

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2019

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4

HOUSE BILL 966
Committee Substitute Favorable 4/30/19
Committee Substitute #2 Favorable 5/1/19
Fourth Edition Engrossed 5/3/19

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			



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

1	UNC at Chapel Hill-Health Affairs		
2	Requirements	327,723,444	327,723,444
3	Less: Receipts	122,612,306	122,612,306
4	Net Appropriation	205,111,138	205,111,138
5			
6	UNC at Charlotte		
7	Requirements	420,146,272	420,146,272
8	Less: Receipts	164,780,562	164,780,562
9	Net Appropriation	255,365,710	255,365,710
10			
11	UNC at Greensboro		
12	Requirements	287,718,420	287,718,420
13	Less: Receipts	109,591,257	109,591,257
14	Net Appropriation	178,127,163	178,127,163
15			
16	UNC at Pembroke		
17	Requirements	91,261,357	92,265,578
18	Less: Receipts	13,264,333	13,264,333
19	Net Appropriation	77,997,024	79,001,245
20			
21	UNC at Wilmington		
22	Requirements	244,118,982	244,118,982
23	Less: Receipts	98,550,341	98,550,341
24	Net Appropriation	145,568,641	145,568,641
25			
26	UNC Board of Governors		
27	Requirements	42,592,385	42,592,385
28	Less: Receipts	46,899	46,899
29	Net Appropriation	42,545,486	42,545,486
30			
31	UNC BOG - Institutional Programs		
32	Requirements	153,154,932	252,259,087
33	Less: Receipts	34,183,633	34,183,633
34	Net Appropriation	118,971,299	218,075,454
35			
36	UNC BOG - Related Educational Programs		
37	Requirements	195,750,476	197,700,476
38	Less: Receipts	84,481,975	84,481,975
39	Net Appropriation	111,268,501	113,218,501
40			
41	UNC General Administration		
42	Requirements	184,633,089	196,899,756
43	Less: Receipts	0	0
44	Net Appropriation	184,633,089	196,899,756
45			
46	UNC School of the Arts		
47	Requirements	49,623,526	49,623,526
48	Less: Receipts	16,359,089	16,359,089
49	Net Appropriation	33,264,437	33,264,437
50			
51	Western Carolina University		

1	Requirements	159,162,027	159,195,028
2	Less: Receipts	27,714,804	27,714,804
3	Net Appropriation	131,447,223	131,480,224
4			
5	Winston-Salem State University		
6	Requirements	86,145,805	86,145,805
7	Less: Receipts	22,495,553	22,495,553
8	Net Appropriation	63,650,252	63,650,252
9			
10	East Carolina Univ-Academic Affairs		
11	Requirements	414,348,327	414,348,327
12	Less: Receipts	182,150,292	182,150,292
13	Net Appropriation	232,198,035	232,198,035
14			
15	East Carolina Univ-Health Affairs		
16	Requirements	90,335,813	90,335,813
17	Less: Receipts	12,400,019	12,400,019
18	Net Appropriation	77,935,794	77,935,794
19			
20	Elizabeth City State University		
21	Requirements	38,867,498	38,867,498
22	Less: Receipts	3,564,271	3,564,271
23	Net Appropriation	35,303,227	35,303,227
24			
25	Appalachian State University		
26	Requirements	261,453,151	261,453,151
27	Less: Receipts	113,650,398	113,650,398
28	Net Appropriation	147,802,753	147,802,753
29			
30	Fayetteville State University		
31	Requirements	75,646,019	75,646,019
32	Less: Receipts	21,734,797	21,734,797
33	Net Appropriation	53,911,222	53,911,222
34			
35	HEALTH AND HUMAN SERVICES		
36	Aging and Adult Services		
37	Requirements	120,342,567	120,413,026
38	Less: Receipts	70,784,053	70,784,053
39	Net Appropriation	49,558,514	49,628,973
40			
41	Central Management and Support		
42	Requirements	237,662,992	242,115,443
43	Less: Receipts	110,088,177	113,679,163
44	Net Appropriation	127,574,815	128,436,280
45			
46	Child Development and Early Education		
47	Requirements	808,052,594	817,864,179
48	Less: Receipts	572,283,644	572,086,384
49	Net Appropriation	235,768,950	245,777,795
50			
51	Health Benefits (Medicaid and Health Choice)		

1	Requirements	15,439,575,727	15,770,775,233
2	Less: Receipts	11,484,683,859	11,636,048,196
3	Net Appropriation	3,954,891,868	4,134,727,037
4			
5	Health Service Regulation		
6	Requirements	71,881,042	72,421,176
7	Less: Receipts	52,610,008	52,610,008
8	Net Appropriation	19,271,034	19,811,168
9			
10	Mental Hlth/Dev. Disabl./Subs. Abuse Serv.		
11	Requirements	1,554,885,983	1,578,873,607
12	Less: Receipts	793,895,541	787,473,601
13	Net Appropriation	760,990,442	791,400,006
14			
15	Public Health		
16	Requirements	906,298,161	905,258,573
17	Less: Receipts	740,511,193	740,167,484
18	Net Appropriation	165,786,968	165,091,089
19			
20	Services for the Blind/Deaf/Hard of Hearing		
21	Requirements	47,144,131	47,267,837
22	Less: Receipts	38,354,656	38,371,368
23	Net Appropriation	8,789,475	8,896,469
24			
25	Social Services		
26	Requirements	1,913,827,294	1,910,499,887
27	Less: Receipts	1,707,238,186	1,705,434,076
28	Net Appropriation	206,589,108	205,065,811
29			
30	Vocational Rehabilitation Services		
31	Requirements	153,195,395	153,389,985
32	Less: Receipts	112,486,771	112,511,632
33	Net Appropriation	40,708,624	40,878,353
34			
35	AGRICULTURE AND NATURAL AND ECONOMIC RESOURCES		
36	Agriculture and Consumer Services		
37	Requirements	197,084,154	190,451,891
38	Less: Receipts	68,929,628	59,329,628
39	Net Appropriation	128,154,526	131,122,263
40			
41	Commerce		
42	Requirements	287,784,743	321,023,536
43	Less: Receipts	142,084,386	138,779,386
44	Net Appropriation	145,700,357	182,244,150
45			
46	Environmental Quality		
47	Requirements	199,936,946	200,572,120
48	Less: Receipts	118,958,863	114,782,705
49	Net Appropriation	80,978,083	85,789,415
50			
51	Labor		

1	Requirements	37,363,324	37,820,268
2	Less: Receipts	18,968,296	18,968,296
3	Net Appropriation	18,395,028	18,851,972
4			
5	Natural and Cultural Resources		
6	Requirements	240,071,842	240,615,134
7	Less: Receipts	45,478,864	42,487,651
8	Net Appropriation	194,592,978	198,127,483
9			
10	Wildlife Resources Commission		
11	Requirements	75,785,741	76,047,837
12	Less: Receipts	64,486,379	64,486,379
13	Net Appropriation	11,299,362	11,561,458
14			
15	JUSTICE AND PUBLIC SAFETY		
16	Administrative Office of the Courts		
17	Requirements	567,285,662	583,143,738
18	Less: Receipts	1,136,462	1,136,462
19	Net Appropriation	566,149,200	582,007,276
20			
21	Indigent Defense Services		
22	Requirements	137,034,908	138,292,620
23	Less: Receipts	10,182,323	10,182,323
24	Net Appropriation	126,852,585	128,110,297
25			
26	Justice		
27	Requirements	92,285,038	94,354,140
28	Less: Receipts	40,484,546	40,487,512
29	Net Appropriation	51,800,492	53,866,628
30			
31	Public Safety		
32	Requirements	2,405,500,304	2,480,056,266
33	Less: Receipts	259,709,909	259,634,879
34	Net Appropriation	2,145,790,395	2,220,421,387
35			
36	GENERAL GOVERNMENT		
37	Administration		
38	Requirements	75,665,504	75,575,106
39	Less: Receipts	11,387,542	9,964,318
40	Net Appropriation	64,277,962	65,610,788
41			
42	Administrative Hearings		
43	Requirements	7,819,208	8,033,336
44	Less: Receipts	1,684,910	1,684,910
45	Net Appropriation	6,134,298	6,348,426
46			
47	Auditor		
48	Requirements	20,092,985	20,416,345
49	Less: Receipts	6,199,884	6,199,884
50	Net Appropriation	13,893,101	14,216,461
51			

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

1	Requirements	61,781,710	62,456,741
2	Less: Receipts	52,444,456	52,444,456
3	Net Appropriation	9,337,254	10,012,285
4			
5	Revenue		
6	Requirements	163,251,356	148,260,783
7	Less: Receipts	75,636,207	58,768,852
8	Net Appropriation	87,615,149	89,491,931
9			
10	Secretary of State		
11	Requirements	14,659,852	14,983,845
12	Less: Receipts	291,456	291,456
13	Net Appropriation	14,368,396	14,692,389
14			
15	Treasurer		
16	Requirements	60,611,012	60,904,633
17	Less: Receipts	55,809,044	56,069,539
18	Net Appropriation	4,801,968	4,835,094
19			
20	Treasurer - Additional Retirement Systems		
21	Requirements	31,905,423	32,255,423
22	Less: Receipts	0	0
23	Net Appropriation	31,905,423	32,255,423
24			
25	INFORMATION TECHNOLOGY		
26	Department of Information Technology		
27	Requirements	72,593,107	74,888,017
28	Less: Receipts	15,395,579	15,395,579
29	Net Appropriation	57,197,528	59,492,438
30			
31	RESERVES, DEBT, AND OTHER BUDGETS		
32	General Debt Service		
33	Requirements	730,767,386	748,058,900
34	Less: Receipts	730,767,386	748,058,900
35	Net Appropriation	0	0
36			
37	Federal Debt Service		
38	Requirements	1,616,380	1,616,380
39	Less: Receipts	1,616,380	1,616,380
40	Net Appropriation	0	0
41			
42	Film and Entertainment Grant		
43	Requirements	31,000,000	0
44	Less: Receipts	0	0
45	Net Appropriation	31,000,000	0
46			
47	Statewide Reserves		
48	Requirements	3,450,000	5,400,000
49	Less: Receipts	0	0
50	Net Appropriation	3,450,000	5,400,000
51			

1	OSHR Minimum of Market Adjustment		
2	Requirements	1,224,316	1,624,316
3	Less: Receipts	0	0
4	Net Appropriation	1,224,316	1,624,316
5			
6	Total Requirements	45,930,935,419	47,019,921,988
7	Less: Total Receipts	22,024,435,419	22,147,530,482
8	Total Net Appropriation	23,906,500,000	24,872,391,506
9			
10	GENERAL FUND AVAILABILITY		
11	SECTION 2.2.(a) The General Fund availability derived from State tax revenue,		
12	nontax revenue, and other adjustments used in developing the budget for each year of the		
13	2019-2021 fiscal biennium is as follows:		
14			
15		FY 2019-2020	FY 2020-2021
16	Unappropriated Balance	645,592,679	605,033,950
17	Anticipated Reversions	275,000,000	275,000,000
18	Projected Over Collections	150,800,000	-
19	Information Technology Reserve	(73,214,383)	(93,201,702)
20	Total, Prior Year-End Fund Balance	998,178,296	786,832,248
21			
22	Statutory Earmark, State Capital & Infrastructure Fund	(249,544,574)	(196,708,062)
23	Beginning Unreserved Fund Balance	748,633,722	590,124,186
24			
25	Tax Revenues		
26	Personal Income	12,891,800,000	13,407,500,000
27	Sales and Use	8,155,600,000	8,530,800,000
28	Corporate Income	687,000,000	730,400,000
29	Franchise	685,800,000	705,800,000
30	Insurance	602,400,000	620,200,000
31	Alcoholic Beverage	400,600,000	413,000,000
32	Tobacco Products	260,100,000	260,000,000
33	Other Tax Revenues	130,400,000	133,100,000
34	Subtotal, Tax Revenues	23,813,700,000	24,801,100,000
35	Non-tax Revenues		
36	Judicial Fees	232,900,000	232,400,000
37	Investment Income	183,000,000	203,300,000
38	Disproportionate Share	164,700,000	142,100,000
39	Master Settlement Agreement	139,400,000	139,400,000
40	Insurance	83,700,000	84,600,000
41	Other Non-tax Revenues	196,600,000	198,600,000
42	Subtotal, Non-tax Revenues	1,000,300,000	1,000,400,000
43			
44	Total, Net Revenues	24,814,000,000	25,801,500,000
45			
46	Adjustments to Tax Revenues: 2019 Session		
47	Tax Law Changes	(5,300,000)	(144,600,000)
48	Gross Premiums Tax/Prepaid Health Plans (H.B. 114)	12,000,000	191,000,000
49	Statutory Reservations of Tax Revenues		
50	Savings Reserve	(104,610,000)	(154,065,000)
51	State Capital and Infrastructure Fund	(952,816,000)	(993,900,000)

1	Other Adjustments to Availability: 2019 Session		
2	Transfer from Department of Insurance	(436,908)	(1,358,397)
3	Transfer from Department of Treasurer	63,136	30,010
4			
5	Total, Adjustments and Reservations	(1,051,099,772)	(1,102,893,387)
6			
7	Revised Net General Fund Availability	24,511,533,950	25,288,730,799
8			
9	Less General Fund Net Appropriations	(23,906,500,000)	(24,872,391,506)
10			
11	Unappropriated Balance Remaining	605,033,950	416,339,293
12			

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

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

	Budget Code	2018-2019
25		
26	1. Enterprise Resource Planning,	
27	Office of the State Controller	24160-2901 \$25,000,000
28	2. E-Courts, Administrative Office of	
29	the Courts	22006-2006 \$5,000,000
30	3. K-12 Business Systems, Modernization,	
31	Department of Public Instruction	23515-2531 \$12,000,000
32	4. NC FAST, Department of Health and	
33	Human Services	24110-2411 \$18,314,383
34	5. VIPER, Department of Public Safety	24550-2260 \$12,900,000
35		

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

	Budget Code	2019-2020
42		
43		
44	1. Enterprise Resource Planning,	
45	Office of the State Controller	24160-2901 \$25,000,000
46	2. E-Courts, Administrative Office of	
47	the Courts	22006-2006 \$10,000,000
48	3. K-12 Business Systems, Modernization,	
49	Department of Public Instruction	23515-2531 \$39,000,000
50	4. NC FAST, Department of Health and	
51	Human Services	24110-2411 \$12,301,702

1 5. VIPER, Department of Public Safety 24550-2260 \$6,900,000

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

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

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

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

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

19	Current Operations – Highway Fund	FY 2019-2020	FY 2020-2021
20			
21	Department of Transportation		
22	Administration	\$89,378,517	\$89,388,867
23	Division of Highways		
24	Administration	40,787,566	40,787,566
25	Construction	36,100,000	36,100,000
26	Maintenance	1,444,051,609	1,500,007,866
27	Governor's Highway Safety Program	267,914	267,914
28	OSHA Program	358,030	358,030
29	State Aid to Municipalities	162,250,000	177,000,000
30	Intermodal Divisions		
31	Ferry	50,379,026	50,879,026
32	Public Transportation, Bicycle, and Pedestrian	95,154,993	95,154,993
33	Aviation	135,546,918	131,346,918
34	Rail	53,822,269	84,427,269
35	Division of Motor Vehicles	142,008,846	138,397,373
36	Reserves, Transfers, and Other	45,578,281	51,219,218
37	Capital Improvements	11,716,031	11,964,960
38			
39	Total Highway Fund Appropriations	\$2,307,400,000	\$2,407,300,000

40 **HIGHWAY FUND AVAILABILITY**

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

43	Highway Fund Availability	FY 2019-2020	FY 2020-2021
44			

1	Motor Fuels Tax	\$1,520,100,000	\$1,569,500,000
2	Highway Short-Term Lease	10,000,000	10,000,000
3	Licenses and Fees	772,200,000	828,000,000
4	Investment Income	1,000,000	1,000,000
5	NCCR Dividend Payment	4,100,000	4,200,000
6	Aviation Fuel Tax Adjustment	0	(5,400,000)
7			
8	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:

16	Current Operations – Highway Trust Fund	FY 2019-2020	FY 2020-2021
18	Program Administration	\$35,626,560	\$35,626,560
19	Bonds	88,334,015	56,824,500
20	Turnpike Authority	49,000,000	49,000,000
21	State Ports Authority	45,000,000	45,000,000
22	FHWA State Match	4,640,000	4,640,000
23	Strategic Prioritization Funding Plan for		
24	Transportation Investments	1,376,699,425	1,465,308,940
25	Transfer to Visitor Center	400,000	400,000
26			
27	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:

32	Highway Trust Fund Availability	FY 2019-2020	FY 2020-2021
34	Highway Use Tax	\$833,900,000	\$855,500,000
35	Motor Fuels Tax	618,500,000	636,400,000
36	Fees	145,300,000	162,900,000
37	Investment Income	2,000,000	2,000,000
38			
39	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
10 School Technology Fund	\$18,000,000	\$18,000,000
11 Drivers Education	27,393,768	27,393,768
12 State Public School Fund	162,941,640	162,941,640
13 Total Appropriation	\$208,335,408	\$208,335,408

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 40 **ESTABLISHING OR INCREASING FEES**

41 **SECTION 5.1.(a)** Notwithstanding G.S. 12-3.1, an agency is not required to consult
42 with the Joint Legislative Commission on Governmental Operations prior to establishing or
43 increasing a fee to the level authorized or anticipated in this act.

44 **SECTION 5.1.(b)** Notwithstanding G.S. 150B-21.1A(a), an agency may adopt an
45 emergency rule in accordance with G.S. 150B-21.1A to establish or increase a fee as authorized
46 by this act if the adoption of a rule would otherwise be required under Article 2A of Chapter
47 150B of the General Statutes.

48 49 **STATE FUNDS/REQUIRE DEPOSIT IN STATE TREASURY**

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

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.

~~Agency and Trust Fiduciary Funds.~~

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

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

"§ 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 **2020 CENSUS PREPARATION RESERVE**

45 **SECTION 5.7.** Of the funds appropriated in this act, the sum of four hundred
46 thousand dollars (\$400,000) for the 2019-2020 fiscal year shall be reduced from the OSHR
47 Minimum of Market Reserve and the sum of three hundred fifty thousand dollars (\$350,000) for
48 the 2019-2020 fiscal year shall be reduced from the Pending Legislation Reserve. The sum of
49 seven hundred fifty thousand dollars (\$750,000) appropriated in this act for the 2020 Census
50 Preparation Reserve (Reserve) shall be managed by the Office of State Budget and Management

1 and used for materials and outreach related to statewide preparation for the 2020 United States
2 Census.

3 4 **PART VI. COMMUNITY COLLEGE SYSTEM**

5 6 **CODIFY REORGANIZATION AUTHORITY OF CC SYSTEM OFFICE**

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

8 "**§ 115D-3. Community Colleges System Office; staff; staff; reorganization authority.**

9 (a) The Community Colleges System Office shall be a principal administrative
10 department of State government under the direction of the State Board of Community Colleges,
11 and shall be separate from the free public school system of the State, the State Board of
12 Education, and the Department of Public Instruction. The State Board has authority to adopt and
13 administer all policies, regulations, and standards which it deems necessary for the operation of
14 the System Office.

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

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

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

45 46 **CC TUITION WAIVER/CAMPUS POLICE OF PRIVATE INSTITUTIONS OF** 47 **HIGHER EDUCATION**

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

49 "(b) In order to make instruction as accessible as possible to all citizens, the teaching of
50 curricular courses and of noncurricular extension courses at convenient locations away from
51 institution campuses as well as on campuses is authorized and shall be encouraged. A pro rata

1 portion of the established regular tuition rate charged a full-time student shall be charged a
 2 part-time student taking any curriculum course. In lieu of any tuition charge, the State Board of
 3 Community Colleges shall establish a uniform registration fee, or a schedule of uniform
 4 registration fees, to be charged students enrolling in extension courses for which instruction is
 5 financed primarily from State funds. The State Board of Community Colleges may provide by
 6 general and uniform regulations for waiver of tuition and registration fees for the following:

- 7 (1) Persons not enrolled in elementary or secondary schools taking courses
 8 leading to a high school diploma or equivalent certificate.
- 9 (2) Courses requested by the following entities that support the organizations'
 10 training needs and are on a specialized course list approved by the State Board
 11 of Community Colleges:
 - 12 a. Volunteer fire departments.
 - 13 b. Municipal, county, or State fire departments.
 - 14 c. Volunteer EMS or rescue and lifesaving departments.
 - 15 d. Municipal, county, or State EMS or rescue and lifesaving departments.
 - 16 d1. Law enforcement, fire, EMS or rescue and lifesaving entities serving
 17 a lake authority that was created by a county board of commissioners
 18 prior to July 1, 2012.
 - 19 e. Radio Emergency Associated Communications Teams (REACT)
 20 under contract to a county as an emergency response agency.
 - 21 f. Municipal, county, or State law enforcement agencies.
 - 22 f1. Campus police agencies of private institutions of higher education
 23 certified by the Attorney General pursuant to Chapter 74G of the
 24 General Statutes.
 - 25 g. The Division of Adult Correction and Juvenile Justice of the
 26 Department of Public Safety for the training of full-time custodial
 27 employees and employees of the Division required to be certified
 28 under Article 1 of Chapter 17C of the General Statutes and the rules
 29 of the Criminal Justice and Training Standards Commission.
 - 30 h. Repealed by Session Laws 2017-186, s. 2(hhhhh), effective December
 31 1, 2017.
 - 32 i. The Eastern Band of Cherokee Indians law enforcement, fire, EMS or
 33 rescue and lifesaving tribal government departments or programs.
 - 34 j. The Criminal Justice Standards Division of the Department of Justice
 35 for the training of criminal justice professionals, as defined in
 36 G.S. 17C-20(6), who are required to be certified under (i) Article 1 of
 37 Chapter 17C of the General Statutes and the rules of the North
 38 Carolina Criminal Justice Education and Training Standards
 39 Commission or (ii) Chapter 17E of the General Statutes and the rules
 40 of the North Carolina Sheriffs' Education and Training Standards
 41 Commission. The waivers provided for in this sub-subdivision apply
 42 to participants and recent graduates of the North Carolina Criminal
 43 Justice Fellows Program to obtain certifications for eligible criminal
 44 justice professions as defined in G.S. 17C-20(6).

45"

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

48 NC CAREER COACHES/LOCAL MATCHING FUNDS

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

50 "(c) Application for NC Career Coach Program Funding. – The board of trustees of a
 51 community college and a local board of education of a local school administrative unit within the

1 service area of the community college jointly may apply for available funds for NC Career Coach
2 Program funding from the State Board of Community Colleges. The State Board of Community
3 Colleges shall establish a process for award of funds as follows:

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

37 **ALLOW CCS TO EARN FTE FOR INSTRUCTION IN LOCAL JAILS**

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

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

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

42 **"§ 115D-5. Administration of institutions by State Board of Community Colleges;**
43 **personnel exempt from North Carolina Human Resources Act; extension**
44 **courses; tuition waiver; in-plant training; contracting, etc., for establishment**
45 **and operation of extension units of the community college system; use of existing**
46 **public school facilities.**

47 ...

48 (c) No course of instruction shall be offered by any community college at State expense
49 or partial State expense to any captive or co-opted group of students, as defined by the State
50 Board of Community Colleges, without prior approval of the State Board of Community
51 Colleges. All course offerings approved for State prison inmates or prisoners in local jails must

1 be tied to clearly identified job skills, transition needs, or both. Approval by the State Board of
 2 Community Colleges shall be presumed to constitute approval of both the course and the group
 3 served by that institution. The State Board of Community Colleges may delegate to the President
 4 the power to make an initial approval, with final approval to be made by the State Board of
 5 Community Colleges. A course taught without such approval will not yield any full-time
 6 equivalent students, as defined by the State Board of Community Colleges.

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

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

14"

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

17
 18 **WAIVE TUITION/DEPENDENTS OF FALLEN CORRECTIONAL OFFICERS**

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

20 **"§ 115B-1. Definitions.**

21 The following definitions apply in this Chapter:

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

25 ~~(1)~~(1a) Employer. – The State of North Carolina and its departments, agencies, and
 26 institutions; or a county, city, town, or other political subdivision of the State.

27 ...

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

35 ...

36 (6) Survivor. – Any person whose parent, legal guardian, legal custodian, or
 37 spouse: (i) was a law enforcement officer, a correctional officer, a firefighter,
 38 a volunteer firefighter, or a rescue squad worker, (ii) was killed while in active
 39 service or training for active service or died as a result of a service-connected
 40 disability, and (iii) at the time of active service or training was a North
 41 Carolina resident. The term does not include the widow or widower of a law
 42 enforcement officer, correctional officer, firefighter, volunteer firefighter, or
 43 a rescue squad worker if the widow or widower has remarried.

44"

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

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

49 ...

- 1 (2) Any person who is the survivor of a law enforcement officer, correctional
 2 officer, firefighter, volunteer firefighter, or rescue squad worker killed as a
 3 direct result of a traumatic injury sustained in the line of duty.
 4 (3) The spouse of a law enforcement officer, correctional officer, firefighter,
 5 volunteer firefighter, or rescue squad worker who is permanently and totally
 6 disabled as a direct result of a traumatic injury sustained in the line of duty.
 7 (4) Any child, if the child is at least 17 years old but not yet 24 years old, whose
 8 parent, legal guardian, or legal custodian is a law enforcement officer,
 9 correctional officer, firefighter, volunteer firefighter, or rescue squad worker
 10 who is permanently and totally disabled as a direct result of a traumatic injury
 11 sustained in the line of duty. However, a child's eligibility for a waiver of
 12 tuition under this Chapter shall not exceed: (i) 54 months, if the child is
 13 seeking a baccalaureate degree, or (ii) if the child is not seeking a
 14 baccalaureate degree, the number of months required to complete the
 15 educational program to which the child is applying.

16"

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

- 18 "(3) The cause of death of the law enforcement officer, correctional officer,
 19 firefighter, volunteer firefighter, or rescue squad worker shall be verified by
 20 certification from the records of the Department of State Treasurer, the
 21 appropriate city or county law enforcement agency that employed the
 22 deceased, the administrative agency for the fire department or fire protection
 23 district recognized for funding under the Department of State Auditor, or the
 24 administrative agency having jurisdiction over any paid firefighters of all
 25 counties and cities."

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

27
 28 **REMOVE RESTRICTION ON STANLY CC FROM USING STATE FUNDS FOR**
 29 **CULINARY PROGRAM OFF CAMPUS**

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

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

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

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

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

45
 46 **PART VII. PUBLIC INSTRUCTION**

47
 48 **FUNDS FOR CHILDREN WITH DISABILITIES**

49 **SECTION 7.1.** The State Board of Education shall allocate additional funds for
 50 children with disabilities on the basis of four thousand four hundred forty-two dollars and
 51 thirty-four cents (\$4,442.34) per child for fiscal years 2019-2020 and 2020-2021. Each local

1 school administrative unit shall receive funds for the lesser of (i) all children who are identified
2 as children with disabilities or (ii) twelve and seventy-five hundredths percent (12.75%) of its
3 2019-2020 allocated average daily membership in the local school administrative unit. The dollar
4 amounts allocated under this section for children with disabilities shall also be adjusted in
5 accordance with legislative salary increments, retirement rate adjustments, and health benefit
6 adjustments for personnel who serve children with disabilities.

7 8 **FUNDS FOR ACADEMICALLY GIFTED CHILDREN**

9 **SECTION 7.2.** The State Board of Education shall allocate additional funds for
10 academically or intellectually gifted children on the basis of one thousand three hundred forty
11 dollars and ninety-seven cents (\$1,340.97) per child for fiscal years 2019-2020 and 2020-2021.
12 A local school administrative unit shall receive funds for a maximum of four percent (4%) of its
13 2019-2020 allocated average daily membership, regardless of the number of children identified
14 as academically or intellectually gifted in the unit. The dollar amounts allocated under this section
15 for academically or intellectually gifted children shall also be adjusted in accordance with
16 legislative salary increments, retirement rate adjustments, and health benefit adjustments for
17 personnel who serve academically or intellectually gifted children.

18 19 **SUPPLEMENTAL FUNDING IN LOW-WEALTH COUNTIES**

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

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

- 31 (1) Anticipated county property tax revenue availability. – The county-adjusted
32 property tax base multiplied by the effective State average tax rate.
- 33 (2) Anticipated total county revenue availability. – The sum of the following:
 - 34 a. Anticipated county property tax revenue availability.
 - 35 b. Local sales and use taxes received by the county that are levied under
36 Chapter 1096 of the 1967 Session Laws or under Subchapter VIII of
37 Chapter 105 of the General Statutes.
 - 38 c. Fines and forfeitures deposited in the county school fund for the most
39 recent year for which data are available.
- 40 (3) Anticipated total county revenue availability per student. – The anticipated
41 total county revenue availability for the county divided by the average daily
42 membership of the county.
- 43 (4) Anticipated State average revenue availability per student. – The sum of all
44 anticipated total county revenue availability divided by the average daily
45 membership for the State.
- 46 (5) Average daily membership. – Average daily membership as defined in the
47 North Carolina Public Schools Allotment Policy Manual adopted by the State
48 Board of Education. If a county contains only part of a local school
49 administrative unit, the average daily membership of that county includes all
50 students who reside within the county and attend that local school
51 administrative unit.

- 1 (6) County-adjusted property tax base. – Computed as follows:
 - 2 a. Subtract the present-use value of agricultural land, horticultural land,
3 and forestland in the county, as defined in G.S. 105-277.2, from the
4 total assessed real property valuation of the county.
 - 5 b. Adjust the resulting amount by multiplying by a weighted average of
6 the three most recent annual sales assessment ratio studies.
 - 7 c. Add to the resulting amount the following:
 - 8 1. Present-use value of agricultural land, horticultural land, and
9 forestland, as defined in G.S. 105-277.2.
 - 10 2. Value of property of public service companies, determined in
11 accordance with Article 23 of Chapter 105 of the General
12 Statutes.
 - 13 3. Personal property value for the county.
- 14 (7) County-adjusted property tax base per square mile. – The county-adjusted
15 property tax base divided by the number of square miles of land area in the
16 county.
- 17 (8) County wealth as a percentage of State average wealth. – Computed as
18 follows:
 - 19 a. Compute the percentage that the county per capita income is of the
20 State per capita income and weight the resulting percentage by a factor
21 of five-tenths.
 - 22 b. Compute the percentage that the anticipated total county revenue
23 availability per student is of the anticipated State average revenue
24 availability per student and weight the resulting percentage by a factor
25 of four-tenths.
 - 26 c. Compute the percentage that the county-adjusted property tax base per
27 square mile is of the State-adjusted property tax base per square mile
28 and weight the resulting percentage by a factor of one-tenth.
 - 29 d. Add the three weighted percentages to derive the county wealth as a
30 percentage of the State average wealth.
- 31 (9) Effective county tax rate. – The actual county tax rate multiplied by a weighted
32 average of the three most recent annual sales assessment ratio studies.
- 33 (10) Effective State average tax rate. – The average of effective county tax rates
34 for all counties.
- 35 (11) Local current expense funds. – The most recent county current expense
36 appropriations to public schools, as reported by local boards of education in
37 the audit report filed with the Secretary of the Local Government Commission
38 pursuant to G.S. 115C-447.
- 39 (12) Per capita income. – The average for the most recent three years for which
40 data are available of the per capita income according to the most recent report
41 of the United States Department of Commerce, Bureau of Economic Analysis,
42 including any reported modifications for prior years as outlined in the most
43 recent report.
- 44 (13) Sales assessment ratio studies. – Sales assessment ratio studies performed by
45 the Department of Revenue under G.S. 105-289(h).
- 46 (14) State average adjusted property tax base per square mile. – The sum of the
47 county-adjusted property tax bases for all counties divided by the number of
48 square miles of land area in the State.
- 49 (15) State average current expense appropriations per student. – The most recent
50 State total of county current expense appropriations to public schools, as

- 1 reported by local boards of education in the audit report filed with the
2 Secretary of the Local Government Commission pursuant to G.S. 115C-447.
- 3 (16) Supplant. – To decrease local per student current expense appropriations from
4 one fiscal year to the next fiscal year.
- 5 (17) Weighted average of the three most recent annual sales assessment ratio
6 studies. – The weighted average of the three most recent annual sales
7 assessment ratio studies in the most recent years for which county current
8 expense appropriations and adjusted property tax valuations are available. If
9 real property in a county has been revalued one year prior to the most recent
10 sales assessment ratio study, a weighted average of the two most recent sales
11 assessment ratios shall be used. If property has been revalued the year of the
12 most recent sales assessment ratio study, the sales assessment ratio for the year
13 of revaluation shall be used.

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

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

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

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

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

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

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

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

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

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

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

40
 41 **SMALL COUNTY SCHOOL SYSTEM SUPPLEMENTAL FUNDING**

42 **SECTION 7.4.(a)** Allotment Schedule for the 2019-2021 Fiscal Biennium. – Except
 43 as otherwise provided in subsection (d) of this section, each eligible county school administrative
 44 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

1 2,801-3,300 \$1,548,000.

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

8 Allotments for eligible local school administrative units under this subsection shall
9 not be reduced by more than twenty percent (20%) of the amount received in fiscal year
10 2018-2019 in any fiscal year. A local school administrative unit shall not become ineligible for
11 funding if either the highest of the first two months' total projected average daily membership for
12 the current year or the higher of the first two months' total prior year average daily membership
13 would otherwise have made the unit eligible for funds under the schedule in subsection (a) of this
14 section.

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

21 Allotments for eligible local school administrative units under this subsection shall
22 not be reduced by more than twenty percent (20%) of the amount received in fiscal year
23 2019-2020 in any fiscal year. A local school administrative unit shall not become ineligible for
24 funding if either the highest of the first two months' total projected average daily membership for
25 the current year or the higher of the first two months' total prior year average daily membership
26 would otherwise have made the unit eligible for funds under the schedule in subsection (a) of this
27 section.

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

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

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

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

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

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

4 5 **DISADVANTAGED STUDENT SUPPLEMENTAL FUNDING (DSSF)**

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

- 9 (1) Provide instructional positions or instructional support positions.
- 10 (2) Provide professional development.
- 11 (3) Provide intensive in-school or after-school remediation, or both.
- 12 (4) Purchase diagnostic software and progress-monitoring tools.
- 13 (5) Provide funds for teacher bonuses and supplements. The State Board of
14 Education shall set a maximum percentage of the funds that may be used for
15 this purpose.

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

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

- 26 (1) For counties with wealth greater than ninety percent (90%) of the statewide
27 average, a ratio of 1:19.9.
- 28 (2) For counties with wealth not less than eighty percent (80%) and not greater
29 than ninety percent (90%) of the statewide average, a ratio of 1:19.4.
- 30 (3) For counties with wealth less than eighty percent (80%) of the statewide
31 average, a ratio of 1:19.1.
- 32 (4) For local school administrative units that received DSSF funds in fiscal year
33 2005-2006, a ratio of 1:16. These local school administrative units shall
34 receive no less than the DSSF amount allotted in fiscal year 2006-2007.

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

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

41 42 **DEPARTMENT OF PUBLIC INSTRUCTION REORGANIZATION AUTHORITY**

43 **SECTION 7.6.(a)** Notwithstanding G.S. 143C-6-4, for the 2019-2021 fiscal
44 biennium, the Department of Public Instruction may, after consultation with the Office of State
45 Budget and Management and the Fiscal Research Division, reorganize the Department, realign
46 fund structures, or both, if necessary, to implement (i) the reorganization authorized in Section
47 7.7 of S.L. 2017-57, as amended by Section 7.5 of S.L. 2018-5, (ii) recommendations resulting
48 from the audit required pursuant to Section 7.23L of S.L. 2017-57, and (iii) other changes
49 necessary to improve the efficiency of the Department. Consultation shall occur prior to
50 requesting budgetary and personnel changes through the budget revision process. The
51 Department of Public Instruction shall provide (i) a current organization chart and a list of

1 affected funds and (ii) the proposed organization chart and a list of affected funds clearly
2 identifying the changes for the Department in the consultation process and shall report to the
3 Joint Legislative Commission on Governmental Operations on any reorganization, including any
4 movement of positions and funds between fund codes on a recurring basis.

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

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

24 25 **DEPARTMENT ISSUE REQUEST FOR PROPOSALS FOR EDUCATION FUNDING** 26 **EVALUATION**

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

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

1 **SECTION 7.7.(b)** No later than December 15, 2019, the Department shall select an
2 independent research organization to complete the evaluation. The independent research
3 organization selected by the Department pursuant to subsection (a) of this section shall report the
4 results of its evaluation to the State Board of Education no later than December 31, 2020. The
5 State Board shall provide the report to the offices of the President Pro Tempore of the Senate and
6 the Speaker of the House of Representatives, the Senate Appropriations/Base Budget Committee,
7 the House Committee on Appropriations, the Senate Appropriations Committee on
8 Education/Higher Education, the House Appropriations Committee on Education, the Fiscal
9 Research Division, and the Joint Legislative Education Oversight Committee.

10
11 **CONTINUE EXPANSION OF SCHOOL CONNECTIVITY**
12 **INITIATIVE/CYBERSECURITY AND RISK MANAGEMENT**

13 **SECTION 7.8.(a)** The State Board of Education and the Department of Public
14 Instruction, in collaboration with the Friday Institute at North Carolina State University, shall
15 continue the expansion of the School Connectivity Initiative client network engineering to
16 include cybersecurity and risk management services supporting local school administrative units
17 and charter schools. The expansion shall include the following:

- 18 (1) Continuous monitoring and risk assessment. – Cloud-based solutions to
19 discover assets, assess their security posture, and recommend corrective
20 actions based on real-world risk reduction.
21 (2) Security advisory and consulting services. – Five regional security consultants
22 working with schools to assess security posture and develop and implement
23 improvement plans. The plans shall include security policy, building security
24 programs, implementing effective security controls, and ongoing support for
25 operating security governance.
26 (3) Security training and education services. – Security training and education for
27 teachers, staff, and administrators.

28 **SECTION 7.8.(b)** Funds appropriated to the Department by this act for the
29 2019-2021 fiscal biennium for the School Connectivity Initiative and cybersecurity shall be used
30 to develop and implement the above cybersecurity and risk management services to support
31 public school cybersecurity and risk management service operations.
32

33 **ADVANCED TEACHING ROLES CHANGES**

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

- 35 (1) Section 8.7 of S.L. 2016-94.
36 (2) Section 7.11(a) of S.L. 2017-57.
37 (3) Section 7.15(b) of S.L. 2017-57.
38 (4) Section 7.9 of S.L. 2018-5.
39 (5) Section 2.6 of S.L. 2018-97.

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

42 **"§ 115C-311. Teacher compensation models and advanced teaching roles.**

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

- 50 (1) Allow highly effective classroom teachers to teach an increased number of
51 students by assuming accountability for additional students, by becoming a

1 lead classroom teacher accountable for the student performance of all of the
2 students taught by teachers on that lead classroom teacher's team, or by
3 leading a larger effort in the school to implement new instructional models to
4 improve school-wide performance.

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

10 (3) Enable local school administrative units to create innovative compensation
11 models that focus on classroom teacher professional growth that lead to
12 measurable improvements in student outcomes.

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

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

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

21 a. The process for teacher advancement based on performance,
22 professional growth, or the specific teacher roles assumed by the
23 teacher.

24 b. Plans for how the local school administrative unit will utilize and train
25 classroom teachers in advanced teaching roles. These plans shall draw
26 a direct correlation between the proposed use and training of
27 classroom teachers in advanced teaching roles and improved student
28 outcomes.

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

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

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

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

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

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

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

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

50 c. Leading a school-wide effort to implement data-driven instructional
51 models that include blended learning environments, utilizing digital

- 1 learning and resources, and focusing on methods of improvement for
2 school-wide performance issues.
- 3 d. Providing in-house professional development or functioning as an
4 instructional content area coach or a coach in another professional
5 development area following the completion of certification training.
6 The training shall ensure that the professional development or
7 coaching the teacher provides is faithfully implemented in the
8 classroom.
- 9 (4) Description of how the local school administrative unit will inform all
10 employees and the public on the criteria and selection for the advanced
11 teaching roles, the continued eligibility requirements for the advanced
12 teaching roles, and how the individuals selected for the advanced teaching
13 roles will be evaluated.
- 14 (5) Description of how the local school administrative unit will inform all
15 employees and the public on the criteria for movement on the proposed new
16 local compensation model.
- 17 (6) The process for the voluntary relinquishment of an advanced teaching role,
18 including the associated additional duties. Voluntary relinquishment of the
19 advanced teaching role shall not be considered a demotion under Part 3 of
20 Article 22 of Chapter 115C of the General Statutes.
- 21 (7) Salary supplement information including the following:
- 22 a. The amount of the salary supplements that will be provided to those
23 selected for the advanced teaching roles. The supplements may be up
24 to thirty percent (30%) of the State teacher salary schedule.
- 25 b. A statement by the local school administrative unit that the salary
26 supplements will be paid as a supplement to the classroom teacher's
27 regular salary and not be included in the average salary calculation
28 used for budgeting State allotments.
- 29 c. A statement by the local school administrative unit that if a classroom
30 teacher in an advanced teaching role (i) fails to maintain the minimum
31 criteria established for the position, (ii) is not successfully performing
32 the additional duties associated with the advanced teaching role, or (iii)
33 voluntarily relinquishes the advanced teaching role, the teacher shall
34 only be paid the salary applicable to that individual on the State teacher
35 salary schedule and any other local supplements that would otherwise
36 apply to the classroom teacher's compensation.
- 37 d. Loss of an advanced teaching role shall not be considered a demotion
38 under Part 3 of Article 22 of Chapter 115C of the General Statutes.
- 39 e. The amount of the salary supplements at all levels of the proposed new
40 compensation model in relation to the State teacher salary schedule.
- 41 (8) The implementation plan, including the number of schools in the local school
42 administrative unit that will have advanced teaching roles and any new
43 proposed compensation model, the number of advanced teaching roles at each
44 of those schools, the number of students whose teacher of record will be a
45 teacher in an advanced teaching role, and the number of teachers overall who
46 would be eligible for the proposed new compensation model.
- 47 (9) Plans for long-term financial sustainability once any grant money that may be
48 awarded to the local school administrative unit is no longer available. This
49 plan shall include a description of how the unit intends to provide
50 supplemental compensation for teachers in an advanced teaching role without
51 grant money.

1 (10) A description of how the local school administrative unit could partner with
2 local educator preparation programs, institutions of higher education, or
3 community colleges to improve teacher effectiveness and student outcomes.

4 (c) Selection by State Board of Education. – By December 15, 2019, and annually
5 thereafter, the State Board of Education shall review proposals and select local school
6 administrative units to participate in the program, beginning in the subsequent school year, in
7 accordance with the following criteria:

8 (1) Selected local school administrative units must meet minimum criteria
9 established by the State Board of Education consistent with this section.

10 (2) The State Board shall prioritize the award of available State funds for the
11 following categories of local school administrative units:

12 a. Up to five units with an average daily membership from the previous
13 school year of 4,000 or fewer students.

14 b. Up to five units with an average daily membership from the previous
15 school year of between 4,001 and 20,000 students.

16 c. Up to five units with an average daily membership from the previous
17 school year of 20,001 or more students.

18 (3) The State Board shall approve the proposal of any local school administrative
19 unit that is submitted by October 15, 2019, if the following criteria are met:

20 a. The local school administrative unit is participating in an approved
21 advanced teaching roles program pursuant to Section 8.7 of S.L.
22 2016-94 in the 2019-2020 school year.

23 b. The application of a local school administrative unit is not inconsistent
24 with this section.

25 (d) Advanced Teaching Roles Designation. – Any local board of education that is
26 selected to participate in the program pursuant to subsection (c) of this section shall designate
27 participating schools within the unit as "Advanced Teaching Roles" schools. Every Advanced
28 Teaching Roles school shall receive class size flexibility pursuant to subsection (i) of this section
29 and budget flexibility pursuant to subsection (j) of this section.

30 (e) Material Revisions of Plans. – Material revisions of a plan submitted to the State
31 Board of Education by a local board of education with at least one Advanced Teaching Roles
32 school shall be made only upon the approval of the State Board of Education.

33 (f) Renewal and Termination. – The initial selected local school administrative units
34 shall implement their approved plans beginning with the 2020-2021 school year. Every five years
35 after a local school administrative unit begins implementing its plan, the State Board of Education
36 shall review the unit to ensure it is complying with its approved plan. After the review, the State
37 Board may, in its discretion, renew or terminate the plan of any local school administrative unit
38 that fails to meet criteria established by the State Board in accordance with this section and the
39 Advanced Teaching Roles designation of any school within that unit. Throughout the program,
40 a local school administrative unit shall provide any information or access requested by (i) the
41 State Board of Education or (ii) the independent research organization selected by the State Board
42 of Education to evaluate the program pursuant to this section.

43 (g) Term; Use of Grant Funds. – Any funds awarded to a local school administrative unit
44 pursuant to this section shall be subject to availability and awarded for a term of up to three years,
45 in the discretion of the State Board. A local school administrative unit shall not be eligible to
46 receive funding for more than one term. Funds awarded to local school administrative units shall
47 be used for any of the following:

48 (1) Development of advanced teaching role plans.

49 (2) Development of professional development courses for teachers in advanced
50 teaching roles that lead to improved student outcomes.

- 1 (3) Transition costs associated with designing and implementing advanced
2 teaching role models. Transition costs may include employing staff members
3 or contractors to assist with design and implementation of the plan.
4 (4) Development of the design and implementation of compensation plans that
5 focus on teacher professional growth and student outcomes and the transition
6 costs associated with designing and implementing new compensation plans,
7 including employing staff members or contractors to assist with design and
8 implementation of the plan.

9 (h) Program Evaluation. – The State Board of Education shall evaluate how the advanced
10 teaching roles and new compensation plans have accomplished, at a minimum, the following:

- 11 (1) Improvement in the quality of classroom instruction and increases in
12 school-wide growth or the growth of teachers who are mentored or impacted
13 by a teacher in an advanced teaching role.
14 (2) An increase in the attractiveness of teaching.
15 (3) Recognition, impact, and retention of high-quality classroom teachers.
16 (4) Assistance to and retention of beginning classroom teachers.
17 (5) Improvement in and expansion of the use of technology and digital learning.
18 (6) School culture based on school climate survey results.

19 The State Board shall contract with an independent research organization to perform this
20 evaluation in the first two years of the program and provide reports on October 15, 2020, and
21 October 15, 2021. Beginning October 15, 2022, and annually thereafter, the State Board shall
22 perform the evaluation and provide the report. The State Board shall provide any report required
23 in accordance with this subsection to the offices of the President Pro Tempore of the Senate and
24 the Speaker of the House of Representatives, the Senate Appropriations/Base Budget Committee,
25 the House Committee on Appropriations, the Senate Appropriations Committee on
26 Education/Higher Education, the House Appropriations Committee on Education, the Fiscal
27 Research Division, and the Joint Legislative Education Oversight Committee.

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

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

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

44 **SECTION 7.9.(d)** Funds appropriated to the Department of Public Instruction by
45 this act for the 2020-2021 fiscal year shall be used to support teacher compensation models and
46 advanced teaching roles and to develop implementation plans for teacher compensation models
47 and advanced teaching roles pursuant to G.S. 115C-311, as enacted by this act. Beginning in the
48 2020-2021 fiscal year, funds appropriated to the Department of Public Instruction for the program
49 and for the evaluation of the program shall not revert at the end of the fiscal year but shall remain
50 available until expended.

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

10 11 **DIGITAL LEARNING PLAN FUNDS CARRYFORWARD**

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

15 16 **NCCAT PERMITTED TO CONTRACT FOR EXPANDED TEACHER CADET 17 PROGRAM**

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

23 24 **RECONCILE PRINCIPAL ALLOTMENT REQUIREMENTS**

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

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

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

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

32 33 **CREATE DEFINITION FOR PUBLIC SCHOOLS/SCHOOL RESOURCE OFFICERS 34 REPORT**

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

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

37 a. A local school administrative unit.

38 b. A charter school.

39 c. A regional school.

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

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

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

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

48 "**§ 115C-105.57. Center for Safer Schools.**

49 (a) Center for Safer Schools Established. – There is established the Center for Safer
50 Schools. The Center for Safer Schools shall be administratively located in the Department of
51 Public Instruction. The Center for Safer Schools shall consist of an executive director appointed

1 by the Superintendent of Public Instruction and such other professional, administrative, technical,
2 and clerical personnel as may be necessary to assist the Center for Safer Schools in carrying out
3 its powers and duties.

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

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

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

12 (e) Annual Census of School Resource Officers. – The Center for Safer Schools shall
13 conduct an annual census of school resource officers located in each public school unit. The
14 Center shall submit a report based on this census to the Joint Legislative Education Oversight
15 Committee and the State Board of Education by March 1 of each year. At a minimum, the report
16 shall include all of the following information:

- 17 (1) The total number of school resource officers in the State and in each public
18 school unit.
- 19 (2) Data regarding school resources officers' education levels, years as sworn law
20 enforcement officers, and years as school resource officers.
- 21 (3) Training required of school resource officers and training actually completed
22 by school resource officers, including training specific to the position of
23 school resource officer and other advanced or additional training.
- 24 (4) The funding source for all school resource officers.
- 25 (5) The location of school resource officers, differentiated by grade levels and
26 type of public school unit.
- 27 (6) The percentage of school resource officers assigned to more than one school.
- 28 (7) The law enforcement affiliation of school resource officers."

30 **TEACH FOR AMERICA REPORTING REQUIREMENT**

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

32 **"§ 120-70.84. Reports to the Committee.**

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

- 41 (1) The total number of applications received nationally from candidates seeking
42 participation in the program.
- 43 (2) The total number of applications received from candidates who are residents
44 of North Carolina and information on the source of these candidates, including
45 the number of (i) recent college graduates and the higher institution the
46 candidates attended, (ii) mid-career level and lateral entry industry
47 professionals, and (iii) veterans of the United States Armed Forces.
- 48 (3) The total number of North Carolina candidates accepted by TFA.
- 49 (4) The total number of accepted candidates placed in North Carolina, including
50 the number of accepted candidates who are residents of North Carolina.

