by
37 this subsection on a retailer and ~~a~~ an admission facilitator are considered terms of the contract
38 between the retailer and the admission facilitator.

39 (d) Dual Remittance. – The tax due on the gross receipts derived from an admission
40 charge may be partially reported and remitted to the operator of the venue for remittance to the
41 Department and partially reported and remitted by the admission facilitator directly to the
42 Department. The portion of the tax not reported and remitted to the operator of the venue must
43 be reported and remitted directly by the admission facilitator to the Department. ~~A~~ An admission
44 facilitator that elects to remit tax under the dual remittance option is required to obtain a
45 certificate of registration in accordance with G.S. 105-164.29. ~~A~~ An admission facilitator is
46 subject to the provisions of Article 9 of this Chapter.

47"

48 **SECTION 41.5.(i)** G.S. 105-164.3 reads as rewritten:

49 "**§ 105-164.3. Definitions.**

50 The following definitions apply in this Article:

51 ...

1 (38c) Service contract facilitator. – A person who contracts with the obligor of a
2 service contract to market the service contract and accepts payment from the
3 purchaser for the service contract.

4 "

5 **SECTION 41.5.(j)** G.S. 105-164.4I reads as rewritten:

6 "**§ 105-164.4I. Service contracts.**

7 (a) Tax. – The sales price of or the gross receipts derived from a service contract or the
8 renewal of a service contract sold at retail is subject to the general rate of tax set in G.S. 105-164.4
9 and is sourced in accordance with the sourcing principles in G.S. 105-164.4B. The retailer of a
10 service contract is required to collect the tax due at the time of the retail sale of the contract and
11 is liable for payment of the tax. The tax is due and payable in accordance with G.S. 105-164.16.

12 The retailer of a service contract is the applicable person listed below:

- 13 (1) When a service contract is sold at retail to a purchaser by the obligor under
14 the contract, the obligor is the retailer.
- 15 (2) When a service contract is sold at retail to a purchaser by a service contract
16 facilitator on behalf of the obligor under the contract, the service contract
17 facilitator is the retailer unless the provisions of subdivision (3) of this
18 subsection apply.
- 19 (3) When a service contract is sold at retail to a purchaser by a service contract
20 facilitator on behalf of the obligor under the contract and there is an agreement
21 between the service contract facilitator and the obligor that states the obligor
22 will be liable for the payment of the tax, the obligor is the retailer. The service
23 contract facilitator must send the retailer the tax due on the sales price of or
24 gross receipts derived from the service contract no later than 10 days after the
25 end of each calendar month. A service contract facilitator that does not send
26 the retailer the tax due on the sales price or gross receipts is liable for the
27 amount of tax the service contract facilitator fails to send. A service contract
28 facilitator is not liable for tax sent to a retailer but not remitted by the retailer
29 to the Secretary. Tax payments received by a retailer from a service contract
30 facilitator are held in trust by the retailer for remittance to the Secretary. A
31 retailer that receives a tax payment from a service contract facilitator must
32 remit the amount received to the Secretary. A retailer is not liable for tax due
33 but not received from a service contract facilitator. The requirements imposed
34 by this subdivision on a retailer and a service contract facilitator are
35 considered terms of the agreement between the retailer and the service
36 contract facilitator.

37 ...

38 (e) ~~Definition.~~—For purposes of this section, the term "facilitator" means a person who
39 ~~contracts with the obligor of the service contract to market the service contract and accepts~~
40 ~~payment from the purchaser for the service contract."~~

41 **SECTION 41.5.(k)** G.S. 105-164.22 reads as rewritten:

42 "**§ 105-164.22. Record-keeping Record keeping requirements, inspection authority, and**
43 **effect of failure to keep records.**

44 (a) Record Keeping Generally. – Retailers, wholesale merchants, facilitators, real
45 property contractors, and consumers must keep records that establish their tax liability under this
46 Article. The Secretary or a person designated by the Secretary may inspect these records at any
47 reasonable time during the day.

48 (b) Retailers. – A retailer's records must include records of the retailer's gross income,
49 gross sales, net taxable sales, ~~and all items purchased for resale.~~ resale, and any reports or records
50 related to transactions with a facilitator with whom it has a contract as provided in this Article.

1 Failure of a retailer to keep records that establish ~~that~~ a sale is exempt under this Article subjects
2 the retailer to liability for tax on the sale.

3 (c) Wholesale Merchants. – A wholesale merchant's records must include a bill of sale
4 for each customer that contains the name and address of the purchaser, the date of the purchase,
5 the item purchased, and the sales price at which the wholesale merchant sold of the item. A
6 wholesale merchant must also keep records that establish a sale is exempt from tax and any
7 reports or records related to transactions with a facilitator with whom it has a contract as provided
8 in this Article. Failure of a wholesale merchant to keep ~~these records for the sale of an item that~~
9 ~~establish a sale is exempt from tax under this Article~~ subjects the wholesale merchant to liability
10 for tax at the rate that applies to the retail sale of the item.

11 (d) Facilitators. – A facilitator's records must include records of the facilitator's gross
12 income, gross sales, net taxable sales, all items purchased for resale, any reports or records related
13 to transactions with a retailer with whom it has a contract as provided in this Article, and any
14 other records that establish its tax liability. Failure of a facilitator to keep records that establish a
15 sale is exempt from tax under this Article subjects the facilitator to liability for tax on the sale.

16 (e) Real Property Contractors. – A real property contractor's records must include
17 substantiation that a transaction is a real property contract or a mixed transaction contract
18 pursuant to G.S. 105-164.4H(a1). Failure of a real property contractor to keep records that
19 establish a real property contract under this Article subjects the real property contractor to
20 liability for tax on the sale.

21 (f) Consumers. – A consumer's records must include an invoice or other statement of the
22 purchase price of an item the consumer purchased from inside or outside the ~~State.~~ State and any
23 sales and use tax paid thereon. Failure of the consumer to keep these records subjects the
24 consumer to liability for tax on the purchase price of the item, as determined by the Secretary."

25 **SECTION 41.5.(I)** G.S. 105-164.3 reads as rewritten:

26 "**§ 105-164.3. Definitions.**

27 The following definitions apply in this Article:

28 ...

29 ~~(1d)~~(1d) Advertising and promotional direct mail. – Printed material that meets the
30 definition of "direct mail" and the primary purpose of which is to attract public
31 attention to a ~~product, an item,~~ person, business, or organization, or to attempt
32 to sell, popularize, or secure financial support for a ~~product, an item,~~ person,
33 business, or organization. ~~As used in this subdivision, "product" means~~
34 ~~tangible personal property, digital property, or a service.~~

35 (1e) Affiliate. – Defined in G.S. 105-130.2.

36 ...

37 ~~(1a)~~(1g) Analytical services. – Testing laboratories that are included in national
38 industry 541380 of NAICS or medical laboratories that are included in
39 national industry 621511 of NAICS.

40 ~~(1b)~~(1h) Ancillary service. – A service associated with or incidental to the
41 provision of a telecommunications service. The term includes detailed
42 communications billing, directory assistance, vertical service, and voice mail
43 service. A vertical service is a service, such as call forwarding, caller ID,
44 three-way calling, and conference bridging, that allows a customer to identify
45 a caller or manage multiple calls and call connections.

46 ~~(1f)~~(1i) Audio work. – A series of musical, spoken, or other sounds, including a
47 ringtone.

48 ~~(1g)~~(1j) Audiovisual work. – A series of related images and any sounds
49 accompanying the images that impart an impression of motion when shown
50 in succession.

51 ~~(1h)~~(1k) Aviation gasoline. – Defined in G.S. 105-449.60.

- 1 ~~(4i)~~(1l) Bundled transaction. – A retail sale of two or more distinct and identifiable
- 2 ~~products, items,~~ at least one of which is taxable and one of which is ~~exempt,~~
- 3 ~~nontaxable,~~ for one nonitemized price. The term does not apply to real
- 4 property ~~and or~~ services to real property. ~~Products-Items~~ are not sold for one
- 5 nonitemized price if an invoice or another sales document made available to
- 6 the purchaser separately identifies the price of each ~~product-item.~~ A bundled
- 7 transaction does not include the retail sale of any of the following:
- 8 a. ~~A product~~ An item and any packaging ~~item~~ that accompanies the
- 9 ~~product-item~~ and is exempt under G.S. 105-164.13(23).
- 10 b. A sale of two or more ~~products-items~~ whose combined price varies, or
- 11 is negotiable, depending on the ~~products-items~~ the purchaser selects.
- 12 c. A sale of a ~~product~~ an item accompanied by a transfer of another
- 13 ~~product-item~~ with no additional consideration.
- 14 d. ~~A product~~ An item and the delivery or installation of the ~~product-item.~~
- 15 e. ~~A product~~ An item and any service necessary to complete the sale.
- 16 ~~(4k)~~(1m) Business. – An activity a person engages in or causes another to engage in
- 17 with the object of gain, profit, benefit, or advantage, either direct or indirect.
- 18 The term does not include an occasional and isolated sale or transaction by a
- 19 person who does not claim to be engaged in business.
- 20 ~~(4m)~~(1n) Cable service. – The one-way transmission to subscribers of video
- 21 programming or other programming service and any subscriber interaction
- 22 required to select or use the service.
- 23 ...
- 24 (2c) Capital improvement. – One or more of the following:
- 25 ...
- 26 k. An addition or alteration to real property that is permanently affixed
- 27 or installed to real property and is not an activity listed in subdivision
- 28 ~~(33l)~~ (33m) of this section as repair, maintenance, and installation
- 29 services.
- 30 ...
- 31 (9) Engaged in business. – Any of the following:
- 32 a. Maintaining, occupying, or using permanently or temporarily, directly
- 33 or indirectly, or through a subsidiary or agent, by whatever name
- 34 called, any office, place of distribution, sales or sample room,
- 35 warehouse or storage place, or other place of business ~~for selling or~~
- 36 ~~delivering tangible personal property, digital property, or a service for~~
- 37 ~~storage, use, or consumption~~ in this State, or permanently or
- 38 temporarily, directly or through a subsidiary, having any
- 39 representative, agent, sales representative, marketplace facilitator
- 40 subject to the requirements of G.S. 105-164.4J, or solicitor operating
- 41 or transacting business by mobile phone application or other
- 42 applications in this State ~~in the selling or delivering.~~ State. The fact
- 43 that any corporate retailer, agent, or subsidiary engaged in business in
- 44 this State may not be legally domesticated or qualified to do business
- 45 in this State is immaterial.
- 46 ...
- 47 e. Making marketplace facilitated sales subject to the requirements of
- 48 G.S. 105-164.4J.
- 49 ...
- 50 (9e) Facilitator. – An accommodation facilitator, an admission facilitator, or a
- 51 service contract facilitator.