- 1 (5) The regions in which accepted candidates have been placed, the number of
 2 candidates in each region, and the number of students impacted by placement
 3 in those regions.
- 4 (6) Success of recruitment efforts, including the Teach Back Home program and
 5 targeting of candidates who are (i) working in areas related to STEM
 6 education, (ii) mid-career level and lateral entry industry professionals, and
 7 (iii) veterans of the United States Armed Forces.
- 8 (7) Success of retention efforts, including the Teach Beyond Two and Make it
 9 Home programs, and the percentage of accepted candidates working in their
 10 placement communities beyond the initial TFA two-year commitment period
 11 and the number of years those candidates teach beyond the initial
 12 commitment.
- 13 (7a) The percentage of candidates who are residents of North Carolina and become
 14 principals in a North Carolina public school following the initial TFA
 15 two-year commitment period.
- 16 (8) A financial accounting of how the State funds appropriated to TFA were
 17 expended in the previous year, including at least the following information:
 18 a. Funds expended by region of the State.
 19 b. Details on program costs, including at least the following:
 20 1. Recruitment, candidate selection, and placement.
 21 2. Preservice training and preparation costs.
 22 3. Operational and administrative costs, including development
 23 and fundraising, alumni support, management costs, and
 24 marketing and outreach.
 25 c. Funds received through private fundraising, specifically by sources in
 26 each region of the State."

27 **SECTION 7.14.(b)** Section 8.21(e) of S.L. 2013-360 is repealed.
 28

29 **BROADEN CHARTER SCHOOL SIBLING PRIORITY**

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

- 31 "(f) The charter school may give enrollment priority to any of the following:
 32 (1) Siblings of currently enrolled students who were admitted to the charter school
 33 in a previous year. For the purposes of this section, the term "siblings"
 34 includes any of the following who reside in the same household: half siblings,
 35 stepsiblings, and children residing in a family foster home.
- 36 (1a) Siblings who apply to the charter school for admission beginning in the same
 37 school year.
- 38 (2) Siblings of students who have completed the highest grade level offered by
 39 that school and who were enrolled in at least four grade levels offered by the
 40 charter school or, if less than four grades are offered, in the maximum number
 41 of grades offered by the charter school.
- 42 (2a) A student who was enrolled in a preschool program operated by the charter
 43 school in the prior year.
- 44 (3) Limited to no more than fifteen percent (15%) of the school's total enrollment,
 45 unless granted a waiver by the State Board of Education, the following:
 46 a. Children of the school's persons employed to work full-time
 47 employees for the charter school, including children of contracted
 48 employees.
 49 b. Children of the charter school's board of directors.
- 50 (4) A student who was enrolled in the charter school within the two previous
 51 school years but left the school (i) to participate in an academic study abroad

1 program or a competitive admission residential program or (ii) because of the
2 vocational opportunities of the student's parent.

3 (5) A student who was enrolled in another charter school in the State in the
4 previous school year that does not offer the student's next grade level.

5 (6) A student who was enrolled in another charter school in the State in the
6 previous school year that does not offer the student's next grade level and both
7 of the charter schools have an enrollment articulation agreement to accept
8 students or are governed by the same board of directors.

9 (7) A student who was enrolled in another charter school in the State in the
10 previous school year."

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

13 14 **ENSURE SUFFICIENT STAFFING FOR PUBLIC SCHOOLS**

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

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

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

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

22 (1) Calculation and Benefits. – Teachers earn personal leave at the rate of .20 days
23 for each full month of employment not to exceed two days per year. Personal
24 leave may be accumulated without any applicable maximum until June 30 of
25 each year. A teacher may carry forward to July 1 a maximum of five days of
26 personal leave; the remainder of the teacher's personal leave shall be converted
27 to sick leave on June 30. At the time of retirement, a teacher may also convert
28 accumulated personal leave to sick leave for creditable service towards
29 retirement. Teachers may transfer personal leave days between local school
30 administrative units. The local school administrative unit shall credit a teacher
31 who has separated from service and is reemployed within 60 months from the
32 date of separation with all personal leave accumulated at the time of
33 separation. Local school administrative units shall not advance personal leave.

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

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

39 b. Unless the request is approved by the principal, a teacher shall not take
40 personal leave on the first day the teacher is required to report for the
41 school year, on a required teacher workday, on days scheduled for
42 State testing, or on the day before or the day after a holiday or
43 scheduled vacation day.

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

49 (3) Pay. – Teachers using personal leave on teacher workdays shall receive full
50 salary. Teachers using personal leave on other days shall receive full salary

1 less the required substitute deduction. If, however, no substitute is hired for a
2 teacher, the substitute reduction shall be refunded to that teacher.

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

17 **SECTION 7.16.(c)** This section is effective when it becomes law and applies to
18 calendars adopted for the 2019-2020 school year and thereafter.
19

20 **RENEWAL SCHOOLS**

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

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

32 ~~In no event shall the local school administrative unit receive a total amount of State funds in~~
33 ~~the 2018-2019 fiscal year under the disbursement method described in this subsection that is less~~
34 ~~than the total amount of State funds the local school administrative unit received in the 2017-2018~~
35 ~~fiscal year."~~
36

37 **ECONOMICS AND FINANCIAL LITERACY**

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

39 "**§ 115C-81.65. Financial literacy.**

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

45 (b) ~~Each student shall receive personal financial literacy instruction that shall include:~~
46 The State Board of Education shall require during the high school years the teaching of a full
47 credit course focused solely on Economics and Personal Finance (EPF). A passing grade in the
48 course shall be required for graduation from high school. The content of the course shall, at a
49 minimum, include the standards established by the second edition of the Voluntary National
50 Content Standards in Economics and the 2013 National Standards for Financial Literacy, as
51 developed by the Council for Economic Education. The EPF course shall provide instruction on

1 economic principles and shall provide personal financial literacy instruction that shall include, at
 2 a minimum, the following:

- 3 (1) The true cost of credit.
- 4 (2) Choosing and managing a credit card.
- 5 (3) Borrowing money for an automobile or other large purchase.
- 6 (4) Home mortgages.
- 7 (5) Credit scoring and credit reports.
- 8 (5a) Planning and paying for postsecondary education.
- 9 (6) Other relevant financial literacy issues.

10 (c) The State Board of Education shall require that EPF teachers receive the professional
 11 development necessary to ensure that the intent and provisions of this section are carried out. To
 12 the extent funds are made available for this purpose, the State Board of Education shall require
 13 the employing entity to make available to EPF teachers and prospective EPF teachers the EPF
 14 professional development course provided by the North Carolina Council on Economic
 15 Education (NCCEE). When practicable, teachers shall complete the EPF professional
 16 development course prior to teaching the EPF course in public schools. If necessary, teachers
 17 may begin teaching the EPF course in public schools while awaiting the next possible opportunity
 18 to complete a session of the EPF professional development course. To the extent possible, the
 19 EPF professional development course shall be taken at the NCCEE-approved location most
 20 conveniently located to the local school administrative unit."

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

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

25 **"§ 115C-81.45. Classes conducted in English; citizenship; and civic literacy.**

26 ...
 27 (c) ~~Democratic Process and Citizenship Education.~~Education for Middle School Social
 28 Studies. –

- 29 ~~(1) The State Board of Education shall include instruction in civic and citizenship~~
 30 ~~education in the standard course of study for high school social studies. The~~
 31 ~~State Board of Education is strongly encouraged to include, at a minimum, the~~
 32 ~~following components in the high school civic and citizenship education~~
 33 ~~standard course of study:~~
 - 34 ~~a. That students write to a local, State, or federal elected official about~~
 35 ~~an issue that is important to them.~~
 - 36 ~~b. Instruction on the importance of voting and otherwise participating in~~
 37 ~~the democratic process, including instruction on voter registration.~~
 - 38 ~~c. Information about current events and governmental structure.~~
 - 39 ~~d. Information about the democratic process and how laws are made.~~
- 40 ~~(2) The State Board of Education shall include instruction in civic and citizenship~~
 41 ~~education in the standard course of study for middle school social studies. The~~
 42 ~~State Board of Education is strongly encouraged to include, at a minimum, the~~
 43 ~~following components in the middle school civic and citizenship education~~
 44 ~~standard course of study:~~
 - 45 ~~a.(1) A tour of representative local government facilities, such as the local jail, the~~
 46 ~~courthouse, or a town hall, to help students understand the way their~~
 47 ~~community is governed.~~
 - 48 ~~b.(2) Allowing students to choose and analyze a community problem and offer~~
 49 ~~public policy recommendations on the problem to local officials.~~
 - 50 ~~c.(3) Information about getting involved in community groups.~~

- 1 (d) Founding Principles of the United States of America and North Carolina: Civic
2 Literacy. –
- 3 (1) The State Board of Education shall require ~~during the high school years~~
4 instruction in civic and citizenship education in the standard course of study
5 for high school social studies through the teaching of a semester full credit
6 course on the that shall be called Founding Principles of the United States of
7 America and the State of North Carolina. North Carolina: Civic Literacy. A
8 passing grade in the course shall be required for graduation from high school,
9 ~~and the school.~~
- 10 (1a) The course required by subdivision (1) of this subsection shall be solely
11 focused on civics and citizenship education, and shall include at least the
12 following subjects:
- 13 a. The Creator-endowed inalienable rights of the people.
14 b. Structure of government, separation of powers with checks and
15 balances.
16 c. Frequent and free elections in a representative government.
17 d. Rule of law.
18 e. Equal justice under the law.
19 f. Private property rights.
20 g. Federalism.
21 h. Due process.
22 i. Individual rights as set forth in the Bill of Rights.
23 j. Individual responsibility.
24 k. Constitutional limitations on government power to tax and spend, and
25 prompt payment of public debt.
26 l. Strong defense and supremacy of civil authority over military.
27 m. Peace, commerce, and honest friendship with all nations, entangling
28 alliances with none.
- 29 (1b) The State Board of Education is strongly encouraged to include the following
30 components in the course required by subdivision (1) of this subsection:
- 31 a. That students write to a local, State, or federal elected official about
32 an issue that is important to them.
33 b. Instruction on the importance of voting and otherwise participating in
34 the democratic process, including instruction on voter registration.
35 c. Information about current events and governmental structure.
36 d. Information about the democratic process and how laws are made.
- 37 (2) The State Board of Education shall require that any high school level
38 curriculum-based tests for the course required in subdivision (1) of this
39 subsection developed and administered statewide ~~beginning with the~~
40 ~~2016-2017 academic year~~ include questions related to the philosophical
41 foundations of our form of government and the principles underlying the
42 Declaration of Independence, the United States Constitution and its
43 amendments, and the most important of the Federalist Papers.
- 44 (3) The Department of Public Instruction and the local boards of education, as
45 appropriate, shall provide or cause to be provided curriculum content for the
46 ~~semester~~ course required in subdivision (1) of this subsection and professional
47 development to ensure that the intent and provisions of this subsection are
48 carried out. The curriculum content established shall include a review of the
49 contributions made by Americans of all races.

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

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

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

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

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

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

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

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

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

26 "(4a) G.S. 115C-81.65, Financial literacy."

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

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

- 40 (1) The EPF professional development course, including administration of the
41 Test of Economic Literacy and the Working in Support of Education personal
42 finance test, and the provision of a certificate of completion to qualified
43 teachers.
- 44 (2) A stipend in the amount of five hundred dollars (\$500.00), upon completion
45 of the Test of Economic Literacy and the Working in Support of Education
46 personal finance test, to either the public school teacher, if the teacher attends
47 the course on weekends or during a time outside the teacher's school year, or,
48 to the teacher's public school employer, if the teacher attends the course on
49 school days during the teacher's school year.

50 By September 1, 2020, and by September 1 of the year following any fiscal year that
51 NCCEE uses State funds thereafter, NCCEE, in consultation with the Department of Public

1 Instruction, shall submit a report to the Joint Legislative Education Oversight Committee and the
2 Fiscal Research Division on the activities described by this section and the expenditure of State
3 funds.
4

5 **UPSTART VIRTUAL EARLY LEARNING PILOT PROGRAM**

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

18 **SECTION 7.19.(b)** Contractor Requirements. – In establishing the pilot program,
19 the Board shall develop and issue a request for proposal (RFP) to contract with a third-party
20 organization (contractor). The contractor shall have demonstrated experience in the delivery of a
21 home-based educational technology program to provide adaptive computer software for literacy
22 and numeracy instruction and an assessment for preschool-age children. The Board shall ensure
23 that the contractor selected to conduct the pilot program does each of the following:

- 24 (1) Provides computer-assisted instruction for preschool-age children on a home
25 computer connected by the Internet to a centralized file storage facility.
- 26 (2) Provides technical support to families for the installation and operation of the
27 instructional software.
- 28 (3) Provides for the installation of computer and Internet access in homes of
29 low-income families that cannot afford the equipment and service.
- 30 (4) Has the capability of doing the following through the Internet:
 - 31 a. Communicating with parents.
 - 32 b. Updating the instructional software.
 - 33 c. Validating user access.
 - 34 d. Collecting usage data.
 - 35 e. Storing research data.
 - 36 f. Producing reports for parents, schools, and the General Assembly.
- 37 (5) Develops and implements a program consisting of the following components:
 - 38 a. Computer-assisted, individualized instruction in reading,
39 mathematics, and science.
 - 40 b. A multisensory reading tutorial program for children needing
41 additional reading instruction.
 - 42 c. A validated computer adaptive reading test that accurately indicates
43 reading readiness of children who cannot read and provides easily
44 understood reports for parents and educators.
- 45 (6) Has the capability to quickly and efficiently modify, improve, and support the
46 product.
- 47 (7) Collaborates with school district personnel who will provide administrative
48 and technical support of the program.
- 49 (8) Purchases equipment and service through cooperative purchasing contracts.

50 **SECTION 7.19.(c)** School District Participation in Pilot Program. – The Board shall
51 select up to 10 local school administrative units to participate in the pilot program. The local

1 school administrative units selected for participation in the pilot program shall have demonstrated
2 waiting lists for the North Carolina Prekindergarten (NC Pre-K) program. Local school
3 administrative units shall be from geographically diverse areas in the State, with representation
4 from tier one, tier two, and tier three counties. For purposes of this section, tier one, tier two, and
5 tier three counties shall have the same designations as those established by the N.C. Department
6 of Commerce's 2017 County Tier Designations.

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

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

16 (1) Is 4 years of age on or before August 31 of the program year.

17 (2) Is at-risk, which shall be defined to include any of the following:

18 a. A child whose family's gross income is at or below one hundred
19 percent (100%) of the federal poverty level.

20 b. A child of either of the following: (i) an active duty member of the
21 Armed Forces of the United States, including the North Carolina
22 National Guard, State military forces, or a reserve component of the
23 Armed Forces, who has been ordered to active duty by the proper
24 authority within the last 18 months or is expected to be ordered within
25 the next 18 months or (ii) a member of the Armed Forces of the United
26 States, including the North Carolina National Guard, State military
27 forces, or a reserve component of the Armed Forces, who was injured
28 or killed while serving on active duty.

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

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

37 (1) The extent to which the pilot program is accomplishing the purposes for which
38 it was established.

39 (2) The number of families selected to participate in the pilot.

40 (3) The number of families requesting computers.

41 (4) The number of computers furnished.

42 (5) The number of families requiring Internet access.

43 (6) The frequency of use of the instructional software.

44 (7) Any obstacles encountered with software or hardware usage or in providing
45 technical assistance to families.

46 (8) Student performance on prekindergarten and postkindergarten assessments
47 conducted by local school administrative units and charter schools for students
48 who participated in the pilot program in comparison to those students who did
49 not participate in the pilot program.

50 **SECTION 7.19.(g)** Appropriation. – Of the funds appropriated by this act to the
51 Department of Public Instruction for the 2019-2020 fiscal year to establish UpStart, the

1 Department shall divide funds evenly among the local school administrative units selected to
2 participate in the pilot program.

4 SELECTION OF READING DIAGNOSTIC ASSESSMENTS

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

6 "§ 115C-174.11. Components of the testing program.

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

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

20"

21 SECTION 7.20.(b) Section 7.27 of S.L. 2017-57, as amended by Section 2.6 of S.L.
22 2017-197 and Section 7.23 of S.L. 2018-5, reads as rewritten:

23 "..."

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

- 29 (1) Yield data that can be used with the Education Value-Added Assessment
30 System (EVAAS).
- 31 (2) Demonstrate close alignment with student performance on State assessments,
32 including all assessments required in kindergarten through third grade by Part
33 2 of Article 10A of Chapter 115C of the General Statutes.
- 34 (3) Demonstrate high rates of predictability as to student performance on State
35 assessments, including all assessments required in kindergarten through third
36 grade by Part 2 of Article 10A of Chapter 115C of the General Statutes.

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

- 45 (1) The time required to conduct formative and diagnostic assessments with the
46 intention of minimizing the impact on instructional time.
- 47 (2) The level of integration of assessment results with instructional support for
48 teachers and students.
- 49 (3) The timeliness in reporting assessment results to teachers and administrators.
- 50 (4) The ability to provide timely assessment results to parents and guardians.

51"

1 **SECTION 7.20.(c)** Subsection (a) of this section applies beginning with the
2 2019-2020 school year.

4 **INNOVATIVE SCHOOL DISTRICT/CARRYFORWARD OF FUNDS**

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

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

14 **MODERNIZE SELECTION OF INSTRUCTIONAL MATERIALS**

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

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

18 "Part 3C. Selection of Instructional Material.

19 **"§ 115C-102.20. Definition of instructional materials.**

20 The following definitions apply in this Part:

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

51 **"§ 115C-102.25. Selection of instructional materials.**

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

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

13 **"§ 115C-102.30. Selection of supplemental materials.**

14 (a) Local boards of education shall adopt written policies concerning the procedures to
15 be followed in their local school administrative units for the selection and procurement of
16 supplemental materials for a grade or course or for general education needs at a school or
17 throughout the entire local school administrative unit. Local boards of education shall have sole
18 authority to select and procure supplemental materials, whether or not the materials contain
19 commercial advertising, to determine if the materials are related to and within the limits of the
20 prescribed curriculum, and to determine when the materials may be presented to students during
21 the school day.

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

24 **"§ 115C-102.35. Selection of health and safety instructional and supplemental materials.**

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

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

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

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

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

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

41 **"§ 115C-102.40. Acquisition of instructional and supplemental materials.**

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

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

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

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

7 **"§ 115C-102.45. Provision and maintenance of instructional and supplemental materials.**

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

14 (b) Local boards of education shall provide adequate and safe storage facilities for the
15 proper care of instructional and supplemental materials and emphasize to all students the
16 necessity for proper care of instructional and supplemental materials and equipment necessary
17 for the use of the instructional materials.

18 (c) A student's parents or legal guardians may be charged damage fees for abuse or loss
19 of instructional or supplemental materials or equipment necessary for the use of those materials
20 under rules adopted by the local board of education. Damage fees collected under this subsection
21 shall be used by the local board of education for purchase, lease, or rental of instructional and
22 supplemental materials as provided in G.S. 115C-102.40.

23 **"§ 115C-102.50. Instructional materials repository.**

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

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

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

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

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

48 (c) Each school year, at least 14 days before students participate in a health and safety
49 program, a local board of education shall give both written and electronic notice to parents of
50 students participating in that program of the right of parents to review the objectives, complete
51 materials, and entire curriculum of that program in the program repository maintained by the

1 local board of education, as provided in subsection (b) of this section. The notice shall include
2 the same information provided under G.S. 115C-102.35(c). The notice shall be in conjunction
3 with and combination with the notice and requirements to inform parents of the local board's
4 policy for participation in certain health and safety programs, as established in G.S. 115C-81.32.

5 **"§ 115C-102.55. Right to purchase; disposal of textbooks and materials.**

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

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

13 **"§ 115C-102.60. Local community media advisory committee.**

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

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

20 (1) A principal from a high school, middle school, and elementary school,
21 respectively.

22 (2) A teacher from a high school, middle school, and elementary school,
23 respectively.

24 (3) A parent of a student in high school or middle school and a parent of a student
25 in elementary school.

26 (4) A school library media coordinator from a high school, middle school, and
27 elementary school, respectively.

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

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

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

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

49 **"§ 115C-102.65. State Community Media Advisory Committee.**

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

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

5 (1) The State Superintendent of Public Instruction, or designee.

6 (2) One superintendent of a local school administrative unit.

7 (3) A principal from a high school, middle school, and elementary school,
8 respectively.

9 (4) A teacher from a high school, middle school, and elementary school,
10 respectively.

11 (5) A parent of a student in high school or middle school and a parent of a student
12 in elementary school.

13 (6) A school library media coordinator from a high school, middle school, and
14 elementary school, respectively.

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

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

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

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

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

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

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

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

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

46 "c. The Board also shall develop and implement an ongoing process to
47 align State programs and support materials with the revised academic
48 content standards for each core academic area on a regular basis.
49 Alignment shall include revising ~~textbook criteria,~~ support materials,
50 State tests, teacher and school administrator preparation, and ongoing
51 professional development programs to be compatible with content

1 standards. The Board shall develop and make available to teachers and
2 parents support materials, including teacher and parent guides, for
3 academic content standards. The State Board of Education shall work
4 in collaboration with the Board of Governors of The University of
5 North Carolina to ensure that teacher and school administrator degree
6 programs, ongoing professional development, and other university
7 activity in the State's public schools align with the State Board's
8 priorities."

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

10 "d. The State Board of Education shall modify the Uniform Education
11 Reporting System to provide clear, accurate, and standard information
12 on the use of funds at the unit and school level. The plan shall provide
13 information that will enable the General Assembly to determine State,
14 local, and federal expenditures for personnel at the unit and school
15 level. The plan also shall allow the tracking of expenditures for
16 ~~textbooks,~~ instructional materials, educational supplies and
17 equipment, capital outlay, at-risk students, and other purposes."

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

19 "(6) To Regulate Fees, Charges and Solicitations. – Local boards of education shall
20 adopt rules and regulations governing solicitations of, sales to, and
21 fund-raising activities conducted by, the students and faculty members in
22 schools under their jurisdiction, and no fees, charges, or costs shall be
23 collected from students and school personnel without approval of the board of
24 education as recorded in the minutes of said board; ~~provided, this subdivision~~
25 ~~shall not apply to such textbooks fees as are determined and established by the~~
26 ~~State Board of Education.~~ board. All schedules of fees, charges and
27 solicitations approved by local boards of education shall be reported to the
28 Superintendent of Public Instruction."

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

30 "(33) To Approve and Use Supplemental Materials. – Local boards of education
31 shall have sole authority to select and procure ~~supplementary instructional~~
32 supplemental materials, whether or not the materials contain commercial
33 advertising, pursuant to the provisions of ~~G.S. 115C-98(b).~~ Part 3C of Article
34 8 of this Chapter."

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

36 "(33a) To Approve and Use ~~Textbooks Not Adopted by State Board of Education.~~
37 Instructional Materials. – Local boards of education shall have the sole
38 authority to select, procure, and use ~~textbooks not adopted by the State Board~~
39 ~~of Education~~ instructional materials as provided in ~~G.S. 115C-98(b1).~~ Part 3C
40 of Article 8 of this Chapter."

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

42 "(c) Funding Memorandum of Understanding. – The IS operator, in consultation with the
43 ISD Superintendent, may enter into a funding memorandum of understanding with the local
44 board of education of the local school administrative unit where the innovative school is located
45 for all student support and operational services and instructional services to be provided by the
46 local board of education in the same manner and degree as in the prior school year or funding in
47 an amount equivalent to the amount the local board of education would have expended on those
48 services if provided. For the purposes of this subsection, student support and operational services
49 include cafeteria services, custodial services, broadband and utilities, and student information
50 services, and instructional services include alternative education, special education services, test
51 administration services, ~~textbooks,~~ instructional materials, technology, media resources,

1 instructional equipment, and other resources. The IS operator and local board of education shall
2 finalize the funding memorandum of understanding within 30 days of the initial request for the
3 memorandum by the IS operator. If the parties have not completed the funding memorandum of
4 understanding within 30 days, the State Board of Education shall resolve any issues in dispute."

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

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

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

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

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

17 "(3) The board of education of any local school administrative unit may operate
18 the school buses of such unit one day prior to the opening of the regular school
19 term for the transportation of pupils and employees to and from the school to
20 which such pupils are assigned or in which they are enrolled and such
21 employees are employed, for the purposes of the registration of students, the
22 organization of classes, the distribution of ~~textbooks~~, instructional materials,
23 and such other purposes as will, in the opinion of the superintendent of the
24 schools of such unit, promote the efficient organization and operation of such
25 public schools."

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

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

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

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

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

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

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

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

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

41 "**§ 115C-398. Damage to school buildings, furnishings, textbooks.**

42 Students and their parents or legal guardians may be liable for damage to school buildings,
43 furnishings and ~~textbooks~~ instructional materials pursuant to the provisions of G.S. 115C-523,
44 115C-100 and 14-132."

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

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

47 "(b) Upon appropriation by the General Assembly, funds received in the Indian Gaming
48 Education Revenue Fund shall be allocated quarterly by the State Board of Education to local
49 school administrative units, charter schools, and regional schools on the basis of allotted average
50 daily membership. The funds allotted by the State Board of Education pursuant to this section
51 shall be nonreverting. Funds received pursuant to this section by local school administrative units

1 shall be expended for classroom teachers, teacher assistants, classroom materials or supplies, or
2 ~~textbooks, instructional materials.~~"

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

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

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

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

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

20 **"§ 115C-81.32. Parents' right to opt in or out of health and safety programs.**

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

30 **SECTION 7.22.(aa)** The State Board of Education shall not enter into any new
31 contracts for textbooks or instructional materials and shall not renew any existing contracts for
32 textbooks or instructional materials. The State Board of Education shall make available for
33 purchase any textbooks or instructional materials available through existing contracts to local
34 boards of education.

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

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

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

48 **15-POINT SCALE FOR SCHOOL PERFORMANCE GRADES/MODIFY WEIGHTING**

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

50 "(d) Calculation of the Overall School Performance Scores and Grades. – The State Board
51 of Education shall calculate the overall school performance score by adding the school

1 achievement score, as provided in subsection (b) of this section, and the school growth score, as
 2 determined using EVAAS as provided in subsection (c) of this section, earned by a school. The
 3 school achievement score shall account for ~~eighty percent (80%)~~, fifty-one percent (51%), and
 4 the school growth score shall account for ~~twenty percent (20%)~~ forty-nine percent (49%) of the
 5 total sum. For all schools, the total school performance score shall be converted to a 100-point
 6 scale and used to determine an overall school performance grade. The overall school performance
 7 grade shall be based on the following scale and shall not be modified to add any other designation
 8 related to other performance measures, such as a "plus" or "minus":

- 9 (1) A school performance score of at least ~~90-85~~ is equivalent to an overall school
 10 performance grade of A.
- 11 (2) A school performance score of at least ~~80-70~~ is equivalent to an overall school
 12 performance grade of B.
- 13 (3) A school performance score of at least ~~70-55~~ is equivalent to an overall school
 14 performance grade of C.
- 15 (4) A school performance score of at least ~~60-40~~ is equivalent to an overall school
 16 performance grade of D.
- 17 (5) A school performance score of less than ~~60 points~~ 40 is equivalent to an
 18 overall school performance grade of F."

19 **SECTION 7.23.(b)** This section applies beginning with the 2019-2020 school year.
 20

21 PROGRAM ENHANCEMENT TEACHER ALLOTMENT CHANGES/ARTS 22 EDUCATION

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

24 "§ 115C-301. Allocation of teachers; class size.

25 ...

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

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

33 ...

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

- 41 (1) For kindergarten, one teacher per 18 students.
- 42 (2) For first grade, one teacher per 16 students.
- 43 (3) For second grade, one teacher per 17 students.
- 44 (4) For third grade, one teacher per 17 students.

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

50 ...

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

- (1) Definitions. – For the purposes of this section, "program enhancement" refers to any of the following:
 - a. Arts disciplines, including dance, music, theater, and the visual arts.
 - b. Physical education and health programs.
 - c. World languages.
 - c1. Dual language immersion for classes in which (i) at least one-third of the students' dominant language is English and (ii) instruction involves both English and a target foreign language with a minimum of fifty percent (50%) of core content taught in the target foreign language in order to promote dual language proficiency for all students.
 - d. Other supplemental classes as defined by the State Board of Education.

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

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

a. Beginning with the 2019-2020 fiscal year, there is appropriated from 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% 17%
2020-2021	75% 26%
2021-2022 and each subsequent fiscal year thereafter	100% 34%

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

1 provided in this subdivision. Positions allocated for program enhancement
2 teachers for kindergarten through ~~fifth-twelfth~~ grade may be converted into
3 positions allocated for classroom teachers for kindergarten through twelfth
4 grade. For the purposes of this subdivision, the term "program enhancement"
5 is as defined in G.S. 115C-301(c2)."

6 **SECTION 7.24.(e)** Notwithstanding any other provision of law, of the recurring
7 funds appropriated by Section 5(a) of S.L. 2018-2 to the Department of Public Instruction for the
8 2018-2019 fiscal year for a position allotment for program enhancement teachers for
9 kindergarten through fifth grade, beginning with the 2019-2020 fiscal year, the sum of sixty-one
10 million three hundred fifty-nine thousand two hundred twenty-five dollars (\$61,359,225) in
11 recurring funds shall be appropriated to the Department of Public Instruction for a position
12 allotment for program enhancement teachers for kindergarten through twelfth grade.

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

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

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

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

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

35 36 **ELIMINATE REPORT TO SUPERINTENDENT ON THE ADOPTED SCHEDULE OF** 37 **FEES**

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

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

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

2
3 **AUTHORIZE STATE BOARD OF EDUCATION APPOINTMENT AUTHORITY OVER**
4 **AN ADDITIONAL POSITION**

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

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

	Position number	Title
9		
10	(1) 65023576	Attorney I.
11	(2) 60009384	Attorney II.
12	(3) 65003194	Paralegal II.
13	(4) 60095070	Administrative Assistant I.
14	(5) 60009394	<u>Legislative and Community Affairs Director.</u> "

15
16 **COOPERATIVE INNOVATIVE SCHOOLS/CAP/CERTAIN CIHS OPERATING**
17 **WITHOUT ADDITIONAL FUNDS**

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

19 "**§ 115C-238.51A. Approval process.**

20 (a) Joint Advisory Committee. – The State Board of Education and the applicable
21 governing Board of the local board of trustees shall appoint a joint advisory committee to review
22 the applications and to recommend approval for those applications that meet the requirements of
23 this Part and achieve purposes set out in G.S. 115C-238.50. The recommendation shall indicate
24 whether additional funds were requested in the application. The State Board may only approve
25 up to four applications for cooperative innovative high schools that request additional funds
26 under subsection (c) of this section to open in a school year. If an application requesting
27 additional funds is not approved due to this limitation, a revised application may be submitted
28 under subsection (b) of this section. The State Board may prioritize approval of such applications
29 for cooperative innovative high schools located in local school administrative units that do not
30 already operate a school pursuant to this Part.

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

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

48 **SECTION 7.27.(b)** Beginning with the 2019-2020 school year and for subsequent
49 school years thereafter, notwithstanding G.S. 115C-238.51A(c) and G.S. 115C-238.54, the
50 Halifax Early College High School and the Stanly STEM Early College High School shall be
51 permitted to operate in accordance with G.S. 115C-238.53 and G.S. 115C-238.54 as cooperative

1 innovative high schools approved under G.S. 115C-238.51A(c) and shall be subject to the
2 evaluation requirements of G.S. 115C-238.55.

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

5
6 **AUTHORIZE THE NC CTE EDUCATION FOUNDATION TO ADMINISTER**
7 **CERTAIN GRANTS**

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

9 "**§ 115C-64.15. North Carolina Education and Workforce Innovation Commission.**

10 ...

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

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

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

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

- 30 (1) An accounting of how funds and personnel resources were utilized for each
31 program and their impact on student achievement, retention, and
32 employability.
- 33 (2) Recommended statutory and policy changes.
- 34 (3) Recommendations for improvement of each program.
- 35 (4) For the Career and Technical Education Grade Expansion Program,
36 recommendations on increasing availability of grants after the first two years
37 of the program to include additional local school administrative units or
38 providing additional grants to prior recipients."

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

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

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

3 4 **DDC/CRC GRANT PROGRAM**

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

13 **SECTION 7.29.(b)** Beginning with the 2019-2020 fiscal year, when the balance of
14 the reserve provided for in subsection (a) of this section reaches the sum of at least fifty thousand
15 dollars (\$50,000) in a fiscal year, then the Department of Public Instruction shall solicit
16 applications from licensed, community-based DDCs and CRCs approved by the Department of
17 Public Instruction, Exceptional Children Division, for grants to assist the DDCs and CRCs with
18 capital and equipment needs for their facilities. The grant application shall require documentation
19 of the expenditures for which the grant is being requested and any other information requested
20 by the Department. Local school administrative units shall not be eligible for the receipt of grant
21 funds under this section. Any unexpended funds in the reserve shall be carried forward each fiscal
22 year to be used for the purposes of this section.

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

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

30 31 **CTE ADJUNCT INSTRUCTORS/IREDELL-STATESVILLE SCHOOLS**

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

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

- 39 (1) An adjunct instructor may be employed for no more than ~~40~~15 hours per
40 week.
- 41 (2) An adjunct instructor shall be subject to a criminal history check, to ensure
42 that the person has not been convicted of any crime listed in G.S. 115C-332.
- 43 (3) An adjunct instructor shall not be required to hold or apply for licensure as a
44 teacher.
- 45 (4) An adjunct instructor must complete preservice training in all of the following
46 areas prior to beginning instruction:
- 47 a. The identification and education of children with disabilities.
- 48 b. Positive management of student behavior.
- 49 c. Effective communication for defusing and deescalating disruptive or
50 dangerous behavior.
- 51 d. Safe and appropriate use of seclusion and restraint."

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

3
4 **CLASSROOM SUPPLIES TO TEACHERS**

5 **SECTION 7.31.(a)** Establishment of the Program. – The North Carolina Classroom
6 Supply Program (Program) is created in accordance with this section. Beginning with the
7 2019-2020 fiscal year, the Program shall provide for electronic access to funds from the Teacher
8 Directed Classroom Supplies Allotment, established by this section, for eligible classroom
9 teachers to purchase supplies for their classrooms on behalf of public school units participating
10 in the Program to support educational needs of the public school students assigned to those
11 classroom teachers. Effective July 1, 2019, the Teacher Directed Classroom Supplies Allotment
12 (Allotment) is created in the State Public School Fund for the purposes of establishing and
13 implementing the Program in accordance with this section.

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

- 16 (1) Eligible classroom teacher. – Any school-based classroom teacher, including
17 teachers for special student populations such as exceptional children, reading
18 resource, English language learners, and program enhancement courses,
19 employed by a public school unit to teach students in kindergarten through
20 twelfth grade. School personnel in central office positions, instructional
21 support personnel, and school-based administrators shall not be deemed
22 eligible. A classroom teacher must be employed as of August 31 of each fiscal
23 year for any funds available to the public school unit to be eligible under this
24 section. The public school unit may include classroom teachers employed
25 after August 31 within funds available.
- 26 (2) Public school unit. – A local school administrative unit, a charter school, a
27 regional school, and a school providing elementary or secondary instruction
28 operated by the State Board of Education, including schools operated under
29 Article 7A and Article 9C of Chapter 115C of the General Statutes, or by The
30 University of North Carolina, including schools operated under Article 4,
31 Article 29, and Article 29A of Chapter 116 of the General Statutes.

32 **SECTION 7.31.(c)** Allotment of Funds. – Funds from the Allotment shall be
33 transferred only to participating public school units by the Department of Public Instruction. All
34 local school administrative units, except for the local school administrative unit operating a
35 renewal school system plan pursuant to Section 6 of S.L. 2018-32, shall participate in the
36 Program and shall provide all information required by the Department of Public Instruction for
37 administration of the Program. All other public school units may elect to participate in the
38 Program no later than August 1 of each fiscal year. In accordance with subsection (g) of this
39 section, notwithstanding G.S. 115C-75.10, 115C-218.105, 115C-238.70, 116-239.11, and
40 Section 6(l) of S.L. 2018-32, as amended by Section 7.17 of this act, the Department of Public
41 Instruction, each fiscal year, beginning with the 2019-2020 fiscal year, shall only use the funds
42 in the Allotment (i) to provide training on the Program to teachers and (ii) for classroom supplies
43 by transferring to each participating public school unit the sum of one hundred forty-five dollars
44 (\$145.00) per eligible classroom teacher as of August 31 of each year to a program report code
45 for a classroom teacher electronic account administered pursuant to subsection (d) of this section.

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

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

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

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

19 **SECTION 7.31.(g)** Use of Funds for the Program. – The funds appropriated by this
20 act to the Department of Public Instruction for the 2019-2021 fiscal biennium for the Program
21 shall be used to supplement, not supplant, the materials and supplies otherwise available to
22 eligible classroom teachers and for the Department of Public Instruction to provide training to
23 eligible classroom teachers on use of the platform selected for the classroom teacher electronic
24 accounts under subsection (d) or (e) of this section. A public school unit shall not mandate, direct,
25 or encourage eligible classroom teachers to purchase specific materials and supplies or categories
26 of materials and supplies. Classroom supply funds made available under the Program shall not
27 be used to purchase electronic devices, such as computers or software, and shall not be expended
28 for administrative purposes. Eligible classroom teachers shall utilize these funds in a manner that
29 addresses individual classroom needs and supports the overall goals of the school regarding
30 supplies and instructional materials. Any supplies purchased by eligible classroom teachers
31 through the Program shall be the property of the public school unit. Supplies not consumed during
32 the school year shall be made available to the eligible classroom teacher for the following school
33 year or for other eligible classroom teachers as appropriate. Any unexpended funds in the
34 classroom teacher electronic accounts established in subsection (c) of this section shall revert to
35 the General Fund at the end of each fiscal year.

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

44 **SECTION 7.31.(i)** This section applies beginning with the 2019-2020 school year.
45

46 **ROBOTICS PROGRAM FOR STUDENTS WITH AUTISM**

47 **SECTION 7.32.** The Department of Public Instruction shall use available funds for
48 the 2019-2021 fiscal biennium, except for funds in the State Public School Fund, in an amount
49 of up to three hundred thousand dollars (\$300,000) for each fiscal year of the 2019-2021 fiscal
50 biennium to implement a program for students with autism that uses interactive facially
51 expressive humanoid robotics for social and behavioral skills development for the advanced

1 treatment of autism. The program shall have (i) a research-based curriculum with imbedded
2 evidence-based practices, (ii) existing installations within North Carolina local school
3 administrative units or charter schools, and (iii) a comprehensive facilitator and activity manual
4 for learners with autism. The Department of Public Instruction shall select public schools for
5 participation in the program and begin implementation of the program for the 2019-2020 school
6 year. The Department shall ensure that the program uses resources efficiently to provide
7 interactive humanoid robotics for social and behavioral skills development in the advanced
8 treatment of autism for any local school administrative unit or charter school that is in need of
9 the program.

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

11 **SECTION 7.33.(a)** Of the funds appropriated to the Department of Public
12 Instruction for the 2019-2020 fiscal year for REAL School Gardens, Carolinas Region, the
13 Department of Public Instruction shall provide funds as grant-in-aid to the nonprofit organization
14 known as REAL School Gardens, doing business as Out Teach, for the 2019-2020 school year
15 to establish a pilot program. The purpose of the pilot program is to transform teaching practices
16 and create outdoor learning laboratories on school campuses, based on the national model
17 developed by Out Teach, in 10 rural elementary schools operating a school-wide Title I program.
18 Qualifying schools shall be selected at the discretion of the State Superintendent of Public
19 Instruction. The pilot program shall concentrate on improving student academic performance,
20 teacher effectiveness, student engagement, and improving health and behavioral issues of
21 students. State funds shall only be used to operate and administer the pilot program and may be
22 used for teacher training utilizing Out Teach project-based, experiential learning curriculum,
23 which is aligned to NC Essential Standards for science, math, and literacy skills and the Whole
24 School, Whole Community, Whole Child model for nutrition education.

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

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

31 **SECTION 7.33.(d)** By October 1, 2020, and by October 1 of any year thereafter in
32 which Out Teach spends State funds, Out Teach shall submit to the Joint Legislative Education
33 Oversight Committee and the Fiscal Research Division of the General Assembly an annual report
34 on the progress of the pilot program, an accounting of expenditures, and student outcome and
35 teacher effectiveness data related to the operation of the pilot program.
36
37

38 **COMPETENCY-BASED MATH PILOT**

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

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

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

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

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

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

26 **LIFE CHANGING EXPERIENCES SCHOOL PILOT PROGRAM**

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

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

48 **SCHOOL SAFETY GRANTS PROGRAMS**

- 1 **SECTION 7.36.(a)** For the 2019-2020 fiscal year, the Department of Public
2 Instruction shall administer the following school safety grants:
- 3 (1) Definitions. – For purposes of this subsection, the following definitions shall
4 apply:
- 5 a. Community partner. – A public or private entity, including, but not
6 limited to, a nonprofit corporation or a local management
7 entity/managed care organization (LME/MCO), that partners with a
8 public school unit to provide services or pay for the provision of
9 services for the unit.
- 10 b. Public school unit. – A local school administrative unit, regional
11 school, innovative school, laboratory school, or charter school.
- 12 c. School mental health support personnel. – All of the following:
- 13 1. School nurses, school counselors, school psychologists, and
14 school social workers.
- 15 2. Any of the following with sufficient training or experience
16 with school-age populations, determined on a case-by-case
17 basis in the discretion of the Superintendent of Public
18 Instruction: registered nurses, licensed practical nurses,
19 advanced practice nurses, nurse practitioners, licensed or
20 certified psychologists, licensed clinical social workers, and
21 licensed professional counselors.
- 22 d. Other health support services. – Mental or physical health support
23 services provided by one or more third-party entities to a public school
24 unit on a contracted basis, including telemedicine or other distance
25 consultations.
- 26 (2) Program; purpose. – The Superintendent of Public Instruction shall establish
27 the 2019 School Safety Grants Program (Program). The purpose of the
28 Program shall be to improve safety in public school units by providing grants
29 for (i) school resource officers, (ii) services for students in crisis, (iii) school
30 safety training, (iv) safety equipment in schools, and (v) additional school
31 mental health support personnel.
- 32 (3) Grant applications. – A public school unit may submit an application to the
33 Superintendent of Public Instruction for one or more grants pursuant to this
34 section. The application shall include an assessment, to be performed in
35 conjunction with a local law enforcement agency, of the need for improving
36 school safety within the public school unit that would receive the funding or
37 services. The application shall identify current and ongoing needs and
38 estimated costs associated with those needs.
- 39 (4) Criteria and guidelines. – By August 1, 2019, the Superintendent of Public
40 Instruction shall develop criteria and guidelines for the administration and use
41 of the grants pursuant to this subsection, including any documentation
42 required to be submitted by applicants. In assessing grant applications, the
43 Superintendent of Public Instruction shall consider at least all of the following
44 factors:
- 45 a. The level of resources available to the public school unit that would
46 receive the funding or services.
- 47 b. Whether the public school unit has received other grants of funding
48 for school safety.
- 49 c. The overall impact on student safety in the public school unit if the
50 identified needs are funded.

- 1 (5) Grants for school resource officers. – Of the funds appropriated to the
2 Department of Public Instruction by this section for grants for school resource
3 officers, the Superintendent of Public Instruction shall award grants to public
4 school units for school resource officers in elementary and middle schools, as
5 follows:
6 a. Grants shall be matched on the basis of two dollars (\$2.00) in State
7 funds for every one dollar (\$1.00) in non-State funds.
8 b. Public school units may use these funds to employ school resource
9 officers in elementary and middle schools, to train them, or both.
10 c. Training shall be provided, in partnership with the public school unit,
11 by a community college, a local law enforcement agency, or the North
12 Carolina Justice Academy. Any training shall include instruction on
13 research into the social and cognitive development of elementary
14 school and middle school children.
- 15 (6) Grants for students in crisis. – Of the funds appropriated to the Department of
16 Public Instruction by this section for students in crisis, the Superintendent of
17 Public Instruction, in consultation with the Department of Health and Human
18 Services, shall award grants to public school units to contract with community
19 partners to provide or pay for the provision of any of the following crisis
20 services:
21 a. Crisis respite services for parents or guardians of an individual student
22 to prevent more intensive or costly levels of care.
23 b. Training and expanded services for therapeutic foster care families and
24 licensed child placement agencies that provide services to students
25 who (i) need support to manage their health, welfare, and safety and
26 (ii) have any of the following:
27 1. Cognitive or behavioral problems.
28 2. Developmental delays.
29 3. Aggressive behavior.
30 c. Evidence-based therapy services aligned with targeted training for
31 students and their parents or guardians, including any of the following:
32 1. Parent-child interaction therapy.
33 2. Trauma-focused cognitive behavioral therapy.
34 3. Dialectical behavior therapy.
35 4. Child-parent psychotherapy.
36 d. Any other crisis service, including peer-to-peer mentoring, that is
37 likely to increase school safety. Of the funds allocated to the
38 Superintendent for grants pursuant to this subdivision, the
39 Superintendent shall not use more than fifty percent (50%) for the
40 services identified in this sub-subdivision.
- 41 (7) Grants for training to increase school safety. – Of the funds appropriated to
42 the Department of Public Instruction by this section for training to increase
43 school safety, the Superintendent of Public Instruction, in consultation with
44 the Department of Health and Human Services, shall award grants to public
45 school units to contract with community partners to address school safety by
46 providing training to help students develop healthy responses to trauma and
47 stress. The training shall be targeted and evidence-based and shall include any
48 of the following services:
49 a. Counseling on Access to Lethal Means (CALM) training for school
50 mental health support personnel, local first responders, and teachers

- 1 on the topics of suicide prevention and reducing access by students to
2 lethal means.
- 3 b. Training for school mental health support personnel on comprehensive
4 and evidence-based clinical treatments for students and their parents
5 or guardians, including any of the following:
6 1. Parent-child interaction therapy.
7 2. Trauma-focused cognitive behavioral therapy.
8 3. Behavioral therapy.
9 4. Dialectical behavior therapy.
10 5. Child-parent psychotherapy.
- 11 c. Training for students and school employees on community resilience
12 models to improve understanding and responses to trauma and
13 significant stress.
- 14 d. Training for school mental health support personnel on Modular
15 Approach to Therapy for Children with Anxiety, Depression, Trauma,
16 or Conduct problems (MATCH-ADTC), including any of the
17 following components:
18 1. Trauma-focused cognitive behavioral therapy.
19 2. Parent and student coping skills.
20 3. Problem solving.
21 4. Safety planning.
- 22 e. Any other training, including the training on the facilitation of
23 peer-to-peer mentoring, that is likely to increase school safety. Of the
24 funds allocated to the Superintendent for grants pursuant to this
25 subdivision, the Superintendent shall not use more than fifty percent
26 (50%) for the services identified in this sub-subdivision.
- 27 (8) Grants for school mental health support personnel. – Of the funds appropriated
28 to the Department of Public Instruction by this section for school mental
29 health support personnel, the Superintendent of Public Instruction shall award
30 grants to public school units, as follows:
31 a. Grants shall be matched on the basis of two dollars (\$2.00) in State
32 funds for every one dollar (\$1.00) in non-State funds.
33 b. Grants may be used for any of the following purposes:
34 1. To provide all or a portion of the salary and benefits costs
35 needed to employ additional school mental health support
36 personnel on a full-time, part-time, or contractual basis.
37 2. To contract for other health support services.
38 3. Training for school mental health support personnel receiving
39 funds under this subdivision.
- 40 c. At least twenty-five percent (25%) of the funds provided pursuant to
41 this subdivision shall be used to provide all or a portion of the salary
42 and benefits costs needed to employ additional school psychologists
43 on a full-time or part-time basis.
- 44 (9) Supplement not supplant. – Grants provided to public school units or
45 community partners pursuant to the Program shall be used to supplement and
46 not to supplant State or non-State funds already provided for these services.
- 47 (10) Administrative costs. – Of the funds appropriated to the Department of Public
48 Instruction by this section for the grants provided in this subsection, the
49 Superintendent of Public Instruction may retain a total of up to one hundred
50 thousand dollars (\$100,000) for administrative costs associated with the
51 Program.

1 (11) Report. – No later than April 1, 2020, the Superintendent of Public Instruction
2 shall report on the program to the Joint Legislative Education Oversight
3 Committee, the Joint Legislative Oversight Committee on Health and Human
4 Services, the Joint Legislative Oversight Committee on Justice and Public
5 Safety, the Joint Legislative Commission on Governmental Operations, and
6 the Fiscal Research Division. The report shall include the identity of each
7 entity that received a grant through the Program, the amount of funding
8 provided to each entity that received a grant, the use of funds by each entity
9 that received a grant, and recommendations for the implementation of
10 additional effective school safety measures.

11 **SECTION 7.36.(a1)** Notwithstanding any other provision of law, the funds
12 appropriated by this act to the Department of Public Instruction for the 2019-2020 fiscal year for
13 the Virtual Early Learning Pilot shall be decreased by one thousand dollars (\$1,000) in
14 nonrecurring funds for the 2019-2020 fiscal year.

15 **SECTION 7.36.(a2)** Notwithstanding any other provision of law, the funds
16 appropriated by this act to the Department of Public Instruction for the 2019-2020 fiscal year for
17 Students in Crisis Grants shall be increased by one thousand dollars (\$1,000) in nonrecurring
18 funds for the 2019-2020 fiscal year.

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

21 **"§ 115C-105.60. School safety grants.**

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

23 (1) Community partner. – A public or private entity, including, but not limited to,
24 a nonprofit corporation or a local management entity/managed care
25 organization (LME/MCO), that partners with a public school unit to provide
26 services or pay for the provision of services for the unit.

27 (2) Public school unit. – A local school administrative unit, regional school,
28 innovative school, laboratory school, or charter school.

29 (3) School mental health support personnel. – All of the following:

30 a. School nurses, school counselors, school psychologists, and school
31 social workers.

32 b. Any of the following with sufficient training or experience with
33 school-age populations, determined on a case-by-case basis in the
34 discretion of the Superintendent of Public Instruction: registered
35 nurses, licensed practical nurses, advanced practice nurses, nurse
36 practitioners, licensed or certified psychologists, licensed clinical
37 social workers, and licensed professional counselors.

38 (4) Other health support services. – Mental or physical health support services
39 provided by one or more third-party entities to a public school unit on a
40 contracted basis, including telemedicine or other distance consultations.

41 (b) Program; Purpose. – The Superintendent of Public Instruction shall establish the
42 School Safety Grants Program (Program). To the extent funds are made available for the
43 Program, its purpose shall be to improve safety in public school units by providing grants for (i)
44 school resource officers, (ii) services for students in crisis, (iii) school safety training, (iv) safety
45 equipment in schools, and (v) additional school mental health support personnel.

46 (c) Grant Applications. – A public school unit may submit an application to the
47 Superintendent of Public Instruction for one or more grants pursuant to this section. The
48 application shall include an assessment, to be performed in conjunction with a local law
49 enforcement agency, of the need for improving school safety within the public school unit that
50 would receive the funding or services. The application shall identify current and ongoing needs
51 and estimated costs associated with those needs.

1 (d) Criteria and Guidelines. – By August 1, 2020, and each year thereafter in which funds
2 are made available for the Program, the Superintendent of Public Instruction shall develop criteria
3 and guidelines for the administration and use of the grants pursuant to this section, including any
4 documentation required to be submitted by applicants. In assessing grant applications, the
5 Superintendent of Public Instruction shall consider at least all of the following factors:

6 (1) The level of resources available to the public school unit that would receive
7 the funding or services.

8 (2) Whether the public school unit has received other grants of funding for school
9 safety.

10 (3) The overall impact on student safety in the public school unit if the identified
11 needs are funded.

12 (e) Grants for School Resource Officers. – From funds made available for grants for
13 school resource officers, the Superintendent of Public Instruction shall award grants to public
14 school units for school resource officers in elementary and middle schools, as follows:

15 (1) Grants shall be matched on the basis of two dollars (\$2.00) in State funds for
16 every one dollar (\$1.00) in non-State funds.

17 (2) Public school units may use these funds to employ school resource officers in
18 elementary and middle schools, to train them, or both.

19 (3) Training shall be provided, in partnership with the public school unit, by a
20 community college, a local law enforcement agency, or the North Carolina
21 Justice Academy. Any training shall include instruction on research into the
22 social and cognitive development of elementary school and middle school
23 children.

24 (f) Grants for Students In Crisis. – From funds made available for grants for students in
25 crisis, the Superintendent of Public Instruction, in consultation with the Department of Health
26 and Human Services, shall award grants to public school units to contract with community
27 partners to provide or pay for the provision of any of the following crisis services:

28 (1) Crisis respite services for parents or guardians of an individual student to
29 prevent more intensive or costly levels of care.

30 (2) Training and expanded services for therapeutic foster care families and
31 licensed child placement agencies that provide services to students who (i)
32 need support to manage their health, welfare, and safety and (ii) have any of
33 the following:

34 a. Cognitive or behavioral problems.

35 b. Developmental delays.

36 c. Aggressive behavior.

37 (3) Evidence-based therapy services aligned with targeted training for students
38 and their parents or guardians, including any of the following:

39 a. Parent-child interaction therapy.

40 b. Trauma-focused cognitive behavioral therapy.

41 c. Dialectical behavior therapy.

42 d. Child-parent psychotherapy.

43 (4) Any other crisis service, including peer-to-peer mentoring, that is likely to
44 increase school safety. Of the funds allocated to the Superintendent for grants
45 pursuant to this subsection, the Superintendent shall not use more than fifty
46 percent (50%) for the services identified in this subdivision.

47 (g) Grants for Training to Increase School Safety. – From funds made available for grants
48 for training to increase school safety, the Superintendent of Public Instruction, in consultation
49 with the Department of Health and Human Services, shall award grants to public school units to
50 contract with community partners to address school safety by providing training to help students

1 develop healthy responses to trauma and stress. The training shall be targeted and evidence-based
2 and shall include any of the following services:

- 3 (1) Counseling on Access to Lethal Means (CALM) training for school mental
4 health support personnel, local first responders, and teachers on the topics of
5 suicide prevention and reducing access by students to lethal means.
- 6 (2) Training for school mental health support personnel on comprehensive and
7 evidence-based clinical treatments for students and their parents or guardians,
8 including any of the following:
 - 9 a. Parent-child interaction therapy.
 - 10 b. Trauma-focused cognitive behavioral therapy.
 - 11 c. Behavioral therapy.
 - 12 d. Dialectical behavior therapy.
 - 13 e. Child-parent psychotherapy.
- 14 (3) Training for students and school employees on community resilience models
15 to improve understanding and responses to trauma and significant stress.
- 16 (4) Training for school mental health support personnel on Modular Approach to
17 Therapy for Children with Anxiety, Depression, Trauma, or Conduct
18 problems (MATCH-ADTC), including any of the following components:
 - 19 a. Trauma-focused cognitive behavioral therapy.
 - 20 b. Parent and student coping skills.
 - 21 c. Problem solving.
 - 22 d. Safety planning.
- 23 (5) Any other training, including the training on the facilitation of peer-to-peer
24 mentoring, that is likely to increase school safety. Of the funds allocated to
25 the Superintendent for grants pursuant to this subsection, the Superintendent
26 shall not use more than fifty percent (50%) for the services identified in this
27 subdivision.

28 (h) Grants for School Mental Health Support Personnel. – From funds made available for
29 grants for school mental health support personnel, the Superintendent of Public Instruction shall
30 award grants to public school units, as follows:

- 31 (1) Grants shall be matched on the basis of two dollars (\$2.00) in State funds for
32 every one dollar (\$1.00) in non-State funds.
- 33 (2) Grants may be used for any of the following purposes:
 - 34 a. To provide all or a portion of the salary and benefits costs needed to
35 employ additional school mental health support personnel on a
36 full-time, part-time, or contractual basis.
 - 37 b. To contract for other health support services.
 - 38 c. Training for school mental health support personnel receiving funds
39 under this subsection.
- 40 (3) At least twenty-five percent (25%) of the funds provided pursuant to this
41 subsection shall be used to provide all or a portion of the salary and benefits
42 costs needed to employ additional school psychologists on a full-time or
43 part-time basis.

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

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

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

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

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

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

22

23 **EXPAND SCHOOLS THAT LEAD PILOT PROGRAM**

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

25 **"SECTION 7.25.(a)** Program; Purpose. – Of the funds appropriated to the Department of
26 Public Instruction by this act for the Schools That Lead Pilot Program (Program), the Department
27 shall contract with Schools That Lead, Inc., to provide professional development to teachers and
28 principals in up to ~~60~~75 schools, beginning with the 2018-2019 school year and ending in the
29 2020-2021 school year. The selected schools shall be charter schools or schools under the
30 authority of a local school administrative unit. Professional development services shall be offered
31 to teachers and principals in grades K-12. The Superintendent of Public Instruction, in
32 consultation with Schools That Lead, Inc., shall determine which schools are eligible to
33 participate in the Program. At a minimum, the Program shall offer services to three cohorts of
34 schools, as follows:

- 35 (1) High schools working to increase on-time graduation.
36 (2) Middle schools working to prepare students to succeed in high school by
37 reducing the likelihood of retention in the ninth grade for multiple school
38 years.
39 (3) Elementary schools working to reduce the number of students with early
40 warning indicators of course failures, absences, and discipline."

41

42 **EXTENDED LEARNING AND INTEGRATED STUDENT SUPPORTS COMPETITIVE**

43 **GRANT PROGRAM**

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

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

- 4 (1) Use of an evidence-based model with a proven track record of success.
- 5 (2) Inclusion of rigorous, quantitative performance measures to confirm
6 effectiveness of the program.
- 7 (3) Deployment of multiple tiered supports in schools to address student barriers
8 to achievement, such as strategies to improve chronic absenteeism, antisocial
9 behaviors, academic growth, and enhancement of parent and family
10 engagement.
- 11 (4) Alignment with State performance measures, student academic goals, and the
12 North Carolina Standard Course of Study.
- 13 (5) Prioritization in programs to integrate clear academic content, in particular,
14 science, technology, engineering, and mathematics (STEM) learning
15 opportunities or reading development and proficiency instruction.
- 16 (6) Minimization of student class size when providing instruction or instructional
17 supports and interventions.
- 18 (7) Expansion of student access to high-quality learning activities and academic
19 support that strengthen student engagement and leverage community-based
20 resources, which may include organizations that provide mentoring services
21 and private-sector employer involvement.
- 22 (8) Utilization of digital content to expand learning time, when appropriate.

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

33 A grant participant shall provide certification to the Department of Public Instruction
34 that the grants received under the program shall be matched on the basis of three dollars (\$3.00)
35 in grant funds for every one dollar (\$1.00) in nongrant funds. Matching funds shall not include
36 other State funds. The Department shall also give priority consideration to an applicant that is a
37 nonprofit corporation working in partnership with a local school administrative unit resulting in
38 a match utilizing federal funds under Part A of Title I of the Elementary and Secondary Education
39 Act of 1965, as amended, or Title IV of the Higher Education Act of 1965, as amended, and other
40 federal or local funds. Matching funds may include in-kind contributions for up to fifty percent
41 (50%) of the required match.

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

50 **SECTION 7.38.(e)** The Department of Public Instruction shall provide an interim
51 report on the Program to the Joint Legislative Education Oversight Committee by September 15,

2020, with a final report on the Program by September 15, 2021. The final report shall include the final results of the Program and recommendations regarding effective program models, standards, and performance measures based on student performance, leveraging of community-based resources to expand student access to learning activities, academic and behavioral support services, and potential opportunities for the State to invest in proven models for future grants programs.

SCOTLAND COUNTY HIGH SCHOOL AIR RIFLE RANGE

SECTION 7.39.(a) Notwithstanding any other provision of law, the funds appropriated by this act to the Department of Public Instruction for the Competency-Based Mathematics Education Pilot Program shall be reduced in the 2019-2020 fiscal year by two hundred thousand dollars (\$200,000) in nonrecurring funds.

SECTION 7.39.(b) Notwithstanding any other provision of law, the funds appropriated by this act to the Department of Public Instruction for the 2019-2020 fiscal year shall be increased by two hundred thousand dollars (\$200,000) in nonrecurring funds to be allocated to Scotland County Schools to build an air rifle range at Scotland County High School.

SCHOOL MENTAL HEALTH SUPPORT PERSONNEL REPORT

SECTION 7.40. Article 21 of Chapter 115C of the General Statutes is amended by adding a new section to read:

"§ 115C-318.1. School mental health support personnel report.

No later than March 31, 2020, and annually thereafter, the Department of Public Instruction shall report the most recent available data on the following information to the Joint Legislative Education Oversight Committee and the Joint Legislative Oversight Committee on Health and Human Services:

- (1) The number of school counselors, school nurses, school social workers, and school psychologists employed in each local school administrative unit.
- (2) The ratio of students to each of the positions identified in subdivision (1) of this section.
- (3) The source of funding for each of the positions identified in subdivision (1) of this section."

PART VII-A. COMPENSATION OF PUBLIC SCHOOL EMPLOYEES

TEACHER SALARY SCHEDULE

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

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

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

1	9	\$4,400
2	10	\$4,500
3	11	\$4,600
4	12	\$4,700
5	13	\$4,800
6	14	\$4,900
7	15-24	\$5,000
8	25+	\$5,200.

9 ...
 10 **"SECTION 8.1.(f)** A teacher compensated in accordance with this salary schedule ~~for the~~
 11 ~~2018-2019 school year~~ from July 1, 2018, to December 31, 2019, shall receive an amount equal
 12 to the greater of the following:

- 13 (1) The applicable amount on ~~the~~ this salary schedule ~~for the applicable school~~
 14 ~~year~~ schedule.
- 15 (2) For teachers who were eligible for longevity for the 2013-2014 school year,
 16 the sum of the following:
 17 a. The salary the teacher received in the 2013-2014 school year pursuant
 18 to Section 35.11 of S.L. 2013-360.
 19 b. The longevity that the teacher would have received under the longevity
 20 system in effect for the 2013-2014 school year provided in Section
 21 35.11 of S.L. 2013-360 based on the teacher's current years of service.
 22 c. The annual bonus provided in Section 9.1(e) of S.L. 2014-100.
- 23 (3) For teachers who were not eligible for longevity for the 2013-2014 school
 24 year, the sum of the salary and annual bonus the teacher received in the
 25 2014-2015 school year pursuant to Section 9.1 of S.L. 2014-100."

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

29 **2020 Teacher Monthly Salary Schedule**

30	Years of Experience	"A" Teachers
31	0	\$3,500
32	1	\$3,600
33	2	\$3,700
34	3	\$3,800
35	4	\$3,900
36	5	\$4,000
37	6	\$4,100
38	7	\$4,200
39	8	\$4,300
40	9	\$4,400
41	10	\$4,500
42	11	\$4,600
43	12	\$4,700
44	13	\$4,800
45	14	\$4,900
46	15	\$5,000
47	16	\$5,050
48	17	\$5,100
49	18	\$5,150
50	19	\$5,200
51	20	\$5,250

1	21	\$5,300
2	22	\$5,350
3	23	\$5,400
4	24	\$5,450
5	25	\$5,500
6	26	\$5,550
7	27	\$5,600
8	28	\$5,650
9	29	\$5,700
10	30+	\$6,050.

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

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

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

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

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

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

- (1) The applicable amount on this salary schedule.
- (2) For teachers who were eligible for longevity for the 2013-2014 school year, the sum of the following:

- a. The salary the teacher received in the 2013-2014 school year pursuant to Section 35.11 of S.L. 2013-360.
 - b. The longevity that the teacher would have received under the longevity system in effect for the 2013-2014 school year provided in Section 35.11 of S.L. 2013-360 based on the teacher's current years of service.
 - c. The annual bonus provided in Section 9.1(e) of S.L. 2014-100.
- (3) For teachers who were not eligible for longevity for the 2013-2014 school year, the sum of the salary and annual bonus the teacher received in the 2014-2015 school year pursuant to Section 9.1 of S.L. 2014-100.

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

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

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

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

RESTORE EDUCATION-BASED SALARY SUPPLEMENTS FOR TEACHERS AND INSTRUCTIONAL SUPPORT PERSONNEL

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

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

SUPPORT HIGHLY QUALIFIED NC TEACHING GRADUATES

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

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

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

- (1) A graduate who accepts initial employment at a school identified as low-performing by the State Board of Education pursuant to G.S. 115C-105.37 shall receive a salary supplement during the graduate's first three years of employment as a teacher, without a break in service, equivalent

1 to the difference between the State-funded salary of the graduate and the
 2 State-funded salary of a similarly situated teacher with three years of
 3 experience on the "A" Teachers Salary Schedule, as long as the graduate (i)
 4 remains teaching at the same school or (ii) accepts subsequent employment at
 5 another low-performing school or local school administrative unit identified
 6 as low-performing.

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

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

19 **SECTION 7A.3.(c)** This section applies to highly qualified graduates hired on or
 20 after the effective date of this act and entering the teaching profession in the 2019-2020 fiscal
 21 year.
 22

23 **PRINCIPAL SALARY SCHEDULE**

24 **SECTION 7A.4.(a)** Section 8.2 of S.L. 2018-5, as amended by Section 2.1 of S.L.
 25 2018-97, reads as rewritten:

26 **"SECTION 8.2.(a)** The following annual salary schedule for principals shall apply for the
 27 ~~2018-2019 fiscal year, beginning July 1, 2018.~~ from July 1, 2018, to December 31, 2019.

28 **2018-2019 Principal Annual Salary Schedule**

29 Avg. Daily Membership	Base	Met Growth	Exceeded Growth
30 0-400	\$66,010	\$72,611	\$79,212
31 401-700	\$69,311	\$76,242	\$83,173
32 701-1,000	\$72,611	\$79,872	\$87,133
33 1,001-1,300	\$75,912	\$83,503	\$91,094
34 1,301+	\$79,212	\$87,133	\$95,054.

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

- 41 (1) A principal shall be paid according to the Exceeded Growth column of the
 42 schedule if the school growth scores show the school or schools exceeded
 43 expected growth in at least two of the prior three school years.
- 44 (2) A principal shall be paid according to the Met Growth column of the schedule
 45 if any of the following apply:
- 46 a. The school growth scores show the school or schools met expected
 47 growth in at least two of the prior three school years.
 - 48 b. The school growth scores show the school or schools met expected
 49 growth in at least one of the prior three school years and exceeded
 50 expected growth in one of the prior three school years.

- 1 c. The principal supervised a school in at least two of the prior three
2 school years that was not eligible to receive a school growth score.
- 3 (3) A principal shall be paid according to the Base column if either of the
4 following apply:
- 5 a. The school growth scores show the school or schools did not meet
6 expected growth in at least two of the prior three years.
- 7 b. The principal has not supervised any school as a principal for a
8 majority of the school year in at least two of the prior three school
9 years.

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

- 12 (1) Between July 1, 2018, and December 31, 2018, the average daily membership
13 for the school from the 2017-2018 school year.
- 14 (2) Between January 1, 2019, and ~~June 30,~~ December 31, 2019, the average daily
15 membership for the school for the 2018-2019 school year.

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

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

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

32 **"SECTION 8.2.(e)** A principal compensated in accordance with this section ~~for the~~
33 ~~2018-2019 fiscal year from July 1, 2018, to December 31, 2019,~~ shall receive an amount equal
34 to the greater of the following:

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

47"

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

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

6 **2020 Principal Secondary Annual Salary Schedule**

7 Avg. Daily Membership	8 Base	9 Met Growth	10 Exceeded Growth
11 0-400	12 "A" + 25%	13 + \$4,000	14 + \$8,000
15 401-700	16 + \$2,000	17 + \$6,000	18 + \$10,000
19 701-1,000	20 + \$4,000	21 + \$8,000	22 + \$12,000
23 1,001-1,300	24 + \$6,000	25 + \$10,000	26 + \$14,000
27 1,301-1,600	28 + \$8,000	29 + \$12,000	30 + \$16,000
31 1,601+	32 + \$10,000	33 + \$14,000	34 + \$18,000.

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

- 41 (1) A principal shall be paid according to the Exceeded Growth column of the
 42 schedule if the school growth scores show the school or schools exceeded
 43 expected growth in at least two of the prior three school years.
- 44 (2) A principal shall be paid according to the Met Growth column of the schedule
 45 if any of the following apply:
- 46 a. The school growth scores show the school or schools met expected
 47 growth in at least two of the prior three school years.
- 48 b. The school growth scores show the school or schools met expected
 49 growth in at least one of the prior three school years and exceeded
 50 expected growth in one of the prior three school years.
- 51 c. The principal supervised a school in at least two of the prior three
 school years that was not eligible to receive a school growth score.
- (3) A principal shall be paid according to the Base column if either of the
 following apply:
- a. The school growth scores show the school or schools did not meet
 expected growth in at least two of the prior three years.
- b. The principal has not supervised any school as a principal for a
 majority of the school year in at least two of the prior three school
 years.

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

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

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

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

- 1 (1) The applicable amount determined pursuant to subsections (b) through (f) of
- 2 this section.
- 3 (2) For principals who were eligible for longevity in the 2016-2017 fiscal year,
- 4 the sum of the following:
- 5 a. The salary the principal received in the 2016-2017 fiscal year pursuant
- 6 to Section 9.1 or Section 9.2 of S.L. 2016-94.
- 7 b. The longevity that the principal would have received as provided for
- 8 State employees under the North Carolina Human Resources Act for
- 9 the 2016-2017 fiscal year based on the principal's current years of
- 10 service.
- 11 (3) For principals who were not eligible for longevity in the 2016-2017 fiscal
- 12 year, the salary the principal received in the 2016-2017 fiscal year pursuant to
- 13 Section 9.1 or Section 9.2 of S.L. 2016-94.
- 14 (4) The salary the principal received between January 1, 2019, and December 31,
- 15 2019, pursuant to Sections 8.1, 8.2, or 8.4 of S.L. 2018-5.

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

17 "(5c) Funds allocated for school building administration may be converted for any

18 purpose authorized by the policies of the State Board of Education. For funds

19 related to principal positions, the salary transferred shall be based on the first

20 step of ~~the Principal III Salary Schedule.~~ the Base column of the Principal

21 Secondary Annual Salary Schedule. For funds related to assistant principal

22 months of employment, the salary transferred shall be based on the first step

23 of the ~~Assistant Principal Salary Schedule.~~ "A" Teachers Salary Schedule

24 at the salary level for assistant principals. Certified position allotments shall not

25 be transferred to dollars to hire the same type of position."

26 **SECTION 7A.4.(i)** Subsections (b) through (g) of this section become effective

27 January 1, 2020.

28

29 **PRINCIPAL BONUSES**

30 **SECTION 7A.5.(a)** The Department of Public Instruction shall administer a bonus

31 in the 2019-2020 fiscal year to any principal who supervised a school as a principal for a majority

32 of the previous school year if that school was in the top fifty percent (50%) of school growth in

33 the State during the previous school year, calculated by the State Board pursuant to

34 G.S. 115C-83.15(c), as follows:

35 **2019-2020 Principal Bonus Schedule**

36 Statewide Growth Percentage	Bonus
37 Top 5%	\$10,000
38 Top 10%	\$7,500
39 Top 15%	\$5,000
40 Top 20%	\$2,500
41 Top 50%	\$1,000.

42 A principal who qualifies for a bonus pursuant to this subsection and supervised a

43 school with an overall school performance grade, as calculated by the State Board pursuant to

44 G.S. 115C-83.15(d), of D or F for the 2017-2018 school year, if the principal supervised the

45 school for a majority of the 2018-2019 school year, shall qualify for a bonus of twice the amount

46 listed in the 2019-2020 Principal Bonus Schedule. A principal shall receive no more than one

47 bonus pursuant to this subsection. The bonus shall be paid at the highest amount for which the

48 principal qualifies.

49 **SECTION 7A.5.(b)** The bonus awarded pursuant to this section shall be in addition

50 to any regular wage or other bonus the principal receives or is scheduled to receive.

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

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

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

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

12 **ASSISTANT PRINCIPAL SALARIES**

13 **SECTION 7A.6.(a)** Section 8.4 of S.L. 2018-5, as amended by Section 2.2 of S.L.
14 2018-97, reads as rewritten:

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

22 ...
23 "**SECTION 8.4.(e)** An assistant principal compensated in accordance with this section ~~for~~
24 the 2018-2019 fiscal year from July 1, 2018, to December 31, 2019, shall receive an amount
25 equal to the greater of the following:

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

39 "

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

46 **SECTION 7A.6.(c)** Participants in an approved full-time master's in-school
47 administration program shall receive up to a 10-month stipend at the beginning salary of an
48 assistant principal during the internship period of the master's program. The stipend shall not
49 exceed the difference between the beginning salary of an assistant principal plus the cost of
50 tuition, fees, and books and any fellowship funds received by the intern as a full-time student,
51

1 including awards of the Principal Fellows Program. The Principal Fellows Program or the school
 2 of education where the intern participates in a full-time master's in-school administration
 3 program shall supply the Department of Public Instruction with certification of eligible full-time
 4 interns.

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

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

- 12 (1) The applicable amount determined pursuant to subsections (b) through (d) of
 13 this section.
- 14 (2) For assistant principals who were eligible for longevity in the 2016-2017 fiscal
 15 year, the sum of the following:
 - 16 a. The salary the assistant principal received in the 2016-2017 fiscal year
 17 pursuant to Section 9.1 or Section 9.2 of S.L. 2016-94.
 - 18 b. The longevity that the assistant principal would have received as
 19 provided for State employees under the North Carolina Human
 20 Resources Act for the 2016-2017 fiscal year based on the assistant
 21 principal's current years of service.
- 22 (3) For assistant principals who were not eligible for longevity in the 2016-2017
 23 fiscal year, the salary the assistant principal received in the 2016-2017 fiscal
 24 year pursuant to Section 9.1 or Section 9.2 of S.L. 2016-94.
- 25 (4) The salary the assistant principal received from July 1, 2019, to December 31,
 26 2019, pursuant to Section 8.1 or Section 8.4 of S.L. 2018-5.

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

29
 30 **CENTRAL OFFICE SALARIES**

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

32 **"SECTION 8.5.(a)** The monthly salary ranges that follow apply to assistant superintendents,
 33 associate superintendents, directors/coordinators, supervisors, and finance officers ~~for the~~
 34 ~~2018-2019 fiscal year, beginning July 1, 2018:~~from July 1, 2018, to December 31, 2019:

	<u>2018-2019 Fiscal Year Ranges</u>		
	Minimum	to	Maximum
37 School Administrator I	\$3,596	to	\$6,631
38 School Administrator II	\$3,804	to	\$7,026
39 School Administrator III	\$4,030	to	\$7,446
40 School Administrator IV	\$4,186	to	\$7,737
41 School Administrator V	\$4,351	to	\$8,045
42 School Administrator VI	\$4,608	to	\$8,523
43 School Administrator VII	\$4,787	to	\$8,862.

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

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

2018-2019 Fiscal Year Ranges

	Minimum		Maximum
1			
2			
3	Superintendent I	\$5,074	to \$9,394
4	Superintendent II	\$5,379	to \$9,954
5	Superintendent III	\$5,698	to \$10,551
6	Superintendent IV	\$6,040	to \$11,185
7	Superintendent V	\$6,403	to \$11,859.

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

12"

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

2020 Ranges

	Minimum		Maximum
16			
17			
18	School Administrator I	\$3,632	to \$6,697
19	School Administrator II	\$3,842	to \$7,096
20	School Administrator III	\$4,070	to \$7,520
21	School Administrator IV	\$4,228	to \$7,814
22	School Administrator V	\$4,395	to \$8,125
23	School Administrator VI	\$4,654	to \$8,608
24	School Administrator VII	\$4,835	to \$8,951.

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

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

2020 Ranges

	Minimum		Maximum
32			
33			
34	Superintendent I	\$5,125	to \$9,488
35	Superintendent II	\$5,433	to \$10,054
36	Superintendent III	\$5,755	to \$10,657
37	Superintendent IV	\$6,100	to \$11,297
38	Superintendent V	\$6,467	to \$11,978.

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

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

46 **SECTION 7A.7.(e)** Superintendents, assistant superintendents, associate
 47 superintendents, directors/coordinators, supervisors, and finance officers with certification based
 48 on academic preparation at the six-year degree level shall receive a salary supplement of one
 49 hundred twenty-six dollars (\$126.00) per month in addition to the compensation provided
 50 pursuant to this section. Superintendents, assistant superintendents, associate superintendents,
 51 directors/coordinators, supervisors, and finance officers with certification based on academic

1 preparation at the doctoral degree level shall receive a salary supplement of two hundred
2 fifty-three dollars (\$253.00) per month in addition to the compensation provided for under this
3 section.

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

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

9 10 **NONCERTIFIED PERSONNEL SALARIES**

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

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

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

23 24 **SMALL COUNTY SIGNING BONUS FOR TEACHERS**

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

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

40 **SECTION 7A.9.(b)** Signing Bonus Program. – The Department of Public Instruction
41 shall administer a signing bonus program in the 2019-2020 fiscal year. Bonuses shall be provided
42 to eligible employees who are employed by an eligible employer and matched on the basis of one
43 dollar (\$1.00) in State funds for every one dollar (\$1.00) in local funds, up to two thousand dollars
44 (\$2,000) in State funds.

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

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

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

7
8 **CONSOLIDATE CERTAIN TEACHER BONUSES**

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

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

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

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

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

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

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

- 44 (1) For Advanced Placement courses, a score of three or higher on the College
45 Board Advanced Placement Examination.
- 46 (2) For International Baccalaureate Diploma Programme courses, a score of four
47 or higher on the International Baccalaureate course examination.
- 48 (3) For the Cambridge AICE program, a score of "C" or higher on the Cambridge
49 AICE program examinations.

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

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

5 (2) A bonus in the amount of fifty dollars (\$50.00) for each student taught by a
6 teacher who provided instruction in a course that led to the attainment of an
7 industry certification or credential with a fifty dollar (\$50.00) value ranking
8 as determined under subsection (f) of this section.

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

15 (1) Academic rigor shall be based on the number of instructional hours, including
16 work experience or internship hours, required to earn the industry certification
17 or credential, with extra weight given for coursework that also provides
18 community college credit.

19 (2) Employment value shall be based on the entry wage, growth rate in
20 employment for each occupational category, and average annual openings for
21 the primary occupation linked with the industry certification or credential.

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

25 (1) The sum of five million dollars (\$5,000,000) shall be allocated for bonuses to
26 eligible EVAAS teachers under subsection (c)(3)a.1. of this section. These
27 funds shall be distributed equally among qualifying teachers.

28 (2) A bonus in the amount of two thousand dollars (\$2,000) shall be awarded to
29 each qualifying teacher who is an eligible teacher under subsection (c)(3)a.2.
30 of this section.

31 (3) A bonus in the amount of two thousand dollars (\$2,000) shall be awarded to
32 each qualifying teacher who is an eligible teacher under subsection (c)(3)a.3.
33 of this section.

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

37 (1) The sum of five million dollars (\$5,000,000) shall be allocated for bonuses to
38 eligible EVAAS teachers under subsections (c)(3)b.1. and (c)(3)c.1. of this
39 section. These funds shall be divided proportionally based on average daily
40 membership in third grade for each local school administrative unit and then
41 distributed equally among qualifying third grade reading teachers in each local
42 school administrative unit.

43 (2) A bonus in the amount of two thousand dollars (\$2,000) shall be awarded to
44 each qualifying teacher who is an eligible teacher under subsections (c)(3)b.2.
45 or (c)(3)c.2. of this section.

46 (3) A bonus in the amount of two thousand dollars (\$2,000) shall be awarded to
47 each qualifying teacher who is an eligible teacher under subsections (c)(3)b.3.
48 or (c)(3)c.3. of this section.

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

- 1 (1) Bonus funds awarded to a teacher pursuant to subsection (d), subsection (e),
2 subsection (g)(1), or subsection (h)(1) of this section shall not exceed three
3 thousand five hundred dollars (\$3,500) per subsection in any given school
4 year.
- 5 (2) A qualifying teacher who is an eligible teacher under subsections (c)(3)a.1.,
6 (c)(3)b.1., or (c)(3)c.1. of this section may receive a bonus under both
7 subsection (g)(1) and subsection (h)(1) of this section, but shall not receive
8 more than seven thousand dollars (\$7,000) pursuant to subsections (g)(1) and
9 (h)(1) of this section in any given school year.
- 10 (3) A qualifying teacher who is an eligible teacher under subsections (c)(3)a.2.,
11 (c)(3)b.2., or (c)(3)c.2. of this section may receive a bonus under both
12 subsection (g)(2) and subsection (h)(2) of this section, but shall not receive
13 more than two bonuses pursuant to subsections (g)(2) and (h)(2) of this section
14 in any given school year.
- 15 (4) A qualifying teacher who is an eligible teacher under subsections (c)(3)a.3.,
16 (c)(3)b.3., or (c)(3)c.3. of this section may receive a bonus under both
17 subsection (g)(3) and subsection (h)(3) of this section, but shall not receive
18 more than two bonuses pursuant to subsections (g)(3) and (h)(3) of this section
19 in any given school year.

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

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

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

- 33 (1) The amounts awarded pursuant to subsection (d) of this section for Advanced
34 Placement, International Baccalaureate Diploma Programme, and Cambridge
35 AICE program courses.
- 36 (2) The amounts awarded pursuant to subsection (e) of this section to teachers
37 who teach students earning approved industry certifications or credentials and
38 the type of industry certifications and credentials earned by their students.
- 39 (3) The distribution of statewide and local bonuses awarded pursuant to
40 subsections (g) and (h) of this section, respectively, as among public school
41 units and, where applicable, schools within those units.

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

45 **SCHOOL COUNSELOR POSITION STUDY**

46 **SECTION 7A.11.(a)** The Department of Public Instruction shall study and report on
47 school counselor positions. The study and report shall include a review of at least the following
48 information:
49

- 50 (1) The number of school counselor positions in the State and in each local school
51 administrative unit.

- 1 (2) The allocation of the school counselors in each local school administrative
- 2 unit among schools within those units.
- 3 (3) The methodology each local school administrative unit uses to determine the
- 4 allocation of school counselors within the unit.
- 5 (4) The density of school counselors in each geographic region of the State.
- 6 (5) The number, percentage, and average salary of school counselor positions
- 7 funded with State dollars and funded with non-State dollars.
- 8 (6) The extent to which local school administrative units provide school
- 9 counselors with local salary supplements and the amounts of those salary
- 10 supplements.
- 11 (7) Job descriptions posted for school counselor positions as compared to actual
- 12 duties of school counselors.

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

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

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

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

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

42 **CARRYFORWARD OF ENROLLMENT FUNDS FOR NC PROMISE**

43 **REQUIREMENTS**

44
45 **SECTION 8.2.(a)** The funds appropriated by S.L. 2018-5 for enrollment adjustments
46 for The University of North Carolina, including funds for the NC Promise Tuition Plan, to a
47 reserve account in the Office of State Budget and Management for the 2018-2019 fiscal year
48 shall not revert at the end of the 2018-2019 fiscal year but shall remain available until the end of
49 the 2020-2021 fiscal year for the purpose of the "buy down" of any financial obligations resulting
50 from the established tuition rate under G.S. 116-143.11 incurred by Elizabeth City State

1 University, the University of North Carolina at Pembroke, and Western Carolina University or
2 for rapid growth at any of those constituent institutions.

3 **SECTION 8.2.(b)** This section becomes effective June 30, 2019.
4

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

6 **SECTION 8.3.(a)** Purpose of the College Advising Corps Program. – From the funds
7 appropriated by this act for the 2019-2021 fiscal biennium to the Board of Governors of The
8 University of North Carolina for the College Advising Corps program, a grant-in-aid shall be
9 provided to National College Advising Corps, Inc. (CAC) to support an expansion of the
10 placement of college advisers in North Carolina public schools through their program over a
11 three-year period. CAC is a college access nonprofit organization with the mission to increase
12 the number of underrepresented, low-income, or first-generation postsecondary degree or
13 certificate students entering and completing their postsecondary education at community colleges
14 and universities. In furthering this mission, CAC operates an innovative model of partnering with
15 schools, communities, families, and postsecondary institutions, including providing for a
16 two-year service opportunity to recent college graduates as near-peer college advisers working
17 full-time in the public schools, with an emphasis on engaging college advisers who have similar
18 backgrounds to the students the program seeks to serve. Near-peer college advisers perform
19 various services for those students that are key components to the proven success of the program,
20 including (i) attending postsecondary campus visits, fairs, and workshops with students, (ii)
21 assisting with registering for college entrance exams, (iii) assisting with Free Application for
22 Federal Student Aid (FAFSA) registrations and completions, (iv) identifying available
23 scholarships, (v) assisting with postsecondary applications, and (vi) engaging with parents.

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

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

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

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

1
2 **REPEAL BOG MANDATORY REVIEW OF CERTAIN UNC HUMAN RESOURCES**
3 **ACTIONS**

4 **SECTION 8.4.** G.S. 116-17.3 is repealed.
5

6 **UNC LABORATORY SCHOOL MODIFICATIONS/FUNDS**

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

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

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

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

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

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

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

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

- 48 (1) Name of the laboratory school.
49 (2) The local school administrative unit in which the laboratory school shall be
50 located.

(3) A term of operation for the laboratory school of five years from the date of initial operation. At the end of the initial five years of operation, the Subcommittee shall renew the term of operation for additional five-year periods under the resolution if the laboratory school is still located in a local school administrative unit that has twenty-five percent (25%) or more of the schools located in the unit identified as low-performing under G.S. 115C-105.37, or if the Subcommittee renews a waiver of this requirement under subsection (a2) of this section, ~~the resolution may be renewed by the Subcommittee at the end of the term for an additional five years.~~ section. If the laboratory school is no longer (i) located in a qualifying local school administrative unit or (ii) meeting the purposes of this Article under a waiver at the end of five years, the Subcommittee shall may renew the term of operation for additional five-year periods under the resolution if the Subcommittee finds the school is successfully meeting its mission to improve student performance and provide valuable exposure and training for teachers and principals in the constituent institution's educator preparation program. The Subcommittee may terminate operation of any laboratory school during the initial term of operation or during a five-year renewal period if the Subcommittee finds it is failing to meet expected progress towards meeting the mission of the school consistent with the requirements of this Article. The Subcommittee shall notify the Board of Governors of the end of the term of operation of a laboratory school and request designation of additional constituent institutions with educator preparation programs to establish a laboratory school in accordance with the provisions of this Article."

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

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

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

"§ 116-239.9. Student admissions and assignment.

(a) A child shall be eligible to attend a laboratory school if the child resides in the local school administrative unit in which a laboratory school is located and meets at least one of the following criteria:

- (1) Is assigned to a low-performing school, as defined by G.S. 115C-105.37 at the time of the student's application.
- (2) Did not meet expected growth in the prior school year based on one or more indicators listed in subsection (c1) of this section.

1 (3) Is the sibling of a child who is eligible under subdivision (1) or (2) of this
2 subsection.

3 (4) Is the child of a laboratory school employee.

4 (b) No local board of education shall require any student enrolled in the local school
5 administrative unit to attend a laboratory school.

6 (c) During each period of enrollment, the laboratory school shall enroll an eligible student
7 under subsection (a) of this section who submits a timely application, up to the capacity of a
8 program, class, grade level, or building, in the order in which applications are received. Once
9 enrolled, students are not required to reapply in subsequent enrollment periods. The laboratory
10 school may give enrollment priority to the sibling of an enrolled student who attended the
11 laboratory school in the prior school year.

12 (c1) For the purposes of this Article, any of the following shall serve as indicators that a
13 student did not meet expected student growth in the prior school year: (i) grades, (ii) observations,
14 (iii) diagnostic and formative assessments, (iv) State assessments, or (v) other factors, including
15 reading on grade level.

16 (c2) Notwithstanding the requirements of subsection (a) of this section, if a laboratory
17 school has not reached enrollment capacity in a program, class, grade level, or building by March
18 1, prior to the start of the next school year, the laboratory school may enroll children who reside
19 in the local school administrative unit in which the laboratory school is located but do not meet
20 one of the criteria set forth in subdivisions (1) through (4) of subsection (a) of this section for up
21 to twenty percent (20%) of the total capacity of the program, class, grade level, or building.

22 (d) Notwithstanding any law to the contrary, a laboratory school may refuse admission
23 to any student who has been expelled or suspended from a public school under G.S. 115C-390.5
24 through G.S. 115C-390.11 until the period of suspension or expulsion has expired.

25 (e) Within one year after a laboratory school begins operation, the laboratory school shall
26 make efforts for the population of the school to reasonably reflect the racial, ethnic, and
27 socioeconomic composition of the general population residing within the local school
28 administrative unit in which the school is located."

29 **SECTION 8.5.(g)** Section 11.6(d) of S.L. 2016-94, as amended by Section 4 of S.L.
30 2017-177, reads as rewritten:

31 "**SECTION 11.6.(d)** Notwithstanding G.S. 116-239.5, at least ~~nine~~six laboratory schools
32 shall be established pursuant to Article 29A of Chapter 116 of the General Statutes, as enacted
33 by this section, and in operation by the beginning of the 2019-2020 school year."

34 **SECTION 8.5.(h)** The funds appropriated by this act to the Board of Governors of
35 The University of North Carolina for the 2019-2021 fiscal biennium to support the operation of
36 laboratory schools shall be used only for the operating expenses and equipment needs of the
37 individual laboratory schools and shall not be used to fund or create positions or to hire
38 consultants for The University of North Carolina System Office.

39 **SECTION 8.5.(i)** Subsection (b) of this section applies to an action or omission of
40 an action occurring on or after the date this act becomes law. Subsections (e) and (f) of this
41 section apply beginning with the 2019-2020 school year.

42 43 **EXTEND REPORT DATE FOR UNC BOARD OF GOVERNORS PLANNING TASK 44 FORCE**

45 **SECTION 8.6.** Section 36.6 of S.L. 2018-5 reads as rewritten:

46 "**SECTION 36.6.(a)** There is created the UNC Board of Governors Planning Task Force.
47 The Task Force shall consist of four current Board members appointed by the Board of
48 Governors, one of whom shall be designated as chair. These appointments shall be made no later
49 than August 1, 2018.

50 "**SECTION 36.6.(b)** The Task Force shall conduct a systemwide analysis of the capital
51 needs of the campuses of each constituent institution in relation to the Science Technology

1 Engineering and Mathematics (STEM) subject area, taking into account the strengths,
2 weaknesses, opportunities, and needs of each constituent institution, and any regional similarities
3 and differences. The Task Force shall also consider the impact of any relevant programmatic
4 planning elements being currently utilized that could be implemented as a best-practice among
5 other similar programmatic areas to encourage systemwide efficiencies. In particular, the Task
6 Force shall consider the capital needs relating to the Brody School of Medicine at East Carolina
7 University, the UNC Applied Physical Sciences and Institute for Convergent Science in Chapel
8 Hill, and other STEM projects to determine areas where capital funds may be used more
9 efficiently and effectively. The Task Force shall use the information gathered pursuant to this
10 subsection to compile a UNC System Plan.

11 **"SECTION 36.6.(c)** The three million dollars (\$3,000,000) appropriated to the Board of
12 Governors of The University of North Carolina in Section 36.2 of this act shall be used by the
13 Task Force in conducting the analysis described in subsection (b) of this section. On or before
14 ~~April 1, 2019, February 1, 2020,~~ the Task Force shall submit a report containing the UNC System
15 Plan and any legislative recommendations to the Joint Legislative Capital Improvements
16 Oversight Committee and the Fiscal Research Division."
17

18 **INCREASE UNC CARRYFORWARD PERCENTAGE**

19 **SECTION 8.7.(a)** G.S. 116-30.3(a) reads as rewritten:

20 "(a) Of the General Fund current operations appropriations credit balance remaining at the
21 end of each fiscal year in each of the budget codes listed in this subsection, any amount of the
22 General Fund appropriation for that budget code for that fiscal year (i) may be carried forward
23 to the next fiscal year in that budget code, (ii) is appropriated in that budget code, and (iii) may
24 be used for any of the purposes set out in subsection (f) of this section. However, the amount
25 carried forward in each budget code under this subsection shall not exceed ~~two and one-half~~
26 seven and one-half percent (2.5%)-(7.5%) of the General Fund appropriation in that budget code.
27 The Director of the Budget, under the authority set forth in G.S. 143C-6-2, shall establish the
28 General Fund current operations credit balance remaining in each budget code.

29 The budget codes that may carry forward a General Fund current operations appropriations
30 credit balance remaining at the end of each fiscal year pursuant to this section are the budget
31 codes for each of the following:

- 32 (1) Each special responsibility constituent institution.
- 33 (2) The Area Health Education Centers of the University of North Carolina at
34 Chapel Hill.
- 35 (3) University of North Carolina System Office Budget Code 16010."

36 **SECTION 8.7.(b)** G.S. 116-30.3(f) reads as rewritten:

37 "(f) Funds carried forward pursuant to subsection (a) of this section may be used for
38 one-time expenditures, including any funds carried forward in an amount that is in excess of two
39 and one-half percent (2.5%) of the General Fund appropriation in that budget code may be used
40 for projects that are eligible to receive funds under G.S. 143C-8-13(a), provided, however, that
41 the expenditures shall not impose additional financial obligations on the State and shall not be
42 used to support positions."

43 **SECTION 8.7.(c)** Subsection (a) of this section becomes effective June 30, 2019.
44

45 **NC PATRIOT STAR FAMILY SCHOLARSHIP PROGRAM**

46 **SECTION 8.8.(a)** Establishment of the Scholarship Program. – From the funds
47 appropriated to the Board of Governors of The University of North Carolina for the 2019-2021
48 fiscal biennium for the North Carolina Patriot Star Family Scholarship Program (Program), the
49 Board of Governors shall provide those funds as a grant-in-aid to the Patriot Foundation, a
50 nonprofit corporation, for the purpose of establishing and administering the Program. The
51 Program shall provide scholarships to eligible children and eligible spouses of certain veterans

1 and eligible children of certain currently serving members of the Armed Forces to attend eligible
2 postsecondary institutions in accordance with the requirements of this section.

3 **SECTION 8.8.(b)** Definitions. – For the purposes of this section, the following
4 definitions apply:

5 (1) Armed Forces. – A component of the United States Army, Navy, Marine
6 Corps, Air Force, and Coast Guard, including their reserve components.

7 (2) Eligible child or eligible children. – Any person (i) who is attending or has
8 been accepted to enroll in an eligible postsecondary institution, (ii) who is a
9 legal resident of North Carolina when scholarship documentation is
10 completed, provided that if a child is claimed as a dependent by the child's
11 parent, residency may be established based on a parent meeting
12 sub-sub-subdivision 4. of sub-subdivision a. of this subdivision, (iii) has
13 complied with the requirements of the Selective Service System, if applicable,
14 and (iv) whose parent is a veteran or a currently serving member of the Armed
15 Forces that meets the following:

16 a. Meets one of the following residency conditions:

- 17 1. Is a resident of North Carolina at the time of scholarship
18 documentation completion.
- 19 2. Was a resident of North Carolina at the time of entrance into
20 service in the Armed Forces.
- 21 3. Was permanently stationed in North Carolina at the time of his
22 or her death.
- 23 4. Is an active duty service member permanently stationed in
24 North Carolina at the time of documentation completion.

25 b. Meets one of the following service conditions:

- 26 1. Was a member of the Armed Forces who was killed in action
27 or in the line of duty, or died of wounds or other causes not due
28 to the service member's willful misconduct during a period of
29 war or national emergency.
- 30 2. Was a member of the Armed Forces who died of
31 service-connected injuries, wounds, illness, or other causes
32 incurred or aggravated while a member of the Armed Forces
33 during a period of war or national emergency. Standard
34 documentation of the parent's death, wounds, injury, or illness
35 must be supplied by a scholarship recipient at the time of
36 scholarship request.
- 37 3. Is a veteran of the Armed Forces who incurred traumatic
38 injuries or wounds or sustained a major illness while a member
39 of the Armed Forces during a period of war or national
40 emergency and is receiving compensation for a wartime
41 service-connected disability of at least fifty percent (50%) as
42 rated by the U.S. Department of Veterans Affairs.
- 43 4. Is a current member of the Armed Forces who incurred
44 traumatic injuries or wounds or sustained a major illness while
45 a member of the Armed Forces during a period of war or
46 national emergency. The parent's traumatic wounds, injury, or
47 major illness must be documented by the U.S. Department of
48 Defense.

49 (3) Eligible spouse. – Any person (i) who is attending or has been accepted to
50 enroll in an eligible postsecondary institution, (ii) who is a legal resident of
51 North Carolina when scholarship documentation is completed, (iii) has

1 complied with the requirements of the Selective Service System, if applicable,
2 and (iv) whose spouse was a member of the Armed Forces who was killed in
3 action or in the line of duty, or died of wounds or other causes not due to the
4 service member's willful misconduct during a period of war or national
5 emergency.

6 (4) Eligible postsecondary institution. – A school that is any of the following:

7 a. A constituent institution of The University of North Carolina.

8 b. A community college under the jurisdiction of the State Board of
9 Community Colleges.

10 c. A private educational institution as defined in G.S. 143B-1224.

11 d. An accredited, private vocational institution.

12 (5) Veteran. – An individual who has served and is no longer serving in the Armed
13 Forces of the United States. For the purposes of this section, the veteran must
14 have separated from the Armed Forces under honorable conditions or whose
15 death or disability of at least fifty percent (50%) or more was incurred as a
16 direct result of service in the line of duty.

17 **SECTION 8.8.(c) Administration; Awards.** – Within the funds made available for
18 the Program, the Patriot Foundation shall administer the North Carolina Patriot Star Family
19 Scholarship Program and award scholarships to eligible children and eligible spouses in
20 accordance with this section. In administering the Program, the Patriot Foundation shall be
21 responsible for program oversight ensuring compliance with the provisions of this section.

22 The Patriot Foundation shall, at a minimum, establish criteria and procedures related
23 to scholarship documentation completion, the amount of individual scholarships, the permissible
24 uses of scholarship funds, the period of eligibility for award of a scholarship, the conditions for
25 a revocation of a scholarship, and any other procedures it deems necessary for administration of
26 the Program. A scholarship awarded to an eligible child or eligible spouse shall not exceed the
27 cost of attendance at the eligible postsecondary institution.

28 If an eligible child or eligible spouse receives a scholarship or other grant covering
29 the cost of attendance at an eligible postsecondary institution for which the scholarship is
30 awarded, then the amount of a scholarship awarded under this section shall be reduced so that
31 the sum of all grants and scholarships covering the cost of attendance received by the eligible
32 child or eligible spouse does not exceed the cost of attendance for the institution. For the purposes
33 of this subsection, cost of attendance shall be deemed to include monies for tuition, fees, books,
34 supplies, and equipment required for study at an eligible postsecondary institution, as well as
35 room and board as long as the scholarship recipient is enrolled as at least a half-time student at
36 the institution. Off-campus housing costs for room and board are also included to the extent the
37 eligible postsecondary institution includes it in its cost of attendance.

38 **SECTION 8.8.(d) Reporting.** – The Patriot Foundation shall submit a report by April
39 1 of each year in which the Patriot Foundation spends State funds made available for the Program
40 to the Joint Legislative Education Oversight Committee and the Fiscal Research Division on the
41 activities described by this section and the use of the State funds.

42 **REPORT TO THE GA ON CHANGES TO UNC ENROLLMENT FUNDING FORMULA**

43 **SECTION 8.9.(a)** Other than enrollment funding requests for the 2019-2020 and
44 2020-2021 academic years based on actual completed course credit hours, the Board of
45 Governors of The University of North Carolina (UNC) shall not adopt changes to the UNC
46 Enrollment Funding Formula or to the allocation of enrollment funds to constituent institutions
47 to become effective prior to July 1, 2020, without first reporting the proposed changes to the
48 2019 General Assembly and the Fiscal Research Division of the General Assembly at least 60
49 days prior to the effective date of any such adopted changes.
50

1 **SECTION 8.9.(b)** If the Board of Governors adopts changes to the UNC Enrollment
2 Funding Formula or to the allocation of enrollment funds to constituent institutions for the
3 2020-2021 academic year, other than enrollment funding requests based on actual completed
4 course credit hours, the adopted changes shall become effective on July 1, 2020, unless a bill that
5 specifically disapproves the UNC Enrollment Funding Formula is introduced in either house of
6 the General Assembly before the thirty-first legislative day of the 2020 Regular Session of the
7 2019 General Assembly. The UNC Enrollment Funding Formula shall become effective on the
8 July 1 immediately following the earlier of either the day an unfavorable final action is taken on
9 the bill or the day that session of the General Assembly adjourns without ratifying a bill that
10 specifically disapproves the UNC Enrollment Funding Formula. If the UNC Enrollment Funding
11 Formula is specifically disapproved by a bill enacted into law before it becomes effective, the
12 UNC Enrollment Funding Formula shall not become effective. For the purposes of this section,
13 a bill specifically disapproves the UNC Enrollment Funding Formula if it contains a provision
14 that refers to the UNC Enrollment Funding Formula and states that the UNC Enrollment Funding
15 Formula is disapproved. Notwithstanding any rule of either house of the General Assembly, a
16 bill may be introduced as described by this section during the first 30 legislative days of the 2020
17 Regular Session.