1 ...
 2 ~~(20b)~~(20e) Mixed transaction contract. – A contract that includes both a real property
 3 contract for a capital improvement and repair, maintenance, and installation
 4 services for real property that are not related to the capital improvement.

5 ...
 6 (33j) Remote sale. – A sale of ~~tangible personal property or digital property~~ an item
 7 ordered by mail, by telephone, via the Internet, mobile phone application, or
 8 by another similar method, to a purchaser who is in this State at the time the
 9 order is remitted, from method by a retailer who receives the order in another
 10 state and delivers the ~~property item~~ or makes it accessible to a person in this
 11 State or causes it the item to be delivered or made accessible to a person in
 12 this State. State or performs a service sourced to this State. It is presumed that
 13 a resident of this State who ~~remits~~ makes an order was in this State at the time
 14 the order was ~~remitted~~ made.

15 ...
 16 ~~(33d)~~(33m) Repair, maintenance, and installation services. – The term includes the
 17 activities listed in this subdivision and applies to tangible personal property,
 18 motor ~~vehicle, vehicles,~~ certain digital property, and real property. The term
 19 does not include ~~services~~ a service used to fulfill a real property contract taxed
 20 in accordance with ~~G.S. 105-164.4H~~ G.S. 105-164.4H. The included
 21 activities are:

- 22 ...
 23 (35) Retailer. – Any of the following persons:
 24 a. A person engaged in business of making sales at retail, offering to
 25 make sales at retail, or soliciting sales at retail of ~~tangible personal~~
 26 ~~property, digital property for storage, use, or consumption in this State,~~
 27 ~~or services items~~ sourced to this State. When the Secretary finds it
 28 necessary for the efficient administration of this Article to regard any
 29 sales representatives, solicitors, representatives, consignees, peddlers,
 30 or truckers as agents of the dealers, distributors, consignors,
 31 supervisors, employers, or persons under whom they operate or from
 32 whom they obtain the items sold by them regardless of whether they
 33 are making sales on their own behalf or on behalf of these dealers,
 34 distributors, consignors, supervisors, employers, or persons, the
 35 Secretary may so regard them and may regard the dealers, distributors,
 36 consignors, supervisors, employers, or persons as "retailers" for the
 37 purpose of this Article.
 38 b. A person, other than a real property contractor, engaged in business of
 39 delivering, erecting, installing, or applying tangible personal property
 40 or digital property for use in this State.
 41 c. A person engaged in business of making a remote sale, if one of the
 42 conditions listed in G.S. 105-164.8(b) is met.
 43 d. ~~A person, other than a facilitator, person~~ required to collect the State
 44 tax levied under this Article or the local taxes levied under Subchapter
 45 VIII of this Chapter and under Chapter 1096 of the 1967 Session Laws.
 46 e. A marketplace facilitator that is subject to the requirements of
 47 G.S. 105-164.4J or a facilitator that is required to collect and remit the
 48 tax under this Article.

49"
 50 **SECTION 41.5.(m)** There is no obligation to collect the sales and use tax required
 51 by this section retroactively.

1 **SECTION 41.5.(n)** If any provision of this section, or the application of any
2 provision to a person or circumstance, is held to be unconstitutional, then the remainder of this
3 section and the application of the provisions to any person or circumstance shall not be affected
4 thereby.

5 **SECTION 41.5.(o)** The Revisor of Statutes is authorized to renumber the
6 subdivisions of G.S. 105-164.3 to ensure that the subdivisions are listed in alphabetical order and
7 in a manner that reduces the current use of alphanumeric designations, to make conforming
8 changes, and to reserve sufficient space to accommodate future additions to the statutory section.

9 **SECTION 41.5.(p)** This section becomes effective September 1, 2019, and applies
10 to sales occurring on or after that date.

11 **DEDUCTION FOR AMOUNTS RECEIVED AS ECONOMIC INCENTIVES**

12 **SECTION 41.6.(a)** G.S. 105-130.5(b) reads as rewritten:

13 "(b) The following deductions from federal taxable income shall be made in determining
14 State net income:

15 ...

16 (31) To the extent included in federal taxable income, the amount received by a
17 taxpayer as an economic incentive pursuant to G.S. 143B-437.012 or Part 2G
18 or Part 2H of Article 10 of Chapter 143B of the General Statutes."

19 **SECTION 41.6.(b)** G.S. 105-153.5(b) reads as rewritten:

20 "(b) Other Deductions. – In calculating North Carolina taxable income, a taxpayer may
21 deduct from the taxpayer's adjusted gross income any of the following items that are included in
22 the taxpayer's adjusted gross income:

23 ...