18 19 **FUNDS FOR UNC-ASHEVILLE WOODS RESIDENCE HALL**

20 **SECTION 8.10.(a)** Notwithstanding Section 36.6(c) of S.L. 2018-5, as amended by
21 Section 8.6 of this act, of the funds appropriated to the Board of Governors of The University of
22 North Carolina for the UNC Board of Governors Planning Task Force for the 2018-2019 fiscal
23 year under Section 36.2 of S.L. 2018-5 that are unexpended and unencumbered at the end of the
24 2018-2019 fiscal year, the sum of up to seven hundred seventy-nine thousand dollars (\$779,000)
25 shall not revert to the General Fund at the end of the fiscal year, but instead, shall be allocated
26 by the Board of Governors to the University of North Carolina at Asheville (UNC-Asheville) for
27 the 2019-2020 fiscal year to cover the expenses incurred by UNC-Asheville related to meeting
28 the building requirements imposed by the Department of Insurance upon UNC-Asheville to allow
29 students to occupy the university's newly constructed Woods Residence Hall for the beginning
30 of the 2018-2019 academic year.

31 **SECTION 8.10.(b)** This section becomes effective June 30, 2019.

32 33 **FUNDS/COLLEGE OF HEALTH SCIENCES AT UNC PEMBROKE**

34 **SECTION 8.11.(a)** Notwithstanding any other provision of law, the funds
35 appropriated by this act for the 2019-2021 fiscal biennium to the Board of Governors for the
36 University of North Carolina at Pembroke (UNC-Pembroke) in Fund Code 16082 shall be
37 increased by (i) one million one hundred thousand dollars (\$1,100,000) in recurring funds for the
38 2019-2020 fiscal year and (ii) by an additional one million dollars (\$1,000,000) in recurring funds
39 for the 2020-2021 fiscal year to support program development and operating budgets for
40 expanded and additional programs for the College of Health Sciences at UNC-Pembroke. The
41 funds shall be used for necessary faculty, staff, and equipment for the programs.

42 **SECTION 8.11.(b)** Notwithstanding any other provision of law, the funds
43 appropriated by this act for the 2019-2021 fiscal biennium to the Board of Governors for data
44 analytics in Fund Code 16011 shall be decreased by (i) one million one hundred thousand dollars
45 (\$1,100,000) in recurring funds for the 2019-2020 fiscal year and (ii) by an additional one million
46 dollars (\$1,000,000) in recurring funds for the 2020-2021 fiscal year.

47 48 **PART VIII-A. UNIVERSITY/STATE EDUCATION ASSISTANCE AUTHORITY**

49 50 **HIGH ACHIEVING TUITION SCHOLARSHIPS/CC**

1 **SECTION 8A.1.(a)** Article 23 of Chapter 116 of the General Statutes is amended by
2 adding a new Part to read:

3 "Part 5. High Achieving Tuition Scholarship Program.

4 **"§ 116-209.80. High Achieving Tuition Scholarship Program.**

5 (a) Program Purpose. – There is established the High Achieving Tuition Scholarship
6 Program (Program) to be administered by the Authority. The purposes of the High Achieving
7 Tuition Scholarship Program include the following:

8 (1) Encourage higher-performing students at community colleges.

9 (2) Utilize the State's educational resources to the fullest.

10 (3) Create more educational and career options for students.

11 (4) Realize significant cost-savings to the State.

12 (5) Develop a more competitive workforce.

13 (b) Award of Scholarships. – Within the funds made available for the Program, the
14 Authority shall annually award High Achieving Tuition Scholarships to eligible students in an
15 amount not to exceed the cost of 16 credit hours of tuition per fall or spring academic semester
16 for a maximum of four academic semesters at a North Carolina community college. The
17 Authority shall require eligible students to complete a Free Application for Federal Student Aid
18 (FAFSA) to apply for a scholarship award and shall reduce the amount of the scholarship award
19 for any student by the amount of grants or scholarships received by that student from other State
20 or federal sources. The Authority shall award scholarships to eligible students in the order in
21 which applications are received.

22 (c) Student Eligibility. – A student shall be considered an eligible student in order to
23 receive a High Achieving Tuition Scholarship under the Program if the student meets all of the
24 following requirements:

25 (1) In the academic semester prior to enrolling in a community college, the
26 student graduates with at least a 3.5 unweighted grade point average from
27 either a (i) public high school located in this State or (ii) a nonpublic high
28 school or home school, as defined in Article 39 of Chapter 115C of the
29 General Statutes, located in this State.

30 (2) The student presents evidence that the student is either a United States citizen
31 or eligible noncitizen.

32 (3) The student qualifies as a resident of this State for tuition purposes, as
33 provided in Article 14 of Chapter 116 of the General Statutes.

34 (4) The student gains admission as a student at a North Carolina community
35 college in a curriculum program.

36 (5) The student complies with Selective Service registration requirements.

37 (6) The student affirmatively states the student does not have a felony conviction
38 for a controlled substance offense under Article 5 of Chapter 90 of the General
39 Statutes.

40 (d) Scholarship Renewal. – A scholarship awarded to an eligible student shall be annually
41 renewed if the student demonstrates all of the following:

42 (1) A cumulative 3.0 grade point average.

43 (2) Completion of a minimum of 30 semester credit hours by the end of the
44 academic year.

45 (3) The student does not have a felony conviction for a controlled substance
46 offense under Article 5 of Chapter 90 of the General Statutes demonstrated by
47 the student submitting an affirmative statement of that fact to the Authority.

48 (e) Scholarship Revocation. – A scholarship awarded to an eligible student shall be
49 revoked at the conclusion of the first semester of an academic year for any of the following
50 reasons:

51 (1) Failure to maintain a course load of at least 12 credit hours.

1 (2) Default or an unpaid refund on a student financial aid program.

2 (f) Administration; Funds. – The Authority shall adopt rules for administration of the
3 High Achieving Tuition Scholarship Program in accordance with the requirements of this Part.
4 The Authority may use up to five percent (5%) of the funds appropriated each fiscal year for the
5 Program for administrative costs associated with the Program. Any unexpended funds for the
6 Program at the end of the fiscal year shall not revert to the General Fund, but shall remain
7 available to award scholarships to eligible students in accordance with this Part.

8 **"§ 116-209.81. Course counseling for scholarship recipients.**

9 Community colleges in which scholarship recipients are enrolled shall ensure those students
10 are provided counseling and assistance in maintaining the necessary grade point averages and
11 selecting coursework that reflects their educational and career goals. For students planning to
12 enter a constituent institution of The University of North Carolina, the State Board of Community
13 Colleges shall ensure that credits earned by those students participating in the program are
14 transferable.

15 **"§ 116-209.82. Deferment of enrollment into a constituent institution for scholarship**
16 **recipients.**

17 The Board of Governors of The University of North Carolina shall adopt a policy to permit
18 any student admitted to a constituent institution of The University of North Carolina, beginning
19 with the 2020-2021 academic year, who receives a High Achieving Tuition Scholarship pursuant
20 to this Part to defer admission to the constituent institution for two years. Deferred admission
21 shall be contingent upon the student's successful completion of an associate degree and the
22 student remaining in good standing in the Program while enrolled in the community college.

23 **"§ 116-209.83. Reporting requirements.**

24 The Authority shall report annually on or before September 1, beginning in 2021, to the Joint
25 Legislative Education Oversight Committee on the implementation of the High Achieving
26 Tuition Scholarship Program. The report shall include at least the following information:

27 (1) Number of students applying for the scholarship, including information about
28 student demographics and geographic location.

29 (2) Number of students awarded the scholarship, including information about
30 student demographics and geographic location, and community college
31 attended.

32 (3) Amount of funds expended for scholarships.

33 (4) Number of students whose scholarships were revoked and reasons for
34 revocation.

35 (5) Other relevant information as determined by the Authority."

36 **SECTION 8A.1.(b)** For the 2019-2020 school year, the State Board of Education
37 shall direct local boards of education to survey high school students in their senior year who meet
38 the eligibility requirements of the High Achieving Tuition Scholarship Program to determine
39 interest in the program, including numbers of students who intend to apply for the scholarship,
40 and reasons that eligible students may choose not to apply for the scholarship. The State Board
41 of Education shall report to the Joint Legislative Education Oversight Committee no later than
42 December 15, 2019, on the results of this survey.

43 **SECTION 8A.1.(c)** The Board of Governors of The University of North Carolina
44 and the State Board of Community Colleges shall jointly identify and report to the Joint
45 Legislative Education Oversight Committee by April 1, 2023, on potential issues related to the
46 transition of High Achieving Tuition Scholarship recipients from community college to
47 university enrollment and other recommendations to improve and expand the High Achieving
48 Tuition Scholarship Program.

49 **SECTION 8A.1.(d)** Subsection (a) of this section applies to the award of
50 scholarships beginning with the fall semester of the 2020-2021 academic year for students
51 graduating from high school in the 2019-2020 school year.

1
2 **NC SCHOOL OF SCIENCE AND MATHEMATICS TUITION GRANTS**

3 **SECTION 8A.2.(a)** Article 23 of Chapter 116 of the General Statutes is amended by
4 adding a new Part to read:

5 "Part 6. Tuition Grant for Graduates of the North Carolina School of Science and Mathematics.

6 "**§ 116-209.90. Tuition grants for graduates to attend a constituent institution.**

7 (a) Program Established. – There is established the Tuition Grant for Graduates of the
8 North Carolina School of Science and Mathematics Program (Program). Within the funds made
9 available for the Program, a State resident who graduates from the North Carolina School of
10 Science and Mathematics (NCSSM) in each school year, beginning with the 2019-2020 school
11 year, and who enrolls as a full-time student in a constituent institution of The University of North
12 Carolina in the next academic year after graduation shall be eligible for a tuition grant awarded
13 for that student's first academic year in accordance with this Part.

14 (b) Administration of Grants. – The Authority shall administer the tuition grants provided
15 for in this Part pursuant to guidelines and procedures established by the Authority consistent with
16 its practices for administering State-funded financial aid. The guidelines and procedures shall
17 include an application process and schedule, notification and disbursement procedures, standards
18 for reporting, and standards for return of tuition grants when a student withdraws. The Authority
19 shall not approve any grant until it receives proper certification from the appropriate constituent
20 institution that the student applying for the grant is an eligible student. Upon receipt of the
21 certification, the Authority shall remit, at the times it prescribes, the tuition grant to the
22 constituent institution on behalf, and to the credit, of the student. In the event a student on whose
23 behalf a tuition grant has been paid is not enrolled and carrying a minimum academic load as of
24 the tenth classroom day following the beginning of the school term for which the tuition grant
25 was paid, the constituent institution shall refund the full amount of the tuition grant to the
26 Authority.

27 (c) Award of Grants. – Except as provided in subsections (c) and (d) of this section, the
28 amount of the grant awarded to a student shall be the full tuition cost at the constituent institution
29 in which the student is enrolled for the student's first academic year. No tuition grant awarded to
30 a student under this section shall exceed the cost of attendance at the constituent institution for
31 which the student is enrolled.

32 (d) Reduction of an Award Due to Other Aid. – If a student, who is eligible for a tuition
33 grant under this section, also receives a scholarship or other grant covering the cost of attendance
34 at the constituent institution for which the tuition grant is awarded, then the amount of the tuition
35 grant shall be reduced by an appropriate amount determined by the Authority so that the total
36 amount of scholarships and grants received by the student does not exceed the cost of attendance
37 for the institution. The cost of attendance shall be determined by the Authority for each
38 constituent institution.

39 (e) Pro Rata Amount. – In the event there are not sufficient funds available for the
40 Program to provide each eligible student with a full tuition grant as provided for by this Part,
41 each eligible student shall receive a pro rata share of funds available for that academic year.

42 "**§ 116-209.91. North Carolina Tuition Grant Fund Reserve.**

43 The North Carolina Tuition Grant Fund Reserve shall be established as a reserve to be
44 administered by the Authority. All funds appropriated to or otherwise received by the Authority
45 to provide tuition grants under this Part, all returned tuition grant monies, and all interest earned
46 on these funds shall be placed in the Fund. The Fund shall be used for (i) tuition grants for the
47 academic year that begins in the fiscal year following the fiscal year in which the appropriation
48 is made to the Reserve and (ii) the administrative costs of the Authority, provided that no more
49 than five percent (5%) of the funds appropriated each fiscal year for tuition grants is expended
50 for administrative purposes."

1 **SECTION 8A.2.(b)** This section applies beginning with the award of tuition grants
2 to the North Carolina School of Science and Mathematics Program graduating class of the
3 2019-2020 school year for the 2020-2021 academic year.
4

5 **WASHINGTON CENTER INTERNSHIP SCHOLARSHIP PROGRAM**

6 **SECTION 8A.3.(a)** Scholarship program established. – From the funds appropriated
7 by this act for the 2019-2021 fiscal biennium to the Board of Governors of The University of
8 North Carolina to be allocated to the State Education Assistance Authority (Authority) for the
9 Washington Center Internship Scholarship Program, the Authority shall award scholarship grants
10 to students who are residents of North Carolina and are enrolled in their second year or higher in
11 a constituent institution of The University of North Carolina to attend a semester or summer term
12 internship program at the Washington Center for Internships and Academic Seminars
13 (Washington Center) located in Washington, D.C. The Authority shall administer the scholarship
14 program pursuant to guidelines and procedures established by the Authority consistent with its
15 practices for administering State-funded financial aid. The guidelines and procedures shall
16 include an application process and schedule, notification and disbursement procedures, standards
17 for reporting, and standards for return of funds when a student withdraws from the program. A
18 student who meets the eligibility criteria of the Washington Center to attend a semester or
19 summer term internship program may apply to the Authority for a grant to cover costs related to
20 the internship program in an amount of up to seven thousand dollars (\$7,000). The Authority
21 shall award grants to students in the order in which applications are received.

22 **SECTION 8A.3.(b)** Limitations on grant amount. – If a student, who is eligible for
23 a grant pursuant to this section, also receives a scholarship or other grant covering the cost of
24 attendance for the program, then the amount of the State grant shall be reduced by an appropriate
25 amount determined by the Authority. The Authority shall reduce the amount of the grant so that
26 the sum of all grants and scholarship aid covering the cost of attendance shall not exceed the cost
27 of attendance for the program, including program fees, housing, and incidental costs. The cost of
28 attendance shall be established by the Authority in accordance with information provided to the
29 Authority by the Washington Center.

30 **SECTION 8A.3.(c)** Internship activities. – A student participating in the Washington
31 Center's program shall (i) intern four days a week with a nonprofit corporation, private company,
32 federal agency, or a member of the United States Congress, (ii) take an academic class taught by
33 the Washington Center's faculty, (iii) participate in academic seminars, (iv) participate in career
34 readiness training programs, and (v) be responsible for a final portfolio project outlining work
35 completed during the program. Students from all academic majors can participate and benefit
36 from the program.

37 **SECTION 8A.3.(d)** Administrative costs. – The Authority may use up to one percent
38 (1%) of the funds appropriated each fiscal year for the program for administrative costs.

39 **SECTION 8A.3.(e)** Reporting. – By March 1, 2021, the Authority, in consultation
40 with the Washington Center, shall report to the Joint Legislative Education Oversight Committee,
41 the chairs of the Senate Appropriations Committee on Education/Higher Education, and the
42 chairs of the House of Representatives Appropriations Committee on Education on the
43 implementation of the scholarship program, including the number of participating students and
44 the amount of awards for each semester or summer term by constituent institution.

45 **SECTION 8A.3.(f)** This section applies beginning with the award of scholarship
46 grants for the 2020 spring academic semester.
47

48 **NEED-BASED SCHOLARSHIPS FOR PRIVATE INSTITUTIONS/DEPENDENTS OF** 49 **VETERANS AND ACTIVE DUTY MILITARY**

50 **SECTION 8A.4.(a)** G.S. 116-281(3) reads as rewritten:

51 "(3) The student must meet at least one of the following:

- 1 a. Qualify as a legal resident of North Carolina and as a resident for
 2 tuition purposes under the criteria set forth in G.S. 116-143.1 and in
 3 accordance with definitions of residency that may from time to time
 4 be adopted by the Board of Governors of The University of North
 5 Carolina.
 6 b. Be a veteran provided the veteran's abode is in North Carolina and the
 7 veteran provides the eligible private postsecondary institution a letter
 8 of intent to establish residency in North Carolina.
 9 c. Be an active duty member of the Armed Forces provided the member
 10 of the Armed Forces is abiding in this State incident to active military
 11 duty in this State.
 12 d. Be the dependent relative of a veteran who is abiding in North Carolina
 13 while sharing an abode with the veteran and the dependent relative
 14 provides the eligible private postsecondary institution a letter of intent
 15 to establish residency in North Carolina.
 16 e. Be the dependent relative of an active duty member of the Armed
 17 Forces who is abiding in North Carolina incident to active military
 18 duty while sharing an abode with the active duty member."

19 **SECTION 8A.4.(b)** This section applies beginning with the award of scholarships
 20 for the 2020-2021 academic year.

21 EDUCATION LOTTERY SCHOLARSHIP MODIFICATIONS

22 **SECTION 8A.5.(a)** G.S. 115C-499.2 reads as rewritten:

23 "§ 115C-499.2. Eligibility requirements for a scholarship.

24 In order to be eligible to receive a scholarship under this Article, a student seeking a degree,
 25 diploma, or certificate at an eligible postsecondary institution must meet all of the following
 26 requirements:
 27

- 28 (1) Only needy North Carolina students are eligible to receive scholarships. For
 29 purposes of this subsection, "needy North Carolina students" are those eligible
 30 students whose expected family contribution under the federal methodology
 31 does not exceed ~~five~~six thousand dollars (~~\$5,000~~)-(\$6,000).

32"

33 **SECTION 8A.5.(b)** G.S. 115C-499.3(a) reads as rewritten:

34 "(a) Subject to the amount of net income available under G.S. 18C-164(b)(2), a
 35 scholarship awarded under this Article to a student at an eligible postsecondary institution shall
 36 be based upon the enrollment status and expected family contribution of the student and shall not
 37 exceed ~~four~~five thousand one hundred dollars (~~\$4,000~~)-(\$5,100) per academic year, including
 38 any federal Pell Grant, to be used for the costs of attendance as defined for federal Title IV
 39 programs."

40 **SECTION 8A.5.(c)** This section applies beginning with the award of scholarships
 41 for the 2020-2021 academic year.

42 MODIFY NC TEACHING FELLOWS PROGRAM

43 **SECTION 8A.6.(a)** G.S. 116-209.62, as amended by subsection (b) of this section,
 44 reads as rewritten:

45 "§ 116-209.62. North Carolina Teaching Fellows Program established; administration.

46 ...

47 (f) Program Selection Criteria. – The Authority shall administer the Program in
 48 cooperation with ~~five~~up to eight institutions of higher education with approved educator
 49 preparation programs selected by the Commission that represent a diverse selection of both
 50 postsecondary constituent institutions of The University of North Carolina and private
 51

1 postsecondary institutions operating in the State. The Commission shall adopt stringent standards
2 for selection of the most effective educator preparation programs, including the following:

- 3 (1) Demonstrates high rates of educator effectiveness on value-added models and
4 teacher evaluations, including using performance-based, subject-specific
5 assessment and support systems, such as edTPA or other metrics of evaluating
6 candidate effectiveness that have predictive validity.
- 7 (2) Demonstrates measurable impact of prior graduates on student learning,
8 including impact of graduates teaching in STEM or special education
9 licensure areas.
- 10 (3) Demonstrates high rates of graduates passing exams required for teacher
11 licensure.
- 12 (4) Provides curricular and co-curricular enhancements in leadership, facilitates
13 learning for diverse learners, and promotes community engagement,
14 classroom management, and reflection and assessment.
- 15 (5) Requires at least a minor concentration of study in the subject area that the
16 candidate may teach.
- 17 (6) Provides early and frequent internship or practical experiences, including the
18 opportunity for participants to perform practicums in diverse school
19 environments.
- 20 (7) Is approved by the State Board of Education as an educator preparation
21 program.

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

25"

26 **SECTION 8A.6.(b)** G.S. 116-209.62(g)(4) reads as rewritten:

27 "(4) Students matriculating at institutions of higher education who are changing to
28 enrollment in an approved program of study at a selected educator preparation
29 program. – Forgivable loans of up to four thousand one hundred twenty-five
30 dollars (\$4,125) per semester for up to four semesters."

31 **SECTION 8A.6.(c)** Subsection (a) of this section applies to the award of forgivable
32 loans beginning with the 2020-2021 academic year. Subsection (b) of this section applies to the
33 award of forgivable loans beginning with the 2019-2020 academic year.

34 35 **USE OF UNEXPENDED OPPORTUNITY SCHOLARSHIP FUNDS/INFORMATION** 36 **ON NONPUBLIC SCHOOLS**

37 **SECTION 8A.7.(a)** G.S. 115C-562.8 reads as rewritten:

38 **"§ 115C-562.8. The Opportunity Scholarship Grant Fund Reserve.**

39 (a) The Opportunity Scholarship Grant Fund Reserve is established as a reserve to be
40 administered by the Board of Governors of The University of North Carolina for the purpose of
41 allocating funds to the Authority for the award of scholarship grants in accordance with this Part.
42 The Reserve shall consist of monies appropriated from the General Fund to the Reserve by the
43 General Assembly and any interest accrued to it thereon. These funds shall be used to award
44 scholarship grants to eligible students for the school year that begins in the fiscal year following
45 the fiscal year in which the appropriation is made to the Reserve. The Board of Governors shall
46 only use monies in the Reserve in accordance with the purposes set forth in this section. Funds
47 appropriated in a particular fiscal year to be used for the award of scholarships in the following
48 fiscal year that are unexpended at the end of the fiscal year after the fiscal year in which the funds
49 were appropriated shall be carried forward for one fiscal year and may be used for the purposes
50 set forth in this section. The Authority shall not expend funds that are carried forward for a fiscal
51 year until the funds from the prior year appropriation to be used to award scholarships are

1 expended. Funds carried forward pursuant to this section that have not been spent within one
2 fiscal year shall revert to the General Fund, be used in accordance with subsection (d) of this
3 section.

4 ...

5 (d) Any unexpended funds at the end of a fiscal year from the funds carried forward for
6 one fiscal year pursuant to subsection (a) of this section shall be used as follows:

7 (1) Up to two million five hundred thousand dollars (\$2,500,000) shall be
8 transferred to the Department of Administration, Division of Nonpublic
9 Education, for data collection from nonpublic schools and to maintain a Web
10 site to provide information to students and parents to assist them in the
11 selection of nonpublic schools pursuant to Part 5 of this Article.

12 (2) Up to five hundred thousand dollars (\$500,000) shall be used by the Authority
13 to contract with a nonprofit corporation representing parents and families, for
14 marketing, outreach, and scholarship application assistance for parents and
15 students pursuant to Part 5 of this Article.

16 (3) Any remaining funds shall revert to the General Fund."

17 **SECTION 8A.7.(b)** Article 39 of Chapter 115C of the General Statutes is amended
18 by adding a new Part to read:

19 "Part 5. Nonpublic School Information for Parents and Students.

20 "**§ 115C-567.5. Nonpublic School Information Dashboard.**

21 (a) Dashboard. – The Department of Administration, Division of Nonpublic Education,
22 shall provide information on a Web site, under a section entitled "Nonpublic School Information
23 Dashboard" to students, parents, and the public on certain nonpublic schools located in North
24 Carolina as provided in this section. The information shall be updated annually.

25 (b) Available Data. – The Division of Nonpublic Education shall, as data is made
26 available, provide information under subsection (a) of this section on nonpublic schools,
27 including any data made available for students enrolled in those nonpublic schools. For a
28 nonpublic school who enrolls students whose tuition and fees are paid in whole or in part with a
29 scholarship grant pursuant to G.S. 115C-562.5, the nonpublic school shall submit to the Division
30 a brief summary of the school's standard testing protocol, including the specific tests and
31 assessments used by the school, graduation rates of the students who receive scholarship grants
32 as required by G.S. 115C-562.5, and information on the level of accreditation of the school to be
33 posted on the Division's dashboard. Other nonpublic schools that meet the requirements of Part
34 1 or Part 2 of this Article as identified by the Division of Nonpublic Education, including schools
35 that enroll students receiving scholarship funds under Article 41 of this Chapter and Part 1H of
36 Article 9 of this Chapter, may voluntarily submit data to also be included in the dashboard for
37 the students enrolled in the nonpublic school. The State Education Assistance Authority shall
38 provide information to the Division on the scholarship program it administers pursuant to Part
39 2A of this Article. The information contained on the dashboard shall not include personally
40 identifiable student data.

41 "**§ 115C-567.10. Outreach and assistance for parents and students.**

42 (a) The State Education Assistance Authority, in its administration of scholarship
43 programs for eligible students to attend nonpublic schools pursuant to Part 2A of this Article,
44 Article 41 of this Chapter, and Part 1H of Article 9 of this Chapter, may contract with a nonprofit
45 corporation representing parents and families, for marketing, outreach, and scholarship
46 application assistance for parents and students. The Authority shall issue a request for proposals
47 in order to enter into a contract with a nonprofit corporation that meets the following
48 requirements during the term of the contract:

49 (1) Be a nonprofit corporation organized pursuant to Chapter 55A of the General
50 Statutes and comply at all times with the provisions of section 501(c)(3) of the
51 Internal Revenue Code.

- 1 (2) Employ sufficient staff who have demonstrated a capacity to market and
 2 implement a scholarship grant program, including by doing the following:
 3 a. Direct mail marketing.
 4 b. Radio advertising.
 5 c. Targeted digital advertising.
 6 d. One-on-one parent and family engagement.
 7 (3) Comply with the limitations on lobbying set forth in section 501(c)(3) of the
 8 Internal Revenue Code.
 9 (4) Have no State officer or employee serving on the board of the nonprofit.
 10 (5) Conduct at least quarterly meetings of the board of directors of the nonprofit
 11 at the call of its chair.

12 (b) The terms of the contract between the Authority and a nonprofit corporation shall
 13 require that the nonprofit maintains the confidentiality of any information provided by the
 14 Authority for parents and students as directed by the Authority and not disseminate information
 15 to third parties without written parental consent. During the term of the contract provided for in
 16 this section, the Authority shall include on scholarship applications a statement for parents to
 17 indicate nonconsent for sharing information with a nonprofit corporation.

18 (c) Notwithstanding any other provision of law, during the term of the contract provided
 19 for in this section, the Authority may share the name, address, e-mail, and telephone number of
 20 the parent of any student applicant, unless the parent indicates that the information should not be
 21 shared."

22 **SECTION 8A.7.(c)** G.S. 115C-562.5 reads as rewritten:

23 **"§ 115C-562.5. Obligations of nonpublic schools accepting eligible students receiving**
 24 **scholarship grants.**

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

- 27 (1) Provide to the Authority documentation for required tuition and fees charged
 28 to the student by the nonpublic school.
 29 (2) Provide to the Authority a criminal background check conducted for the staff
 30 member with the highest decision-making authority, as defined by the bylaws,
 31 articles of incorporation, or other governing document, to ensure that person
 32 has not been convicted of any crime listed in G.S. 115C-332.
 33 (3) Provide to the parent or guardian of an eligible student, whose tuition and fees
 34 are paid in whole or in part with a scholarship grant, an annual written
 35 explanation of the student's progress, including the student's scores on
 36 standardized achievement tests.
 37 (4) Administer, at least once in each school year, a nationally standardized test or
 38 other nationally standardized equivalent measurement selected by the chief
 39 administrative officer of the nonpublic school to all eligible students whose
 40 tuition and fees are paid in whole or in part with a scholarship grant enrolled
 41 in grades three and higher. The nationally standardized test or other equivalent
 42 measurement selected must measure achievement in the areas of English
 43 grammar, reading, spelling, and mathematics. Test performance data shall be
 44 ~~submitted to the Authority by July 15 of each year. Test performance data~~
 45 ~~retained by the nonpublic school for at least a five-year period. The Authority~~
 46 ~~may audit the test data retained by the school to ensure compliance with this~~
 47 ~~subdivision. A brief summary of the nonpublic school's standard testing~~
 48 ~~protocol, including the name of the tests or assessments used by the school,~~
 49 ~~shall be reported to the Authority under this subdivision is not a public record~~
 50 ~~under Chapter 132 of the General Statutes.~~
 51 Division in accordance with
G.S. 115C-567.5.

1 (5) Provide to the ~~Authority~~ Division graduation rates of the students receiving
 2 scholarship grants in a manner consistent with nationally recognized
 3 ~~standards, standards, in accordance with G.S. 115C-567.5.~~

4 (6) Contract with a certified public accountant to perform a financial review,
 5 consistent with generally accepted accounting principles, for each school year
 6 in which the school accepts students receiving more than three hundred
 7 thousand dollars (\$300,000) in scholarship grants awarded under this Part.

8 (b) A nonpublic school that accepts students receiving scholarship grants shall not require
 9 any additional fees based on the status of the student as a scholarship grant recipient.

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

18"

19 **SECTION 8A.7.(d)** G.S. 115C-562.7(c) is repealed.

20 **SECTION 8A.7.(e)** Section 8.29(g) of S.L. 2013-360 reads as rewritten:

21 "**SECTION 8.29.(g)** ~~The Authority shall select an independent research organization, as
 22 required by G.S. 115C-562.7, as enacted by this section, beginning with the 2017-2018 school
 23 year. The first learning gains report required by G.S. 115C-562.7, as enacted by this section, shall
 24 not be due until December 1, 2018.~~ The first financial review for a nonpublic school that accepts
 25 scholarship grant funds, as required by G.S. 115C-562.5(a)(6), as enacted by this section, shall
 26 not be required until the 2015-2016 school year."

27 **SECTION 8A.7.(f)** Subsection (a) of this section becomes effective June 30, 2019.
 28 This section applies beginning with the 2019-2020 school year.

29
 30 **EXPAND ELIGIBILITY FOR OPPORTUNITY SCHOLARSHIPS/PRIOR YEAR IN A
 31 PUBLIC SCHOOL**

32 **SECTION 8A.8.(a)** G.S. 115C-562.1(3) reads as rewritten:

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

36 a. Meets one of the following criteria:

- 37 1. Was a full-time student (i) assigned to and attending a public
 38 school pursuant to G.S. 115C-366 or (ii) enrolled in a
 39 Department of Defense Elementary and Secondary School,
 40 established pursuant to 10 U.S.C. § 2164 and located in North
 41 Carolina, during the spring semester prior to the school year
 42 for which the student is applying.
- 43 2. Received a scholarship grant for the school year prior to the
 44 school year for which the student is applying.
- 45 3. Is entering either kindergarten or the first grade.
- 46 4. Is a child in foster care as defined in G.S. 131D-10.2(9).
- 47 5. Is a child whose adoption decree was entered not more than
 48 one year prior to submission of the scholarship grant
 49 application.
- 50 6. Is a child whose parent or legal guardian is on full-time duty
 51 status in the active uniformed service of the United States,

including members of the National Guard and Reserve on active duty orders pursuant to 10 U.S.C. § 12301, et seq., and 10 U.S.C. § 12401, et seq.

7. Is a child who meets both of the following:

I. Was enrolled in a nonpublic school that meets the requirements of Part 1 and Part 2 of this Article during the spring semester prior to the school year for which the student is applying.

II. Was enrolled for the entire school year immediately prior to the school year in which the student enrolled in the nonpublic school in one of the following:

A. A North Carolina public school.

B. A Department of Defense Elementary and Secondary School, established pursuant to 10 U.S.C. § 2164 and located in North Carolina."

SECTION 8A.8.(b) G.S. 115C-562.7(b)(3) reads as rewritten:

"(3) Number of students previously enrolled in local school administrative units or charter schools in the prior semester or prior school year by the previously attended local school administrative unit or charter school."

SECTION 8A.8.(c) This section applies beginning with the award of scholarship grants for the 2020-2021 school year.

COMBINE K-12 SCHOLARSHIP PROGRAMS FOR CHILDREN WITH DISABILITIES

SECTION 8A.9.(a) Article 41 of Chapter 115C of the General Statutes reads as rewritten:

"Article 41.

"Personal Education ~~Savings Accounts~~ Student Accounts for Children with Disabilities.

"§ 115C-590. North Carolina Personal Education ~~Savings Account~~ Student Accounts for Children with Disabilities Program established.

There is established the North Carolina Personal Education ~~Savings~~ Student Accounts for Children with Disabilities Program to provide the option for a parent to better meet the individual educational needs of the parent's child.

"§ 115C-591. Definitions.

The following definitions apply in this Article:

(1) Authority. – Defined in G.S. 116-201.

(2) Division. – The Division of Nonpublic Education, Department of Administration.

(2a) Educational technology. – As defined annually by the Authority, an item, piece of equipment, material, product, or system which may be purchased commercially off the shelf, modified, or customized and that is used primarily for educational purposes for a child with a disability.

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

a. Is eligible to attend a North Carolina public school pursuant to G.S. 115C-366.

b. Has not been enrolled in a postsecondary institution ~~in a matriculated status eligible for enrollment for~~ as a full-time student taking at least 12 hours of academic credit.

- 1 c. Is a child with a disability, as defined in G.S. 115C-106.3(1),
 2 including, for example, intellectual disability, hearing impairment,
 3 speech or language impairment, visual impairment, serious emotional
 4 disturbance, orthopedic impairment, autism, traumatic brain injury,
 5 other health impairments, specific learning disability, or disability as
 6 may be required to be included under IDEA. G.S. 115C-106.3(1).
 7 d. Has not been placed in a nonpublic school or facility by a public
 8 agency at public expense.

- 9 (4) Nonpublic school. – A school that meets the requirements of Part 1, 2, or 3 of
 10 Article 39 of this Chapter, as identified by the Division.
 11 (5) Parent. – A parent, legal guardian, or legal custodian of an eligible student.
 12 (5a) Part-time student. – A child enrolled part time in a public school and part time
 13 in a nonpublic school that exclusively provides services for children with
 14 disabilities.
 15 (6) Personal Education ~~Savings~~ Student Account or PESA. – A bank account
 16 provided to a parent for the purpose of holding scholarship funds awarded by
 17 the Authority for an eligible student to be used for qualifying education
 18 expenses under G.S. 115C-595.

19 **"§ 115C-592. Award of scholarship funds for a personal education ~~savings~~ student account.**

20 (a) Application Selection. – The Authority shall make available no later than February 1
 21 of each year applications to eligible students for the award of scholarship funds for a personal
 22 education ~~savings~~ student account to be used for qualifying education expenses to attend a
 23 nonpublic school. Information about scholarship funds and the application process shall be made
 24 available on the Authority's Web site. Applications shall be submitted electronically. ~~Beginning~~
 25 ~~March 15, the~~ The Authority shall begin selecting recipients for award scholarships according to
 26 the following ~~criteria~~ criteria for applications received by March 1 of each year:

- 27 (1) First priority shall be given to eligible students who were awarded scholarship
 28 funds for a PESA during the previous school year ~~if those students have~~
 29 ~~applied by March 1 year.~~
 30 (2) After funds have been awarded to prior recipients as provided in subdivision
 31 (1) of this subsection, any remaining funds shall be used to award scholarship
 32 funds for a PESA for all other eligible students.

33 (b) Scholarship Awards. – ~~Scholarships~~ Except for eligible students who qualify for
 34 scholarship funds pursuant to subsection (b1) of this section, scholarships shall be awarded each
 35 year for an amount not to exceed ~~nine~~ (i) eight thousand dollars (~~\$9,000~~) (\$8,000) per eligible
 36 student for the ~~fiscal~~ school year ~~in for~~ which the application is ~~received~~, ~~except~~ received or (ii)
 37 for eligible part-time students, who shall be awarded scholarships each year for an amount not to
 38 exceed ~~students~~, four thousand ~~five hundred~~ dollars (~~\$4,500~~) (\$4,000) per eligible student for the
 39 ~~fiscal~~ school year ~~in for~~ which the application is received. Any funds remaining on a debit card
 40 or in an electronic account provided under subsection (b2) of this section at the end of a school
 41 year for eligible students who qualify only under this subsection shall be returned to the
 42 Authority.

43 (b1) Scholarship Awards for Students with Certain Disabilities. – An eligible student may
 44 be awarded scholarship funds in an amount of up to seventeen thousand dollars (\$17,000) for
 45 each school year only if the student has been determined to have one or more of the following
 46 disabilities as a primary or secondary disability at the time of application for scholarship funds:

- 47 (1) Autism.
 48 (2) Hearing impairment.
 49 (3) Moderate or severe intellectual or developmental disability.
 50 (4) Multiple, permanent orthopedic impairments.
 51 (5) Visual impairment.

1 For eligible students who qualify for scholarship funds under this subsection, no more than
2 four thousand five hundred dollars (\$4,500) of funds remaining on a debit card or in an electronic
3 account at the end of a school year shall be carried forward until expended for each school year
4 upon renewal of the account under subsection (b2) of this section. In no event shall the total
5 amount of funds carried forward for an eligible student in a personal education student account
6 exceed thirty thousand dollars (\$30,000). Any funds remaining on the card or in the electronic
7 account if an agreement is not renewed under G.S. 115C-595 shall be returned to the Authority.

8 (b2) Disbursement and Deposit of Awards. – Scholarship funds shall be used only for
9 tuition and qualifying education expenses as provided in G.S. 115C-595. Recipients shall receive
10 the scholarship funds deposited in two equal amounts to a PESA in amounts, one-half in each
11 quarter-semester of the fiscal school year. The first deposit of funds to a PESA shall be subject
12 to the execution of the parental agreement required by G.S. 115C-595. The parent shall then
13 receive a debit card or an electronic account with the prepaid funds loaded on the card or in the
14 electronic account at the beginning of the fiscal school year. After the initial disbursement of
15 funds, each subsequent, quarterly-semester disbursement of funds shall be subject to the
16 submission by the parent of an expense report. The expense report shall be submitted
17 electronically and shall include documentation that the student received an education, as
18 described in G.S. 115C-595(a)(1), for no less than 35-70 days of the applicable quarter-semester.
19 The debit card or the electronic account shall be renewed upon the receipt of the parental
20 agreement under G.S. 115C-595 for recipients awarded scholarship funds in subsequent fiscal
21 school years. Any funds remaining on the card or in the electronic account at the end of the fiscal
22 year may be carried forward to the next fiscal year if the card or electronic account is renewed.
23 Any funds remaining on the card or in the electronic account if an agreement is not renewed shall
24 be returned to the Authority.

25 (c) Eligibility for the other scholarship programs is provided for as follows: Eligibility for
26 Other Scholarship Programs. –

27 (1) An eligible student under this Article may receive, in addition to a PESA, a
28 scholarship under Part 2A of Article 39 of this Chapter.

29 (2) An eligible student under this Article may receive, in addition to a PESA and
30 a scholarship under Part 2A of Article 39 of this Chapter, a scholarship under
31 the special education scholarship program for children with disabilities
32 pursuant to Part 1H of Article 9 of this Chapter, only if that student has one or
33 more of the following disabilities:

- 34 a. Autism.
- 35 b. Developmental disability.
- 36 c. Hearing impairment.
- 37 d. Moderate or severe intellectual disability.
- 38 e. Multiple, permanent orthopedic impairments.
- 39 f. Visual impairment.

40 (d) Applications Not Public Records. – Applications for scholarship funds and personally
41 identifiable information related to eligible students receiving funds shall not be a public record
42 under Chapter 132 of the General Statutes. For the purposes of this section, personally
43 identifiable information means any information directly related to a student or members of a
44 student's household, including the name, birthdate, address, Social Security number, telephone
45 number, e-mail address, or any other information or identification number that would provide
46 information about a specific student or members of a specific student's household.

47 (e) Establishment of Initial Eligibility. – An applicant may demonstrate for initial
48 eligibility that the applicant is a child with a disability, as required by G.S. 115C-591(3)c., in
49 either of the following ways:

50 (1) The by having the child has been assessed by a local education agency and
51 determined the local education agency determining the child to be a child with

1 a disability ~~and~~ with that outcome is verified by the local education agency on
2 a form provided to the Authority.

- 3 (2) ~~The child was initially assessed by a local education agency and determined~~
4 ~~to be a child with a disability and, following receipt of a scholarship awarded~~
5 ~~pursuant to Part 1H of Article 9 of this Chapter, was determined to have~~
6 ~~continuing eligibility, as provided in G.S. 115C-112.6(e)(2), by the assessing~~
7 ~~psychologist or psychiatrist. Both the initial verification from the local~~
8 ~~education agency and the continuing verification by the assessing~~
9 ~~psychologist or psychiatrist shall be provided on a form to the Authority.~~

10 **"§ 115C-593. Student continuing eligibility.**

11 After the initial disbursement of funds, the Authority shall ensure that the student's continuing
12 eligibility is assessed at least every three years by one of the following:

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

24 **"§ 115C-594. Verification of eligibility.**

25 (a) Verification of Information. – The Authority may seek verification of information on
26 any application for the award of scholarship funds for a personal education ~~savings~~ student
27 ~~account. The Authority shall select and verify six percent (6%) of applications annually,~~
28 ~~including those with apparent errors on the face of the application.~~ The Authority shall establish
29 rules for the verification process. If a household fails to cooperate with verification efforts, the
30 Authority shall revoke the award of scholarship funds for a PESA for the eligible student.

31 (b) Access to Information. – ~~Household members of applicants~~ Applicants for the award
32 of scholarship funds for a PESA shall authorize the Authority to access information needed for
33 verification efforts held by other State agencies, including the Department of Health and Human
34 Services and the Department of Public Instruction.

35 **"§ 115C-595. Parental agreement; use of funds.**

36 (a) Parental Agreement. – The Authority shall provide the parent of a scholarship
37 recipient with a written agreement, applicable for each year the eligible student receives
38 scholarship funds under this Article, to be signed and returned to the Authority prior to receiving
39 the scholarship funds. The agreement shall be submitted to the Authority electronically. The
40 parent shall not designate any entity or individual to execute the agreement on the parent's behalf.
41 A parent or eligible student's failure to comply with this section shall result in a forfeit of
42 scholarship funds and those funds may be awarded to another eligible student. The parent shall
43 agree to the following conditions in order to receive scholarship funds under this Article:

- 44 (1) Use at least a portion of the scholarship funds to provide an education to the
45 eligible student in, at a minimum, the subjects of English language arts,
46 mathematics, social studies, and science.
- 47 (2) Unless the student is a part-time eligible student, release a local education
48 agency in which the student is eligible to attend under G.S. 115C-366 of all
49 obligations to educate the eligible student while the eligible student is
50 receiving scholarship funds under this Article. A parent of a student, other
51 than a part-time eligible student, who decides to enroll the student into the

- 1 local education agency or other North Carolina public school during the term
2 of the agreement shall notify the Authority to request a release from the
3 agreement and shall return any unexpended funds to the Authority.
- 4 (3) Use the scholarship funds deposited into a personal education ~~savings~~-student
5 account only for the following qualifying education expenses of the eligible
6 student:
- 7 a. Tuition and fees for a nonpublic school that meets the requirements of
8 Part 1 or Part 2 of Article 39 of this Chapter and is subject to the
9 requirements of G.S. 115C-562.5. Tuition and fees may only be
10 disbursed to the nonpublic school as provided in subdivision (1) of
11 subsection (a1) of this section.
- 12 b. Textbooks required by a nonpublic school.
- 13 c. Tutoring and teaching services provided by an individual or facility
14 accredited by a State, regional, or national accrediting organization.
- 15 d. Curricula.
- 16 e. Fees for nationally standardized norm-referenced achievement tests,
17 advanced placement tests, or nationally recognized college entrance
18 exams.
- 19 f. Fees charged to the account holder for the management of the PESA.
- 20 g. Fees for services provided by a public school, including individual
21 classes and extracurricular programs.
- 22 h. Premiums charged to the account holder for any insurance or surety
23 bonds required by the Authority.
- 24 i. Educational therapies from a licensed or accredited practitioner or
25 provider.
- 26 j. Educational technology defined by the Authority as approved for use
27 pursuant to ~~Part 1H of Article 9 of this Chapter~~. G.S. 115C-591(2a).
- 28 k. Student transportation, pursuant to a contract with an entity that
29 regularly provides student transportation, to and from (i) a provider of
30 education or related services or (ii) an education activity.
- 31 (3a) Use of scholarship funds for reimbursement of tuition. – Notwithstanding
32 sub-subdivision a. of subdivision (3) of this subsection, a parent of an eligible
33 student may pay tuition to certain schools with funds other than funds
34 available in the personal education student account and then request
35 reimbursement from the Authority from scholarship funds if the parent
36 complies with the provisions of subdivision (2) of subsection (a1) of this
37 section.
- 38 (4) Not use scholarship funds for any of the following purposes:
- 39 a. Computer hardware or other technological devices not defined by the
40 Authority as educational technology approved for use pursuant to ~~Part~~
41 ~~1H of Article 9 of this Chapter~~. G.S. 115C-591(2a).
- 42 b. Consumable educational supplies, including paper, pen, or markers.
- 43 c. Tuition and fees at an institution of higher education, as defined in
44 G.S. 116-143.1, or a private postsecondary institution.
- 45 d. Tuition and fees for a nonpublic school that meets the requirements of
46 Part 3 of Article 39 of this Chapter.
- 47 (a1) Disbursement of Funds for Tuition. – The Authority shall disburse scholarship funds
48 awarded to eligible students for tuition at a nonpublic school based upon the method selected by
49 the nonpublic school. A nonpublic school may elect to participate in the scholarship endorsement
50 for tuition option or the reimbursement for tuition option as set forth in this subsection.

1 Scholarship funds shall not be provided for tuition for home schooled students. Scholarship funds
2 for tuition shall be disbursed as follows:

3 (1) Scholarship endorsement for tuition. – The Authority shall remit, at least two
4 times each school year, scholarship funds from the personal education student
5 account for eligible students who attend nonpublic schools who meet the
6 requirements of sub-subdivision a. of subdivision (3) of subsection (a) of this
7 section to the nonpublic school for endorsement by at least one of the student's
8 parents or guardians. The parent or guardian shall restrictively endorse the
9 scholarship funds awarded to the eligible student for deposit into the account
10 of the nonpublic school to the credit of the eligible student. The parent or
11 guardian shall not designate any entity or individual associated with the school
12 as the parent's attorney-in-fact to endorse the scholarship funds. A parent's or
13 guardian's failure to comply with this subdivision shall result in forfeiture of
14 the scholarship funds for tuition. Scholarship funds forfeited for failure to
15 comply with this subdivision shall be returned to the Authority to be awarded
16 to another student.

17 (2) Reimbursement for tuition. – The parent or guardian of an eligible student
18 who enrolls in a school that is (i) a North Carolina public school other than
19 the public school to which that student would have been assigned as provided
20 in G.S. 115C-366 or (ii) a nonpublic school that meets the requirements of
21 Part 1 or Part 2 of Article 39 of this Chapter and is identified and deemed
22 eligible by the Division but elects not to be subject to G.S. 115C-562.5, may
23 pay tuition directly to the school with funds other than scholarship funds and
24 request reimbursement with funds available in the personal education student
25 account under subdivision (4) of subsection (a) of this section. However, the
26 Authority shall not reimburse the parent or guardian prior to the midpoint of
27 each semester. A parent or guardian may only receive reimbursement for
28 tuition if the parent or guardian provides documentation to the Authority that
29 the student is enrolled in the school.

30 (b) No Refunds to an Account Holder. – A nonpublic school or a provider of services
31 purchased under subsection (a) of this section shall not refund or rebate any scholarship funds to
32 a parent or eligible student in any manner. The parent shall notify the Authority if such a refund
33 is required.

34 (c) Repealed by Session Laws 2018-5, s. 38.10(m), effective for taxable years beginning
35 on or after January 1, 2018.

36 **"§ 115C-596. Identification of nonpublic schools and distribution of personal education**
37 **savings-student account information.**

38 (a) List of Nonpublic Schools. – The Division shall provide annually by February 1 to
39 the Authority a list of all nonpublic schools operating in the State that meet the requirements of
40 Part 1, 2, or 3 of Article 39 of this Chapter.

41 (b) Information on PESAs to the Division. – The Authority shall provide information
42 about personal education ~~savings-student~~ accounts to the Division. The Division shall provide
43 information about PESAs to all qualified nonpublic schools on an annual basis.

44 **"§ 115C-597. Administration.**

45 (a) Rules and Regulations. – The Authority shall establish rules and regulations for the
46 administration of the program, including the following:

- 47 (1) The administration and awarding of scholarship funds, including a lottery
48 process for the selection of recipients within the criteria established by
49 G.S. 115C-592(a), if necessary.
- 50 (2) Requiring a surety bond or insurance to be held by account holders.
- 51 (3) Use of the funds and the reporting of expenditures.

- 1 (4) Monitoring and control of spending scholarship funds deposited in a personal
2 education savings account.

3 The Authority shall provide recipients of scholarship funds with the annual list of defined
4 educational technology for which scholarship funds may be used.

5 (b) Contract for Management of PESAs. – The Authority may contract with a private
6 financial management firm or institution to manage PESAs in accordance with this Article.

7 (c) Annual Audits. – The Authority shall conduct annual audits of PESAs and may audit
8 a random sampling of PESAs as needed to ensure compliance with the requirements of this
9 Article. The Authority may contract with an independent entity to conduct these audits. The
10 Authority may remove a parent or eligible student from the program and close a personal
11 education ~~savings student~~ account for failure to comply with the terms of the parental agreement,
12 for failure to comply with applicable laws, or because the student is no longer an eligible student.

13 (d) Administration Costs. – Of the funds allocated to the Authority to award scholarship
14 funds under this Article, the Authority may retain up to ~~two hundred fifty thousand dollars~~
15 ~~(\$250,000) four percent (4%) of the funds appropriated for the program~~ each fiscal year for
16 administrative costs associated with the program, including contracting with non-State entities
17 for administration of certain components of the program.

18 **"§ 115C-598. Reporting requirements.**

19 The Authority shall report annually, no later than October 15, to the Joint Legislative
20 Education Oversight Committee on the following information from the prior school year:

- 21 (1) Total number, grade level, race, ethnicity, and sex of eligible students
22 receiving scholarship funds.
23 (2) Total amount of scholarship funding awarded.
24 (3) Number of students previously enrolled in public schools in the prior semester
25 by the previously attended local education agency.
26 (4) Nonpublic schools in which scholarship recipients are enrolled, including
27 numbers of scholarship recipients at each nonpublic school.
28 (5) The number of substantiated cases of fraud by recipients and the number of
29 parents or students removed from the program for noncompliance with the
30 provisions of this Article.

31 **"§ 115C-599. Duties of State agencies.**

32 (a) The State Board, as part of its duty to monitor all local education agencies to
33 determine compliance with this Article and the Individuals with Disabilities Education
34 Improvement Act (IDEA), 20 U.S.C. § 1400, et seq., (2004), as amended, and federal regulations
35 adopted under this act, as provided in G.S. 115C-107.4, shall ensure that local education agencies
36 do the following:

- 37 (1) Conduct evaluations requested by a child's parent or guardian of suspected
38 children with disabilities, as defined in G.S. 115C-107.3, in a timely manner
39 as required by IDEA.
40 (2) Provide assessments for continuing eligibility to identified children with
41 disabilities receiving scholarship funds at the request of the parent or guardian
42 to ensure compliance with G.S. 115C-593.

43 (b) The Authority shall analyze, in conjunction with the Department of Public Instruction,
44 past trends in scholarship data on an annual basis to ensure that the amount of funds transferred
45 each fiscal year by the Authority to the Department for reevaluations by local school
46 administrative units of eligible students under G.S. 115C-593 are sufficient and based on actual
47 annual cost requirements."

48 **SECTION 8A.9.(b)** Notwithstanding G.S. 115C-592, as amended by this act, a
49 student who was awarded scholarship funds for a PESA pursuant to Article 41 of Chapter 115C
50 of the General Statutes for the 2019-2020 school year or a student who received a scholarship
51 pursuant to Part 1H of Article 9 of Chapter 115C of the General Statutes for the 2019-2020 school

1 year shall receive priority in the award of scholarship funds under G.S. 115C-592 for a personal
2 education student account for the 2020-2021 school year if the student applies by March 1, 2020.

3 **SECTION 8A.9.(c)** Part 1H of Article 9 of Chapter 115C of the General Statutes is
4 repealed.

5 **SECTION 8A.9.(d)** G.S. 115C-555(4) reads as rewritten:

6 "(4) It receives no funding from the State of North Carolina. For the purposes of
7 this Article, scholarship funds awarded pursuant to Part 2A of this ~~Article,~~
8 ~~Article or Article 41 of this Chapter, or Part 1H of Article 9 of this Chapter~~ to
9 eligible students attending a nonpublic school shall not be considered funding
10 from the State of North Carolina."

11 **SECTION 8A.9.(e)** G.S. 115C-567.5(b), as enacted by Section 8A.7(b) of this act,
12 reads as rewritten:

13 "(b) Available Data. – The Division of Nonpublic Education shall, as data is made
14 available, provide information under subsection (a) of this section on nonpublic schools,
15 including any data made available for students enrolled in those nonpublic schools. For a
16 nonpublic school who enrolls students whose tuition and fees are paid in whole or in part with a
17 scholarship grant pursuant to G.S. 115C-562.5, the nonpublic school shall submit to the Division
18 a brief summary of the school's standard testing protocol, including the specific tests and
19 assessments used by the school, graduation rates of the students who receive scholarship grants
20 as required by G.S. 115C-562.5, and information on the level of accreditation of the school to be
21 posted on the Division's dashboard. Other nonpublic schools that meet the requirements of Part
22 1 or 2 of this Article as identified by the Division of Nonpublic Education, including schools that
23 enroll students receiving scholarship funds under Article 41 of this ~~Chapter and Part 1H of Article~~
24 ~~9 of this Chapter~~, may voluntarily submit data to also be included in the dashboard for the
25 students enrolled in the nonpublic school. The State Education Assistance Authority shall provide
26 information to the Division on the scholarship program it administers pursuant to Part 2A of this
27 Article. The information contained on the dashboard shall not include personally identifiable
28 student data."

29 **SECTION 8A.9.(f)** G.S. 115C-567.10(a), as enacted by Section 8A.7(b) of this act,
30 reads as rewritten:

31 "(a) The State Education Assistance Authority, in its administration of scholarship
32 programs for eligible students to attend nonpublic schools pursuant to Part 2A of this ~~Article,~~
33 ~~Article and Article 41 of this Chapter, and Part 1H of Article 9 of this Chapter~~, may contract with
34 a nonprofit corporation representing parents and families, for marketing, outreach, and
35 scholarship application assistance for parents and students. The Authority shall issue a request
36 for proposals in order to enter into a contract with a nonprofit corporation that meets the following
37 requirements during the term of the contract:

- 38 (1) Be a nonprofit corporation organized pursuant to Chapter 55A of the General
39 Statutes and comply at all times with the provisions of section 501(c)(3) of the
40 Internal Revenue Code.
- 41 (2) Employ sufficient staff who have demonstrated a capacity to market and
42 implement a scholarship grant program, including by doing the following:
 - 43 a. Direct mail marketing.
 - 44 b. Radio advertising.
 - 45 c. Targeted digital advertising.
 - 46 d. One-on-one parent and family engagement.
- 47 (3) Comply with the limitations on lobbying set forth in section 501(c)(3) of the
48 Internal Revenue Code.
- 49 (4) Have no State officer or employee serving on the board of the nonprofit.
- 50 (5) Conduct at least quarterly meetings of the board of directors of the nonprofit
51 at the call of its chair."

1 **SECTION 8A.9.(g)** Section 5(b) of S.L. 2013-364, as rewritten by Section 3.2 of
2 S.L. 2013-363 and as amended by Section 11.18 of S.L. 2015-241, is repealed.

3 **SECTION 8A.9.(h)** G.S. 105-153.5(b)(12) reads as rewritten:

4 "(12) The amount deposited during the taxable year to a personal education ~~savings~~
5 student account under Article 41 of Chapter 115C of the General Statutes."

6 **SECTION 8A.9.(i)** This section does not affect the rights or liabilities of the State,
7 a taxpayer, or another person arising under a statute amended by this section before the effective
8 date of its amendment, nor does it affect the right to any refund or credit of a tax that accrued
9 under the amended statute before the effective date of its amendment.

10 **SECTION 8A.9.(j)** Subsection (a) of this section applies beginning with scholarship
11 funds awarded for the 2020-2021 school year. Subsections (c) through (g) of this section become
12 effective July 1, 2020. Subsection (h) of this section applies to taxable years beginning on or after
13 January 1, 2020.

14
15 **REPEAL THE TRANSFER OF ADMINISTRATION OF THE TRANSFORMING**
16 **PRINCIPAL PREP PROGRAM TO THE PRINCIPAL FELLOWS COMMISSION**

17 **SECTION 8A.10.(a)** Subsections (a) through (d) of Section 2 of S.L. 2018-145 are
18 repealed.

19 **SECTION 8A.10.(b)** Subsections (f) and (g) of Section 2 of S.L. 2018-145 are
20 repealed.

21 **SECTION 8A.10.(c)** Subsection (a) of this section is effective June 30, 2019. The
22 remainder of this section is effective the date this act becomes law.

23
24 **PART IX. HEALTH AND HUMAN SERVICES**

25
26 **PART IX-A. AGING AND ADULT SERVICES**

27
28 **STATE-COUNTY SPECIAL ASSISTANCE RATES**

29 **SECTION 9A.1.(a)** For each year of the 2019-2021 fiscal biennium, the maximum
30 monthly rate for residents in adult care home facilities shall be one thousand one hundred
31 eighty-two dollars (\$1,182) per month per resident.

32 **SECTION 9A.1.(b)** For each year of the 2019-2021 fiscal biennium, the maximum
33 monthly rate for residents in Alzheimer's/Dementia special care units shall be one thousand five
34 hundred fifteen dollars (\$1,515) per month per resident.

35
36 **INCREASE IN STATE-COUNTY SPECIAL ASSISTANCE PERSONAL NEEDS**
37 **ALLOWANCE**

38 **SECTION 9A.2.** Effective October 1, 2019, the Department of Health and Human
39 Services, Division of Aging and Adult Services, shall increase the personal needs allowance
40 under the State-County Special Assistance program from forty-six dollars (\$46.00) per month
41 per recipient to seventy dollars (\$70.00) per month per recipient.

42
43 **AUTHORIZATION FOR SECRETARY OF DHHS TO RAISE THE MAXIMUM**
44 **NUMBER OF STATE-COUNTY SPECIAL ASSISTANCE IN-HOME PAYMENTS**

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

50 **SECTION 9A.3.(b)** This section expires on June 30, 2021.
51

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.

1 **SECTION 9B.2.(d)** The Office of Rural Health may use up to two hundred thousand
2 dollars (\$200,000) in recurring funds for each fiscal year of the 2019-2021 fiscal biennium for
3 administrative purposes.

4 **SECTION 9B.2.(e)** By September 1 of each year, the Office of Rural Health shall
5 submit a report to the Joint Legislative Oversight Committee on Health and Human Services on
6 community health grants that includes at least all of the following information:

- 7 (1) The identity and a brief description of each grantee and each program or
8 service offered by the grantee.
- 9 (2) The amount of funding awarded to each grantee.
- 10 (3) The number of individuals served by each grantee, and for the individuals
11 served, the types of services provided to each.
- 12 (4) Any other information requested by the Office of Rural Health as necessary
13 for evaluating the success of the Community Health Grant Program.

14 **SECTION 9B.2.(f)** By November 1, 2019, the Office of Rural Health shall report to
15 the Joint Legislative Oversight Committee on Health and Human Services on the implementation
16 status of the following Community Health Grant Program requirements enacted by Section 11A.8
17 of S.L. 2017-57:

- 18 (1) Establishment of a Primary Care Advisory Committee, and that Committee's
19 development of an objective and equitable process for grading applications
20 for grants funded under the Community Health Grant Program.
- 21 (2) Development of a standardized method for grant recipients to report objective,
22 measurable quality health outcomes.

23 24 **ALLOCATION OF FUNDS FOR PHYSICIANS AND DENTISTS UNDER THE RURAL** 25 **HEALTH LOAN REPAYMENT PROGRAM**

26 **SECTION 9B.3.** Funds appropriated in this act to the Department of Health and
27 Human Services, Division of Central Management and Support, Office of Rural Health, for the
28 loan repayment program administered pursuant to G.S. 143B-139.4C shall be allocated as
29 follows:

- 30 (1) The sum of one million five hundred thousand dollars (\$1,500,000) in
31 nonrecurring funds for the 2019-2020 fiscal year and the sum of eight hundred
32 thousand dollars (\$800,000) in nonrecurring funds for the 2020-2021 fiscal
33 year shall be allocated to fund student loan repayments for physicians and
34 dentists under the program.
- 35 (2) The sum of six hundred thousand dollars (\$600,000) in nonrecurring funds for
36 the 2019-2020 fiscal year and the sum of three hundred fifty thousand dollars
37 (\$350,000) in nonrecurring funds for the 2020-2021 fiscal year shall be
38 allocated to fund student loan repayments for nurse practitioners and certified
39 nurse midwives under the program.

40 41 **ELIMINATION OF OFFICE OF PROGRAM EVALUATION REPORTING AND** 42 **ACCOUNTABILITY**

43 **SECTION 9B.4.(a)** The Office of Program Evaluation Reporting and Accountability
44 within the Department of Health and Human Services is eliminated.

45 **SECTION 9B.4.(b)** Part 31A of Article 3 of Chapter 143B of the General Statutes
46 is repealed.

47 48 **VETERANS HEALTH CARE PILOT PROGRAM**

49 **SECTION 9B.5.(a)** Pilot Program. – Of the funds appropriated in this act to the
50 Department of Health and Human Services, Division of Central Management and Support, Office
51 of Rural Health, the sum of four hundred thousand dollars (\$400,000) in nonrecurring funds for

1 the 2019-2020 fiscal year and the sum of three hundred fifty thousand dollars (\$350,000) in
2 nonrecurring funds for the 2020-2021 fiscal year shall be used to support the development and
3 implementation of a two-year pilot program to provide health care services to veterans. The
4 Department of Health and Human Services and the Department of Military and Veterans Affairs,
5 in coordination with Community Care of North Carolina and Maxim Healthcare Services, shall
6 develop and implement the pilot program in Cumberland County. The pilot program shall consist
7 of the following initiatives:

- 8 (1) A health care initiative to provide to veterans increased access to health care
9 resources through the care coordination efforts of community health workers.
- 10 (2) A workforce initiative to recruit and train unemployed and underemployed
11 veterans as community health workers for the health care initiative described
12 in subdivision (1) of this section.

13 **SECTION 9B.5.(b)** Termination. – The pilot program authorized by this section
14 shall terminate on June 30, 2021.

15 **SECTION 9B.5.(c)** Evaluation. – By February 1, 2022, the Department of Health
16 and Human Services shall conduct and submit to the Joint Legislative Oversight Committee on
17 Health and Human Services a comprehensive evaluation of the pilot program authorized by this
18 section. The comprehensive evaluation shall include at least all of the following:

- 19 (1) A detailed breakdown of expenditures for the pilot program.
- 20 (2) The specific ways in which the health care initiative provided to veterans
21 increased access to health care resources.
- 22 (3) The total number of unemployed and underemployed veterans who were
23 recruited and trained as community health workers under the pilot program's
24 workforce initiative.

25 **ELIMINATION OF UNNECESSARY AND REDUNDANT REPORTS**

26 **SECTION 9B.6.(a)** Eliminate Report on Expansion of Controlled Substances
27 Reporting System Monitoring Capacity. – G.S. 90-113.73A(b) is repealed.

28 **SECTION 9B.6.(b)** Eliminate Report on Coordination of Diabetes Programs. –
29 G.S. 130A-221.1(b) is repealed.

30 **SECTION 9B.6.(c)** Eliminate Report on Department's Coordination of Chronic Care
31 Initiatives. – G.S. 130A-222.5(3) is repealed.

32 **SECTION 9B.6.(d)** Eliminate Report on Compliance with Federal Maintenance of
33 Effort Requirements Under TANF. – G.S. 108A-27.12(g) is repealed.

34 **SECTION 9B.6.(e)** Eliminate Report on Use of Lapsed Salary Funds. –
35 G.S. 120-208.4(b) is repealed.

36 **NORTH CAROLINA RARE DISEASE ADVISORY COUNCIL FUNDS**

37 **SECTION 9B.7.** Of the funds appropriated to the Department of Health and Human
38 Services, Division of Central Management and Support, the sum of two hundred fifty thousand
39 dollars (\$250,000) in recurring funds for the 2019-2020 fiscal year and the sum of two hundred
40 fifty thousand dollars (\$250,000) in recurring funds for the 2020-2021 fiscal year shall be
41 allocated to the School of Medicine of the University of North Carolina at Chapel Hill to support
42 the activities of the Advisory Council on Rare Diseases (Council) established pursuant to
43 G.S. 130A-33.65. These funds shall be used to develop a rare disease network across the State
44 for the purposes of collecting data regarding regional rare disease prevalence, stimulating rare
45 disease collaborations, and creating biotechnology economic development opportunities. The
46 Council shall partner with legislators and other stakeholders in various regions of the State to
47 increase public awareness and improve diagnosis times for individuals with rare diseases. In
48 addition, the Council shall develop key strategies on increasing access to information, integrated
49 and innovative support services, translational research collaborations, educational programs, and
50
51

1 accelerated technology, as well as emphasizing economic development and retention of talented
2 researchers. In support of these activities, the funds allocated pursuant to this section shall be
3 used by the Council for the following:

- 4 (1) The sum of thirty thousand dollars (\$30,000) to be used to primarily support
5 seminars on rare diseases to be held throughout the State.
- 6 (2) The sum of twenty-five thousand dollars (\$25,000) to be used to support travel
7 and per diem for members of the Council to attend conferences and other
8 partnership organization activities related to rare diseases.
- 9 (3) The sum of five thousand dollars (\$5,000) to maintain a Web site and social
10 media presence and to create material on activities of the Council.
- 11 (4) The sum of one hundred sixty thousand dollars (\$160,000) to establish
12 positions to support the Council, including contracting for temporary
13 employees to launch larger initiatives of the Council.
- 14 (5) The sum of thirty thousand dollars (\$30,000) for literature, equipment, and
15 supplies to support the Council's activities.

17 **COMPETITIVE GRANTS/NONPROFIT ORGANIZATIONS**

18 **SECTION 9B.8.(a)** Of the funds appropriated in this act to the Department of Health
19 and Human Services, Division of Central Management and Support, for each year of the
20 2019-2021 fiscal biennium, the following amounts shall be used to allocate funds for nonprofit
21 organizations:

- 22 (1) The sum of eleven million one hundred fifty-three thousand nine hundred
23 eleven dollars (\$11,153,911) in recurring funds for each year of the 2019-2021
24 fiscal biennium.
- 25 (2) The sum of four hundred fifty thousand dollars (\$450,000) in nonrecurring
26 funds for each year of the 2019-2021 fiscal biennium.
- 27 (3) The sum of four million seven hundred seventy-four thousand five hundred
28 twenty-five dollars (\$4,774,525) for each year of the 2019-2021 fiscal
29 biennium appropriated in Section 9K.1(a) of this act in Social Services Block
30 Grant funds.
- 31 (4) The sum of one million six hundred thousand dollars (\$1,600,000) for each
32 year of the 2019-2021 fiscal biennium appropriated in Section 9K.1 of this act
33 in Substance Abuse Prevention and Treatment Block Grant funds.

34 **SECTION 9B.8.(b)** The Department shall continue administering a competitive
35 grants process for nonprofit funding. The Department shall administer a plan that, at a minimum,
36 includes each of the following:

- 37 (1) A request for application (RFA) process to allow nonprofits to apply for and
38 receive State funds on a competitive basis. The Department shall require
39 nonprofits to include in the application a plan to evaluate the effectiveness,
40 including measurable impact or outcomes, of the activities, services, and
41 programs for which the funds are being requested.
- 42 (2) A requirement that nonprofits match a minimum of fifteen percent (15%) of
43 the total amount of the grant award.
- 44 (3) A requirement that the Secretary prioritize grant awards to those nonprofits
45 that are able to leverage non-State funds in addition to the grant award.
- 46 (4) A process that awards grants to nonprofits that have the capacity to provide
47 services on a statewide basis and that support any of the following State health
48 and wellness initiatives:
 - 49 a. A program targeting advocacy, support, education, or residential
50 services for persons diagnosed with autism.

- 1 b. A system of residential supports for those afflicted with substance
2 abuse addiction.
- 3 c. A program of advocacy and supports for individuals with intellectual
4 and developmental disabilities or severe and persistent mental illness,
5 substance abusers, or the elderly.
- 6 d. Supports and services to children and adults with developmental
7 disabilities or mental health diagnoses.
- 8 e. A food distribution system for needy individuals.
- 9 f. The provision and coordination of services for the homeless.
- 10 g. The provision of services for individuals aging out of foster care.
- 11 h. Programs promoting wellness, physical activity, and health education
12 programming for North Carolinians.
- 13 i. The provision of services and screening for blindness.
- 14 j. A provision for the delivery of after-school services for
15 apprenticeships or mentoring at-risk youth.
- 16 k. The provision of direct services for amyotrophic lateral sclerosis
17 (ALS) and those diagnosed with the disease.
- 18 l. A comprehensive smoking prevention and cessation program that
19 screens and treats tobacco use in pregnant women and postpartum
20 mothers.
- 21 m. A program providing short-term or long-term residential substance
22 abuse services. For purposes of this sub-subdivision, "long-term"
23 means a minimum of 12 months.
- 24 n. A program that provides year-round sports training and athletic
25 competition for children and adults with disabilities.

26 It is the intent of the General Assembly that annually the Secretary evaluate
27 and prioritize the categories of health and wellness initiatives described under
28 this subdivision to determine the best use of these funds in making grant
29 awards, exclusive of direct allocations made by the General Assembly.

- 30 (5) A process that ensures that funds received by the Department to implement
31 the plan supplement and do not supplant existing funds for health and wellness
32 programs and initiatives.
- 33 (6) A process that allows grants to be awarded to nonprofits for up to two years.
- 34 (7) A requirement that initial disbursement of the grants be awarded no later than
35 30 days after certification of the State budget for the respective fiscal year.

36 **SECTION 9B.8.(c)** No later than July 1 of each year, as applicable, the Secretary
37 shall announce the recipients of the competitive grant awards and allocate funds to the grant
38 recipients for the respective grant period pursuant to the amounts designated under subsection
39 (a) of this section. After awards have been granted, by September 1 of each year, the Secretary
40 shall submit a report to the Joint Legislative Oversight Committee on Health and Human Services
41 on the grant awards that includes at least all of the following:

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

47 **SECTION 9B.8.(d)** No later than December 1 of each fiscal year, each nonprofit
48 organization receiving funding pursuant to this section in the respective fiscal year shall submit
49 to the Division of Central Management and Support a written report of all activities funded by
50 State appropriations. The report shall include the following information about the fiscal year
51 preceding the year in which the report is due:

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

11 **SECTION 9B.8.(e)** For the 2019-2021 fiscal biennium only, from the funds
12 identified in subsection (a) of this section, the Department shall make the following allocations,
13 provided that each nonprofit organization receiving funds pursuant to this subsection shall be
14 required to seek future funding through the competitive grants process in accordance with
15 subsection (b) of this section:

- 16 (1) The sum of three hundred fifty thousand dollars (\$350,000) in each year of
- 17 the 2019-2021 fiscal biennium to provide grants to Big Brothers Big Sisters.
- 18 (2) The sum of one million six hundred twenty-five thousand dollars (\$1,625,000)
- 19 for each year of the 2019-2021 fiscal biennium and the sum of one million six
- 20 hundred thousand dollars (\$1,600,000) appropriated in Section 9K.1(a) of this
- 21 act in Substance Abuse Prevention and Treatment Block Grant funds in each
- 22 year of the 2019-2021 fiscal biennium to Triangle Residential Options for
- 23 Substance Abusers, Inc., (TROSAs) for the purpose of assisting individuals
- 24 with substance abuse addiction.
- 25 (3) The sum of two million seven hundred fifty thousand dollars (\$2,750,000) in
- 26 each year of the 2019-2021 fiscal biennium to provide grants to Boys and Girls
- 27 Clubs across the State to implement (i) programs that improve the motivation,
- 28 performance, and self-esteem of youth and (ii) other initiatives that would be
- 29 expected to reduce gang participation, school dropout, and teen pregnancy
- 30 rates.
- 31 (4) The sum of two hundred fifty thousand dollars (\$250,000) to Cross Trail
- 32 Outfitters for purposes of promoting wellness and physical activity for youth
- 33 seven to 20 years of age.
- 34 (5) The sum of three million four hundred eighty-six thousand three hundred
- 35 twenty-one dollars (\$3,486,321) recurring in each year of the 2019-2021 fiscal
- 36 biennium and the sum of two hundred fifty thousand dollars (\$250,000)
- 37 nonrecurring in each year of the 2019-2021 fiscal biennium to food banks in
- 38 this State for the provision of food distribution to needy individuals, including
- 39 Food Bank of the Albemarle, North Carolina Association of Feeding America
- 40 Food Banks, MANNA Food Bank, Action Pathways, Food Bank of Central
- 41 and Eastern North Carolina, Second Harvest Food Bank of Northwest North
- 42 Carolina, and Second Harvest Food Bank of Metrolina.
- 43 (6) The sum of two hundred thirty-two thousand seven hundred fifty-seven
- 44 dollars (\$232,757) in each year of the 2019-2021 fiscal biennium to the North
- 45 Carolina Senior Games for purposes of promoting health and education for
- 46 North Carolinians 50 years of age and better.
- 47 (7) The sum of one hundred thousand dollars (\$100,000) in each year of the
- 48 2019-2021 fiscal biennium to Special Olympics North Carolina to promote
- 49 training and athletic competition for children and adults with intellectual
- 50 disabilities.
- 51

DHHS VACANT POSITION ELIMINATION FLEXIBILITY AND REPORT

SECTION 9B.9. Notwithstanding any provision of this act to the contrary, the Secretary of the Department of Health and Human Services (Secretary) may achieve the savings from vacant position eliminations for each year of the 2019-2021 fiscal biennium by (i) substituting alternative positions to be eliminated or (ii) reducing other operating funds. By October 1, 2019, and October 1, 2020, the Secretary shall submit a report to the Joint Legislative Oversight Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, the Senate Appropriations Committee on Health and Human Services, and the Fiscal Research Division on the actions taken to achieve the budgeted reduction for vacant position eliminations for the fiscal year. If alternative positions are eliminated, the report shall include a list of each alternative position eliminated, along with its position number, title, and the amount of salary and fringe benefits associated with each position.

PART IX-C. CHILD DEVELOPMENT AND EARLY EDUCATION**NC PRE-K PROGRAMS/STANDARDS FOR FOUR- AND FIVE-STAR RATED FACILITIES**

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

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

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

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

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

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

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

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

13 **SECTION 9C.1.(g)** Audits. – The administration of the NC Pre-K program by local
 14 partnerships shall be subject to the financial and compliance audits authorized under
 15 G.S. 143B-168.14(b).
 16

17 **RAISE BASE REIMBURSEMENT RATES FOR NC PRE-K CHILD CARE CENTERS**

18 **SECTION 9C.2.** Of the funds appropriated in this act to the Department of Health
 19 and Human Services, Division of Child Development and Early Education, funds shall be
 20 allocated to raise the base reimbursement rates for child care centers participating in the North
 21 Carolina Prekindergarten (NC Pre-K) program by two percent (2%) over the 2018-2019 fiscal
 22 year rates for the 2019-2020 fiscal year and by an additional six percent (6%) over the 2019-2020
 23 rates for the 2020-2021 fiscal year. It is the intent of the General Assembly that funds allocated
 24 pursuant to this section be used to increase the salaries of teachers working in child care centers
 25 as a means to address disparities in teacher salaries among teachers working in child care centers
 26 versus those working in public schools or Head Start centers.
 27

28 **CHILD CARE SUBSIDY RATES**

29 **SECTION 9C.3.(a)** The maximum gross annual income for initial eligibility,
 30 adjusted annually, for subsidized child care services shall be determined based on a percentage
 31 of the federal poverty level as follows:

32 AGE	33 INCOME PERCENTAGE LEVEL
34 0 – 5	200%
35 6 – 12	133%

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

38 **SECTION 9C.3.(b)** Fees for families who are required to share in the cost of care
 39 are established based on nine percent (9%) of gross family income. When care is received at the
 40 blended rate, the co-payment shall be eighty-three percent (83%) of the full-time co-payment.
 41 Co-payments for part-time care shall be seventy-five percent (75%) of the full-time co-payment.

42 **SECTION 9C.3.(c)** Payments for the purchase of child care services for low-income
 43 children shall be in accordance with the following requirements:

- 44 (1) Religious sponsored child care facilities operating pursuant to G.S. 110-106
 45 and licensed child care centers and homes that meet the minimum licensing
 46 standards that are participating in the subsidized child care program shall be
 47 paid the one-star county market rate or the rate they charge privately paying
 48 parents, whichever is lower, unless prohibited by subsection (f) of this section.
- 49 (2) Licensed child care centers and homes with two or more stars shall receive the
 50 market rate for that rated license level for that age group or the rate they charge
 51 privately paying parents, whichever is lower, unless prohibited by subsection
 (g) of this section.

- 1 (3) No payments shall be made for transportation services charged by child care
2 facilities.
- 3 (4) Payments for subsidized child care services for postsecondary education shall
4 be limited to a maximum of 20 months of enrollment.
- 5 (5) The Department of Health and Human Services shall implement necessary
6 rule changes to restructure services, including, but not limited to, targeting
7 benefits to employment.

8 **SECTION 9C.3.(d)** Provisions of payment rates for child care providers in counties
9 that do not have at least 50 children in each age group for center-based and home-based care are
10 as follows:

- 11 (1) Except as applicable in subdivision (2) of this subsection, payment rates shall
12 be set at the statewide or regional market rate for licensed child care centers
13 and homes.
- 14 (2) If it can be demonstrated that the application of the statewide or regional
15 market rate to a county with fewer than 50 children in each age group is lower
16 than the county market rate and would inhibit the ability of the county to
17 purchase child care for low-income children, then the county market rate may
18 be applied.

19 **SECTION 9C.3.(e)** A market rate shall be calculated for child care centers and
20 homes at each rated license level for each county and for each age group or age category of
21 enrollees and shall be representative of fees charged to parents for each age group of enrollees
22 within the county. The Division of Child Development and Early Education shall also calculate
23 a statewide rate and regional market rate for each rated license level for each age category.

24 **SECTION 9C.3.(f)** The Division of Child Development and Early Education shall
25 continue implementing policies that improve the quality of child care for subsidized children,
26 including a policy in which child care subsidies are paid, to the extent possible, for child care in
27 the higher quality centers and homes only. The Division shall define higher quality, and subsidy
28 funds shall not be paid for one- or two-star rated facilities. For those counties with an inadequate
29 number of four- and five-star rated facilities, the Division shall continue a transition period that
30 allows the facilities to continue to receive subsidy funds while the facilities work on the increased
31 star ratings. The Division may allow exemptions in counties where there is an inadequate number
32 of four- and five-star rated facilities for non-star rated programs, such as religious programs.

33 **SECTION 9C.3.(g)** Facilities licensed pursuant to Article 7 of Chapter 110 of the
34 General Statutes and facilities operated pursuant to G.S. 110-106 may participate in the program
35 that provides for the purchase of care in child care facilities for minor children of needy families.
36 Except as authorized by subsection (f) of this section, no separate licensing requirements shall
37 be used to select facilities to participate. In addition, child care facilities shall be required to meet
38 any additional applicable requirements of federal law or regulations. Child care arrangements
39 exempt from State regulation pursuant to Article 7 of Chapter 110 of the General Statutes shall
40 meet the requirements established by other State law and by the Social Services Commission.

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

44 **SECTION 9C.3.(h)** Payment for subsidized child care services provided with
45 Temporary Assistance for Needy Families Block Grant funds shall comply with all regulations
46 and policies issued by the Division of Child Development and Early Education for the subsidized
47 child care program.

48 **SECTION 9C.3.(i)** Noncitizen families who reside in this State legally shall be
49 eligible for child care subsidies if all other conditions of eligibility are met. If all other conditions
50 of eligibility are met, noncitizen families who reside in this State illegally shall be eligible for
51 child care subsidies only if at least one of the following conditions is met:

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

7 **SECTION 9C.3.(j)** The Department of Health and Human Services, Division of
8 Child Development and Early Education, shall require all county departments of social services
9 to include on any forms used to determine eligibility for child care subsidy whether the family
10 waiting for subsidy is receiving assistance through the NC Pre-K Program or Head Start.

11 **SECTION 9C.3.(k)** Department of Defense-certified child care facilities licensed
12 pursuant to G.S. 110-106.2 may participate in the State-subsidized child care program that
13 provides for the purchase of care in child care facilities for minor children in needy families,
14 provided that funds allocated from the State-subsidized child care program to Department of
15 Defense-certified child care facilities shall supplement and not supplant funds allocated in
16 accordance with G.S. 143B-168.15(g). Payment rates and fees for military families who choose
17 Department of Defense-certified child care facilities and who are eligible to receive subsidized
18 child care shall be as set forth in this section.

19 **CHILD CARE ALLOCATION FORMULA**

20 **SECTION 9C.4.(a)** The Department of Health and Human Services, Division of
21 Child Development and Early Education (Division), shall allocate child care subsidy voucher
22 funds to pay the costs of necessary child care for minor children of needy families. The
23 mandatory thirty percent (30%) North Carolina Partnership for Children, Inc., subsidy allocation
24 under G.S. 143B-168.15(g) shall constitute the base amount for each county's child care subsidy
25 allocation. The Department of Health and Human Services shall use the following method when
26 allocating federal and State child care funds, not including the aggregate mandatory thirty percent
27 (30%) North Carolina Partnership for Children, Inc., subsidy allocation:

- 29 (1) Funds shall be allocated to a county based upon the projected cost of serving
30 children under age 11 in families with all parents working who earn less than
31 the applicable federal poverty level percentage set forth in Section 9C.3(a) of
32 this act.
- 33 (2) The Division may withhold up to two percent (2%) of available funds from
34 the allocation formula for (i) preventing termination of services throughout
35 the fiscal year and (ii) repayment of any federal funds identified by counties
36 as overpayments, including overpayments due to fraud. The Division shall
37 allocate to counties any funds withheld before the end of the fiscal year when
38 the Division determines the funds are not needed for the purposes described
39 in this subdivision. The Division shall submit a report to the Joint Legislative
40 Oversight Committee on Health and Human Services and the Fiscal Research
41 Division, which report shall include each of the following:
- 42 a. The amount of funds used for preventing termination of services and
43 the repayment of any federal funds.
- 44 b. The date the remaining funds were distributed to counties.
- 45 c. As a result of funds withheld under this subdivision and after funds
46 have been distributed, any counties that did not receive at least the
47 amount the counties received the previous year and the amount by
48 which funds were decreased.

49 The Division shall submit a report in each year of the 2019-2021 fiscal
50 biennium 30 days after the funds withheld pursuant to this subdivision are
51 distributed but no later than April 1 of each respective year.

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

8 **SECTION 9C.4.(b)** The Division may reallocate unused child care subsidy voucher
9 funds in order to meet the child care needs of low-income families. Any reallocation of funds
10 shall be based upon the expenditures of all child care subsidy voucher funding, including North
11 Carolina Partnership for Children, Inc., funds within a county. Counties shall manage service
12 levels within the funds allocated to the counties. A county with a spending coefficient over one
13 hundred percent (100%) shall submit a plan to the Division for managing the county's allocation
14 before receiving any reallocated funds.

15 **SECTION 9C.4.(c)** When implementing the formula under subsection (a) of this
16 section, the Division shall include the market rate increase in the formula process rather than
17 calculating the increases outside of the formula process. Additionally, the Department shall do
18 the following:

- 19 (1) A county's initial allocation shall be the county's expenditure in the previous
20 fiscal year or a prorated share of the county's previous fiscal year expenditures
21 if sufficient funds are not available. With the exception of market rate
22 increases consistent with any increases approved by the General Assembly, a
23 county whose spending coefficient is less than ninety-two percent (92%) in
24 the previous fiscal year shall receive its prior year's expenditure as its
25 allocation and shall not receive an increase in its allocation in the following
26 year. A county whose spending coefficient is at least ninety-two percent
27 (92%) in the previous fiscal year shall receive, at a minimum, the amount it
28 expended in the previous fiscal year and may receive additional funding, if
29 available. The Division may waive this requirement and allow an increase if
30 the spending coefficient is below ninety-two percent (92%) due to
31 extraordinary circumstances, such as a State or federal disaster declaration in
32 the affected county. By October 1 of each year, the Division shall report to the
33 Joint Legislative Oversight Committee on Health and Human Services and the
34 Fiscal Research Division the counties that received a waiver pursuant to this
35 subdivision and the reasons for the waiver.
- 36 (2) Effective immediately following the next new decennial census data release,
37 implement (i) one-third of the change in a county's allocation in the year
38 following the data release, (ii) an additional one-third of the change in a
39 county's allocation beginning two years after the initial change under this
40 subdivision, and (iii) the final one-third change in a county's allocation
41 beginning the following two years thereafter.

42 43 **SMART START INITIATIVES**

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

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

5 **SECTION 9C.5.(b)** Administration. – Administrative costs shall be equivalent to,
6 on an average statewide basis for all local partnerships, not more than eight percent (8%) of the
7 total statewide allocation to all local partnerships. For purposes of this subsection, administrative
8 costs shall include costs associated with partnership oversight, business and financial
9 management, general accounting, human resources, budgeting, purchasing, contracting, and
10 information systems management. The North Carolina Partnership for Children, Inc., shall
11 continue using a single statewide contract management system that incorporates features of the
12 required standard fiscal accountability plan described in G.S. 143B-168.12(a)(4). All local
13 partnerships are required to participate in the contract management system and, directed by the
14 North Carolina Partnership for Children, Inc., to collaborate, to the fullest extent possible, with
15 other local partnerships to increase efficiency and effectiveness.

16 **SECTION 9C.5.(c)** Salaries. – The salary schedule developed and implemented by
17 the North Carolina Partnership for Children, Inc., shall set the maximum amount of State funds
18 that may be used for the salary of the Executive Director of the North Carolina Partnership for
19 Children, Inc., and the directors of the local partnerships. The North Carolina Partnership for
20 Children, Inc., shall base the schedule on the following criteria:

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

27 The salary schedule shall be used only to determine the maximum amount of State
28 funds that may be used for compensation. Nothing in this subsection shall be construed to prohibit
29 a local partnership from using non-State funds to supplement an individual's salary in excess of
30 the amount set by the salary schedule established under this subsection.

31 **SECTION 9C.5.(d)** Match Requirements. – The North Carolina Partnership for
32 Children, Inc., and all local partnerships shall, in the aggregate, be required to match one hundred
33 percent (100%) of the total amount budgeted for the program in each fiscal year of the 2019-2021
34 biennium. Of the funds the North Carolina Partnership for Children, Inc., and the local
35 partnerships are required to match, contributions of cash shall be equal to at least thirteen percent
36 (13%) and in-kind donated resources shall be equal to no more than six percent (6%) for a total
37 match requirement of nineteen percent (19%) for each year of the 2019-2021 fiscal biennium.
38 The North Carolina Partnership for Children, Inc., may carry forward any amount in excess of
39 the required match for a fiscal year in order to meet the match requirement of the succeeding
40 fiscal year. Only in-kind contributions that are quantifiable shall be applied to the in-kind match
41 requirement. Volunteer services may be treated as an in-kind contribution for the purpose of the
42 match requirement of this subsection. Volunteer services that qualify as professional services
43 shall be valued at the fair market value of those services. All other volunteer service hours shall
44 be valued at the statewide average wage rate as calculated from data compiled by the Division of
45 Employment Security of the Department of Commerce in the Employment and Wages in North
46 Carolina Annual Report for the most recent period for which data are available. Expenses,
47 including both those paid by cash and in-kind contributions, incurred by other participating
48 non-State entities contracting with the North Carolina Partnership for Children, Inc., or the local
49 partnerships also may be considered resources available to meet the required private match. In
50 order to qualify to meet the required private match, the expenses shall:

- 51 (1) Be verifiable from the contractor's records.

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

14 Failure to obtain a nineteen-percent (19%) match by June 30 of each year of the
15 2019-2021 fiscal biennium shall result in a dollar-for-dollar reduction in the appropriation for the
16 Program for a subsequent fiscal year. The North Carolina Partnership for Children, Inc., shall be
17 responsible for compiling information on the private cash and in-kind contributions into a report,
18 to be included in its annual report as required under G.S. 143B-168.12(d), in a format that allows
19 verification by the Department of Revenue. The same match requirements shall apply to any
20 expansion funds appropriated by the General Assembly.

21 **SECTION 9C.5.(e) Bidding.** – The North Carolina Partnership for Children, Inc.,
22 and all local partnerships shall use competitive bidding practices in contracting for goods and
23 services on contract amounts as follows:

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

33 **SECTION 9C.5.(f) Allocations.** – The North Carolina Partnership for Children, Inc.,
34 shall not reduce the allocation for counties with less than 35,000 in population below the
35 2012-2013 funding level.

36 **SECTION 9C.5.(g) Performance-Based Evaluation.** – The Department of Health
37 and Human Services shall continue to implement the performance-based evaluation system.

38 **SECTION 9C.5.(h) Expenditure Restrictions.** – Except as provided in subsection (i)
39 of this section, the Department of Health and Human Services and the North Carolina Partnership
40 for Children, Inc., shall ensure that the allocation of funds for Early Childhood Education and
41 Development Initiatives for the 2019-2021 fiscal biennium shall be administered and distributed
42 in the following manner:

- 43 (1) Capital expenditures are prohibited for the 2017-2019 fiscal biennium. For the
- 44 purposes of this section, "capital expenditures" means expenditures for capital
- 45 improvements as defined in G.S. 143C-1-1(d)(5).
- 46 (2) Expenditures of State funds for advertising and promotional activities are
- 47 prohibited for the 2019-2021 fiscal biennium.

48 For the 2019-2021 fiscal biennium, local partnerships shall not spend any State funds
49 on marketing campaigns, advertising, or any associated materials. Local partnerships may spend
50 any private funds the local partnerships receive on those activities.

1 **SECTION 9C.5.(i)** Notwithstanding subsection (h) of this section, the North
 2 Carolina Partnership for Children, Inc., and local partnerships may use up to one percent (1%) of
 3 State funds for fund-raising activities. The North Carolina Partnership for Children, Inc., shall
 4 include in its annual report required under G.S. 143B-168.12(d) a report on the use of State funds
 5 for fund-raising. The report shall include the following:

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

9 **SECTION 9C.5.(j)** G.S. 143B-168.12(d) reads as rewritten:

10 "(d) The North Carolina Partnership for Children, Inc., shall make a report no later than
 11 December 1 of each year to the ~~General Assembly~~ Joint Legislative Oversight Committee on
 12 Health and Human Services and the Fiscal Research Division of the General Assembly that shall
 13 include the following:

- 14 (1) A description of the program and significant services and initiatives.
- 15 (2) A history of Smart Start funding and the previous fiscal year's expenditures.
- 16 (3) The number of children served by type of service.
- 17 (4) The type and quantity of services provided.
- 18 (5) The results of the previous year's evaluations of the Initiatives or related
 19 programs and services.
- 20 (6) A description of significant policy and program changes.
- 21 (7) Any recommendations for legislative action."

22
 23 **SMART START LITERACY INITIATIVE/DOLLY PARTON'S IMAGINATION**
 24 **LIBRARY**

25 **SECTION 9C.6.(a)** Funds allocated to the North Carolina Partnership for Children,
 26 Inc., from the Department of Health and Human Services, shall be used to increase access to
 27 Dolly Parton's Imagination Library, an early literacy program that mails age-appropriate books
 28 on a monthly basis to children registered for the program.

29 **SECTION 9C.6.(b)** The North Carolina Partnership for Children, Inc., may use up
 30 to one percent (1%) of the funds for statewide program management and up to one percent (1%)
 31 of the funds for program evaluation. Funds appropriated under this section shall not be subject
 32 to administrative costs requirements under Section 9C.5(b) of this act, nor shall these funds be
 33 subject to the child care services funding requirements under G.S. 143B-168.15(b), child care
 34 subsidy expansion requirements under G.S. 143B-168.15(g), or the match requirements under
 35 Section 9C.5(d) of this act.

36
 37 **PART IX-D. HEALTH BENEFITS**

38
 39 **MEDICAID ELIGIBILITY**

40 **SECTION 9D.1.** Article 2 of Chapter 108A of the General Statutes is amended by
 41 adding a new section to read:

42 **"§ 108A-54.3A. Eligibility categories and income thresholds.**

43 (a) The Department shall provide Medicaid coverage for individuals in accordance with
 44 federal statutes and regulations and specifically shall provide coverage for the following
 45 populations:

- 46 (1) Families, children under the age of 21, pregnant women, and individuals who
 47 are aged, blind, or disabled, who are medically needy, subject to the following
 48 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>

1	<u>3</u>	<u>4,404</u>
2	<u>4</u>	<u>4,800</u>
3	<u>5</u>	<u>5,196</u>
4	<u>6</u>	<u>5,604</u>
5	<u>7</u>	<u>6,000</u>
6	<u>8</u>	<u>6,300</u>
7	<u>9</u>	<u>6,504</u>
8	<u>10</u>	<u>6,900</u>
9	<u>11</u>	<u>7,200</u>
10	<u>12</u>	<u>7,596</u>
11	<u>13</u>	<u>8,004</u>
12	<u>14</u>	<u>8,400</u>

each additional family member add \$396

- (2) Families and children under the age of 21, subject to the following annual income levels:

	<u>Family Size</u>	<u>Income Level</u>
17	<u>1</u>	<u>\$5,208</u>
18	<u>2</u>	<u>6,828</u>
19	<u>3</u>	<u>8,004</u>
20	<u>4</u>	<u>8,928</u>
21	<u>5</u>	<u>9,888</u>
22	<u>6</u>	<u>10,812</u>
23	<u>7</u>	<u>11,700</u>
24	<u>8</u>	<u>12,432</u>
25	<u>9</u>	<u>13,152</u>
26	<u>10</u>	<u>14,028</u>

each additional family member add \$936

- (3) Children under the age of 6 with family incomes equal to or less than two hundred ten percent (210%) of the federal poverty guidelines.
- (4) Children aged 6 through 18 with family incomes equal to or less than one hundred thirty-three percent (133%) of the federal poverty guidelines.
- (5) Children under the age of 19 who are receiving foster care or adoption assistance under title IV-E of the Social Security Act, without regard to income.
- (6) Children in the legal custody of State-sponsored foster care who are under the age of 21 and ineligible for Title IV-E assistance, without regard to income.
- (7) Independent foster care adolescents ages 18, 19, and 20, as defined in 42 U.S.C. § 1396d(w)(1), without regard to income.
- (8) Former foster care children under the age of 26 in accordance with 42 U.S.C. § 1396a(a)(10)(A)(i)(IX), without regard to income.
- (9) Adoptive children with special or rehabilitative needs, regardless of the adoptive family's income.
- (10) Pregnant women with incomes equal to or less than one hundred ninety-six percent (196%) of the federal poverty guidelines. Coverage for pregnant women eligible under this subdivision include only services related to pregnancy and to other conditions determined by the Department as conditions that may complicate pregnancy.
- (11) Men and women of childbearing age with family incomes equal to or less than one hundred ninety-five percent (195%) of the federal poverty guidelines. Coverage for the individuals described in this subdivision shall be limited to coverage for family planning services.

- 1 (12) Women who need treatment for breast or cervical cancer and who are defined
2 in 42 U.S.C. § 1396a(a)(10)(A)(ii)(XVIII).
- 3 (13) Aged, blind, or disabled individuals, as defined in Subpart F of Part 435 of
4 Subchapter C of Chapter IV of Title 42 of the Code of Federal Regulations,
5 with incomes equal to or less than one hundred percent (100%) of the federal
6 poverty guidelines.
- 7 (14) Beneficiaries receiving supplemental security income under title XVI of the
8 Social Security Act.
- 9 (15) Workers with disabilities, as provided in G.S. 108A-66.1.
- 10 (16) Qualified working disabled individuals, as provided in G.S. 108A-67.
- 11 (17) Qualified Medicare beneficiaries with incomes equal to or less than one
12 hundred percent (100%) of the federal poverty guidelines. Coverage for the
13 individuals described in this subdivision shall be limited to payment of
14 Medicare premiums and deductibles and co-insurance for Medicare-covered
15 services.
- 16 (18) Specified low-income Medicare beneficiaries with incomes equal to or less
17 than one hundred twenty percent (120%) of the federal poverty guidelines.
18 Coverage for the individuals described in this subdivision shall be limited to
19 payment of Medicare Part B premiums.
- 20 (19) Qualifying individuals who are Medicare beneficiaries and who have incomes
21 equal to or less than one hundred thirty-five percent (135%) of the federal
22 poverty guidelines, may be covered within funds available for the Limited
23 Medicare-Aid Capped Enrollment program. Coverage for the individuals
24 described in this subdivision shall be limited to payment of Medicare Part B
25 premiums.
- 26 (20) Recipients of an optional State supplementation program provided in
27 accordance with 42 U.S.C. § 1382e.
- 28 (21) Individuals who meet eligibility criteria under a Medicaid waiver approved by
29 the Centers for Medicare and Medicaid Services and authorized by an act of
30 the General Assembly, within funds available for the waiver.
- 31 (22) Refugees, in accordance with 8 U.S.C. § 1522.
- 32 (23) Qualified aliens subject to the five-year bar for means tested public assistance
33 under 8 U.S.C. § 1613 and undocumented aliens, only for emergency services
34 under 8 U.S.C. § 1611."

36 **MEDICAID ANNUAL REPORT**

37 **SECTION 9D.2.** The Department of Health and Human Services, Division of Health
38 Benefits (DHB), shall continue the publication of the Medicaid Annual Report and
39 accompanying tables. DHB shall publish the report and tables on its Web site no later than
40 December 31 following each State fiscal year.

42 **ANNUAL ISSUANCE OF MEDICAID IDENTIFICATION CARDS**

43 **SECTION 9D.3.** The Department of Health and Human Services (Department) shall
44 issue Medicaid identification cards to recipients on an annual basis with updates as needed. The
45 Department shall adopt rules, or amend any current rules relating to Medicaid identification
46 cards, to implement this section. No later than July 1, 2020, the Department shall submit a report
47 to the Joint Legislative Oversight Committee on Medicaid and NC Health Choice confirming the
48 adoption or amendment of rules in accordance with this section.

50 **ADMINISTRATIVE HEARINGS FUNDING**

1 **SECTION 9D.4.** Of the funds appropriated to the Department of Health and Human
2 Services, Division of Health Benefits, for administrative contracts and interagency transfers, the
3 Department of Health and Human Services (Department) shall transfer the sum of one million
4 dollars (\$1,000,000) for the 2019-2020 fiscal year and the sum of one million dollars
5 (\$1,000,000) for the 2020-2021 fiscal year to the Office of Administrative Hearings (OAH).
6 These funds shall be allocated by the OAH for mediation services provided for Medicaid
7 applicant and recipient appeals and to contract for other services necessary to conduct the appeals
8 process. The OAH shall continue the Memorandum of Agreement (MOA) with the Department
9 for mediation services provided for Medicaid recipient appeals and contracted services necessary
10 to conduct the appeals process. The MOA will facilitate the Department's ability to draw down
11 federal Medicaid funds to support this administrative function. Upon receipt of invoices from the
12 OAH for covered services rendered in accordance with the MOA, the Department shall transfer
13 the federal share of Medicaid funds drawn down for this purpose.

14 15 **ACCOUNTING FOR MEDICAID RECEIVABLES AS NONTAX REVENUE**

16 **SECTION 9D.5.(a)** Receivables reserved at the end of the 2019-2020 and
17 2020-2021 fiscal years shall, when received, be accounted for as nontax revenue for each of those
18 fiscal years.

19 **SECTION 9D.5.(b)** For the 2019-2020 fiscal year, the Department of Health and
20 Human Services shall deposit from its revenues one hundred sixty-four million seven hundred
21 thousand dollars (\$164,700,000) with the Department of State Treasurer to be accounted for as
22 nontax revenue. For the 2020-2021 fiscal year, the Department of Health and Human Services
23 shall deposit from its revenues one hundred forty-nine million six hundred thousand dollars
24 (\$149,600,000) with the Department of State Treasurer to be accounted for as nontax revenue.
25 These deposits shall represent the return of General Fund appropriations, nonfederal revenue,
26 fund balances, or other resources from State-owned and State-operated hospitals that are used to
27 provide indigent and nonindigent care services. The return from State-owned and State-operated
28 hospitals to DHHS will be made from nonfederal resources in an amount equal to the amount of
29 the payments from the Division of Health Benefits for uncompensated care. The treatment of any
30 revenue derived from federal programs shall be in accordance with the requirements specified in
31 the Code of Federal Regulations, Title 2, Part 225.

32 33 **VOLUME PURCHASE PLANS AND SINGLE SOURCE PROCUREMENT**

34 **SECTION 9D.6.** The Department of Health and Human Services, Division of Health
35 Benefits, may, subject to the approval of a change in the State Medicaid Plan, contract for
36 services, medical equipment, supplies, and appliances by implementation of volume purchase
37 plans, single source procurement, or other contracting processes in order to improve cost
38 containment.