24 (14) The amount received by a taxpayer as an economic incentive pursuant to
25 G.S. 143B-437.012 or Part 2G or Part 2H of Article 10 of Chapter 143B of
26 the General Statutes."

27 **SECTION 41.6.(c)** This section is effective for taxable years beginning on or after
28 January 1, 2019, and applies to amounts received by a taxpayer pursuant to an economic incentive
29 agreement entered into on or after that date.

30 **EXTEND HISTORIC REHABILITATION TAX CREDIT**

31 **SECTION 41.7.(a)** G.S. 105-129.110 reads as rewritten:

32 "**§ 105-129.110. Sunset.**

33 This Article expires for qualified rehabilitation expenditures and rehabilitation expenses
34 incurred on or after ~~January 1, 2020.~~ January 1, 2024. For qualified rehabilitation expenditures
35 and rehabilitation expenses incurred prior to ~~January 1, 2020,~~ January 1, 2024, this Article expires
36 for property not placed in service by ~~January 1, 2028.~~ January 1, 2032."

37 **SECTION 41.7.(b)** This section is effective when it becomes law.

38 **EXTEND SALES TAX EXEMPTION FOR QUALIFYING AIRLINES**

39 **SECTION 41.8.(a)** G.S. 105-164.13(11b) reads as rewritten:

40 "(11b) Sales of aviation gasoline and jet fuel to an interstate air business for use in a
41 commercial aircraft. For purposes of this subdivision, the term "commercial
42 aircraft" has the same meaning as defined in subdivision (45a) of this section.
43 This exemption also applies to aviation gasoline and jet fuel purchased for use
44 in a commercial aircraft in interstate or foreign commerce by a person whose
45 primary business is scheduled passenger air transportation. This subdivision
46 expires ~~January 1, 2020.~~ January 1, 2024."

47 **SECTION 41.8.(b)** This section is effective when it becomes law.

EXTEND SALES TAX EXEMPTIONS FOR PROFESSIONAL MOTORSPORTS TEAMS

SECTION 41.9.(a) G.S. 105-164.13(65) and (65a) read as rewritten:

"(65) This subdivision expires ~~January 1, 2020.~~ January 1, 2024. Sales of the following to a professional motorsports racing team or a related member of a team for use in competition in a sanctioned race series:

- a. The sale, lease, or rental of an engine.
- b. The sales price of or gross receipts derived from a service contract on, or repair, maintenance, and installation services for, a transmission, an engine, rear-end gears, and any other item that is purchased, leased, or rented and that is exempt from tax under this subdivision or that is allowed a sales tax refund under G.S. 105-164.14A(a)(5).
- c. The gross receipts derived from an agreement to provide an engine to a professional motorsports racing team or related member of a team for use in competition in a sanctioned race series, where such agreement does not meet the definition of a "service contract" as defined in G.S. 105-164.3 but may meet the definition of the term "lease or rental" as defined in G.S. 105-164.3.

(65a) An engine or a part to build or rebuild an engine for the purpose of providing an engine under an agreement to a professional motorsports racing team or a related member of a team for use in competition in a sanctioned race series. This subdivision expires ~~January 1, 2020.~~ January 1, 2024."

SECTION 41.9.(b) G.S. 105-164.14A(a)(4) and (a)(5) read as rewritten:

"(4) Motorsports team or sanctioning body. – A professional motorsports racing team, a motorsports sanctioning body, or a related member of such a team or body is allowed a refund of the sales and use tax paid by it in this State on aviation gasoline or jet fuel that is used to travel to or from a motorsports event in this State, to travel to a motorsports event in another state from a location in this State, or to travel to this State from a motorsports event in another state. For purposes of this subdivision, a "motorsports event" includes a motorsports race, a motorsports sponsor event, and motorsports testing. This subdivision is repealed for purchases made on or after ~~January 1, 2020.~~ January 1, 2024.

(5) Professional motorsports team. – A professional motorsports racing team or a related member of a team is allowed a refund of fifty percent (50%) of the sales and use tax paid by it in this State on tangible personal property, other than tires or accessories, that comprises any part of a professional motorsports vehicle. For purposes of this subdivision, "motorsports accessories" includes instrumentation, telemetry, consumables, and paint. This subdivision is repealed for purchases made on or after ~~January 1, 2020.~~ January 1, 2024."

SECTION 41.9.(c) This section is effective when it becomes law.

FACILITATE RESPONSE TO DISASTERS

SECTION 41.10.(a) Part 8 of Article 1 of Chapter 166A of the General Statutes is amended by adding a new section to read:

"§ 166A-19.70A. Tax and business relief for critical infrastructure businesses and employees during a disaster response period.

(a) Purpose. – The State finds that it is appropriate to exempt from certain State laws businesses and employees who come from out-of-state to provide temporary resources and personnel to assist in disaster-related work related to critical infrastructure in response to a disaster declaration.