39 40 **LME/MCO OUT-OF-NETWORK AGREEMENTS**

41 **SECTION 9D.7.(a)** The Department of Health and Human Services (Department)
42 shall continue to ensure that local management entities/managed care organizations
43 (LME/MCOs) utilize an out-of-network agreement that contains standardized elements
44 developed in consultation with LME/MCOs. The out-of-network agreement shall be a
45 streamlined agreement between a single provider of behavioral health or
46 intellectual/developmental disability (IDD) services and an LME/MCO to ensure access to care
47 in accordance with 42 C.F.R. § 438.206(b)(4), reduce administrative burden on the provider, and
48 comply with all requirements of State and federal laws and regulations. LME/MCOs shall use
49 the out-of-network agreement in lieu of a comprehensive provider contract when all of the
50 following conditions are met:

- (1) The services requested are medically necessary and cannot be provided by an in-network provider.
- (2) The behavioral health or IDD provider's site of service delivery is located outside of the geographical catchment area of the LME/MCO, and the LME/MCO is not accepting applications or the provider does not wish to apply for membership in the LME/MCO closed network.
- (3) The behavioral health or IDD provider is not excluded from participation in the Medicaid program, the NC Health Choice program, or other State or federal health care program.
- (4) The behavioral health or IDD provider is serving no more than two enrollees of the LME/MCO, unless the agreement is for inpatient hospitalization, in which case the LME/MCO may, but shall not be required to, enter into more than five such out-of-network agreements with a single hospital or health system in any 12-month period.

SECTION 9D.7.(b) A Medicaid provider providing services pursuant to an out-of-network agreement shall be considered a network provider for purposes of Chapter 108D of the General Statutes only as it relates to enrollee grievances and appeals.

LME/MCO INTERGOVERNMENTAL TRANSFERS

SECTION 9D.8. The local management entities/managed care organizations (LME/MCOs) shall make intergovernmental transfers to the Department of Health and Human Services, Division of Health Benefits (DHB), in an aggregate amount of eighteen million twenty-eight thousand two hundred seventeen dollars (\$18,028,217) in the 2019-2020 fiscal year and in an aggregate amount of eighteen million twenty-eight thousand two hundred seventeen dollars (\$18,028,217) for the 2020-2021 fiscal year. The due date and frequency of the intergovernmental transfer required by this section shall be determined by DHB. The amount of the intergovernmental transfer that each individual LME/MCO is required to make in each fiscal year shall be as follows:

	2019-2020	2020-2021
Alliance Behavioral Healthcare	\$2,994,453	\$2,994,453
Cardinal Innovations Healthcare	\$4,032,586	\$4,032,586
Eastpointe	\$1,701,156	\$1,701,156
Partners Behavioral Health Management	\$1,914,860	\$1,914,860
Sandhills Center	\$1,978,939	\$1,978,939
Trillium Health Resources	\$3,119,822	\$3,119,822
Vaya Health	\$2,286,401	\$2,286,401

In the event that any county disengages from an LME/MCO and realigns with another LME/MCO during the 2019-2021 fiscal biennium, DHB shall have the authority to reallocate the amount of the intergovernmental transfer that each affected LME/MCO is required to make, taking into consideration the change in catchment area and covered population, provided that the aggregate amount of the transfers received from all LME/MCOs in each year of the fiscal biennium are achieved.

CO-PAYMENTS FOR MEDICAID SERVICES

SECTION 9D.9.(a) Beginning November 1, 2019, the co-payments for Medicaid services shall be increased to four dollars (\$4.00). This section does not apply to services provided under Section 1905(a)(1) through 1905(a)(5) and under Section 1905(a)(7) of the Social Security Act or to recipients prohibited by federal law from cost-sharing requirements.

SECTION 9D.9.(b) The Department of Health and Human Services, Division of Health Benefits, shall submit any necessary State Plan amendments to the Centers for Medicare and Medicaid Services to implement this section.

EXPAND NORTH CAROLINA INNOVATIONS WAIVER SLOTS

SECTION 9D.10.(a) The Department of Health and Human Services, Division of Health Benefits, shall amend the North Carolina Innovations waiver to increase the number of slots available under the waiver by 150 slots. Of the slots made available under this section, 125 slots shall be made available on March 1, 2020. The remaining 25 slots shall be distributed and made available in accordance with subsection (b) of this section.

SECTION 9D.10.(b) The Department of Health and Human Services, Division of Health Benefits, shall distribute 25 slots made available under this section to the local management entities/managed care organizations (LME/MCOs) based on a per capita basis, calculated as the number of slots multiplied by the population in each LME/MCO's catchment area divided by the population of the State. Once distributed to each LME/MCO, the additional slots shall be made available to the counties on a per capita basis, calculated as the number of slots multiplied by the population of the county divided by the population in the LME/MCO's catchment area. Within each county, the slots shall be filled on a first-come, first-served basis determined by the length of time an individual has been on the waiting list. The 25 slots identified under this subsection shall be made available on March 1, 2020, or upon approval by the Centers for Medicare and Medicaid Services (CMS), whichever is later. If the allocation formula under this subsection is not approved by CMS, then the slots shall be made available upon disapproval of the allocation formula, or on March 1, 2020, whichever is later and shall be distributed using the allocation formula currently in place as of the effective date of this section.

SECTION 9D.10.(c) The Department of Health and Human Services, Division of Health Benefits (DHB), shall convene a workgroup of stakeholders to address the registry of unmet needs for the North Carolina Innovations waiver. The workgroup shall develop a ten-year plan to provide continual funding for the Innovations waiver program to address the registry of unmet needs. The workgroup may consider other options to address the registry of unmet needs, including the implementation of a new waiver program for individuals who qualify for the Innovations Waiver. DHB shall submit a copy of the ten-year plan to the Joint Legislative Oversight Committee on Medicaid and NC Health Choice no later than October 1, 2020.

SECTION 9D.10.(d) The Department of Health and Human Services, Division of Health Benefits (DHB), shall develop a plan to provide additional funding for the Innovations waiver program and to address the registry of unmet needs. DHB shall submit a copy of the plan to the Fiscal Research Division and the Joint Legislative Oversight Committee on Medicaid and NC Health Choice no later than March 1, 2020.

ADDRESS GROUP HOMES DIRECT SUPPORT PERSONNEL STAFFING CRISIS

SECTION 9D.11.(a) ICF/IID Group Homes. – Of the funds appropriated to the Department of Health and Human Services, Division of Health Benefits (DHB), the sum of five million five hundred thousand dollars (\$5,500,000) in recurring funds for the 2019-2020 fiscal year and the sum of eleven million dollars (\$11,000,000) in recurring funds for the 2020-2021 fiscal year shall be used to adjust the per member per month (PMPM) capitation amount paid to local management entity/managed care organizations (LME/MCOs) operating capitated contracts for mental health, intellectual and other developmental disabilities, and substance abuse services to include amounts sufficient to increase wages paid to direct support personnel working in community-based Intermediate Care Facility for Individuals with Intellectual Disabilities (ICF/IID) group homes for individuals with intellectual and other developmental disabilities to align the wages paid to these direct support personnel with the current wages paid to State employees in State-owned developmental centers. Adjustments to the PMPM capitation amount paid, in accordance with this subsection, shall be implemented no sooner than January 1, 2020. The following shall apply to PMPM capitation amount adjustments made under this subsection:

- 1 (1) The adjustments shall be consistent with the North Carolina Medicaid State
2 Plan requirements to provide for actuarially sound rates sufficient to operate
3 and provide safe and effective services.
- 4 (2) DHB shall validate the actual amounts necessary to adjust the relevant portion
5 of the LME/MCO PMPM capitation payment to wages paid to direct support
6 personnel salaries with current wages paid to State employees in State-owned
7 developmental centers.
- 8 (3) The adjustments shall be considered directed payments made to LME/MCOs
9 under 42 C.F.R. § 438.6, in order to assure that the increased amounts are used
10 for wage increases.
- 11 (4) Providers receiving any increase in funds from LME/MCOs to be used for
12 wage increases, as required by this subsection, shall attest and provide
13 verification that those increased funds are being used for the purpose of
14 increasing wages paid to direct support personnel and employees who support
15 direct support personnel. LME/MCOs may require verifiable methods of
16 accounting such as payroll-based journals.

17 After the implementation of this subsection, DHB shall continue to work with
18 stakeholders and service providers in order to develop an appropriate methodology, to track
19 progress towards increasing direct support personnel wages, and to determine if any additional
20 resources are necessary to achieve alignment of these wages with the current wages paid to State
21 employees in State-owned developmental centers. Further, DHB shall maximize the ICF/IID
22 assessment to increase the capitation payment rates for ICF/IIDs. DHB shall use all available
23 proceeds of the adjusted ICF/IID assessment for the purpose of implementing this subsection.

24 **SECTION 9D.11.(b)** North Carolina Innovations Waiver. – Of the funds
25 appropriated to the Department of Health and Human Services, Division of Health Benefits
26 (DHB), the sum of two hundred fifty thousand dollars (\$250,000) in nonrecurring funds shall be
27 used to conduct an actuarial analysis and a wage and hour study of the North Carolina Innovations
28 waiver program. This actuarial analysis and study shall aid in determining the appropriate
29 adjustments to the per-slot service costs that would be necessary to align wages paid to direct
30 support personnel providing services under the North Carolina Innovations waiver with wages
31 paid to State employees in State-owned developmental centers. The analysis and study shall be
32 completed prior to the next local management entity/managed care organization (LME/MCO)
33 rate negotiation cycle, but no later than January 15, 2020. DHB shall provide a copy of the
34 analysis and wage and hour study to the Joint Legislative Oversight Committee on Medicaid and
35 NC Health Choice and the Fiscal Research Division no later than January 15, 2020.

36 Upon completion of the analysis and the wage and hour study, DHB shall draft a plan
37 that provides for multiyear adjustments, to be phased in over a two- to three-year period, to the
38 per-slot cap on costs necessary to align wages paid to direct support personnel providing services
39 under the Innovations waiver with wages paid to State employees working in State-operated
40 developmental centers. This plan shall require that LME/MCOs and providers receiving an
41 increase in funds as a result of the adjustments to attest and provide verification that those
42 increased funds are being used for the purpose of increasing wages paid to direct support
43 personnel and employees who supervise and support direct support personnel. The plan may
44 require verifiable methods of accounting such as payroll-based journals.

45 The actuarial analysis conducted and the plan developed under this subsection shall
46 include all of the following components:

- 47 (1) The average cost per Innovations waiver slot.
- 48 (2) The percent of average Innovations waiver slot costs that are related to labor
49 costs.
- 50 (3) Current labor costs for direct support personnel providing services through the
51 Innovations waiver.

- 1 (4) The percent of other indirect and administrative costs related to direct support
2 personnel providing services through the Innovations waiver.
- 3 (5) Current indirect and administrative costs related to direct support personnel
4 providing services through the Innovations waiver.
- 5 (6) An accurate number of full-time equivalents (FTEs) for direct support
6 personnel providing services through the Innovations waiver.
- 7 (7) Current average hourly wage for direct support personnel providing services
8 through the Innovations waiver.
- 9 (8) The total cost to increase the wages of direct support personnel providing
10 services through the Innovations waiver to a minimum of fifteen dollars
11 (\$15.00) per hour, or the current wage paid to State employees working in
12 State-operated developmental centers.
- 13 (9) Recommended resources necessary to add additional Innovations waiver
14 slots.
- 15 (10) Recommended resources necessary to increase the wages of direct support
16 personnel providing services through the Innovations waiver to a minimum of
17 fifteen dollars (\$15.00) per hour, or the current wage paid to State employees
18 working in State-operated developmental centers.

19 No later than March 1, 2020, DHB shall submit a copy of the plan and any related
20 recommendations to the Joint Legislative Oversight Committee on Medicaid and NC Health
21 Choice. DHB shall not pursue any State Plan amendments or any changes to the North Carolina
22 Innovations waiver that would be necessary to increase the wages of direct support personnel
23 providing services through the Innovations waiver to a minimum of fifteen dollars (\$15.00) per
24 hour, or the current wage paid to State employees working in State-operated developmental
25 centers, without further legislation directing the implementation of the wage increase.

26 **SECTION 9D.11.(c) Methodology for Determining Appropriate Wages to be Paid.**

27 – To establish a baseline methodology for determining the appropriate wages to be paid in
28 accordance with this section, the Department of Health and Human Services, Division of Health
29 Benefits (DHB), shall use information from the Office of State Human Resources job
30 classification and wage and hour data for the specific employees working at State-operated
31 developmental centers who are in comparable job classifications as those direct support
32 personnel working in community-based Intermediate Care Facility for Individuals with
33 Intellectual Disabilities (ICF/IID) group homes and those direct support personnel providing
34 services through the North Carolina Innovations waiver. DHB shall make appropriate
35 adjustments for health insurance, retirement benefits, and other key factors that drive total labor
36 costs. DHB shall also take into consideration market-based wage comparisons between direct
37 support personnel working in community-based ICF/IID group homes and those direct support
38 personnel providing services through the North Carolina Innovations waiver and State employees
39 working in the State-operated developmental centers, direct support personnel working in private
40 work settings, including health care facilities and health services settings, and employees
41 working in private sector businesses that compete to hire the same employees, such as retail and
42 fast food. DHB may accept actuarially sound projections of competitive wage and hour data and
43 other cost data from non-State entities in order to calculate forward-looking wage analysis
44 formulas and finalize the exact rates needed to meet this urgent need, as required by this section.

45
46 **DISABLED ADULT CHILD PASSALONG ELIGIBILITY**

47 **SECTION 9D.12.** Effective January 1, 2020, the eligibility requirements for the
48 Disabled Adult Child Passalong authorized under Section 1634 of the Social Security Act for the
49 Medicaid program shall consist of only the following four requirements:

- 1 (1) The adult is currently entitled to and receives federal Retirement, Survivors,
2 and Disability Insurance (RSDI) benefits as a disabled adult child on a parent's
3 record due to the retirement, death, or disability of a parent.
- 4 (2) The adult is blind or has a disability that began before age 22.
- 5 (3) The adult would currently be eligible for Supplemental Security Income (SSI)
6 or State-County Special Assistance if the current RSDI benefit is disregarded.
- 7 (4) For eligibility that is based on former receipt of State-County Special
8 Assistance and not SSI, the adult must currently reside in an adult care home.
9

10 INCREASE IN REIMBURSEMENT FOR PRIMARY CARE PROVIDERS

11 **SECTION 9D.12A.** The Department of Health and Human Services, Division of
12 Health Benefits, shall increase the reimbursement for the evaluation and management codes that
13 are (i) paid to primary care physicians, including obstetricians and gynecologists, nurse
14 practitioners, and physician assistants, and (ii) contained in the State Plan Amendment #2018-
15 0012 submitted by the Department of Health and Human Services on March 8, 2019.
16

17 DURATION OF MEDICAID AND NC HEALTH CHOICE PROGRAM 18 MODIFICATIONS

19 **SECTION 9D.13.** Except for eligibility categories and income thresholds and except
20 for statutory changes, the Department of Health and Human Services shall not be required to
21 maintain, after June 30, 2021, any modifications to the Medicaid and NC Health Choice programs
22 required by this Subpart.
23

24 MEDICAID CONTINGENCY RESERVE

25 **SECTION 9D.14.(a)** Funds in the Medicaid Contingency Reserve established by
26 Section 12H.38 of S.L. 2014-100 shall be used only for budget shortfalls in the Medicaid
27 Program. These funds shall be available for expenditure only upon an appropriation by act of the
28 General Assembly. It is the intent of the General Assembly to appropriate funds from the
29 Medicaid Contingency Reserve only if:

- 30 (1) The Director of the Budget, after the State Controller has verified that receipts
31 are being used appropriately, has found that additional funds are needed to
32 cover a shortfall in the Medicaid budget for the State fiscal year.
- 33 (2) The Director of the Budget has reported immediately to the Fiscal Research
34 Division on the amount of the shortfall found in accordance with subdivision
35 (1) of this subsection. This report shall include an analysis of the causes of the
36 shortfall, such as (i) unanticipated enrollment and mix of enrollment, (ii)
37 unanticipated growth or utilization within particular service areas, (iii) errors
38 in the data or analysis used to project the Medicaid budget, (iv) the failure of
39 the program to achieve budgeted savings, (v) other factors and market trends
40 that have impacted the price of or spending for services, (vi) variations in
41 receipts from prior years or from assumptions used to prepare the Medicaid
42 budget for the current fiscal year, or (vii) other factors. The report shall also
43 include data in an electronic format that is adequate for the Fiscal Research
44 Division to confirm the amount of the shortfall and its causes.

45 **SECTION 9D.14.(b)** Nothing in this section shall be construed to limit the authority
46 of the Governor to carry out his duties under the Constitution.
47

48 USE OF MEDICAID TRANSFORMATION FUND FOR MEDICAID 49 TRANSFORMATION NEEDS

50 **SECTION 9D.15.(a)** The Director of the Budget shall include the sum of forty
51 million one hundred sixty-seven thousand six hundred fifty-five dollars (\$40,167,655) in

1 recurring funds when developing the base budget, as defined in G.S. 143C-1-1, for the
2 Department of Health and Human Services, Division of Health Benefits, for each year of the
3 2021-2023 fiscal biennium.

4 **SECTION 9D.15.(b)** Subject to the fulfillment of conditions specified in subsection
5 (c) of this section, the sum of fifty-five million eight hundred ninety-eight thousand six hundred
6 two dollars (\$55,898,602) in nonrecurring funds for the 2019-2020 fiscal year and the sum of
7 fifty-one million one hundred fifty-one thousand two hundred three dollars (\$51,151,203) in
8 nonrecurring funds for the 2020-2021 fiscal year from the Medicaid Transformation Fund may
9 be transferred to the Department of Health and Human Services, Division of Health Benefits
10 (DHB), for the sole purpose of providing the State share for qualifying needs directly related to
11 Medicaid Transformation, as required by S.L. 2015-241, as amended. Funds may be transferred
12 to DHB as qualifying needs arise during the 2019-2021 biennium and need not be transferred in
13 one lump sum.

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

- 17 (1) Enrollment broker services.
- 18 (2) An Electronic Data Interchange and Information Exchange Portal.
- 19 (3) Ombudsman programs.
- 20 (4) Finance and program integrity capabilities.
- 21 (5) Provider credentialing verification.
- 22 (6) Provider data management.
- 23 (7) Other needs identified by DHB as determined in consultation with the Office
24 of State Budget and Management.

25 **SECTION 9D.15.(c)** A request by the Department of Health and Human Services,
26 Division of Health Benefits (DHB), for the transfer of funds pursuant to subsection (b) of this
27 section shall be made to the Office of State Budget and Management (OSBM) and shall include
28 the amount requested and the specific qualifying need for which the funds are to be used. None
29 of the funds identified in subsection (b) of this section shall be transferred to DHB until OSBM
30 verifies the following information:

- 31 (1) The amount requested is to be used for a qualifying need in the 2019-2021
32 biennium.
- 33 (2) The amount requested provides a State share that will not result in total
34 requirements that exceed two hundred thirty-three million dollars
35 (\$233,000,000) in the 2019-2020 fiscal year and one hundred ninety-nine
36 million dollars (\$199,000,000) in the 2020-2021 fiscal year.

37 **SECTION 9D.15.(d)** Any federal funds received in any fiscal year by the
38 Department of Health and Human Services, Division of Health Benefits (DHB), that represent a
39 return of State share already expended on a qualifying need related to the funds received by the
40 DHB under this section shall be deposited into the Medicaid Transformation Fund.

41 42 **MEDICAID TRANSFORMATION HOTLINE OPTION**

43 **SECTION 9D.15A.** The Department of Health and Human Services shall ensure that
44 the existing DHHS Customer Service hotline is responsive to questions posed by a Medicaid
45 beneficiary or provider or by the general public that are related to the rollout of Medicaid
46 Transformation during the 2019-2020 fiscal year.

47 48 **TRIBAL OPTION/MEDICAID TRANSFORMATION**

49 **SECTION 9D.16.(a)** The Department of Health and Human Services may contract
50 with an Indian managed care entity (IMCE) or an Indian health care provider (IHCP), as defined
51 under 42 C.F.R. § 438.14(a), to assist in the provision of health care or health care-related

1 services to Medicaid and NC Health Choice beneficiaries who are members of federally
2 recognized tribes or who are eligible to enroll in an IMCE. Contracts may include health care or
3 health care-related services as agreed upon with the IMCE or IHCP, as approved by the Secretary
4 of the Department of Health and Human Services and as allowed by the Centers for Medicare
5 and Medicaid Services (CMS), including, but not limited to, the following services:

- 6 (1) Primary care case management as a primary care case managed system or
7 entity, as described in 42 C.F.R. § 438.2.
- 8 (2) Utilization management and referrals.
- 9 (3) The management of or provision of home and community-based services
10 under a 1915(c) waiver.
- 11 (4) The management or provision of specialized services covered by a BH IDD
12 Tailored Plan in accordance with Subdivision 10 of Section 4 of S.L.
13 2015-245, as amended by S.L. 2018-48.

14 Coverage provided by the IMCE or IHCP may be more permissive, but no more
15 restrictive, than Medicaid or an NC Health Choice medical coverage policy adopted or amended
16 by the Department of Health and Human Services in accordance with G.S. 108A-54.2.

17 **SECTION 9D.16.(b)** Subdivision 5 of Section 4 of S.L. 2015-245, as amended by
18 Subsection 2(b) of S.L. 2016-121, S.L. 2018-48, and Section 5 of 2018-49, reads as rewritten:

19 "(5) Populations covered by PHPs. – Capitated PHP contracts shall cover all
20 Medicaid and NC Health Choice program aid categories except for the
21 following categories:

22 ...

23 e. Members of federally recognized tribes. Members of federally
24 recognized tribes shall have the option to enroll voluntarily in PHPs.

25 e1. Eligible recipients who are enrolled in a DHHS-contracted Indian
26 managed care entity, as defined in 42 C.F.R. § 438.14(a). Eligible
27 recipients who are enrolled in a DHHS-contracted Indian managed
28 care entity shall have the option to enroll voluntarily in PHPs.

29"

30 **SECTION 9D.16.(c)** The Department of Health and Human Services is authorized
31 to seek approval from CMS and submit any necessary State Plan Amendments and waivers, or
32 any amendments thereto, to implement the provisions of this section.

33 34 **REPEAL OF PAST DIRECTIVE TO ELIMINATE GME TO ALIGN WITH MEDICAID** 35 **TRANSFORMATION**

36 **SECTION 9D.17.** Section 12H.12(b) of S.L. 2014-100 and Section 12H.23 of S.L.
37 2015-241, as amended by Section 88 of S.L. 2015-264, are repealed.

38 39 **REVISED HOSPITAL ASSESSMENTS, SUPPLEMENTAL PAYMENTS, AND** 40 **DIRECTED PAYMENTS**

41 **SECTION 9D.18.(a)** Effective October 1, 2019, Article 7 of Chapter 108A of the
42 General Statutes is repealed.

43 **SECTION 9D.18.(b)** Effective October 1, 2019, Chapter 108A of the General
44 Statutes is amended by adding a new Article to read:

45 "Article 7A.

46 "Hospital Assessment Act.

47 "Part 1. General.

48 **§ 108A-130. Short title and purpose.**

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

"§ 108A-131. Definitions.

The following definitions apply in this Article:

- (1) Base assessment. – The assessment payable under G.S. 108A-142.
- (2) CMS. – Centers for Medicare and Medicaid Services.
- (3) Critical access hospital. – Defined in 42 C.F.R. § 400.202.
- (4) Department. – The Department of Health and Human Services.
- (5) Prepaid health plan. – As defined in Section 4 of S.L. 2015-245, as amended.
- (6) Public hospital. – A hospital that certifies its public expenditures to the Department pursuant to 42 C.F.R. § 433.51(b) during the fiscal year for which the assessment applies.
- (7) Secretary. – The Secretary of Health and Human Services.
- (8) State's annual Medicaid payment. – An amount equal to one hundred ten million dollars (\$110,000,000) for State fiscal year 2019-2020, increased each year over the prior year's payment by the percentage specified as the Medicare Market Basket Index less productivity most recently published in the Federal Register.
- (9) Supplemental assessment. – The assessment payable under G.S. 108A-141.
- (10) Total hospital costs. – The costs as calculated using the most recent available Hospital Cost Report Information System's cost report data available through CMS or other comparable data, including both inpatient and outpatient components, for all hospitals that are not exempt from the applicable assessment.

"§ 108A-132. Due dates and collections.

(a) Beginning October 1, 2019, assessments under this Article are due quarterly in the time and manner prescribed by the Secretary and shall be considered delinquent if not paid within seven calendar days of this due date.

(b) With respect to any hospital owing a past due assessment amount under this Article, the Department may withhold the unpaid amount from Medicaid or NC Health Choice payments otherwise due or impose a late payment penalty. The Secretary may waive a penalty for good cause shown.

(c) In the event the data necessary to calculate an assessment under this Article is not available to the Secretary in time to impose the quarterly assessments for a payment year, the Secretary may defer the due date for the assessment to a subsequent quarter.

"§ 108A-133. Assessment appeals.

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

"§ 108A-134. Allowable costs; patient billing.

(a) Assessments paid under this Article may be included as allowable costs of a hospital for purposes of any applicable Medicaid reimbursement formula, except that assessments paid under this Article shall be excluded from cost settlement.

(b) Assessments imposed under this Article may not be added as a surtax or assessment on a patient's bill.

"§ 108A-135. Rule-making authority.

The Secretary may adopt rules to implement this Article.

"§ 108A-136. Repeal.

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

"Part 2. Supplemental and Base Assessments.

"§ 108A-140. Applicability.

1 (a) The assessments imposed under this Part apply to all licensed North Carolina
2 hospitals, except as provided in this section.

3 (b) The following hospitals are exempt from both the supplemental assessment and the
4 base assessment:

5 (1) Critical access hospitals.

6 (2) Freestanding psychiatric hospitals.

7 (3) Freestanding rehabilitation hospitals.

8 (4) Long-term care hospitals.

9 (5) State-owned and State-operated hospitals.

10 (6) The primary affiliated teaching hospital for each University of North Carolina
11 medical school.

12 (c) Public hospitals are exempt from the supplemental assessment.

13 **"§ 108A-141. Supplemental assessment.**

14 (a) The supplemental assessment shall be a percentage, established by the General
15 Assembly, of total hospital costs.

16 (b) The Department shall propose the rate of the supplemental assessment to be imposed
17 under this section when the Department prepares its budget request for each upcoming fiscal
18 year. The Governor shall submit the Department's proposed supplemental assessment rate to the
19 General Assembly each fiscal year.

20 (c) The Department shall base the proposed supplemental assessment rate on all of the
21 following factors:

22 (1) The percentage change in aggregate payments to hospitals subject to the
23 supplemental assessment for Medicaid and NC Health Choice enrollees,
24 excluding hospital access payments made under 42 C.F.R § 438.6, as
25 demonstrated in data from prepaid health plans and the State, as determined
26 by the Department.

27 (2) Any changes in the federal medical assistance percentage rate applicable to
28 the Medicaid or NC Health Choice programs for the applicable year.

29 (d) The rate for the supplemental assessment for each taxable year shall be the percentage
30 rate set by law by the General Assembly.

31 **"§ 108A-142. Base assessment.**

32 (a) The base assessment shall be a percentage, established by the General Assembly, of
33 total hospital costs.

34 (b) The Department shall propose the rate of the base assessment to be imposed under
35 this section when the Department prepares its budget request for each upcoming fiscal year. The
36 Governor shall submit the Department's proposed base assessment rate to the General Assembly
37 each fiscal year.

38 (c) The Department shall base the proposed base assessment rate on all of the following
39 factors:

40 (1) The change in the State's annual Medicaid payment for the applicable year.

41 (2) The percentage change in aggregate payments to hospitals subject to the base
42 assessment for Medicaid and NC Health Choice enrollees, excluding hospital
43 access payments made under 42 C.F.R § 438.6, as demonstrated in data from
44 prepaid health plans and the State, as determined by the Department.

45 (3) Any changes in the federal medical assistance percentage rate applicable to
46 the Medical or NC Health Choice programs for the applicable year.

47 (4) Any changes as determined by the Department in (i) reimbursement under the
48 Medicaid State Plan, (ii) managed care payments authorized under 42 C.F.R
49 § 438.6 for which the nonfederal share is not funded by General Fund
50 appropriations, and (iii) reimbursement under the NC Health Choice program.

1 (d) The rate for the base assessment for each taxable year shall be the percentage rate set
2 by law by the General Assembly.

3 **"§ 108A-143. Payment from other hospitals.**

4 If a hospital that is exempt from both the base and supplemental assessments under this Part
5 (i) makes an intergovernmental transfer to the Department to be used to draw down matching
6 federal funds and (ii) has acquired, merged, leased, or managed another hospital on or after March
7 25, 2011, then the exempt hospital shall transfer to the State an additional amount. The additional
8 amount shall be a percentage of the amount of funds that (i) would be transferred to the State
9 through such an intergovernmental transfer and (ii) are to be used to match additional federal
10 funds that the exempt hospital is able to receive because of the acquired, merged, leased, or
11 managed hospital. That percentage shall be calculated by dividing the amount of the State's
12 annual Medicaid payment by the total amount collected under the base assessment under
13 G.S. 108A-142.

14 **"§ 108A-144. Use of funds.**

15 The proceeds of the assessments imposed under this Part, and all corresponding matching
16 federal funds, must be used to make the State's annual Medicaid payment to the State, to fund
17 payments to hospitals made directly by the Department, to fund a portion of capitation payments
18 to prepaid health plans attributable to hospital care, and to fund the nonfederal share of graduate
19 medical education payments."

20 **SECTION 9D.18.(c)** The percentage rate to be used in calculating the supplemental
21 assessment under G.S. 108A-141, as enacted in subsection (b) of this section, is one and
22 three-tenths percent (1.3%) for the taxable year October 1, 2019, through September 30, 2020.

23 **SECTION 9D.18.(d)** The percentage rate to be used in calculating the base
24 assessment under G.S. 108A-142, as enacted in subsection (b) of this section, is two and
25 twenty-six hundredths percent (2.26%) for the taxable year October 1, 2019, through September
26 30, 2020.

27 **SECTION 9D.18.(e)** The Department of Health and Human Services shall revise the
28 supplemental payment program for eligible medical professional providers described in the
29 Medicaid State Plan, Attachment 4.19-B, Section 5, Pages 2 and 3, as required by this section.
30 This payment program shall be called the Average Commercial Rate Supplemental and Directed
31 Payment Program. Effective October 1, 2019, the following two changes to the program shall be
32 implemented:

- 33 (1) The program shall no longer utilize a limit on the number of eligible medical
34 professional providers that may be reimbursed through the program, and
35 instead shall utilize a limit on the total payments made under the program.
- 36 (2) Payments under the program shall consist of two components: (i)
37 supplemental payments that increase reimbursement to the average
38 commercial rate under the State Plan and (ii) directed payments that increase
39 reimbursement to the average commercial rate under the managed care
40 system.

41 **SECTION 9D.18.(f)** The limitation on total payments made under the Average
42 Commercial Rate Supplemental and Directed Payment Program for eligible medical professional
43 providers shall apply to the combined amount of payments made as supplemental payments under
44 the State Plan and payments made as directed payments under the managed care system and shall
45 be based on the amount of supplemental payments made during the 2018-2019 fiscal year as
46 follows:

- 47 (1) For services provided during the period October 1, 2019, through June 30,
48 2020, the total annual supplemental and directed payments made under the
49 Average Commercial Rate Supplemental and Directed Payment Program shall
50 not exceed seventy-five percent (75%) of the gross supplemental payments
51 made to eligible medical providers during the 2018-2019 fiscal year.

- 1 (2) For services provided on or after July 1, 2020, the total annual supplemental
2 and directed payments made under the Average Commercial Rate
3 Supplemental and Directed Payment Program shall not exceed one hundred
4 percent (100%) of the gross supplemental payments made to eligible medical
5 providers during the 2018-2019 fiscal year, increased at the start of each State
6 fiscal year by an inflation factor determined by the Department of Health and
7 Human Services, Division of Health Benefits.

8 **SECTION 9D.18.(g)** Consistent with the existing supplemental payment program
9 for eligible medical professional providers, the Department of Health and Human Services shall
10 limit the total amount of supplemental and directed payments that may be received by the eligible
11 providers affiliated with East Carolina University Brody School of Medicine and University of
12 North Carolina at Chapel Hill Health Care System. Average commercial rate supplemental
13 payments and directed payments shall not be made for services provided in Wake County.

14 **SECTION 9D.18.(h)** The Department of Health and Human Services is not
15 authorized to make any modifications to the supplemental payment program for eligible medical
16 professional providers, except as authorized in subsections (e) through (g) of this section.

17 **SECTION 9D.18.(i)** Effective October 1, 2019, Section 12H.13(b) of S.L. 2014-100
18 is repealed.

19 **SECTION 9D.18.(j)** Notwithstanding Section 9D.14 of this act, the State Controller
20 shall transfer funds from the Medicaid Contingency Reserve, established by Section 12H.38 of
21 S.L. 2014-100, to the Department of Health and Human Services, Division of Health Benefits
22 (DHB), only upon request by the DHB as needed to cover any shortfall in receipts that are
23 anticipated in this act to support the Medicaid and NC Health Choice programs, and only if the
24 following conditions are met:

- 25 (1) OSBM has certified that there will be a shortfall in receipts anticipated in this
26 act to support the Medicaid and NC Health Choice programs.
27 (2) OSBM has certified that the amount requested by DHB does not exceed the
28 shortfall in receipts certified by OSBM under subdivision (1) of this
29 subsection.

30 Upon making the request to the State Controller for the transfer of funds pursuant to this
31 section, DHB shall notify the Fiscal Research Division and the Joint Legislative Oversight
32 Committee on Medicaid and NC Health Choice of the request and the amount of the request.

33 **SECTION 9D.18.(k)** Except as otherwise provided, this section is effective July 1,
34 2019.

35 **PART IX-E. HEALTH SERVICE REGULATION**

36 **FUNDS TO CONTINUE COMMUNITY PARAMEDICINE PILOT PROGRAM**

37
38 **SECTION 9E.1.(a)** Of the funds appropriated to the Department of Health and
39 Human Services, Division of Health Service Regulation, the sum of three hundred fifty thousand
40 dollars (\$350,000) in nonrecurring funds for the 2019-2020 fiscal year and the sum of three
41 hundred fifty thousand dollars (\$350,000) in nonrecurring funds for the 2020-2021 fiscal year
42 shall be used to continue the community paramedicine pilot program authorized in Section
43 12A.12 of S.L. 2015-241, as amended by Section 12A.3 of S.L. 2016-94, as follows:

- 44 (1) The sum of two hundred ten thousand dollars (\$210,000) in nonrecurring
45 funds for each year of the fiscal biennium shall be allocated to the New
46 Hanover Regional Emergency Medical Services site.
47 (2) The sum of seventy thousand dollars (\$70,000) in nonrecurring funds for each
48 year of the fiscal biennium shall be allocated to the McDowell County
49 Emergency Medical Services site.
50

- 1 (3) The sum of seventy thousand dollars (\$70,000) in nonrecurring funds for each
2 year of the fiscal biennium shall be allocated to the Wake County Emergency
3 Medical Services site.

4 The focus of this community paramedicine pilot program shall continue to be
5 expansion of the role of paramedics to allow for community-based initiatives that result in
6 providing care that avoids nonemergency use of emergency rooms and 911 services and
7 avoidance of unnecessary admissions into health care facilities.

8 **SECTION 9E.1.(b)** The participation requirements, objectives, standards, and
9 required outcomes for the pilot program shall remain the same as established pursuant to Section
10 12A.12 of S.L. 2015-241, as amended by Section 12A.3 of S.L. 2016-94.

11 **SECTION 9E.1.(c)** By November 1, 2021, the Department of Health and Human
12 Services shall submit an updated report on the community paramedicine pilot program to the
13 Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research
14 Division. At a minimum, the updated report shall include all of the following:

- 15 (1) Any updated version of the evaluation plan required by subsection (d) of
16 Section 12A.12 of S.L. 2015-241.
17 (2) An estimate of the cost to expand the program incrementally and statewide.
18 (3) An estimate of any potential savings of State funds associated with expansion
19 of the program.
20 (4) If expansion of the program is recommended, a time line for expanding the
21 program.
22

23 **MORATORIUM ON SPECIAL CARE UNIT LICENSES**

24 **SECTION 9E.2.(a)** For the period beginning July 1, 2019, and ending June 30, 2021,
25 the Department of Health and Human Services, Division of Health Service Regulation, shall not
26 issue any licenses for special care units as defined in G.S. 131D-4.6 and G.S. 131E-114. This
27 prohibition shall not restrict the Department of Health and Human Services from doing any of
28 the following:

- 29 (1) Issuing a license to a facility that is acquiring an existing special care unit.
30 (2) Issuing a license for a special care unit in any area of the State upon a
31 determination by the Secretary of the Department of Health and Human
32 Services that increased access to this type of care is necessary in that area
33 during the moratorium imposed by this section.
34 (3) Processing all completed applications for special care unit licenses received
35 by the Division of Health Service Regulation along with the applicable license
36 fee prior to June 1, 2013.
37 (4) Issuing a license to a facility that was in possession of a certificate of need as
38 of July 31, 2013, that included authorization to operate special care unit beds.

39 **SECTION 9E.2.(b)** The Department of Health and Human Services shall submit a
40 report to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal
41 Research Division by March 1, 2021, containing at least the following information:

- 42 (1) The number of licensed special care units in the State.
43 (2) The capacity of the currently licensed special care units to serve people in
44 need of their services.
45 (3) The anticipated growth in the number of people who will need the services of
46 a licensed special care unit.
47 (4) The number of applications received from special care units seeking licensure
48 as permitted by this section and the number of those applications that were not
49 approved.
50

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

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

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

SECTION 9F.1.(b) The DMH/DD/SAS shall allocate the recurring reduction for single-stream funding that was required by Section 11F.2 of S.L. 2017-57, as amended by Section 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
Alliance Behavioral Healthcare	(\$5,298,693)	(\$5,298,693)
Cardinal Innovations Healthcare	(\$9,640,838)	(\$9,640,838)
Eastpointe	(\$2,966,226)	(\$2,966,226)
Partners Behavioral Health Management	(\$3,904,081)	(\$3,904,081)
Sandhills Center	(\$3,509,283)	(\$3,509,283)
Trillium Health Resources	(\$5,759,070)	(\$5,759,070)
Vaya Health	(\$5,362,704)	(\$5,362,704)
Total	(\$36,440,895)	(\$36,440,895)

By March 1, 2020, the Secretary of Health and Human Services shall submit to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division a proposal for any adjustments to the specified recurring reductions among the LME/MCOs for future fiscal years. The proposal must include a detailed explanation supporting any proposed changes.

SECTION 9F.1.(c) If, on or after June 1, 2020, the Office of State Budget and Management (OSBM) certifies a Medicaid and NC Health Choice budget surplus and sufficient cash in Budget Code 14445 to meet total obligations for the 2019-2020 fiscal year, then the Department of Health and Human Services, Division of Health Benefits (DHB), may transfer to the DMH/DD/SAS funds not to exceed the amount of the certified surplus or thirty million dollars (\$30,000,000), whichever is less, to offset the reduction in single-stream funding required by this section.

If, on or after June 1, 2021, the OSBM certifies a Medicaid and NC Health Choice budget surplus and sufficient cash in Budget Code 14445 to meet total obligations for fiscal year 2018-2019, then the DHB may transfer to the DMH/DD/SAS funds not to exceed the amount of the certified surplus or thirty million dollars (\$30,000,000), whichever is less, to offset the reduction in single-stream funding required by this section.

The DMH/DD/SAS shall allocate funds transferred pursuant to this subsection among the LME/MCOs based on the individual LME/MCO's percentage of recurring reductions in single-stream funding for the fiscal year, as required by subsection (b) of this section. These funds shall be allocated as prescribed by June 30 of each State fiscal year.

SECTION 9F.1.(d) The Department of Health and Human Services shall develop a maintenance of effort (MOE) spending requirement for all mental health and substance abuse

1 services which must be maintained using nonfederal, State appropriations on an annual basis in
2 order to meet MOE requirements for federal block grant awards. LME/MCOs shall ensure the
3 MOE spending requirement is met using State appropriations.
4

5 **FUNDS FOR LOCAL INPATIENT PSYCHIATRIC BEDS OR BED DAYS**

6 **SECTION 9F.2.(a)** Use of Funds. – Of the funds appropriated to the Department of
7 Health and Human Services, Division of Mental Health, Developmental Disabilities, and
8 Substance Abuse Services, for crisis services, the sum of forty million six hundred twenty-one
9 thousand six hundred forty-four dollars (\$40,621,644) in recurring funds for the 2019-2020 fiscal
10 year and the sum of forty million six hundred twenty-one thousand six hundred forty-four dollars
11 (\$40,621,644) in recurring funds for the 2020-2021 fiscal year shall be used to purchase
12 additional new or existing local inpatient psychiatric beds or bed days not currently funded by or
13 through local management entities/managed care organizations (LME/MCOs). The Department
14 shall continue to implement a two-tiered system of payment for purchasing these local inpatient
15 psychiatric beds or bed days based on acuity level with an enhanced rate of payment for inpatient
16 psychiatric beds or bed days for individuals with higher acuity levels, as defined by the
17 Department. The enhanced rate of payment for inpatient psychiatric beds or bed days for
18 individuals with higher acuity levels shall not exceed the lowest average cost per patient bed day
19 among the State psychiatric hospitals. In addition, at the discretion of the Secretary of Health and
20 Human Services, existing funds allocated to LME/MCOs for community-based mental health,
21 developmental disabilities, and substance abuse services may be used to purchase additional local
22 inpatient psychiatric beds or bed days. Funds designated in this subsection for the purchase of
23 local inpatient psychiatric beds or bed days shall not be used to supplant other funds appropriated
24 or otherwise available to the Department for the purchase of inpatient psychiatric services
25 through contracts with local hospitals.

26 **SECTION 9F.2.(b)** Distribution and Management of Beds or Bed Days. – Except as
27 provided in this subsection, the Department shall work to ensure that any local inpatient
28 psychiatric beds or bed days purchased in accordance with this section are utilized solely for
29 individuals who are medically indigent, as defined in this subsection. In addition, the Department
30 shall work to ensure that any local inpatient psychiatric beds or bed days purchased in accordance
31 with this section are distributed across the State in LME/MCO catchment areas and according to
32 need as determined by the Department. The Department shall ensure that beds or bed days for
33 individuals with higher acuity levels are distributed across the State in LME/MCO catchment
34 areas and according to greatest need based on hospital bed utilization data. The Department shall
35 enter into contracts with LME/MCOs and local hospitals for the management of these beds or
36 bed days. The Department shall work to ensure that these contracts are awarded equitably around
37 all regions of the State. LME/MCOs shall manage and control these local inpatient psychiatric
38 beds or bed days, including the determination of the specific local hospital or State psychiatric
39 hospital to which an individual should be admitted pursuant to an involuntary commitment order.

40 The Department may use up to ten percent (10%) of the funds allocated in this section
41 for each year of the 2019-2021 fiscal biennium to pay for facility-based crisis services and
42 nonhospital detoxification services for individuals in need of these services, regardless if the
43 individuals are medically indigent, defined as uninsured persons who (i) are financially unable
44 to obtain private insurance coverage as determined by the Department and (ii) are not eligible for
45 government-funded health coverage such as Medicare or Medicaid.

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

1 hospital and shall pay the hospital within 30 working days after receipt of payment from the
2 Department.

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

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

12 **SECTION 9F.2.(f)** Reporting by Department. – By no later than December 1, 2020,
13 and by no later than December 1, 2021, the Department shall report to the Joint Legislative
14 Oversight Committee on Health and Human Services and the Fiscal Research Division on all of
15 the following:

- 16 (1) A uniform system for beds or bed days purchased during the preceding fiscal
17 year from (i) funds appropriated in this act that are designated for this purpose
18 in subsection (a) of this section, (ii) existing State appropriations, and (iii)
19 local funds.
- 20 (2) An explanation of the process used by the Department to ensure that, except
21 as otherwise provided in subsection (a) of this section, local inpatient
22 psychiatric beds or bed days purchased in accordance with this section are
23 utilized solely for individuals who are medically indigent, along with the
24 number of medically indigent individuals served by the purchase of these beds
25 or bed days.
- 26 (3) The amount of funds used to pay for facility-based crisis services, along with
27 the number of individuals who received these services and the outcomes for
28 each individual.
- 29 (4) The amount of funds used to pay for nonhospital detoxification services, along
30 with the number of individuals who received these services and the outcomes
31 for each individual.
- 32 (5) Other Department initiatives funded by State appropriations to reduce State
33 psychiatric hospital use.

34 **TRAUMATIC BRAIN INJURY FUNDING**

35 **SECTION 9F.3.** Of the funds appropriated in this act to the Department of Health
36 and Human Services, Division of Mental Health, Developmental Disabilities, and Substance
37 Abuse Services, for traumatic brain injury (TBI) services, the sum of two million three hundred
38 seventy-three thousand eighty-six dollars (\$2,373,086) in recurring funds for the 2019-2020
39 fiscal year and the sum of two million three hundred seventy-three thousand eighty-six dollars
40 (\$2,373,086) in recurring funds for the 2020-2021 fiscal year shall be used exclusively to support
41 TBI services as follows:

- 42 (1) The sum of three hundred fifty-nine thousand two hundred eighteen dollars
43 (\$359,218) shall be used to fund contracts with the Brain Injury Association
44 of North Carolina, Carolinas Rehabilitation, or appropriate service providers
45 to assist families in accessing the continuum of care and to provide
46 educational programs on brain injury prevention, intervention, and care.
- 47 (2) The sum of two million thirteen thousand eight hundred sixty-eight dollars
48 (\$2,013,868) shall be used to (i) support residential programs across the State
49 that are specifically designed to serve individuals with TBI and (ii) support
50 requests submitted by individual consumers for assistance with services such
51

1 as, but not limited to, residential supports, home modifications, transportation,
2 and other requests deemed necessary by the consumer's local management
3 entity/managed care organization.
4

5 **DOROTHEA DIX HOSPITAL PROPERTY FUNDS**

6 **SECTION 9F.4.** Any funds allocated to the Department of Health and Human
7 Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services,
8 from the Dorothea Dix Hospital Property Fund established under G.S. 143C-9-2(b1), pursuant to
9 Section 12F.4 of S.L. 2016-94 and Section 11F.5 of S.L. 2017-57, as amended, that are not
10 expended or encumbered as of June 30, 2020, shall remain in the Dorothea Dix Hospital Property
11 Fund.
12

13 **FUNDS FOR NEW BROUGHTON HOSPITAL**

14 **SECTION 9F.5.** Of the funds appropriated in this act to the Department of Health
15 and Human Services, Division of Mental Health, Developmental Disabilities, and Substance
16 Abuse Services, for the new Broughton Hospital for the 2020-2021 fiscal year, the sum of up to
17 eight million seven hundred sixty-nine thousand six hundred fifty-five dollars (\$8,769,655) in
18 recurring funds shall be used only for the following purposes: (i) the creation of no more than 60
19 full-time equivalent positions assigned to the new Broughton Hospital, (ii) costs directly related
20 to planning for and transitioning patients from the old Broughton Hospital to the new Broughton
21 Hospital, and (iii) operational costs for new beds at the new Broughton Hospital.
22

23 **SUPPLEMENTAL SHORT-TERM ASSISTANCE FOR GROUP HOMES**

24 **SECTION 9F.6.(a)** As used in this section, "group home" means any facility that (i)
25 is licensed under Chapter 122C of the General Statutes, (ii) meets the definition of a supervised
26 living facility under 10A NCAC 27G .5601(c)(1) or 10A NCAC 27G .5601(c)(3), and (iii) serves
27 adults whose primary diagnosis is mental illness or a developmental disability but may also have
28 other diagnoses.

29 **SECTION 9F.6.(b)** Of the funds appropriated to the Department of Health and
30 Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse
31 Services, the sum of eight million dollars (\$8,000,000) in nonrecurring funds for the 2019-2020
32 fiscal year shall be used to provide temporary, short-term financial assistance in the form of a
33 monthly payment to group homes on behalf of each resident who meets all of the following
34 criteria:

- 35 (1) Was eligible for Medicaid-covered personal care services (PCS) prior to
36 January 1, 2013, but was determined to be ineligible for PCS on or after
37 January 1, 2013, due to Medicaid State Plan changes in PCS eligibility criteria
38 specified in Section 10.9F of S.L. 2012-142, as amended by Section 3.7 of
39 S.L. 2012-145 and Section 70 of S.L. 2012-194.
- 40 (2) Has continuously resided in a group home since December 31, 2012.

41 **SECTION 9F.6.(c)** These monthly payments shall be subject to all of the following
42 requirements and limitations:

- 43 (1) The amount of the monthly payments authorized by this section shall not
44 exceed four hundred sixty-four dollars and thirty cents (\$464.30) per month
45 for each resident who meets all criteria specified in subsection (b) of this
46 section.
- 47 (2) A group home that receives the monthly payments authorized by this section
48 shall not, under any circumstances, use these payments for any purpose other
49 than providing, as necessary, supervision and medication management for a
50 resident who meets all criteria specified in subsection (b) of this section.

- 1 (3) The Department shall make monthly payments authorized by this section to a
2 group home on behalf of each resident who meets all criteria specified in
3 subsection (b) of this section only for the period commencing July 1, 2019,
4 and ending June 30, 2020, or upon depletion of the eight million dollars
5 (\$8,000,000) in nonrecurring funds appropriated in this act to the Division of
6 Mental Health, Developmental Disabilities, and Substance Abuse Services,
7 for supplemental short-term assistance for group homes, for the 2019-2020
8 fiscal year for the purpose of this section, whichever is earlier.
- 9 (4) The Department shall make monthly payments authorized by this section only
10 to the extent sufficient funds are available from the eight million dollars
11 (\$8,000,000) in nonrecurring funds appropriated in this act to the Division of
12 Mental Health, Developmental Disabilities, and Substance Abuse Services,
13 for supplemental short-term assistance for group homes, for the 2019-2020
14 fiscal year for the purpose of this section.
- 15 (5) The Department shall not make monthly payments authorized by this section
16 to a group home on behalf of a resident during the pendency of an appeal by
17 or on behalf of the resident under G.S. 108A-70.9A.
- 18 (6) The Department shall terminate all monthly payments pursuant to this section
19 on June 30, 2020, or upon depletion of the eight million dollars (\$8,000,000)
20 in nonrecurring funds appropriated in this act to the Division of Mental Health,
21 Developmental Disabilities, and Substance Abuse Services, for supplemental
22 short-term assistance for group homes, for the 2019-2020 fiscal year for the
23 purpose of this section, whichever is earlier.
- 24 (7) Each group home that receives the monthly payments authorized by this
25 section shall submit to the Department a list of all funding sources for the
26 operational costs of the group home for the preceding two years, in accordance
27 with the schedule and format prescribed by the Department.