- 1 (b) Definitions. – In addition to the definitions in G.S. 166A-19.3, the following
2 definitions apply in this section:
- 3 (1) Critical infrastructure. – Property and equipment owned or used by a critical
4 infrastructure company for utility or communications transmission services to
5 the public in the State. Examples of critical infrastructure include
6 communications networks, electric generation, transmission and distribution
7 systems, natural gas transmission and distribution systems, water pipelines,
8 and related support facilities. Related support facilities may include buildings,
9 offices, lines, poles, pipes, structures, and equipment.
- 10 (2) Critical infrastructure company. – One of the following:
11 a. A registered public communications provider.
12 b. A registered public utility.
- 13 (3) Disaster-related work. – Repairing, renovating, installing, building, or
14 performing services on critical infrastructure that has been damaged,
15 impaired, or destroyed as a result of a disaster or emergency in an area covered
16 by the disaster declaration.
- 17 (4) Disaster response period. – A period that begins 10 days prior to the first day
18 of a disaster declaration and extends for 60 days following the expiration of
19 the disaster declaration.
- 20 (5) Out-of-state business. – A person that, except with regard to the performance
21 of disaster-related work, meets all of the conditions of this subdivision. The
22 term may include an affiliate or subsidiary of a critical infrastructure
23 company. The conditions are as follows:
24 a. Has no physical presence in the State.
25 b. Does not conduct business operations in this State.
26 c. Is not registered with any State agency to conduct business in the State.
27 d. Has not been required to file any tax returns with the State for three
28 years prior to the disaster response period, other than those arising
29 from the performance of disaster-related work during a tax year prior
30 to the enactment of this section.
- 31 (6) Out-of-state employee. – A nonresident who is an employee of an out-of-state
32 business entitled to relief under subsection (c) of this section or a nonresident
33 employee of a critical infrastructure company temporarily in the State to
34 perform disaster-related work during the disaster response period. The term
35 does not include a nonresident who otherwise works in this State.
- 36 (7) Registered public communications provider. – A person registered to conduct
37 business in this State prior to the disaster declaration that provides the
38 transmission to the public of one or more of the following:
39 a. Broadband.
40 b. Mobile telecommunications.
41 c. Telecommunications.
42 d. Wireless Internet access.
- 43 (8) Registered public utility. – A person registered to conduct business in this
44 State prior to the disaster declaration that is subject to control of one or more
45 of the following entities:
46 a. North Carolina Utilities Commission.
47 b. Federal Communications Commission.
48 c. Federal Energy Regulatory Commission.
- 49 (c) State Relief for Out-of-State Business. – An out-of-state business performing
50 disaster-related work in this State during a disaster response period at the request of a critical

1 infrastructure company is not considered to be conducting business in this State, and as such is
2 exempt from the following statutory requirements:

- 3 (1) Franchise tax, as provided under G.S. 105-125.
- 4 (2) Income tax, as provided under G.S. 105-130.11.
- 5 (3) S Corporation income tax, as provided under G.S. 105-131.7.
- 6 (4) Information returns, as provided under G.S. 105-154(b).
- 7 (5) Unemployment tax, as provided under G.S. 96-9.2.
- 8 (6) Workers' compensation, as provided under G.S. 97-13.
- 9 (7) Registration with the Secretary of State to transact business in this State, as
10 provided under G.S. 55-1-51.

11 (d) State Relief for Out-of-State Employee. – An out-of-state employee is not required to
12 pay State income tax, or file an income tax return, on earnings received for disaster-related work
13 performed during a disaster response period, as provided in G.S. 105-153.4(f) and
14 G.S. 105-153.8(a)(2). The employer of an out-of-state employee is not required to withhold
15 income tax from the wages of the employee, as provided in G.S. 105-163.2(f).

16 (e) Notification. – A critical infrastructure company that requests an out-of-state business
17 to perform disaster-related work in this State during the disaster response period must notify the
18 State Emergency Response Team within 30 business days of the out-of-state business' entry into
19 the State of the business' presence in the State. The notification must include the contact
20 information of the critical infrastructure company that requested the presence of the out-of-state
21 business as well as the following information about the out-of-state business: name, state of
22 domicile, principal business address, federal tax identification number, date of entry, and any
23 other information required by the State Emergency Response Team. The State Emergency
24 Response Team must disseminate the information to the appropriate State agencies. Failure of
25 the critical infrastructure company to provide this information in a timely manner does not
26 invalidate the relief provided by this section so long as the company provides it to the appropriate
27 State agency upon request.

28 (f) Limitation. – The exemptions from the State laws provided by this section cease to
29 apply when the disaster response period expires. An out-of-state business or out-of-state
30 employee that remains in the State after the disaster response period expires must abide by all
31 State and local registration, license, and filing requirements that apply to any other out-of-state
32 business and out-of-state employee doing business in this State."

33 **SECTION 41.10.(b)** Article 1 of Chapter 55 of the General Statutes is amended by
34 adding a new section to read:

35 **"§ 55-1-51. Exemption for disaster relief.**

36 (a) Critical Infrastructure. – In accordance with the policy established in
37 G.S. 166A-19.70A, an out-of-state business performing disaster-related work in this State during
38 a disaster response period at the request of a critical infrastructure company is not required to
39 obtain a certificate of authority from the Secretary of State as otherwise required under
40 G.S. 55-15-01.

41 (b) Motor Fuel. – A person issued a temporary license by the Department of Revenue
42 under G.S. 105-449.69A to import, export, distribute, or transport motor fuel in this State in
43 response to a disaster declaration is not required to obtain a certificate of authority from the
44 Secretary of State to transact business in this State for the duration of the temporary license."