28 **SECTION 9F.6.(d)** The Department shall use an existing mechanism to administer
29 these funds in the least restrictive manner that ensures compliance with this section and timely
30 and accurate payments to group homes. The Department shall not, under any circumstances, use
31 any portion of the eight million dollars (\$8,000,000) in nonrecurring funds appropriated in this
32 act to the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services,
33 for supplemental short-term assistance for group homes, for the 2019-2020 fiscal year for any
34 other purpose than the purpose specified in this section.

35 **SECTION 9F.6.(e)** Nothing in this section shall be construed as an obligation by the
36 General Assembly to appropriate funds for the purpose of this section, or as an entitlement by
37 any group home, resident of a group home, or other person to receive temporary, short-term
38 financial assistance under this section.

39 **SECTION 9F.6.(f)** The funds allocated to the Department of Health and Human
40 Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services,
41 in this section shall not revert at the end of the 2019-2020 fiscal year but shall be available to be
42 used for the Group Home Stabilization and Transition Initiative established in Section 9F.7 of
43 this act.

44 **GROUP HOME STABILIZATION AND TRANSITION INITIATIVE**

45 **SECTION 9F.7.(a)** This section shall be known as the "Group Home Stabilization
46 and Transition Initiative."

47 **SECTION 9F.7.(b)** Of the funds appropriated to the Department of Health and
48 Human Services, Division of Mental Health, Developmental Disabilities, and Substances Abuse
49 Services, the sum of twenty-three million dollars (\$23,000,000) in nonrecurring funds for the
50 2020-2021 fiscal year for the following purposes only:
51

- 1 (1) Incentivizing local management entities/managed care organizations
2 (LME/MCOs) to develop and implement new "in-lieu-of" services, or other
3 Medicaid-funded services, to support the residential needs of Medicaid
4 recipients living in licensed, community-based group homes.
- 5 (2) Establishing new rate models and rate methodologies to replace the currently
6 inadequate and insufficient State-funded rates supporting residents of
7 licensed, community-based group homes. DHHS shall identify any vacant
8 beds and eligible individuals to fill those beds under the new rate models and
9 rate methodologies and assist with the orderly transition of the eligible
10 individuals into the vacant beds.
- 11 (3) Increasing the existing per member per month payments to LME/MCOs for
12 the 2020-2021 fiscal year to quickly enable and facilitate the transition to a
13 more appropriate and sustainable service-funding model for licensed,
14 community-based group homes by January 1, 2021. Funds expended under
15 this subdivision shall be allocated in per-person amounts, to be determined by
16 DHHS, to individuals with intellectual or other developmental disabilities
17 who received State funding prior to January 1, 2021, and who reside in
18 licensed, community-based group homes for eligible individuals with
19 intellectual and other developmental disabilities.
- 20 (4) Continuing the existing rate structure at the per-person amounts for the
21 2019-2020 fiscal year to offset the loss of bridge funds and maintain the
22 current financial conditions of licensed, community-based group homes that
23 serve adults whose primary diagnosis is mental illness or an intellectual or
24 developmental disability.

25 Residents of group homes who are supported by the North Carolina Innovations
26 Waiver are not eligible to receive any funding under this subsection.

27 **SECTION 9F.7.(c)** DHHS shall develop a more appropriate and sustainable service
28 model for residents of licensed, community-based group homes. In developing this service
29 model, DHHS shall do all of the following:

- 30 (1) In cooperation with stakeholders and LME/MCOs, develop actuarially sound,
31 needs-based rate model and rate methodologies for new "in-lieu-of" services,
32 or other Medicaid-funded services, that will be specific to the residential
33 support services needed in group homes serving Medicaid recipients with
34 intellectual or other developmental disabilities and to residential support
35 services needed in group homes serving Medicaid recipients with a primary
36 diagnosis of mental illness. The rate methodologies shall be comparable to, or
37 a percentage of, existing rates for similar services currently provided through
38 the North Carolina Innovations Waiver. The new rate structures shall include
39 wage and hour increases for direct support personnel working in these group
40 homes.
- 41 (2) In cooperation with stakeholders and LME/MCOs, develop new model
42 service definitions specific to the residential support services needed by
43 Medicaid recipients with mental health needs living in licensed,
44 community-based group homes. The new service definitions shall require the
45 delivery of new habilitation or rehabilitation support services in the residential
46 setting.
- 47 (3) Develop a process whereby all, or a portion of, the State funds used to support
48 Medicaid recipients with mental illness or intellectual or other developmental
49 disabilities living in licensed, community-based group homes prior to the
50 implementation of the new rate structure are used for the new "in-lieu-of"
51 services or other Medicaid services developed pursuant to this subsection. The

1 policy shall ensure an orderly home-by-home transition process. The policy
2 shall ensure that residents who are found to be ineligible for Medicaid services
3 or who do not meet medical necessity criteria for the new "in-lieu-of" services,
4 or other Medicaid-funded services, shall continue to be served using State
5 funds at a needs-based rate comparable to the North Carolina Innovations
6 Waiver rate. No resident shall be displaced as a result of being found ineligible
7 for Medicaid services after the implementation of the new "in-lieu-of"
8 services or other Medicaid-funded services. DHHS may use a regional
9 phased-in approach to achieve the goals set forth in this subdivision.

- 10 (4) Include a plan to direct LME/MCOs to (i) implement "in-lieu-of" services or
11 other Medicaid-funded services for all eligible residents with mental illness or
12 intellectual or other developmental disabilities living in licensed,
13 community-based group homes receiving State funds and (ii) transition
14 eligible residents to these more sustainable and appropriate Medicaid services.
- 15 (5) No later than November 1, 2020, report to the Joint Legislative Oversight
16 Committee on Health and Human Services and the Joint Legislative Oversight
17 Committee on Medicaid and NC Health Choice on the service model for
18 residents of licensed, community-based group homes that has been developed.
19 The model shall be implemented by January 1, 2021. Once the model is
20 implemented, the State funds that were used to support residents of licensed,
21 community-based group homes prior to implementation shall be reinvested in
22 their entirety in both the new funding model and increased rates to support
23 and equalize wages of direct support personnel serving the residents. The
24 reinvested State funds match plus the federal funds portion of the new services
25 shall be annualized and become a part of the prepaid health plan per member
26 per month amount.

27 **SECTION 9F.7.(d)** The more appropriate and sustainable service model for
28 residents of licensed, community-based group homes developed in accordance with subsection
29 (c) of this section shall be implemented by January 1, 2021. Once the model is implemented, the
30 State funds that were used to support residents of licensed, community-based group homes prior
31 to implementation shall be reinvested in their entirety in both the new funding model and
32 increased rates to support and equalize wages of direct support personnel serving the residents.
33 The reinvested State funds match plus the federal funds portion of the new services shall be
34 annualized and become a part of the prepaid health plan per member per month amount.

35
36 **REPORT ON USE OF FUNDS TO PURCHASE INPATIENT ALCOHOL AND**
37 **SUBSTANCE USE DISORDER TREATMENT SERVICES**

38 **SECTION 9F.8.** The Department of Health and Human Services, Division of Mental
39 Health, Developmental Disabilities, and Substance Abuse Services, shall report annually,
40 beginning September 1, 2019, and ending on September 1, 2026, on the implementation of the
41 use of funds to purchase inpatient alcohol and substance use disorder treatment services required
42 by Section 12F.12 of S.L. 2015-241, as amended by Section 11F.4 of S.L. 2017-57. The report
43 shall be submitted to the Joint Legislative Oversight Committee on Health and Human Services
44 and the Fiscal Research Division with the following information for the prior fiscal year and the
45 two preceding fiscal years, for each Alcohol and Drug Abuse Treatment Center (ADATC):

- 46 (1) The number of beds in operation.
47 (2) The number of bed days.
48 (3) The total amount of receipts, the amount of those receipts that were received
49 from local management entities/managed care organizations, and the amount
50 of those receipts that were received from all other sources.

- 1 (4) Cost of operation of the ADATC, with personnel and staffing costs reported
2 separately from all other costs.
3 (5) The ADATC's profit or loss.
4

5 FUNDS FOR OVERDOSE MEDICATIONS

6 **SECTION 9F.9.** Of the funds appropriated in this act to the Department of Health
7 and Human Services, Division of Mental Health, Developmental Disabilities, and Substance
8 Abuse Services, the sum of one hundred thousand dollars (\$100,000) in recurring funds for each
9 fiscal year of the 2019-2021 fiscal biennium shall be used to purchase opioid antagonists, as
10 defined in G.S. 90-12.7, to reverse opioid-related drug overdoses as follows:

- 11 (1) Seventy-five thousand dollars (\$75,000) in recurring funds for each year of
12 the 2019-2021 fiscal biennium shall be used to purchase opioid antagonists to
13 be distributed at no charge to the North Carolina Harm Reduction Coalition
14 to serve individuals at risk of experiencing an opioid-related drug overdose or
15 to the friends and family members of an at-risk individual.
16 (2) Twenty-five thousand dollars (\$25,000) in recurring funds for each year of the
17 2019-2021 fiscal biennium shall be used to purchase opioid antagonists to be
18 distributed at no charge to North Carolina law enforcement agencies.
19

20 FUNDS FOR VAYA HEALTH TO EXPAND FACILITY-BASED CRISIS SERVICES

21 **SECTION 9F.10.(a)** Funds appropriated in S.L. 2018-5 to the Department of Health
22 and Human Services, Division of Mental Health, Developmental Disabilities, and Substance
23 Abuse Services, to be allocated to Vaya Health (Vaya) as a grant-in-aid for the construction of a
24 facility-based crisis center in Wilkes County, shall not revert, but shall be expended or
25 encumbered by December 31, 2019. Vaya shall not use these funds for any purpose other than
26 the purpose stated in Section 11F.5 of S.L. 2018-5.

27 **SECTION 9F.10.(b)** This section becomes effective June 30, 2019, and applies to
28 funds not obligated on that date.
29

30 FUNDS FOR EVIDENCE-BASED SUPPORTED EMPLOYMENT SERVICES FOR 31 INDIVIDUALS WITH SERIOUS MENTAL ILLNESS, INTELLECTUAL 32 DISABILITIES, OR DEVELOPMENTAL DISABILITIES

33 **SECTION 9F.11.** Of the funds appropriated in this act to the Department of Health
34 and Human Services, Division of Mental Health, Developmental Disabilities, and Substance
35 Abuse Services, the sum of one hundred twenty-five thousand dollars (\$125,000) in recurring
36 funds for each year of the 2019-2021 fiscal biennium shall be allocated as a grant to the North
37 Carolina Association of People Supporting Employment First (NC APSE) to develop and
38 implement training programs for the Department, including online training modules, on the
39 provision of evidence-based supported employment services for individuals in targeted
40 populations, in order to assist these individuals with preparation for, identification of, and
41 maintenance of integrated, paid, competitive employment. The Department shall make these
42 training programs available throughout the State to (i) employers that have hired or are willing
43 to hire individuals in targeted populations, (ii) service providers of local management
44 entities/managed care organizations, and (iii) any other entity the Department determines will
45 benefit from receiving this training in order to achieve improved employment outcomes for
46 individuals in targeted populations. As used in this section, "individuals in targeted populations"
47 means individuals with serious mental illness who are in or at risk of entry to an adult care home
48 and individuals with intellectual disabilities, developmental disabilities, or both.
49

50 YOUTH TOBACCO ENFORCEMENT FUNDING

1 **SECTION 9F.12.** 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 three hundred thousand dollars (\$300,000) in recurring funds for each
4 year of the 2019-2021 fiscal biennium shall be transferred to the Alcohol Law Enforcement
5 Branch. The Alcohol Law Enforcement Branch shall allocate these funds for the performance of
6 statewide compliance checks to enforce the State's youth tobacco access law (G.S. 14-313).
7

8 **STUDY ESTABLISHMENT OF A REGIONAL BEHAVIORAL HEALTH CENTER**

9 **SECTION 9F.13.(a)** Of the funds appropriated to the Department of Health and
10 Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse
11 Services, the sum of one hundred eighty thousand dollars (\$180,000) in nonrecurring funds for
12 the 2019-2020 fiscal year, shall be used to conduct, through Partners Behavioral Health
13 Management, a feasibility study for the establishment of a behavioral health crisis center located
14 in Burke County to serve a broader region, to be determined by the findings of the feasibility
15 study. The study shall, at a minimum, include all of the following:

- 16 (1) A description of all programs and services to be provided at the facility.
- 17 (2) The facility's service area and the demand for service in that area.
- 18 (3) Current provider capacity to meet the demand for service in that area.
- 19 (4) A recommended location for the facility, including the cost to rent, purchase,
20 or construct a facility at the recommended location, along with the cost of any
21 land, buildings, land improvements, or building improvements.
- 22 (5) Start-up costs for the facility and programs offered at the facility, including
23 any necessary training.
- 24 (6) Annual cost to operate the facility, including staff, training, supplies, food,
25 housekeeping, security, maintenance, administration, medications, and
26 information technology.
- 27 (7) Cost to rent or purchase equipment for the facility.
- 28 (8) Anticipated sources of public and private payment for services provided at the
29 facility, including private insurance, Medicaid, State appropriations, patient
30 payments, and other payment sources.
- 31 (9) The estimated amount of recurring and nonrecurring State appropriations
32 necessary to start and sustain the facility.
- 33 (10) Any referral agreements necessary to ensure continuity of patient care.
- 34 (11) An implementation time line.

35 **SECTION 9F.13.(b)** By February 10, 2020, the Department of Health and Human
36 Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services,
37 and Partners Behavioral Health Management shall jointly submit a written report of the findings
38 of the feasibility study authorized by subsection (a) of this section to the Joint Legislative
39 Oversight Committee on Health and Human Services.
40

41 **ESTABLISH A WORKGROUP TO REDUCE ADMINISTRATIVE DUPLICATION** 42 **FOR MENTAL HEALTH, DEVELOPMENTAL DISABILITIES, AND SUBSTANCE** 43 **USE DISORDER PROVIDERS**

44 **SECTION 9F.14.(a)** The Secretary of the Department of Health and Human
45 Services shall establish a workgroup to examine current administrative requirements for mental
46 health, intellectual/developmental disability, and substance use disorder providers and how best
47 to integrate these requirements with similar administrative requirements for physical health
48 providers in order to avoid duplication and enhance efficiency. The workgroup shall consist of
49 representatives from the Division of Mental Health, Developmental Disabilities, and Substance
50 Abuse Services, the Division of Health Benefits, the Division of Health Service Regulation, local
51 management entity/managed care organizations, providers, and stakeholders. The examination

1 shall include a review of at least all of the following categories of requirements imposed on
2 mental health, intellectual/developmental disability, and substance use disorder providers and
3 physical health providers:

- 4 (1) Training.
- 5 (2) Service delivery.
- 6 (3) Documentation.
- 7 (4) Claims processing.
- 8 (5) Reporting.
- 9 (6) Monitoring.
- 10 (7) Oversight.
- 11 (8) Facility licensure.
- 12 (9) Medicaid enrollment.
- 13 (10) Credentialing.
- 14 (11) Accreditation.
- 15 (12) Contracts.
- 16 (13) Investigations.
- 17 (14) Audits.

18 **SECTION 9F.14.(b)** In conducting the examination required under subsection (a)
19 of this section, the workgroup shall identify the federal or State entity that created each
20 requirement examined by the workgroup to include State legislation, statutes, contractual
21 requirements, federal Medicaid and managed care law, and provide a recommendation about
22 whether that requirement should remain, be eliminated, or be redesigned. The workgroup shall
23 consider any requirement imposed on mental health, intellectual/developmental disability, and
24 substance use disorder providers that:

- 25 (1) Is not federally mandated.
- 26 (2) Exceeds what is required for physical health.
- 27 (3) Does not add value to the delivery of behavioral health services.
- 28 (4) Is unable to be incorporated into standard electronic health records or does not
29 align with meaningful use of electronic health records.

30 **SECTION 9F.14.(c)** By March 31, 2020, the Department of Health and Human
31 Services shall report the findings and recommendations of the workgroup to the Joint Legislative
32 Oversight Committee on Health and Human Services, the Joint Legislative Oversight Committee
33 on Medicaid and NC Health Choice, and the Fiscal Research Division.

34 **PEER WELLNESS CENTER PILOT PROGRAM**

35 **SECTION 9F.15.(a)** Of the funds appropriated to the Department of Health and
36 Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse
37 Services (Division), the sum of five hundred thousand dollars (\$500,000) for each year of the
38 2019-2021 fiscal biennium allocated in Section 9K.1 of this act in Mental Health Block Grant
39 funds for Mental Health Services – Adult/Child may be used to fund a two-year Peer Wellness
40 Center pilot program. The Peer Wellness Center pilot program shall consist of two Peer Wellness
41 Centers, one of which is located in a rural community, and one of which is located in an urban
42 community. The Peer Wellness Centers shall serve individuals with severe mental illness,
43 irrespective of the funding sources available to the individual. The Peer Wellness Centers shall
44 (i) provide a social and educational setting that functions as a mutual-support, self-help, and
45 health-promotion environment, (ii) reduce the need to crisis services and hospitalizations, and
46 (iii) offer social connections to improve transitional outcomes. The Peer Wellness Centers shall
47 also do all of the following:

- 48 (1) Offer services and supports that enhance mental health recovery, reduce the
49 need for hospitalization, and that are not covered by Medicaid.

1 (2) Be owned, operated, and staffed by peer facilitators who are North Carolina
2 Certified Peer Support Specialists and are trained to facilitate wellness
3 programming in support of mental health recovery and to promote community
4 integration for the individuals served.

5 (3) Receive referrals of individuals from advocacy resources, mental health
6 service providers, hospitals, and other community entities.

7 **SECTION 9F.15.(b)** The Division shall accept competitive grant proposals for the
8 pilot Peer Wellness Centers for a period of 180 days after this section becomes effective. Grant
9 proposals shall describe how the proposal will meet all of the following goals and objectives for
10 individuals served through the Peer Wellness Center:

11 (1) Improve physical and mental wellness.

12 (2) Reduce the rate of hospitalizations.

13 (3) Reduce the use of crisis services.

14 (4) Increase the rate of successful adaptation to community living for individuals
15 participating in the Division's Transitions to Community Living Initiative.

16 **SECTION 9F.15.(c)** The grantees selected by the Division to be the pilot Peer
17 Wellness Centers shall collect data on all of the following:

18 (1) Outcomes for individuals served by the Peer Wellness Center, measured
19 utilizing the eight dimensions of wellness model, which is an integrated health
20 care framework defined through research and endorsed by the Substance
21 Abuse and Mental Health Services Administration.

22 (2) The use of hospitals and crisis support measures by individuals while being
23 served by the Peer Wellness Center.

24 (3) The number of episodes of urgent support needed by individuals while being
25 served by the Peer Wellness Center.

26 (4) The number of individuals served by the Peer Wellness Center who were also
27 participating in the Transitions to Community Living Initiative.

28 **SECTION 9F.15.(d)** Upon completion of the Peer Wellness Center pilot program,
29 each grantee shall report to the Division the data collected under subsection (c) of this section.
30 Within six months after receiving the reports from the grantees, and upon review of those reports,
31 the Division shall submit a report to the Joint Legislative Oversight Committee on Health and
32 Human Services with recommendations regarding (i) the effectiveness and functionality of the
33 pilot Peer Wellness Centers and (ii) whether to expand the Peer Wellness Center pilot program
34 statewide.

35 36 **PART IX-G. PUBLIC HEALTH**

37 38 **LOCAL HEALTH DEPARTMENTS/COMPETITIVE GRANT PROCESS TO** 39 **IMPROVE MATERNAL AND CHILD HEALTH**

40 **SECTION 9G.1.(a)** Funds appropriated in this act to the Department of Health and
41 Human Services, Division of Public Health, for each year of the 2019-2021 fiscal biennium to
42 award competitive grants to local health departments for the improvement of maternal and child
43 health shall be used to continue administering a competitive grant process for local health
44 departments based on maternal and infant health indicators and the county's detailed proposal to
45 invest in evidence-based programs to achieve the following goals:

46 (1) Improve North Carolina's birth outcomes.

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

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

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

- 1 (1) A request for application (RFA) process to allow local health departments to
2 apply for and receive State funds on a competitive basis. The Department shall
3 require local health departments to include in the application a plan to evaluate
4 the effectiveness, including measurable impact or outcomes, of the activities,
5 services, and programs for which the funds are being requested.
- 6 (2) A requirement that the Secretary prioritize grant awards to those local health
7 departments that are able to leverage non-State funds in addition to the grant
8 award.
- 9 (3) Ensures that funds received by the Department to implement the plan
10 supplement and do not supplant existing funds for maternal and child health
11 initiatives.
- 12 (4) Allows grants to be awarded to local health departments for up to two years.

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

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

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

- 29 (1) A description of the types of programs, services, and activities funded by State
30 appropriations.
- 31 (2) Statistical and demographical information on the number of persons served by
32 these programs, services, and activities, including the counties in which
33 services are provided.
- 34 (3) Outcome measures that demonstrate the impact and effectiveness of the
35 programs, services, and activities based on the evaluation protocols developed
36 by the Division, in collaboration with the University of North Carolina
37 Gillings School of Global Public Health, pursuant to Section 12E.11(e) of S.L.
38 2015-241, and reported to the Joint Legislative Oversight Committee on
39 Health and Human Services on April 1, 2016.
- 40 (4) A detailed program budget and list of expenditures, including all positions
41 funded, matching expenditures, and funding sources.

42
43 **INCREASED FUNDS FOR LOCAL COMMUNICABLE DISEASE SURVEILLANCE,
44 DETECTION, CONTROL, AND PREVENTION**

45 **SECTION 9G.2.** Of the funds appropriated in this act to the Department of Health
46 and Human Services, Division of Public Health, the sum of four million dollars (\$4,000,000) in
47 recurring funds for the 2019-2020 fiscal year and the sum of four million dollars (\$4,000,000) in
48 recurring funds for the 2020-2021 fiscal year, shall be allocated to local health departments to
49 expand local infrastructure for activities associated with the surveillance, detection, control, and
50 prevention of communicable diseases. In distributing these funds to local health departments
51 pursuant to this section, for each year of the 2019-2021 fiscal biennium, and for each fiscal year

1 thereafter, the Division of Public Health shall (i) allocate to each local health department twenty
2 thousand dollars (\$20,000) for each county it serves and (ii) allocate the remaining two million
3 dollars (\$2,000,000) to local health departments based upon the percentage of the State
4 population served by each of the local health departments. Local health departments shall use all
5 funds allocated under this section to supplement and not supplant existing funds for the
6 surveillance, detection, control, and prevention of communicable diseases.

7 8 **LIMITATION ON USE OF STATE FUNDS**

9 **SECTION 9G.3.** The limitation on the use of State funds as stated in Section 12E.13
10 of S.L. 2015-241 shall apply to funds appropriated in this act to the Department of Health and
11 Human Services for each fiscal year of the 2019-2021 fiscal biennium.

12 13 **REPORT ON PREMIUM ASSISTANCE PROGRAM WITHIN AIDS DRUG** 14 **ASSISTANCE PROGRAM**

15 **SECTION 9G.4.** Upon a determination by the Department of Health and Human
16 Services, Division of Public Health, that, in six months or less, it will no longer be feasible to
17 operate the health insurance premium assistance program implemented within the North Carolina
18 AIDS Drug Assistance Program (ADAP) on a cost-neutral basis or in a manner that achieves
19 savings to the State, the Department shall submit a report to the Joint Legislative Oversight
20 Committee on Health and Human Services notifying the Committee of this determination along
21 with supporting documentation and a proposed course of action with respect to health insurance
22 premium assistance program participants.

23 24 **CAROLINA PREGNANCY CARE FELLOWSHIP FUNDS**

25 **SECTION 9G.5.** Of the funds appropriated in this act to the Department of Health
26 and Human Services, Division of Public Health, for the 2019-2021 fiscal biennium, for Carolina
27 Pregnancy Care Fellowship, a nonprofit corporation, no more than fifteen percent (15%) of the
28 funds allocated for the 2019-2020 fiscal year and for the 2020-2021 fiscal year shall be used for
29 administrative purposes. The balance of these funds shall be used for direct services.

30 31 **CAROLINA PREGNANCY CARE FELLOWSHIP CARRYFORWARD FOR** 32 **DURABLE MEDICAL EQUIPMENT AND TRAINING**

33 **SECTION 9G.6.(a)** Funds appropriated to the Department of Health and Human
34 Services, Division of Public Health, for the 2018-2019 fiscal year, for allocation to Carolina
35 Pregnancy Care Fellowship, a nonprofit corporation, shall not revert on June 30, 2019, but shall
36 remain available until the end of the 2019-2021 fiscal biennium. Carolina Pregnancy Care
37 Fellowship shall use these funds to provide grants to clinics that apply to the Carolina Pregnancy
38 Care Fellowship for durable medical equipment, training, or a combination of both, without any
39 limitation on how much of the funds carried forward may be expended for durable medical
40 equipment or training. Carolina Pregnancy Care Fellowship shall not use more than ten percent
41 (10%) of the funds carried forward from the 2018-2019 fiscal year for administrative purposes.

42 **SECTION 9G.6.(b)** This section becomes effective June 30, 2019.

43 44 **STATEWIDE EXPANSION OF THE CONTINUUM OF CARE PILOT PROGRAM**

45 **SECTION 9G.7.(a)** Of the funds appropriated in this act to the Department of Health
46 and Human Services, Division of Public Health, the sum of one million two hundred thousand
47 dollars (\$1,200,000) in nonrecurring funds for the 2019-2020 fiscal year and the sum of one
48 million two hundred thousand dollars (\$1,200,000) in nonrecurring funds for the 2020-2021
49 fiscal year shall be allocated to the Human Coalition, a nonprofit organization, to extend and
50 expand the pilot program authorized by Section 11E.13(b) of S.L. 2017-57, as provided in

1 subsection (b) of this section. These funds shall be used for nonreligious, nonsectarian purposes
2 only.

3 **SECTION 9G.7.(b)** The Human Coalition shall use funds allocated pursuant to
4 subsection (a) of this section to expand the continuum of care pilot program authorized by Section
5 11E.13(b) of S.L. 2017-57 to a statewide program. The purpose of the statewide continuum of
6 care program is to (i) encourage healthy childbirth, (ii) support childbirth as an alternative to
7 abortion, (iii) promote family formation, (iv) assist in establishing successful parenting
8 techniques, and (v) increase the economic self-sufficiency of families. The statewide continuum
9 of care program shall consist of existing locations of the pilot program authorized by Section
10 11E.13(b) of S.L. 2017-57 and other locations around the State to be determined by the Human
11 Coalition. All providers rendering services under the statewide program for which they are
12 compensated with funds allocated pursuant to subsection (a) of this section shall be physically
13 located in the State of North Carolina. The statewide continuum of care program shall provide
14 direct services, supports, social services case management, and referrals to biological parents of
15 unborn children and biological or adoptive parents of children under the age of two, and shall
16 consist of at least all of the following components:

- 17 (1) Outreach to at-risk populations eligible for the program.
- 18 (2) The use of licensed nurses to perform the following functions:
 - 19 a. Assessment and evaluation of needs related to pregnancy or parenting.
 - 20 b. Provision of medically accurate, pregnancy-related medical
21 information to program participants.
- 22 (3) The use of licensed social workers, or other individuals of equivalent
23 experience, to perform the following functions:
 - 24 a. Development of a care plan, resources, and supports for program
25 participants to address identified needs.
 - 26 b. Referrals to appropriate local resources, including State and federal
27 benefits programs and local charitable organizations.
 - 28 c. Assistance in applying for State and federal benefits programs.
 - 29 d. Assistance in accomplishing elements of the care plan.

30 **SECTION 9G.7.(c)** In order to be eligible to receive services under the statewide
31 continuum of care program, an individual shall, at the time of initial contact with the program,
32 be (i) a resident of North Carolina and (ii) a biological parent of an unborn child or a biological
33 or adoptive parent of a child under the age of two. Participants of the pilot program authorized
34 under Section 11E.13(b) of S.L. 2017-57, who terminated a pregnancy prior to birth, are eligible
35 to continue to receive continuum of care program services for a period of six months from the
36 date of termination of pregnancy.

37 **SECTION 9G.7.(d)** The Human Coalition may use up to ten percent (10%) of the
38 funds allocated for each year of the 2019-2021 fiscal biennium for administrative purposes.

39 **SECTION 9G.7.(e)** By December 1, 2019, and every six months thereafter, the
40 Human Coalition shall report to the Department of Health and Human Services on the status and
41 operation of the continuum of care program authorized by subsection (b) of this section. The
42 report shall include at least all of the following:

- 43 (1) A detailed breakdown of expenditures for the program.
- 44 (2) The number of individuals served by the program, and for the individuals
45 served, the types of services provided to each.
- 46 (3) Any other information requested by the Department of Health and Human
47 Services as necessary for evaluating the success of the program.

48 **SECTION 9G.7.(f)** By April 1, 2020, the Department of Health and Human Services
49 shall report to the Joint Legislative Oversight Committee on Health and Human Services and the
50 Fiscal Research Division on the status and operation of the continuum of care program.

51 **SECTION 9G.7.(g)** Section 11E.13(f) of S.L. 2017-57 is repealed.

FIREARM SAFE STORAGE AWARENESS INITIATIVE

SECTION 9G.8.(a) Appropriation. – Of the funds appropriated in this act to the Department of Health and Human Services, Division of Public Health, the sum of ninety thousand dollars (\$90,000) in nonrecurring funds for the 2019-2020 fiscal year and the sum of seventy thousand (\$70,000) in nonrecurring funds for the 2020-2021 fiscal year shall be used to cover any costs associated with launching the firearm safe storage awareness initiative required by this section, including the purchase and distribution of gun locks.

SECTION 9G.8.(b) Firearm Safe Storage Awareness Initiative. – The Department of Health and Human Services (Department) shall launch a two-year statewide firearm safe storage awareness initiative to educate the public about the importance of the safe storage of firearms and to facilitate the distribution of gun locks. The initiative required under this section shall include the development of (i) the Internet Web site and toolkit required under subsection (c) of this section and (ii) the outreach process required under subsection (d) of this section.

SECTION 9G.8.(c) Development of Web Site and Toolkit. – The Department shall develop an Internet Web site to provide information to the public about (i) the importance of the safe storage of a firearm, especially with respect to access by children and youth; (ii) methods for safely storing a firearm; (iii) contact information for obtaining free gun locks, if available; (iv) information on State laws related to the safe storage of firearms; (v) links to Internet Web pages for various resources related to firearm safety such as resources addressing domestic violence, hunter education, and suicide prevention; and (vi) access to a toolkit of information that local communities may use to launch firearm safe storage initiatives at the local level. The toolkit shall provide materials and resources that may be tailored to a community's needs and used for launching local education and awareness campaigns, events, and local groups focused on firearm safe storage and the distribution of free or discounted gun locks. The Department shall develop the Internet Web site and toolkit required under this subsection by July 1, 2020.

SECTION 9G.8.(d) Development of State-Coordinated Outreach. – Upon development of the Internet Web site and toolkit required under subsection (c) of this section, the Department shall develop and implement an outreach process for (i) disseminating the Internet Web site information and toolkit to the public and to local communities and (ii) the provision of technical assistance to local communities on utilizing the toolkit to launch local initiatives.

SECTION 9G.8.(e) Use of Third-Party Entity. – The Department may contract with a third-party entity with relevant expertise related to public health and injury prevention to launch the firearm safe storage awareness initiative required by this section.

SECTION 9G.8.(f) Prohibition on Advocacy. – The firearm safe storage awareness initiative required by this section, and any State funds used to launch and maintain the initiative, shall not be used to advocate, promote, or lobby for the creation of new, or the revision of existing, laws regulating firearms. The firearm safe storage awareness initiative, and any State funds used to launch or maintain the initiative, shall only be used for the purposes set forth in this section and only to explain and promote existing laws regulating firearms and best practices for firearm storage and safety.

SECTION 9G.8.(g) Report. – By September 1, 2020, the Department of Health and Human Services shall submit a report to the Joint Legislative Oversight Committee on Health and Human Services detailing the Department's progress in meeting the requirement set forth in this section.

HUNTERSVILLE OCULAR MELANOMA STUDY

SECTION 9G.9.(a) Of the funds appropriated to the Department of Health and Human Services, Division of Public Health, the sum of fifty thousand dollars (\$50,000) in

1 nonrecurring funds for the 2019-2020 fiscal year shall be allocated as a grant to the Town of
2 Huntersville to study and abate the cause of frequent cases of ocular melanoma in the area.

3 **SECTION 9G.9.(b)** By July 1, 2019, the Town of Huntersville shall provide a report
4 to the Department of Environmental Quality and the Department of Health and Human Services
5 on the use of the funds from the 2017 grant and the budget plan for the funds allocated in this
6 section.

8 **STRENGTHEN CHILD FATALITY PREVENTION SYSTEM**

9 **SECTION 9G.10.(a)** Article 3 of Chapter 143B of the General Statutes is amended
10 by adding a new Part to read:

11 "Part 4C. State Office of Child Fatality Prevention.

12 **"§ 143B-150.25. Definitions.**

13 The following definitions apply in this Article:

- 14 (1) Child death review team. – The collective term for a multidisciplinary team
15 responsible for performing any type of child fatality review pursuant to this
16 Article, the Juvenile Code of Article 14 of Chapter 7B of the General Statutes,
17 or G.S. 143B-150.20.
- 18 (2) State Office. – The State Office of Child Fatality Prevention established under
19 this Article.
- 20 (3) Child Fatality Prevention System. – The statewide system comprised of the
21 following:
- 22 a. Child death review teams.
- 23 b. The North Carolina Child Fatality Task Force created in
24 G.S. 7B-1402.
- 25 c. State and local staff who support the work of the groups described in
26 sub-subdivisions a. and b.
- 27 d. Medical examiner child fatality staff.
- 28 (4) Medical examiner child fatality staff. – Staff within the Office of the Chief
29 Medical Examiner whose primary responsibilities involve addressing child
30 fatalities.

31 **"§ 143B-150.26. Establishment and purpose of State Office.**

32 (a) The State Office of Child Fatality Prevention is established within the Department of
33 Health and Human Services, Division of Public Health, to serve as the lead agency for child
34 fatality prevention in North Carolina. The purpose of the State Office is to oversee the
35 coordination of State-level support functions for the entire North Carolina Child Fatality
36 Prevention System in a way that maximizes efficiency and effectiveness and expands system
37 capacity. The Department shall determine the most appropriate placement for, and configuration
38 of, State Office staff within the Department, subject to the following limitation: medical examiner
39 child fatality staff shall continue to work under the direction of the Chief Medical Examiner and
40 address child fatalities within the jurisdiction of the medical examiner pursuant to
41 G.S. 130A-383, while working collaboratively with the State Office and child death review
42 teams.

43 **"§ 143B-150.27. Powers and duties.**

- 44 (1) To coordinate the work of the statewide Child Fatality Prevention System.
- 45 (2) To implement and manage a centralized data and information system capable
46 of gathering, analyzing, and reporting aggregate information from child death
47 review teams with appropriate protocols for sharing information and
48 protecting confidentiality.
- 49 (3) To create and implement tools, guidelines, resources, and training, and
50 provide technical assistance for child death review teams to enable the teams
51 to do the following:

- 1 a. Conduct effective reviews.
- 2 b. Make effective recommendations about child fatality prevention.
- 3 c. Gather, analyze, and appropriately report on case data and findings
- 4 while protecting confidentiality.
- 5 d. Facilitate the implementation of prevention strategies in their
- 6 communities.
- 7 (4) To convene and facilitate a multidisciplinary Fatality Review and Data Group
- 8 to advise the State Office with respect to the submission of information and
- 9 reports to the Child Fatality Task Force, child death review teams, and other
- 10 relevant organizations.
- 11 (5) To perform research, convene stakeholders and experts, and collaborate with
- 12 other organizations and individuals for the purpose of understanding the direct
- 13 and contributing causes of child deaths as well as evidence-driven strategies,
- 14 programs, and policies to prevent child deaths, abuse, and neglect in order to
- 15 inform the work of the Child Fatality Prevention System or as requested by
- 16 the Child Fatality Task Force.
- 17 (6) To educate State and local leaders, including the General Assembly, executive
- 18 department heads, as well as stakeholders, advocates, and the public about the
- 19 Child Fatality Prevention System and issues and prevention strategies
- 20 addressed by the system.
- 21 (7) To collaborate with State and local agencies, nonprofit organizations,
- 22 academia, advocacy organizations, and others to facilitate the implementation
- 23 of evidence-driven initiatives to prevent child abuse, neglect, and death, such
- 24 as education and awareness initiatives.
- 25 (8) To create and implement processes for evaluating the ability of the Child
- 26 Fatality Prevention System to achieve outcomes sought to be accomplished
- 27 by the system and to report to the Child Fatality Task Force on these
- 28 evaluations and on statewide functioning of the Child Fatality Prevention
- 29 System."

30 **SECTION 9G.10.(b)** Of the funds appropriated to the Department of Health and
31 Human Services, Division of Public Health, the sum of one hundred fifty thousand dollars
32 (\$150,000) in recurring funds for the 2019-2020 fiscal year and the sum of three hundred
33 thousand dollars (\$300,000) in recurring funds for the 2020-2021 fiscal year, shall be used to
34 establish and operate the State Office of Child Fatality Prevention (State Office) established
35 under Part 4C of Article 3 of Chapter 143B of the General Statutes, as enacted by this section.
36 The Department of Health and Human Services shall not use funds appropriated in this subsection
37 for any purpose other than the purpose specified in this subsection.

38 **SECTION 9G.10.(c)** Subsection (b) of this section becomes effective July 1, 2019.

39 **SECTION 9G.10.(d)** It is the intent of the General Assembly to restructure North
40 Carolina's Child Fatality Prevention System in order to eliminate the silos and redundancy that
41 exist within the current system, implement centralized coordination of the system, streamline the
42 system's State-level support functions, maximize the usefulness of data and information derived
43 from teams that review child fatalities, ensure that relevant and appropriate information and
44 recommendations from teams that review child fatalities reach appropriate local and State
45 leaders, and strengthen the system's effectiveness in preventing child abuse, neglect, and death.
46 To that end, by March 4, 2020, the Department of Health and Human Services, in consultation
47 with individuals knowledgeable about child fatality review and prevention, shall develop and
48 submit to the Joint Legislative Oversight Committee on Health and Human Services a detailed
49 written proposal for restructuring the statewide Child Fatality Prevention System. The
50 Department's plan shall, at a minimum, include recommendations for accomplishing all of the
51 following:

- 1 (1) Reducing the number and types of child death review teams by combining the
2 functions of the Local Child Fatality Prevention Team, Community Child
3 Protection Team, State Child Fatality Prevention Team, and State Child
4 Fatality Review Team into a single local team with different procedures and
5 required participants for different categories of child fatality reviews, with
6 attention given to the following:
- 7 a. A plan that allows a local team to choose whether to be a single-county
8 or multicounty team.
 - 9 b. An examination of the purpose, process, and function of child death
10 reviews related to abuse and neglect that are currently conducted by
11 the Child Fatality Review Team, State Child Fatality Prevention
12 Review Team, and Community Child Protection Teams, and a plan
13 that articulates the most appropriate purpose and functions for these
14 types of reviews, along with specialized procedures, team participants,
15 and State-level technical assistance necessary to fully address such
16 cases. This plan shall take into account the different methods of
17 information collection and sharing by these two teams as well as any
18 relevant federal laws, such as those related to State child abuse
19 prevention plans.
 - 20 c. Whether there is a need for specialized procedures and required
21 participants for certain categories of infant deaths or other categories
22 of deaths.
 - 23 d. Whether there are circumstances under which a State-level team
24 review of a child fatality would be occasionally, but not routinely,
25 necessary and if so, a description of those circumstances and a plan for
26 how the Fatality Review and Data Group should be structured to carry
27 out this function.
- 28 (2) Discontinuing the practices of using (i) Community Child Protection Teams
29 as citizen review panels to fulfill the requirements of the federal Child Abuse
30 Prevention and Treatment Act and (ii) child death review teams to review
31 active cases involving children and families involved with local departments
32 of social services child protective services. The Department's recommended
33 plan shall include a more effective framework for meeting federal
34 requirements for citizen review panels and for reviewing active cases
35 involving children and families involved with local departments of social
36 services child protective services.
- 37 (3) Reducing the volume of team fatality reviews by changing the types of deaths
38 requiring review based on specific categories of death most likely to yield
39 prevention opportunities, including deaths resulting from the following:
- 40 a. Undetermined causes.
 - 41 b. Unintentional injury.
 - 42 c. Violence.
 - 43 d. Motor vehicle incidents.
 - 44 e. Child abuse or neglect, suspected child abuse or neglect, or cases
45 involving children and families involved with local departments of
46 social services child protective services within the 12-month period
47 preceding the fatality.
 - 48 f. Sudden unexpected infant death.
 - 49 g. Suicide.
 - 50 h. Deaths not expected in the next six months.

- 1 i. Infant deaths that meet criteria determined by the Department, in
- 2 consultation with child fatality review and prevention experts and
- 3 perinatal health experts, in order to optimize the identification of
- 4 prevention opportunities.
- 5 j. Any other category of death determined by the Department for which
- 6 team review would be likely to yield prevention opportunities.
- 7 (4) Implementing a centralized electronic data and information system for data
- 8 and information managed by the State Office that includes all of the following:
- 9 a. Participation in the National Child Death Review Case Reporting
- 10 System.
- 11 b. Creation, implementation, and support for procedures and tools
- 12 addressing data and reporting for child death review teams.
- 13 c. Development and implementation of policies and procedures for
- 14 appropriate sharing and protection of information and data with
- 15 respect to information used by or generated from child fatality reviews.
- 16 d. An evaluation of existing laws, rules, and policies addressing
- 17 information protection and sharing as it relates to child death reviews
- 18 in order to make recommendations concerning any changes needed to
- 19 support the effective functioning of the restructured statewide Child
- 20 Fatality Prevention System.
- 21 (5) Creating a multi-sector, multidisciplinary Fatality Review and Data Group to
- 22 be convened and facilitated by the State Office for the purpose of periodically
- 23 reviewing aggregate data and recommendations from child death review
- 24 teams and child death data from the Office of the Chief Medical Examiner in
- 25 order to advise State Office staff on relevant, appropriate information and
- 26 reports that should be submitted to the Child Fatality Task Force, distributed
- 27 among child death review teams, submitted directly to relevant organizations,
- 28 or a combination of these.

29 **SECTION 9G.10.(e)** By December 1, 2019, the Department of Health and Human
 30 Services shall execute any contractual agreements and interagency data sharing agreements
 31 necessary for participation by child death review teams in the National Child Death Review Case
 32 Reporting System. Once the necessary agreements are in place and appropriate policies and
 33 protocols addressing utilization of this System have been adopted, local Child Fatality Prevention
 34 Teams shall utilize the National Child Death Review Case Reporting System.

35 **SECTION 9G.10.(f)** Subsection (e) of this section is effective when it becomes law.

36 **SECTION 9G.10.(g)** Article 14 of Chapter 7B of the General Statutes reads as
 37 rewritten:

38 "Article 14.

39 "North Carolina Child Fatality Prevention System.

40 **"§ 7B-1400. Declaration of public policy.**

41 The General Assembly finds that it is the public policy of this State to prevent the abuse,
 42 neglect, and death of juveniles. The General Assembly further finds that the prevention of the
 43 abuse, neglect, and death of juveniles is a community responsibility; that professionals from
 44 disparate disciplines have responsibilities for children or juveniles and have expertise that can
 45 promote their safety and well-being; and that multidisciplinary reviews of the abuse, neglect, and
 46 death of juveniles can lead to a greater understanding of the causes and methods of preventing
 47 these deaths. It is, therefore, the intent of the General Assembly, through this Article, to establish
 48 a statewide multidisciplinary, multiagency child fatality prevention ~~system consisting of the State~~
 49 ~~Team established in G.S. 7B-1404 and the Local Teams established in G.S. 7B-1406.~~ system.
 50 The purpose of the system is to assess the records of ~~selected cases in which children are being~~
 51 ~~served by child protective services and the records of all deaths of children~~ child deaths in North

1 Carolina from birth to age ~~18~~-18, and with respect to these cases, to study data and prevention
2 strategies related to child abuse, neglect, and death, and to utilize multidisciplinary team reviews
3 of deaths in order to (i) develop a communitywide approach to the problem of child abuse and
4 neglect, (ii) understand the direct and contributing causes of childhood deaths, (iii) identify any
5 gaps or deficiencies that may exist in the delivery of services to children and their families by
6 public agencies that are designed to prevent future child abuse, neglect, or death, ~~and~~ (iv) identify,
7 and aid in facilitating the implementation of, evidence-driven strategies to prevent child death
8 and promote child well-being, and (v) make and implement recommendations for changes to
9 laws, rules, and policies that will support the safe and healthy development of our children and
10 prevent future child abuse, neglect, and death.

11 **"§ 7B-1401. Definitions.**

12 The following definitions apply in this Article:

- 13 (1) Additional Child Fatality. – Any death of a child that did not result from
14 suspected abuse or neglect and about which no report of abuse or neglect had
15 been made to the county department of social services within the previous 12
16 months.
- 17 (1a) Child Death Review Team. – The collective term for any multidisciplinary
18 team responsible for performing any type of child fatality review pursuant to
19 this Article, G.S. 143B-150.20, or Part 4C of Article 3 of Chapter 143B of the
20 General Statutes.
- 21 (1b) Child Fatality Prevention System. – The statewide system comprised of child
22 death review teams, the North Carolina Child Fatality Task Force, State and
23 local staff who support the work of these groups, and the medical examiner
24 child fatality staff.
- 25 (2) Local Team. – A Community Child Protection Team or a Child Fatality
26 Prevention Team.
- 27 (2a) Medical Examiner Child Fatality Staff. – Staff within the Office of the Chief
28 Medical Examiner whose primary responsibilities involve addressing child
29 fatalities.
- 30 (2b) State Office. – The State Office of Child Fatality Prevention established under
31 Part 4C of Article 3 of Chapter 143B of the General Statutes that coordinates
32 the work of the Child Fatality Prevention System.
- 33 (3) State Team. – The North Carolina Child Fatality Prevention Team.
- 34 (4) Task Force. – The North Carolina Child Fatality Task Force.
- 35 (5) ~~Team Coordinator. Coordinators.~~ – ~~The Child Fatality Prevention Team~~
36 ~~Coordinator.~~ Any individual designated within the State Office to work as a
37 Child Fatality Prevention Team Coordinator.

38 **"§ 7B-1402. Task Force – creation; membership; vacancies.**

39 (a) There is created the North Carolina Child Fatality Task Force within the Department
40 of Health and Human Services for budgetary purposes only.

41 (b) The Task Force shall be composed of ~~35~~-36 members, ~~11~~-12 of whom shall be ex
42 officio members, four of whom shall be appointed by the Governor, 10 of whom shall be
43 appointed by the Speaker of the House of Representatives, and 10 of whom shall be appointed
44 by the President Pro Tempore of the Senate. The ex officio members other than the Chief Medical
45 Examiner ~~shall be nonvoting members and~~ may designate representatives from their particular
46 departments, divisions, or offices to represent them on the Task Force. In making appointments
47 or designating representatives, appointing authorities and ex officio members shall use best
48 efforts to select members or representatives with sufficient knowledge and experience to
49 effectively contribute to the issues examined by the Task Force and, to the extent possible, to
50 reflect the geographical, political, gender, and racial diversity of this State. The members shall
51 be as follows:

- 1 (1) The Chief Medical ~~Examiner~~; Examiner.
- 2 (2) The Attorney ~~General~~; General.
- 3 (3) The Director of the Division of Social ~~Services~~; Services.
- 4 (4) The Director of the State Bureau of ~~Investigation~~; Investigation.
- 5 (5) The Director of the ~~Division of Maternal and Child Health Section~~ of the
6 Department of Health and Human ~~Services~~; Services.
- 7 (6) The chair of the Council for Women and Youth ~~Involvement~~; Involvement.
- 8 (7) The Superintendent of Public ~~Instruction~~; Instruction.
- 9 (8) The Chairman of the State Board of ~~Education~~; Education.
- 10 (9) The Director of the Division of Mental Health, Developmental Disabilities,
11 and Substance Abuse ~~Services~~; Services.
- 12 (10) The Secretary of the Department of Health and Human ~~Services~~; Services.
- 13 (11) The Director of the Administrative Office of the ~~Courts~~; Courts.
- 14 (11a) The Director of the Juvenile Justice Section, Division of Adult Correction and
15 Juvenile Justice, Department of Public Safety.
- 16 (12) A director of a county department of social services, appointed by the
17 Governor upon recommendation of the President of the North Carolina
18 Association of County Directors of Social ~~Services~~; Services.
- 19 (13) A representative from a Sudden Infant Death Syndrome or safe infant sleep
20 counseling and education program, appointed by the Governor upon
21 recommendation of the Director of the ~~Division of Maternal and Child Health~~
22 Section of the Department of Health and Human ~~Services~~; Services.
- 23 (14) A representative from the ~~North Carolina Child Advocacy Institute, NC Child,~~
24 appointed by the Governor upon recommendation of the President of the
25 ~~Institute~~; organization.
- 26 (15) A director of a local department of health, appointed by the Governor upon
27 the recommendation of the President of the North Carolina Association of
28 Local Health ~~Directors~~; Directors.
- 29 (16) A representative from a private group, other than ~~the North Carolina Child~~
30 ~~Advocacy Institute, NC Child,~~ that advocates for children, appointed by the
31 Speaker of the House of Representatives upon recommendation of private
32 child advocacy ~~organizations~~; organizations.
- 33 (17) A pediatrician, licensed to practice medicine in North Carolina, appointed by
34 the Speaker of the House of Representatives upon recommendation of the
35 North Carolina Pediatric ~~Society~~; Society.
- 36 (18) A representative from the North Carolina League of Municipalities, appointed
37 by the Speaker of the House of Representatives upon recommendation of the
38 ~~League~~; League.
- 39 (18a) A representative from the North Carolina Domestic Violence Commission,
40 appointed by the Speaker of the House of Representatives upon
41 recommendation of the Director of the ~~Commission~~; Commission.
- 42 (19) One public member, appointed by the Speaker of the House of
43 ~~Representatives~~; Representatives.
- 44 (20) A county or municipal law enforcement officer, appointed by the President
45 Pro Tempore of the Senate upon recommendation of organizations that
46 represent local law enforcement ~~officers~~; officers.
- 47 (21) A district attorney, appointed by the President Pro Tempore of the Senate upon
48 recommendation of the President of the North Carolina Conference of District
49 ~~Attorneys~~; Attorneys.