45 **SECTION 41.10.(c)** G.S. 96-9.2(a) reads as rewritten:

46 "(a) Required Contribution. – An employer is required to make a contribution in each
47 calendar year to the Unemployment Insurance Fund in an amount equal to the applicable
48 percentage of the taxable wages the employer pays its employees during the year for services
49 performed in this State. An employer may not deduct the contributions due in whole or in part
50 from the remuneration of the individuals employed. Taxable wages are determined in accordance

1 with G.S. 96-9.3. The applicable percentage for an employer is considered the employer's
2 contribution rate and determined in accordance with this section.

3 In accordance with the policy established in G.S. 166A-19.70A, an out-of-state business
4 performing disaster-related work in this State during a disaster response period at the request of
5 a critical infrastructure company is exempt from the provisions of this Chapter. The definitions,
6 provisions, and limitations in G.S. 166A-19.70A apply in this section."

7 **SECTION 41.10.(d)** G.S. 97-13 reads as rewritten:

8 "**§ 97-13. Exceptions from provisions of Article.**

9 ...

10 (e) Disaster Relief. – In accordance with the policy established in G.S. 166A-19.70A, an
11 out-of-state business performing disaster-related work in this State during a disaster response
12 period at the request of a critical infrastructure company is exempt from the provisions of this
13 Chapter. The definitions, provisions, and limitations in G.S. 166A-19.70A apply in this
14 subsection."

15 **SECTION 41.10.(e)** G.S. 105-125(a) reads as rewritten:

16 (a) Exemptions. – The following corporations are exempt from the taxes levied by this
17 Article. Upon request of the Secretary, an exempt corporation must establish its claim for
18 exemption in writing:

19 ...

20 (10) In accordance with the policy established in G.S. 166A-19.70A, an
21 out-of-state business performing disaster-related work in this State during a
22 disaster response period at the request of a critical infrastructure company is
23 exempt from the provisions of this Article. The definitions, provisions, and
24 limitations in G.S. 166A-19.70A apply in this subdivision."

25 **SECTION 41.10.(f)** G.S. 105-130.11(a) reads as rewritten:

26 (a) Exempt Organizations. – Except as provided in subsections (b) and (c), the following
27 organizations and any organization that is exempt from federal income tax under the Code are
28 exempt from the tax imposed under this Part.

29 ...

30 (12) In accordance with the policy established in G.S. 166A-19.70A, an
31 out-of-state business performing disaster-related work in this State during a
32 disaster response period at the request of a critical infrastructure company is
33 exempt from the provisions of this Part. The definitions, provisions, and
34 limitations in G.S. 166A-19.70A apply in this subdivision."

35 **SECTION 41.10.(g)** G.S. 105-131.7(a) reads as rewritten:

36 (a) An S Corporation incorporated or doing business in the State shall file with the
37 Department an annual return, on a form prescribed by the Secretary, on or before the due date
38 prescribed for the filing of C Corporation returns in G.S. 105-130.17. The return shall show the
39 name, address, and social security or federal identification number of each shareholder, income
40 attributable to the State and the income not attributable to the State with respect to each
41 shareholder as defined in G.S. 105-131(b)(4) and (5), and such other information as the Secretary
42 may require.

43 In accordance with the policy established in G.S. 166A-19.70A, an S Corporation that is an
44 out-of-state business performing disaster-related work in this State during a disaster response
45 period at the request of a critical infrastructure company is not required to file an annual return
46 for income derived from the work performed during this period. The definitions, provisions, and
47 limitations in G.S. 166A-19.70A apply to this subsection."

48 **SECTION 41.10.(h)** G.S. 105-153.4 reads as rewritten:

49 "**§ 105-153.4. North Carolina taxable income defined.**

50 ...

1 (f) Disaster Relief Tax Exclusion. – In accordance with the policy established in
 2 G.S. 166A-19.70A, an out-of-state business and an out-of-state employee performing
 3 disaster-related work in this State during a disaster response period at the request of a critical
 4 infrastructure company is not considered to be conducting business in this State for the work
 5 performed during this period. The definitions, provisions, and limitations in G.S. 166A-19.70A
 6 apply to this subsection. Accordingly, North Carolina taxable income, for purposes of this Part,
 7 does not include the following:

- 8 (1) Nonresident employee. – The earnings paid to an out-of-state employee.
 9 (2) S Corporation shareholders. – A shareholder's pro rata share of S Corporation
 10 income if the income is attributable to work performed by the S Corporation
 11 as an out-of-state business performing disaster-related work in this State
 12 during a disaster response period at the request of a critical infrastructure
 13 company.
 14 (3) Partners and members of unincorporated business. – The amount of a partner's
 15 or member's distributive share of the total net income of the business of a
 16 partnership or another unincorporated business if the income is attributable to
 17 work performed by an out-of-state business performing disaster-related work
 18 in this State during a disaster response period at the request of a critical
 19 infrastructure company."

20 **SECTION 41.10.(i)** G.S. 105-153.8(a)(2) reads as rewritten:

21 "**§ 105-153.8. Income tax returns.**

22 (a) Who Must File. – The following individuals must file with the Secretary an income
 23 tax return under affirmation:

24 ...

- 25 (2) Every nonresident individual who ~~meets all of the following requirements:~~(i)
 26 has gross income under the Code that exceeds the applicable standard
 27 deduction amount provided in G.S. 105-153.5(a)(1) and (ii) receives
 28 a. ~~Receives~~ during the taxable year gross income that is derived from
 29 North Carolina sources and is attributable to the ownership of any
 30 interest in real or tangible personal property in this State, is derived
 31 from a business, trade, profession, or occupation carried on in this
 32 State, or is derived from gambling activities in this State. This
 33 subdivision does not apply to a nonresident individual who is not
 34 subject to withholding under G.S. 105-163.2(f).
 35 b. ~~Has gross income under the Code that exceeds the applicable standard~~
 36 deduction amount provided in G.S. 105-153.5(a)(1).

37 "

38 **SECTION 41.10.(j)** G.S. 105-154(c) reads as rewritten:

39 "(c) Information Returns of Partnerships. – A partnership doing business in this State and
 40 required to file a return under the Code shall file an information return with the Secretary. A
 41 partnership that the Secretary believes to be doing business in this State and to be required to file
 42 a return under the Code shall file an information return when requested to do so by the Secretary.
 43 The information return shall contain all information required by the Secretary. It shall state
 44 specifically the items of the partnership's gross income, the deductions allowed under the Code,
 45 each partner's distributive share of the partnership's income, and the adjustments required by this
 46 Part. A partner's distributive share of partnership net income includes any guaranteed payments
 47 made to the partner. The information return shall also include the name and address of each
 48 person who would be entitled to share in the partnership's net income, if distributable, and the
 49 amount each person's distributive share would be. The information return shall be signed by one
 50 of the partners under affirmation in the form required by the Secretary.

1 A partnership that files an information return under this subsection shall furnish to each
2 person who would be entitled to share in the partnership's net income, if distributable, any
3 information necessary for that person to properly file a State income tax return. The information
4 shall be in the form prescribed by the Secretary and must be furnished on or before the due date
5 of the information return.

6 In accordance with the policy established in G.S. 166A-19.70A, a partnership that is an
7 out-of-state business performing disaster-related work in this State during a disaster response
8 period at the request of a critical infrastructure company is not required to file an information
9 return for income derived for the work performed during this period. The definitions, provisions,
10 and limitations in G.S. 166A-19.70A apply to this subsection."

11 **SECTION 41.10.(k)** G.S. 105-163.2 reads as rewritten:

12 **"§ 105-163.2. Employers must withhold taxes.**

13 (a) Withholding Required. – ~~An~~ Except as provided in subsection (f) of this section, an
14 employer shall deduct and withhold from the wages of each employee the State income taxes
15 payable by the employee on the wages. For each payroll period, the employer shall withhold
16 from the employee's wages an amount that would approximate the employee's income tax
17 liability under Article 4 of this Chapter if the employer withheld the same amount from the
18 employee's wages for each similar payroll period in a calendar year. In calculating an employee's
19 anticipated income tax liability, the employer shall allow for the additions that employee is
20 required to make under Article 4 of this Chapter and the deductions, and credits to which the
21 employee is entitled under Article 4 of this Chapter. The amount of State income taxes withheld
22 by an employer is held in trust for the Secretary.

23 ...

24 (f) Nonresident Disaster Relief Employees. – In accordance with the policy established
25 in G.S. 166A-19.70A, an employer is not required to withhold from the wages of its out-of-state
26 employees the State income taxes that may otherwise apply for disaster-related work performed
27 in this State during a disaster response period. The definitions, provisions, and limitations in
28 G.S. 166A-19.70A apply in this subsection."

29 **SECTION 41.10.(l)** G.S. 105-130.5(a) reads as rewritten:

30 "(a) The following additions to federal taxable income shall be made in determining State
31 net income:

32 ...

33 (30) Payments made to a related party that are not subject to tax under this Chapter
34 in accordance with the policy established in G.S. 166A-19.70A, to the extent
35 the payments are deducted in determining federal taxable income. For
36 purposes of this subdivision, the term "related entity" has the same meaning
37 as in G.S. 105-130.7A(b)(4)."

38 **SECTION 41.10.(m)** Part 2 of Article 36C of Chapter 105 of the General Statutes is
39 amended by adding a new section to read:

40 **"§ 105-449.69A. Temporary license during disaster response period.**

41 (a) Temporary License. – The Secretary may grant a temporary license to an applicant to
42 import, export, distribute, or transport motor fuel in this State in response to a disaster declaration.
43 The term "disaster declaration" has the same meaning as defined in G.S. 166A-19.3. The
44 temporary license expires upon the expiration of the disaster declaration. A temporary license
45 issued under this section may not be renewed or a new temporary license granted if the licensee
46 failed to file the required returns or make payments of the required taxes.

47 (b) Requirements. – To obtain a temporary license, a person must file an application with
48 the Secretary on a form prescribed by the Secretary within seven calendar days from the date of
49 the disaster declaration. An application must include all of the following information:

50 (1) The legal name of the business and the trade name, if applicable, under which
51 the person will transact business within the State.

- 1 (2) The federal identification number of the business or, if such number is
2 unavailable, the Social Security number of the owner.
3 (3) The location, with a street number address, of the principal office or place of
4 business and the location where records will be made available for inspection.
5 (4) Any other information required by the Secretary.

6 (c) Exceptions. – The Secretary may issue a temporary license under this section as an
7 importer, exporter, distributor, or transporter without requiring the applicant to file with the
8 Secretary a bond or an irrevocable letter of credit, as otherwise required by G.S. 105-449.72, and
9 without requiring the applicant to be authorized to transact business in this State with the
10 Secretary of State."

11 **SECTION 41.10.(n)** This section is effective when it becomes law and applies to
12 taxable years beginning on or after January 1, 2019.

13 **PART XLII. MISCELLANEOUS**

14 **STATE BUDGET ACT APPLIES**

15 **SECTION 42.1.** The provisions of the State Budget Act, Chapter 143C of the
16 General Statutes, are reenacted and shall remain in full force and effect and are incorporated in
17 this act by reference.
18
19
20

21 **COMMITTEE REPORT**

22 **SECTION 42.2.(a)** The N.C. House of Representatives Appropriations Committee
23 Report on the Current Operations Appropriations Act, House Bill 966, Second Edition, As
24 Amended by the House Appropriations Committee, dated May 1, 2019, which was distributed in
25 the House of Representatives and used to explain this act, shall indicate action by the General
26 Assembly on this act and shall, therefore, be used to construe this act, as provided in the State
27 Budget Act, Chapter 143C of the General Statutes, as appropriate, and for these purposes shall
28 be considered a part of this act and, as such, shall be printed as a part of the Session Laws.

29 **SECTION 42.2.(b)** The budget enacted by the General Assembly is for the
30 maintenance of the various departments, institutions, and other spending agencies of the State
31 for the 2019-2021 biennial budget as provided in G.S. 143C-3-5. This budget includes the
32 appropriations of State funds as defined in G.S. 143C-1-1(d)(25).

33 The Director of the Budget submitted a recommended base budget to the General
34 Assembly in the Governor's Recommended Budget for the 2019-2021 fiscal biennium, dated
35 March 2019, and in the Budget Support Document for the various departments, institutions, and
36 other spending agencies of the State. The adjustments to the recommended base budget made by
37 the General Assembly are set out in the Committee Report.

38 **SECTION 42.2.(c)** The budget enacted by the General Assembly shall also be
39 interpreted in accordance with G.S. 143C-5-5, the special provisions in this act, and other
40 appropriate legislation. In the event that there is a conflict between the line-item budget certified
41 by the Director of the Budget and the budget enacted by the General Assembly, the budget
42 enacted by the General Assembly shall prevail.

43 **SECTION 42.2.(d)** Notwithstanding subsection (a) of this section, the following
44 portions of the Committee Report are for reference, and do not expand, limit, or define the text
45 of the Committee Report:

- 46 (1) Summary pages setting forth the enacted budget, the legislative changes, the
47 revised budget, and the related FTE information for a particular budget code
48 and containing no other substantive information.
49 (2) Summary pages setting forth the enacted budget, the legislative changes, the
50 revised budget, and the related FTE information for multiple fund codes
51 within a single budget code and containing no other substantive information.

1
2 **REPORT BY FISCAL RESEARCH DIVISION**

3 **SECTION 42.3.** The Fiscal Research Division shall issue a report on budget actions
4 taken by the 2019 Regular Session of the General Assembly. The report shall be in the form of a
5 revision of the Committee Report described in Section # of this act pursuant to G.S. 143C-5-5.
6 The Director of the Fiscal Research Division shall send a copy of the report issued pursuant to
7 this section to the Director of the Budget. The report shall be published on the General
8 Assembly's Internet Web site for public access.
9

10 **APPROPRIATIONS LIMITATIONS AND DIRECTIONS APPLY**

11 **SECTION 42.4.** Except where expressly repealed or amended by this act, the
12 provisions of enactments affecting the State budget during the 2019 Regular Session of the
13 General Assembly shall remain in effect.
14

15 **MOST TEXT APPLIES ONLY TO THE 2019-2021 FISCAL BIENNIUM**

16 **SECTION 42.5.** Except for statutory changes or other provisions that clearly indicate
17 an intention to have effects beyond the 2019-2021 fiscal biennium, the textual provisions of this
18 act apply only to funds appropriated for, and activities occurring during, the 2019-2021 fiscal
19 biennium.
20

21 **EFFECT OF HEADINGS**

22 **SECTION 42.6.** The headings to the Parts, subparts, and sections of this act are a
23 convenience to the reader and are for reference only. The headings do not expand, limit, or define
24 the text of this act, except for effective dates referring to a Part or subpart.
25

26 **SEVERABILITY CLAUSE**

27 **SECTION 42.7.** If any section or provision of this act is declared unconstitutional
28 or invalid by the courts, it does not affect the validity of this act as a whole or any part other than
29 the part so declared to be unconstitutional or invalid.
30

31 **EFFECTIVE DATE**

32 **SECTION 42.8.** Except as otherwise provided, this act becomes effective July 1,
33 2019.