1 (22) A representative from the North Carolina Association of County
2 Commissioners, appointed by the President Pro Tempore of the Senate upon
3 recommendation of the ~~Association;~~Association.

4 (22a) A representative from the North Carolina Coalition Against Domestic
5 Violence, appointed by the President Pro Tempore of the Senate upon
6 recommendation of the Executive Director of the ~~Coalition;~~Coalition.

7 (23) One public member, appointed by the President Pro Tempore of the ~~Senate;~~
8 and Senate.

9 (24) Five members of the Senate, appointed by the President Pro Tempore of the
10 Senate, and five members of the House of Representatives, appointed by the
11 Speaker of the House of Representatives.

12 (c) All members of the Task Force are voting members. Vacancies in the appointed
13 membership shall be filled by the appointing officer who made the initial appointment. Terms
14 shall be two years. ~~The members shall elect a chair who shall preside for the duration of the~~
15 ~~chair's term as member. In the event a vacancy occurs in the chair before the expiration of the~~
16 ~~chair's term, the members shall elect an acting chair to serve for the remainder of the unexpired~~
17 ~~term.~~

18 **"§ 7B-1402.1. Task Force – organization; committees, leadership, policies and procedures;**
19 **public meetings.**

20 (a) Committees. – The Task Force shall carry out its duties through the work of the
21 following three committees:

22 (1) A Perinatal Health Committee to address healthy pregnancies, births, and
23 infants.

24 (2) An Unintentional Death Prevention Committee to address the prevention of
25 deaths resulting from unintentional causes such as motor vehicle or bicycle
26 accidents, poisoning, burning, or drowning.

27 (3) An Intentional Death Prevention Committee to address the prevention of
28 deaths resulting from intentional causes such as homicide, suicide, abuse, or
29 neglect.

30 Based on a process developed by the Executive Committee and approved by a majority vote
31 of the Task Force pursuant to subsection (c)(2) of this section, Task Force members shall be
32 assigned to the three committees, and volunteers with expertise in the subject matter of the
33 committees shall be identified and selected to participate on, and contribute to the work of, the
34 committees.

35 The Task Force or any of its committees may request assistance from the State Office in the
36 performance of its duties, including assistance with administrative functions, research, or the
37 convening and facilitation of special stakeholder groups or work groups to more fully address an
38 issue of interest to the Task Force or any of its committees in order to better inform their work.

39 Each committee shall submit recommendations approved by a majority vote of the committee
40 members to the Task Force for consideration. Committee recommendations shall not become
41 final until approved by a majority vote of the Task Force.

42 (b) Leadership. – The leadership of the Task Force and its committees shall be organized
43 as follows:

44 (1) Task Force chair or cochair. – Task Force members shall elect by a majority
45 vote a chair or two cochairs from among its membership, who shall preside
46 for the duration of the chair's or cochair's term. In the event a vacancy occurs
47 in a chair position before the expiration of the chair's term, the Task Force
48 members shall elect an acting chair to serve for the remainder of the unexpired
49 term or, if there are cochairs, may elect not to fill the vacant cochair position
50 and to be led by the remaining cochair.

1 (2) Committee cochairs. – Task Force members shall elect by a majority vote of
 2 the Task Force two cochairs per committee, at least one of whom shall be a
 3 Task Force member and one of whom may be a nonmember with expertise in
 4 the subject matter of the committee. Committee cochairs shall serve for a term
 5 of two years and are not subject to term limits.

6 (3) Executive Committee. – The Executive Committee shall be comprised of the
 7 Task Force chair or cochairs, the committee cochairs, and any current Task
 8 Force Coordinator or Director. The Executive Committee is responsible for
 9 all of the following:

10 a. Discussing and advising the Task Force with respect to its business
 11 and administration.

12 b. Advising Task Force staff on issues between meetings.

13 c. Developing recommended policies and procedures for consideration
 14 by the full Task Force as described in subsection (c) of this section.

15 d. Working to advance approved Task Force recommendations.

16 (4) Staff. – The Task Force Chairs shall work with the Secretary of the
 17 Department of Health and Human Services to hire or designate staff to
 18 coordinate the work of the Task Force; educate department heads, the General
 19 Assembly, and organizations whose work addresses child health and safety,
 20 and the public about Task Force findings and recommendations; serve as
 21 representatives of the Task Force; and assist the Task Force in any other way
 22 the Executive Committee deems necessary in carrying out the duties of the
 23 Task Force.

24 (c) Policies and Procedures. – The Executive Committee of the Task Force shall develop,
 25 and from time to time revise as necessary, policies and procedures to facilitate the efficient and
 26 effective operations of the Task Force. These policies and procedures and any recommended
 27 revisions become effective upon approval by a majority vote of the Task Force. The Executive
 28 Committee shall develop policies and procedures that, at a minimum, address the following:

29 (1) Nominations and elections of a Task Force chair or cochairs and committee
 30 cochairs.

31 (2) Assignment of Task Force members to specific committees as well as the
 32 identification of volunteers to serve on committees with representation from
 33 relevant agencies and a relevant range of subject matter experts.

34 (3) Voting rules.

35 (4) The manner in which issues are identified for study by the Task Force.

36 (5) Expectations of members related to attendance.

37 (6) Conflicts of interest.

38 (d) Public Meetings. – Meetings of the Task Force and its three subject area committees
 39 are subject to the public meeting requirements of Article 33C of Chapter 143 of the General
 40 Statutes. Meetings of the Executive Committee, stakeholder groups, or work groups convened to
 41 more fully address an issue of interest to the Task Force or its subject area committees are not
 42 subject to these requirements.

43 **"§ 7B-1403. Task Force – duties.**

44 The Task Force ~~shall~~ shall do all of the following:

45 (1) Undertake a ~~statistical~~ study of the incidences and causes of child deaths in
 46 this State ~~and establish a profile of child deaths, as well as evidence-driven~~
 47 strategies for preventing future child deaths, abuse, and neglect. The study
 48 shall include (i) ~~an analysis of all community and private and public agency~~
 49 involvement with the decedents and their families prior to death, and (ii) ~~an~~
 50 at least all of the following:

- 1 a. Aggregate information from child death reviews compiled by the State
 2 Office addressing data on child deaths, the identification of system
 3 problems, and team recommendations for prevention strategies.
 4 b. A data analysis of all child deaths by age, cause, race and ethnicity,
 5 socioeconomic status, and geographic distribution;distribution.
 6 c. Information from subject matter experts that can inform the
 7 understanding of the causes of child deaths; strategies to prevent child
 8 deaths, abuse, and neglect; or a combination of these.

- 9 (2) ~~Develop a system for multidisciplinary review of child deaths. In developing~~
 10 ~~such a system, the Task Force shall study the operation of existing Local~~
 11 ~~Teams. The Task Force shall also consider the feasibility and desirability of~~
 12 ~~local or regional review teams and, should it determine such teams to be~~
 13 ~~feasible and desirable, develop guidelines for the operation of the teams. The~~
 14 ~~Task Force shall also examine the laws, rules, and policies relating to~~
 15 ~~confidentiality of and access to information that affect those agencies with~~
 16 ~~responsibilities for children, including State and local health, mental health,~~
 17 ~~social services, education, and law enforcement agencies, to determine~~
 18 ~~whether those laws, rules, and policies inappropriately impede the exchange~~
 19 ~~of information necessary to protect children from preventable deaths, and, if~~
 20 ~~so, recommend changes to them;Advise the State Office of Child Fatality~~
 21 Prevention with respect to the operation of an effective statewide system for
 22 multidisciplinary review of child deaths and the implementation of
 23 evidence-driven strategies to prevent child deaths, abuse, and neglect.
 24 (3) ~~Receive and consider reports from the State Team; and~~Team and the State
 25 ~~Office.~~
 26 (4) Develop recommendations for changes in law, policy, rules, or the
 27 implementation of evidence-driven prevention strategies to be included in the
 28 annual report required by G.S. 7B-1412.
 29 (5) Perform any other studies, evaluations, or determinations the Task Force
 30 considers necessary to carry out its mandate.

31 **"§ 7B-1404. State Team – creation; membership; vacancies.**

32 (a) There is created the North Carolina Child Fatality Prevention Team within the
 33 Department of Health and Human Services for budgetary purposes only.

34 (b) The State Team shall be composed of the following 11 members of whom nine
 35 members are ex officio and two are appointed:

- 36 (1) The Chief Medical Examiner, who shall chair the State Team;
 37 (2) The Attorney General;
 38 (3) The Director of the Division of Social Services, Department of Health and
 39 Human Services;
 40 (4) The Director of the State Bureau of Investigation;
 41 (5) The Director of the Division of Maternal and Child Health of the Department
 42 of Health and Human Services;
 43 (6) The Superintendent of Public Instruction;
 44 (7) The Director of the Division of Mental Health, Developmental Disabilities,
 45 and Substance Abuse Services, Department of Health and Human Services;
 46 (8) The Director of the Administrative Office of the Courts;
 47 (9) The pediatrician appointed pursuant to G.S. 7B-1402(b) to the Task Force;
 48 (10) A public member, appointed by the Governor; and
 49 (11) ~~The Team Cøordinator.~~Coordinators.

50 The ex officio members other than the Chief Medical Examiner may designate a
 51 representative from their departments, divisions, or offices to represent them on the State Team.

1 (c) All members of the State Team are voting members. Vacancies in the appointed
2 membership shall be filled by the appointing officer who made the initial appointment.

3 **"§ 7B-1405. State Team – duties.**

4 The State Team ~~shall~~ shall do all of the following:

- 5 (1) Review current deaths of children when those deaths are attributed to child
6 abuse or neglect or when the decedent was reported as an abused or neglected
7 juvenile pursuant to G.S. 7B-301 at any time before ~~death;~~ death.
- 8 (2) Report to the Task Force ~~during the existence of the Task Force,~~ in the format
9 and at the time required by the Task Force, on the State Team's activities and
10 its recommendations for changes to any law, rule, and policy that would
11 promote the safety and well-being of ~~children;~~ children.
- 12 (3) Upon request of a Local Team, provide technical assistance to the
13 ~~Team;~~ Team.
- 14 (4) ~~Periodically assess the operations of the multidisciplinary child fatality~~
15 ~~prevention system and make recommendations for changes as needed;~~
- 16 (5) ~~Work with the Team Coordinator to develop guidelines for selecting child~~
17 ~~deaths to receive detailed, multidisciplinary death reviews by Local Teams~~
18 ~~that review cases of additional child fatalities; and~~
- 19 (6) Receive reports of findings and recommendations from Local Teams that
20 review cases of additional child fatalities and work with the Team ~~Coordinator~~
21 Coordinators to implement recommendations.

22 **"§ 7B-1406. Community Child Protection Teams; Child Fatality Prevention Teams;**
23 **creation and duties.**

24 (a) Community Child Protection Teams are established in every county of the State. Each
25 Community Child Protection Team shall:

- 26 (1) Review, in accordance with the procedures established by the director of the
27 county department of social services under G.S. 7B-1409:
 - 28 a. Selected active cases in which children are being served by child
29 protective services; and
 - 30 b. Cases in which a child died as a result of suspected abuse or neglect,
31 and
 - 32 1. A report of abuse or neglect has been made about the child or
33 the child's family to the county department of social services
34 within the previous 12 months, or
 - 35 2. The child or the child's family was a recipient of child
36 protective services within the previous 12 months.
- 37 (2) Submit annually to the board of county commissioners recommendations, if
38 any, and advocate for system improvements and needed resources where gaps
39 and deficiencies may exist.

40 In addition, each Community Child Protection Team may review the records of all additional
41 child fatalities and report findings in connection with these reviews to the Team
42 ~~Coordinator.~~ Coordinators.

43 (b) Any Community Child Protection Team that determines it will not review additional
44 child fatalities shall notify the Team ~~Coordinator.~~ Coordinators. In accordance with the plan
45 established under G.S. 7B-1408(1), a separate Child Fatality Prevention Team shall be
46 established in that county to conduct these reviews. Each Child Fatality Prevention Team shall:

- 47 (1) Review the records of all cases of additional child fatalities.
- 48 (2) Submit annually to the board of county commissioners recommendations, if
49 any, and advocate for system improvements and needed resources where gaps
50 and deficiencies may exist.

- 1 (3) Report findings in connection with these reviews to the Team
2 ~~Coordinator~~Coordinators.
- 3 (c) All reports to the Team ~~Coordinator~~Coordinators under this section shall include:
4 (1) A listing of the system problems identified through the review process and
5 recommendations for preventive actions;
6 (2) Any changes that resulted from the recommendations made by the Local
7 Team;
8 (3) Information about each death reviewed; and
9 (4) Any additional information requested by the Team ~~Coordinator~~Coordinators.

10 **"§ 7B-1407. Local Teams; composition.**

11 (a) Each Local Team shall consist of representatives of public and nonpublic agencies in
12 the community that provide services to children and their families and other individuals who
13 represent the community. No single team shall encompass a geographic or governmental area
14 larger than one county.

15 (b) Each Local Team shall consist of the following persons:

- 16 (1) The director of the county department of social services and a member of the
17 director's staff;
18 (2) A local law enforcement officer, appointed by the board of county
19 commissioners;
20 (3) An attorney from the district attorney's office, appointed by the district
21 attorney;
22 (4) The executive director of the local community action agency, as defined by
23 the Department of Health and Human Services, or the executive director's
24 designee;
25 (5) The superintendent of each local school administrative unit located in the
26 county, or the superintendent's designee;
27 (6) A member of the county board of social services, appointed by the chair of
28 that board;
29 (7) A local mental health professional, appointed by the director of the area
30 authority established under Chapter 122C of the General Statutes;
31 (8) The local guardian ad litem coordinator, or the coordinator's designee;
32 (9) The director of the local department of public health; and
33 (10) A local health care provider, appointed by the local board of health.

34 (c) In addition, a Local Team that reviews the records of additional child fatalities shall
35 include the following five additional members:

- 36 (1) An emergency medical services provider or firefighter, appointed by the board
37 of county commissioners;
38 (2) A district court judge, appointed by the chief district court judge in that
39 district;
40 (3) A county medical examiner, appointed by the Chief Medical Examiner;
41 (4) A representative of a local child care facility or Head Start program, appointed
42 by the director of the county department of social services; and
43 (5) A parent of a child who died before reaching the child's eighteenth birthday,
44 to be appointed by the board of county commissioners.

45 (d) The Team ~~Coordinator~~Coordinators shall serve as an ex officio member of each
46 Local Team that reviews the records of additional child fatalities. The board of county
47 commissioners may appoint a maximum of five additional members to represent county agencies
48 or the community at large to serve on any Local Team. Vacancies on a Local Team shall be filled
49 by the original appointing authority.

50 (e) Each Local Team shall elect a member to serve as chair at the Team's pleasure.

51 (f) Each Local Team shall meet at least four times each year.

1 (g) The director of the local department of social services shall call the first meeting of
2 the Community Child Protection Team. The director of the local department of health, upon
3 consultation with the Team ~~Coordinator~~, Coordinators shall call the first meeting of the Child
4 Fatality Prevention Team. Thereafter, the chair of each Local Team shall schedule the time and
5 place of meetings, in consultation with these directors, and shall prepare the agenda. The chair
6 shall schedule Team meetings no less often than once per quarter and often enough to allow
7 adequate review of the cases selected for review. Within three months of election, the chair shall
8 participate in the appropriate training developed under this Article.

9 **"§ 7B-1408. Child Fatality Prevention Team ~~Coordinator~~; Coordinators; duties.**

10 ~~The One or more~~ Child Fatality Prevention Team ~~Coordinator~~ Coordinators shall serve as
11 liaison between the State Team and the Local Teams that review records of additional child
12 fatalities and shall provide technical assistance to these Local Teams. The Team ~~Coordinator~~
13 Coordinators shall:

- 14 (1) Develop a plan to establish Local Teams that review the records of additional
15 child fatalities in each county.
- 16 (2) Develop model operating procedures for these Local Teams that address when
17 public meetings should be held, what items should be addressed in public
18 meetings, what information may be released in written reports, and any other
19 information the Team ~~Coordinator~~ Coordinators ~~considers~~ consider necessary.
- 20 (3) Provide structured training for these Local Teams at the time of their
21 establishment, and continuing technical assistance thereafter.
- 22 (4) Provide statistical information on all child deaths occurring in each county to
23 the appropriate Local Team, and assure that all child deaths in a county are
24 assessed through the multidisciplinary system.
- 25 (5) Monitor the work of these Local Teams.
- 26 (6) Receive reports of findings, and other reports that the Team ~~Coordinator~~
27 Coordinators may require, from these Local Teams.
- 28 (7) Report the aggregated findings of these Local Teams to each Local Team that
29 reviews the records of additional child fatalities and to the State Team.
- 30 (8) Evaluate the impact of local efforts to identify problems and make changes.

31 **"§ 7B-1409. Community Child Protection Teams; duties of the director of the county
32 department of social services.**

33 In addition to any other duties as a member of the Community Child Protection Team, and in
34 connection with the reviews under G.S. 7B-1406(a)(1), the director of the county department of
35 social services shall:

- 36 (1) Assure the development of written operating procedures in connection with
37 these reviews, including frequency of meetings, confidentiality policies,
38 training of members, and duties and responsibilities of members;
- 39 (2) Assure that the Team defines the categories of cases that are subject to its
40 review;
- 41 (3) Determine and initiate the cases for review;
- 42 (4) Bring for review any case requested by a Team member;
- 43 (5) Provide staff support for these reviews;
- 44 (6) Maintain records, including minutes of all official meetings, lists of
45 participants for each meeting of the Team, and signed confidentiality
46 statements required under G.S. 7B-1413, in compliance with applicable rules
47 and law; and
- 48 (7) Report quarterly to the county board of social services, or as required by the
49 board, on the activities of the Team.

50 **"§ 7B-1410. Local Teams; duties of the director of the local department of health.**

1 In addition to any other duties as a member of the Local Team and in connection with reviews
2 of additional child fatalities, the director of the local department of health shall:

- 3 (1) Distribute copies of the written procedures developed by the Team
4 ~~Coordinator~~ Coordinators under G.S. 7B-1408 to the administrators of all
5 agencies represented on the Local Team and to all members of the Local
6 Team;
- 7 (2) Maintain records, including minutes of all official meetings, lists of
8 participants for each meeting of the Local Team, and signed confidentiality
9 statements required under G.S. 7B-1413, in compliance with applicable rules
10 and law;
- 11 (3) Provide staff support for these reviews; and
- 12 (4) Report quarterly to the local board of health, or as required by the board, on
13 the activities of the Local Team.

14 **"§ 7B-1411. Community Child Protection Teams; responsibility for training of team
15 members.**

16 The ~~Division of Social Services, Department of Health and Human Services, Services~~ shall
17 develop and make available, on an ongoing basis, for the members of Local Teams that review
18 active cases in which children are being served by child protective services, training materials
19 that address the role and function of the Local Team, confidentiality requirements, an overview
20 of child protective services law and policy, and Team record keeping.

21 **"§ 7B-1412. Task Force – reports.**

22 ~~The~~ Within the first week of the convening or reconvening of the General Assembly, the Task
23 Force shall report annually to the Governor and General Assembly, within the first week of the
24 convening or reconvening of the General Assembly. Governor, the General Assembly, the Chairs
25 of the House and Senate Appropriations Committees on Health and Human Services, the Chairs
26 of the Joint Legislative Oversight Committee on Health and Human Services, and the Secretary
27 of the Department of Health and Human Services. The report shall contain at least a ~~all of the~~
28 following:

- 29 (1) A summary of the conclusions and recommendations for each of the Task
30 Force's duties, as well as any duties.
- 31 (2) A summary of activities and functioning of the Child Fatality Prevention
32 System as a whole.
- 33 (3) Any other recommendations for changes to any law, rule, or policy ~~policy, or~~
34 for the implementation of evidence-driven prevention strategies that it has
35 determined will promote the safety and well-being of children. Any
36 recommendations of changes to law, rule, or policy shall be accompanied by
37 specific legislative or policy proposals and detailed fiscal notes setting forth
38 the costs to the State. ~~proposals. The Task Force may request assistance from~~
39 the Fiscal Research Division of the General Assembly in developing fiscal
40 notes or other fiscal information to accompany these recommendations.

41 **"§ 7B-1413. Access to records.**

42 (a) The State Team, the Local Teams, and the Task Force ~~during its existence,~~ shall have
43 access to all medical records, hospital records, and records maintained by this State, any county,
44 or any local agency as necessary to carry out the purposes of this Article, including police
45 investigations data, medical examiner investigative data, health records, mental health records,
46 and social services records. The State Team, the Task Force, and the Local Teams shall not, as
47 part of the reviews authorized under this Article, contact, question, or interview the child, the
48 parent of the child, or any other family member of the child whose record is being reviewed. Any
49 member of a Local Team may share, only in an official meeting of that Local Team, any
50 information available to that member that the Local Team needs to carry out its duties.

1 The State Office shall have access to all medical records, hospital records, and records
2 maintained by this State, any county, or any local agency as necessary to carry out the purposes
3 of Part 4C of Article 3 of Chapter 143B of the General Statutes.

4 (b) Meetings of the State Team and the Local Teams are not subject to the provisions of
5 Article 33C of Chapter 143 of the General Statutes. However, the Local Teams may hold periodic
6 public meetings to discuss, in a general manner not revealing confidential information about
7 children and families, the findings of their reviews and their recommendations for preventive
8 actions. Minutes of all public meetings, excluding those of executive sessions, shall be kept in
9 compliance with Article 33C of Chapter 143 of the General Statutes. Any minutes or any other
10 information generated during any closed session shall be sealed from public inspection.

11 (c) All otherwise confidential information and records acquired by the State Office, State
12 Team, the Local Teams, and the Task Force during its existence, in the exercise of their duties
13 are confidential; are not subject to discovery or introduction into evidence in any proceedings;
14 and may only be disclosed as necessary to carry out the purposes of the State Office, State Team,
15 the Local Teams, and the Task Force. In addition, all otherwise confidential information and
16 records created by a Local Team in the exercise of its duties are confidential; are not subject to
17 discovery or introduction into evidence in any proceedings; and may only be disclosed as
18 necessary to carry out the purposes of the Local Team. No member of the State Team, a Local
19 Team, nor any person who attends a meeting of the State Team or a Local Team, may testify in
20 any proceeding about what transpired at the meeting, about information presented at the meeting,
21 or about opinions formed by the person as a result of the meetings. This subsection shall not,
22 however, prohibit a person from testifying in a civil or criminal action about matters within that
23 person's independent knowledge.

24 (d) Each member of a Local Team and invited participant shall sign a statement indicating
25 an understanding of and adherence to confidentiality requirements, including the possible civil
26 or criminal consequences of any breach of confidentiality.

27 (e) Cases receiving child protective services at the time of review by a Local Team shall
28 have an entry in the child's protective services record to indicate that the case was received by
29 that Team. Additional entry into the record shall be at the discretion of the director of the county
30 department of social services.

31 (f) The Social Services Commission shall adopt rules to implement this section in
32 connection with reviews conducted by Community Child Protection Teams. The Commission
33 for Public Health shall adopt rules to implement this section in connection with Local Teams that
34 review additional child fatalities. In particular, these rules shall allow information generated by
35 an executive session of a Local Team to be accessible for administrative or research purposes
36 only.

37 **"§ 7B-1414. Administration; funding.**

38 (a) To the extent of funds available, the chairs of the ~~Task Force and State Team~~ may
39 hire staff or consultants to assist ~~the Task Force and the State Team~~ in completing ~~their~~ its duties.

40 (a1) To the extent of funds available and consistent with G.S. 7B-1402.1(b)(4), the chairs
41 of the Task Force shall work with the Secretary of the Department of Health and Human Services
42 to hire or designate staff or consultants to assist the Task Force and its subject matter committees
43 in completing their duties.

44 (b) Members, staff, and consultants of the Task Force or State Team shall receive travel
45 and subsistence expenses in accordance with the provisions of G.S. 138-5 or G.S. 138-6, as the
46 case may be, paid from funds appropriated to implement this Article and within the limits of
47 those funds.

48 (c) With the approval of the Legislative Services Commission, legislative staff and space
49 in the Legislative Building and the Legislative Office Building may be made available to the
50 Task Force."

51 **SECTION 9G.10.(h)** G.S. 143B-150.20 reads as rewritten:

1 "§ 143B-150.20. State Child Fatality Review Team; establishment; purpose; powers;
2 duties; report by ~~Division of Social Services~~ Department of Health and Human Services.

3 (a) There is established in the Department of Health and Human ~~Services, Division of~~
4 ~~Social Services, Services~~ a State Child Fatality Review Team to conduct in-depth reviews of any
5 child fatalities which have occurred involving children and families involved with local
6 departments of social services child protective services in the 12 months preceding the fatality.
7 Steps in this in-depth review shall include interviews with any individuals determined to have
8 pertinent information as well as examination of any written materials containing pertinent
9 information.

10 (b) The purpose of these reviews shall be to implement a team approach to identifying
11 factors which may have contributed to conditions leading to the fatality and to develop
12 recommendations for improving coordination between local and State entities which might have
13 avoided the threat of injury or fatality and to identify appropriate remedies. The ~~Division of~~
14 ~~Social Services-Department~~ shall make public the findings and recommendations developed for
15 each fatality reviewed relating to improving coordination between local and State entities. These
16 findings shall not be admissible as evidence in any civil or administrative proceedings against
17 individuals or entities that participate in child fatality reviews conducted pursuant to this section.
18 The State Child Fatality Review Team shall consult with the appropriate district attorney in
19 accordance with G.S. 7B-2902(d) prior to the public release of the findings and
20 recommendations.

21 (c) The State Child Fatality Review Team shall include representatives of the local
22 departments of social services and the Division of Social Services, a member of the local
23 Community Child Protection Team, a member of the local child fatality prevention team, a
24 representative from local law enforcement, a prevention specialist, and a medical professional.

25 (d) The State Child Fatality Review Team shall have access to all medical records,
26 hospital records, and records maintained by this State, any county, or any local agency as
27 necessary to carry out the purposes of this subsection, including police investigative data, medical
28 examiner investigative data, health records, mental health records, and social services records.
29 The State Child Fatality Review Team may receive a copy of any reviewed materials necessary
30 to the conduct of the fatality review. Any member of the State Child Fatality Review Team may
31 share, only in an official meeting of the State Child Fatality Review Team, any information
32 available to that member that the State Child Fatality Review Team needs to carry out its duties.

33 If the State Child Fatality Review Team does not receive information requested under this
34 subsection within 30 days after making the request, the State Child Fatality Review Team may
35 apply for an order compelling disclosure. The application shall state the factors supporting the
36 need for an order compelling disclosure. The State Child Fatality Review Team shall file the
37 application in the district court of the county where the investigation is being conducted, and the
38 court shall have jurisdiction to issue any orders compelling disclosure. Actions brought under
39 this section shall be scheduled for immediate hearing, and subsequent proceedings in these
40 actions shall be given priority by the appellate courts.

41 (e) Meetings of the State Child Fatality Review Team are not subject to the provisions of
42 Article 33C of Chapter 143 of the General Statutes. However, the State Child Fatality Review
43 Team may hold periodic public meetings to discuss, in a general manner not revealing
44 confidential information about children and families, the findings of their reviews and their
45 recommendations for preventive actions. Minutes of all public meetings, excluding those of
46 closed sessions, shall be kept in compliance with Article 33C of Chapter 143 of the General
47 Statutes. Any minutes or any other information generated during any executive session shall be
48 sealed from public inspection.

49 (f) All otherwise confidential information and records acquired by the State Child
50 Fatality Review Team, in the exercise of its duties are confidential; are not subject to discovery
51 or introduction into evidence in any proceedings except pursuant to an order of the court; and

1 may only be disclosed as necessary to carry out the purposes of the State Child Fatality Review
2 Team. In addition, all otherwise confidential information and records created by the State Child
3 Fatality Review Team in the exercise of its duties are confidential; are not subject to discovery
4 or introduction into evidence in any proceedings; and may only be disclosed as necessary to carry
5 out the purposes of the State Child Fatality Review Team. No member of the State Child Fatality
6 Review Team, nor any person who attends a meeting of the State Child Fatality Review Team,
7 may testify in any proceeding about what transpired at the meeting, about information presented
8 at the meeting, or about opinions formed by the person as a result of the meetings. This subsection
9 shall not, however, prohibit a person from testifying in a civil or criminal action about matters
10 within that person's independent knowledge.

11 (g) Each member of the State Child Fatality Review Team and invited participant shall
12 sign a statement indicating an understanding of and adherence to confidentiality requirements,
13 including the possible civil or criminal consequences of any breach of confidentiality.

14 (h) Repealed by Session Laws 2013-360, s. 12A.8(f), effective July 1, 2013."

15 **SECTION 9G.10.(i)** Except as otherwise provided, this section becomes effective
16 December 1, 2019.

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

18 **PART IX-I. SOCIAL SERVICES**

19 **TEMPORARY FINANCIAL ASSISTANCE FOR FACILITIES LICENSED TO ACCEPT** 20 **STATE-COUNTY SPECIAL ASSISTANCE**

21 **SECTION 9I.1.(a)** The following definitions apply in this section:

22 (1) Facility licensed to accept State-County Special Assistance payments or
23 facility. – Any residential care facility that is (i) licensed by the Department
24 of Health and Human Services and (ii) authorized to accept State-County
25 Special Assistance payments from its residents.

26 (2) State-County Special Assistance. – The program authorized by G.S. 108A-40.

27 **SECTION 9I.1.(b)** Nonrecurring funds appropriated in this act to the Department of
28 Health and Human Services, Division of Social Services (DSS), for each year of the 2019-2021
29 fiscal biennium for facilities licensed to accept State-County Special Assistance payments shall
30 be used to provide temporary financial assistance in the form of a monthly payment to these
31 facilities on behalf of each resident who is a recipient of State-County Special Assistance. The
32 counties shall pay to the State fifty percent (50%) of the cost of providing these monthly
33 payments to these facilities. The monthly payments provided by DSS to these facilities shall be
34 subject to all of the following requirements and limitations:

35 (1) The amount of the monthly payments authorized by this section is equal to
36 thirty-four dollars (\$34.00) per month for each resident of the facility as of the
37 first day of the month who is a recipient of State-County Special Assistance.

38 (2) A facility that receives the monthly payments authorized by this section shall
39 not, under any circumstances, use these payments for any purpose other than
40 to offset the cost of serving residents who are recipients of State-County
41 Special Assistance.

42 (3) The DSS shall make monthly payments authorized by this section to a facility
43 on behalf of a resident only for the period commencing July 1, 2019, and
44 ending June 30, 2021.

45 (4) The DSS shall make monthly payments authorized by this section only to the
46 extent sufficient State and county funds allocated to the DSS for each year of
47 the 2019-2021 fiscal biennium are available for this purpose.
48
49
50

- 1 (5) The DSS shall not make monthly payments authorized by this section to a
2 facility on behalf of a resident whose eligibility determination for
3 State-County Special Assistance is pending.
- 4 (6) The DSS shall terminate all monthly payments pursuant to this section on the
5 earlier of the following:
6 a. June 30, 2021.
7 b. Upon depletion of the State and county funds allocated to the DSS for
8 each year of the 2019-2021 fiscal year for this purpose.

9 **SECTION 9I.1.(c)** Notwithstanding any provision of this act or any other provision
10 of law to the contrary, the DSS shall not be required to provide any temporary financial assistance
11 to facilities beyond June 30, 2021, or upon depletion of the State and county funds allocated to
12 the DSS for each year of the 2019-2021 fiscal biennium for this purpose, whichever is earlier.

13 **SECTION 9I.1.(d)** If possible, the DSS shall use an existing mechanism to
14 administer these funds in the least restrictive manner that ensures compliance with this section
15 and timely and accurate payments to facilities. The DSS shall not, under any circumstances, use
16 any portion of the State and county funds allocated to the DSS for each year of the 2019-2021
17 fiscal biennium for the purpose of this section for any other purpose.

18 **SECTION 9I.1.(e)** Of the funds appropriated in this act to the DSS for each year of
19 the 2019-2021 fiscal biennium for facilities licensed to accept State-County Special Assistance
20 payments, the DSS shall not use more than two hundred fifty thousand dollars (\$250,000) in
21 nonrecurring funds for each year of the 2019-2021 fiscal biennium for administrative purposes.

22 **SECTION 9I.1.(f)** Nothing in this section shall be construed as an obligation by the
23 General Assembly to appropriate funds for the purpose of this section, or as an entitlement by
24 any facility, resident of a facility, or other person to receive temporary financial assistance under
25 this section.

26 **SECTION 9I.1.(g)** This section expires on June 30, 2021.

27 **TANF BENEFIT IMPLEMENTATION**

28 **SECTION 9I.2.(a)** Beginning October 1, 2019, the General Assembly approves the
29 plan titled "North Carolina Temporary Assistance for Needy Families State Plan FY 2019-2022,"
30 prepared by the Department of Health and Human Services and presented to the General
31 Assembly. The North Carolina Temporary Assistance for Needy Families State Plan covers the
32 period October 1, 2019, through September 30, 2022. The Department shall submit the State
33 Plan, as revised in accordance with subsection (b) of this section, to the United States Department
34 of Health and Human Services.

35 **SECTION 9I.2.(b)** The counties approved as Electing Counties in the North
36 Carolina Temporary Assistance for Needy Families State Plan FY 2019-2022, as approved by
37 this section, are Beaufort, Caldwell, Catawba, Lenoir, Lincoln, Macon, and Wilson.

38 **SECTION 9I.2.(c)** Counties that submitted the letter of intent to remain as an
39 Electing County or to be redesignated as an Electing County and the accompanying county plan
40 for years 2019 through 2022, pursuant to G.S. 108A-27(e), shall operate under the Electing
41 County budget requirements effective July 1, 2019. For programmatic purposes, all counties
42 referred to in this subsection shall remain under their current county designation through
43 September 30, 2022.

44 **SECTION 9I.2.(d)** For each year of the 2019-2021 fiscal biennium, Electing
45 Counties shall be held harmless to their Work First Family Assistance allocations for the
46 2018-2019 fiscal year, provided that remaining funds allocated for Work First Family Assistance
47 and Work First Diversion Assistance are sufficient for payments made by the Department on
48 behalf of Standard Counties pursuant to G.S. 108A-27.11(b).

49 **SECTION 9I.2.(e)** In the event that departmental projections of Work First Family
50 Assistance and Work First Diversion Assistance for the 2019-2020 fiscal year or the 2020-2021
51

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

9 10 **INTENSIVE FAMILY PRESERVATION SERVICES FUNDING AND PERFORMANCE** 11 **ENHANCEMENTS**

12 **SECTION 9I.3.(a)** Notwithstanding the provisions of G.S. 143B-150.6, the
13 Intensive Family Preservation Services (IFPS) Program shall provide intensive services to
14 children and families in cases of abuse, neglect, and dependency where a child is at imminent
15 risk of removal from the home and to children and families in cases of abuse where a child is not
16 at imminent risk of removal. The Program shall be implemented statewide on a regional basis.
17 The IFPS shall ensure the application of standardized assessment criteria for determining
18 imminent risk and clear criteria for determining out-of-home placement.

19 **SECTION 9I.3.(b)** The Department of Health and Human Services shall require that
20 any program or entity that receives State, federal, or other funding for the purpose of IFPS shall
21 provide information and data that allows for the following:

- 22 (1) An established follow-up system with a minimum of six months of follow-up
23 services.
- 24 (2) Detailed information on the specific interventions applied, including
25 utilization indicators and performance measurement.
- 26 (3) Cost-benefit data.
- 27 (4) Data on long-term benefits associated with IFPS. This data shall be obtained
28 by tracking families through the intervention process.
- 29 (5) The number of families remaining intact and the associated interventions
30 while in IFPS and 12 months thereafter.
- 31 (6) The number and percentage, by race, of children who received IFPS compared
32 to the ratio of their distribution in the general population involved with Child
33 Protective Services.

34 **SECTION 9I.3.(c)** The Department shall continue implementing a
35 performance-based funding protocol and shall only provide funding to those programs and
36 entities providing the required information specified in subsection (b) of this section. The amount
37 of funding shall be based on the individual performance of each program.

38 39 **CHILD CARING INSTITUTIONS**

40 **SECTION 9I.4.** Until the Social Services Commission adopts rules setting
41 standardized rates for child caring institutions as authorized under G.S. 143B-153(8), the
42 maximum reimbursement for child caring institutions shall not exceed the rate established for the
43 specific child caring institution by the Department of Health and Human Services, Office of the
44 Controller. In determining the maximum reimbursement, the State shall include county and IV-E
45 reimbursements.

46 47 **USE OF FOSTER CARE BUDGET FOR GUARDIANSHIP ASSISTANCE PROGRAM**

48 **SECTION 9I.5.** Of the funds available for the provision of foster care services, the
49 Department of Health and Human Services, Division of Social Services, may continue to provide
50 for the financial support of children who are deemed to be (i) in a permanent family placement
51 setting, (ii) eligible for legal guardianship, and (iii) otherwise unlikely to receive permanency.

1 No additional expenses shall be incurred beyond the funds budgeted for foster care for the
2 Guardianship Assistance Program (GAP). The Guardianship Assistance Program (GAP) shall
3 include provisions for extending guardianship services for individuals who have attained the age
4 of 18 years and opt to continue to receive guardianship services until reaching 21 years of age if
5 the individual is (i) completing secondary education or a program leading to an equivalent
6 credential, (ii) enrolled in an institution that provides postsecondary or vocational education, (iii)
7 participating in a program or activity designed to promote, or remove barriers to, employment,
8 (iv) employed for at least 80 hours per month, or (v) incapable of completing the educational or
9 employment requirements of this section due to a medical condition or disability. The
10 Guardianship Assistance Program rates shall reimburse the legal guardian for room and board
11 and be set at the same rate as the foster care room and board rates in accordance with rates
12 established under G.S. 108A-49.1.
13

14 **CHILD WELFARE POSTSECONDARY SUPPORT PROGRAM (NC REACH)**

15 **SECTION 91.6.(a)** Funds appropriated from the General Fund to the Department of
16 Health and Human Services for the child welfare postsecondary support program shall be used
17 to continue providing assistance with the "cost of attendance" as that term is defined in 20 U.S.C.
18 § 108711 for the educational needs of foster youth aging out of the foster care system and special
19 needs children adopted from foster care after age 12. These funds shall be allocated by the State
20 Education Assistance Authority.

21 **SECTION 91.6.(b)** Of the funds appropriated from the General Fund to the
22 Department of Health and Human Services, the sum of fifty thousand dollars (\$50,000) for each
23 year of the 2019-2021 fiscal biennium shall be allocated to the North Carolina State Education
24 Assistance Authority (SEAA). The SEAA shall use these funds only to perform administrative
25 functions necessary to manage and distribute scholarship funds under the child welfare
26 postsecondary support program.

27 **SECTION 91.6.(c)** Of the funds appropriated from the General Fund to the
28 Department of Health and Human Services, the sum of three hundred thirty-nine thousand four
29 hundred ninety-three dollars (\$339,493) for each year of the 2019-2021 fiscal biennium shall be
30 used to contract with an entity to administer the child welfare postsecondary support program
31 described under subsection (a) of this section, which administration shall include the performance
32 of case management services.

33 **SECTION 91.6.(d)** Funds appropriated to the Department of Health and Human
34 Services for the child welfare postsecondary support program shall be used only for students
35 attending public institutions of higher education in this State.
36

37 **FEDERAL CHILD SUPPORT INCENTIVE PAYMENTS**

38 **SECTION 91.7.(a)** Centralized Services. – The North Carolina Child Support
39 Services Section (NCCSS) of the Department of Health and Human Services, Division of Social
40 Services, shall retain up to fifteen percent (15%) of the annual federal incentive payments it
41 receives from the federal government to enhance centralized child support services. To
42 accomplish this requirement, NCCSS shall do the following:

- 43 (1) In consultation with representatives from county child support services
44 programs, identify how federal incentive funding could improve centralized
45 services.
- 46 (2) Use federal incentive funds to improve the effectiveness of the State's
47 centralized child support services by supplementing and not supplanting State
48 expenditures for those services.
- 49 (3) Continue to develop and implement rules that explain the State process for
50 calculating and distributing federal incentive funding to county child support
51 services programs.

1 **SECTION 9I.7.(b)** County Child Support Services Programs. – NCCSS shall
2 allocate no less than eighty-five percent (85%) of the annual federal incentive payments it
3 receives from the federal government to county child support services programs to improve
4 effectiveness and efficiency using the federal performance measures. To that end, NCCSS shall
5 do the following:

- 6 (1) In consultation with representatives from county child support services
7 programs, examine the current methodology for distributing federal incentive
8 funding to the county programs and determine whether an alternative formula
9 would be appropriate. NCCSS shall use its current formula for distributing
10 federal incentive funding until an alternative formula is adopted.
11 (2) Upon adopting an alternative formula, develop a process to phase in the
12 alternative formula for distributing federal incentive funding over a four-year
13 period.

14 **SECTION 9I.7.(c)** Reporting by County Child Support Services Programs. –
15 NCCSS shall continue implementing guidelines that identify appropriate uses for federal
16 incentive funding. To ensure those guidelines are properly followed, NCCSS shall require county
17 child support services programs to comply with each of the following:

- 18 (1) Submit an annual plan describing how federal incentive funding would
19 improve program effectiveness and efficiency as a condition of receiving
20 federal incentive funding.
21 (2) Report annually on the following: (i) how federal incentive funding has
22 improved program effectiveness and efficiency and been reinvested into their
23 programs, (ii) provide documentation that the funds were spent according to
24 their annual plans, and (iii) explain any deviations from their plans.

25 **SECTION 9I.7.(d)** Reporting by NCCSS. – NCCSS shall submit a report on federal
26 child support incentive funding to the Joint Legislative Oversight Committee on Health and
27 Human Services and the Fiscal Research Division by November 1 of each year. The report shall
28 describe how federal incentive funds enhanced centralized child support services to benefit
29 county child support services programs and improved the effectiveness and efficiency of county
30 child support services programs. The report shall further include any changes to the State process
31 the NCCSS used in calculating and distributing federal incentive funding to county child support
32 services programs and any recommendations for further changes.
33

34 **FINAL REPORT/CHILD WELFARE SYSTEM CHANGES**

35 **SECTION 9I.8.(a)** Federal Improvement Plan Implementation/Report. – The
36 Department of Health and Human Services, Division of Social Services (Division), shall continue
37 implementing the requirements of the federal Program Improvement Plan to bring our State into
38 compliance with national standards for child welfare policy and practices. The Division shall
39 notify the Joint Legislative Oversight Committee on Health and Human Services (Committee)
40 and the Fiscal Research Division within 30 days of complete implementation of the Program
41 Improvement Plan. The Division shall submit a final report to the Committee on the
42 implementation and outcomes of the Program Improvement Plan no later than 90 days after
43 implementation is complete.

44 **SECTION 9I.8.(b)** Child Welfare/NC FAST/Report. – The Division shall notify the
45 Joint Legislative Oversight Committee on Health and Human Services (Committee) and the
46 Fiscal Research Division within 30 days of complete implementation of the child welfare
47 component of the North Carolina Families Accessing Services Through Technology (NC FAST)
48 system. The Division shall then submit a final report to the Committee on the implementation
49 and outcomes of the child welfare component of the NC FAST system no later than 90 days after
50 implementation is complete.
51

INCREASE ACCESS TO PUBLIC BENEFITS FOR OLDER DUAL ELIGIBLE SENIORS

SECTION 91.9.(a) The Department of Health and Human Services, Division of Social Services (Division), shall continue implementing an evidence-based pilot program to increase access to public benefits for seniors aged 65 and older who are dually enrolled in Medicare and Medicaid to (i) improve the health and independence of seniors and (ii) reduce health care costs. The Division shall continue to partner with a not-for-profit firm for the purposes of engaging in a data-driven campaign to help seniors aged 65 and older who are dually enrolled in Medicare and Medicaid meet their basic social needs. The not-for-profit firm shall have demonstrated experience in assisting with these types of services and the partnership shall accomplish each of the following:

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

SECTION 91.9.(b) The Division shall report to the Office of the Governor and the Joint Legislative Oversight Committee on Health and Human Services on its progress in the pilot program by February 1 following each year the pilot program is in place. The report shall, at a minimum, include the following:

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

SECTION 91.9.(c) If funding and capacity exist, the Division of Social Services may expand the pilot program to include other public benefits programs.

SUCCESSFUL TRANSITION/FOSTER CARE YOUTH

SECTION 91.10. The Foster Care Transitional Living Initiative Fund shall continue to fund and support transitional living services that demonstrate positive outcomes for youth, attract significant private sector funding, and lead to the development of evidence-based programs to serve the at-risk population described in this section. The Fund shall continue to support a demonstration project with services provided by Youth Villages to (i) improve outcomes for youth ages 17-21 years who transition from foster care through implementation of outcome-based Transitional Living Services, (ii) identify cost-savings in social services and juvenile and adult correction services associated with the provision of Transitional Living Services to youth aging out of foster care, and (iii) take necessary steps to establish an evidence-based transitional living program available to all youth aging out of foster care. In continuing to implement these goals, the Foster Care Transitional Living Initiative Fund shall support the following strategies:

- 1 (1) Transitional Living Services, which is an outcome-based program that follows
2 the Youth Villages Transitional Living Model. Outcomes on more than 7,000
3 participants have been tracked since the program's inception. The program has
4 been evaluated through an independent Randomized Controlled Trial. Results
5 indicate that the Youth Villages Transitional Living Model had positive
6 impacts in a variety of areas, including housing stability, earnings, economic
7 hardship, mental health, and intimate partner violence in comparison to the
8 control population.
- 9 (2) Public-Private Partnership, which is a commitment by private-sector funding
10 partners to match at least twenty-five percent (25%) of the funds appropriated
11 to the Foster Care Transitional Living Initiative Fund for the 2019-2021 fiscal
12 biennium for the purposes of providing Transitional Living Services through
13 the Youth Villages Transitional Living Model to youth aging out of foster
14 care.
- 15 (3) Impact Measurement and Evaluation, which are services funded through
16 private partners to provide independent measurement and evaluation of the
17 impact the Youth Villages Transitional Living Model has on the youth served,
18 the foster care system, and on other programs and services provided by the
19 State which are utilized by former foster care youth.
- 20 (4) Advancement of Evidence-Based Process, which is the implementation and
21 ongoing evaluation of the Youth Villages Transitional Living Model for the
22 purposes of establishing the first evidence-based transitional living program
23 in the nation. To establish the evidence-based program, additional randomized
24 controlled trials may be conducted to advance the model.

25
26 **FINAL REPORT UPON COMPLETE IMPLEMENTATION/EASTERN BAND OF**
27 **CHEROKEE INDIANS ASSUMPTION OF SERVICES**

28 **SECTION 9I.11.** The Department of Health and Human Services, Division of Social
29 Services, shall submit a final report to the Joint Legislative Oversight Committee on Health and
30 Human Services on the assumption of certain services by the Eastern Band of Cherokee Indians
31 as implemented pursuant to Section 12C.10 of S.L. 2015-241, as amended by Section 12C.2 of
32 S.L. 2016-94, when implementation is complete.

33
34 **CHILD ADVOCACY CENTER FUNDING**

35 **SECTION 9I.12.** Of the funds appropriated in this act to the Department of Health
36 and Human Services, Division of Social Services, for each year of the 2019-2021 fiscal biennium
37 for child advocacy centers, allocations shall be made as follows:

- 38 (1) Up to one hundred thousand dollars (\$100,000) for each child advocacy center
39 in good standing with Children's Advocacy Centers of North Carolina, Inc.
40 (2) One hundred thousand dollars (\$100,000) to Children's Advocacy Centers of
41 North Carolina, Inc., for its operations.

42
43 **ENHANCE PERMANENCY INNOVATION INITIATIVE**

44 **SECTION 9I.13.(a)** G.S. 131D-10.9B(a) reads as rewritten:

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

1 ...
2 (3) Permanency Training Services, which are services delivered by Children's
3 Home Society of North Carolina to ~~enhance the readiness of support~~ county
4 departments of social services to implement the permanency strategies under
5 subdivision (2) of this ~~subsection~~ subsection, advance permanency-focused
6 services for children in the legal custody of county departments of social
7 services, and provide training services to support the delivery of the
8 services and support services to caregivers and family members who are
9 supporting the permanency goal of children in the legal custody of county
10 departments of social services."

11 **SECTION 9L13.(b)** Funds appropriated to the Department of Health and Human
12 Services, Division of Social Services, for each year of the 2019-2021 fiscal biennium for the
13 Permanency Innovation Initiative Fund shall be supplemented, not supplanted, by all available
14 federal matching funds.

15 16 **FUNDS FOR STANDARDIZED ASSESSMENT/FOSTER CARE PILOT**

17 **SECTION 9L14.(a)** Of the funds appropriated to the Department of Health and
18 Human Services, Division of Social Services, the sum of eighty thousand dollars (\$80,000) for
19 the 2019-2020 fiscal year and the sum of one hundred fifty thousand dollars (\$150,000) for the
20 2020-2021 fiscal year shall be used for a pilot project to develop and implement a process for
21 every child, four years of age and older, entering into foster care to receive a standardized trauma
22 and evidence-informed screening and assessment to ensure an appropriate diagnosis, which will
23 in turn lead to the proper provision of services for the child. Up to three local management
24 entities/managed care organizations (LME/MCOs) shall participate in the pilot project. The
25 LME/MCOs shall collaborate with their county departments of social services in up to four
26 counties within the LME/MCOs' catchment areas on developing and implementing the
27 standardized screening and assessments, with the intent that (i) by January 1, 2020, the
28 LME/MCOs and their county departments of social services begin training for implementation
29 of the assessments and (ii) by August 1, 2020, the LME/MCOs and county departments of social
30 services begin conducting the assessments. The pilot project shall include support for the
31 LME/MCOs and county departments of social services for training in trauma-focused care and
32 the use of the screening and assessment tool. For providers, the pilot project shall provide
33 ongoing oversight, training, certification, and coaching to ensure fidelity to the screening and
34 assessment model. For purposes of this section, "trauma" is defined as the result of an event,
35 series of events, or set of circumstances that is experienced by an individual as physically or
36 emotionally harmful or threatening and that has lasting adverse effects on the individual's
37 functioning and physical, social, emotional, or spiritual well-being.

38 **SECTION 9L14.(b)** The Division of Social Services shall submit a report on the
39 pilot project described under subsection (a) of this section to the Joint Legislative Oversight
40 Committee on Health and Human Services by April 1, 2022, that shall include, for each
41 participating county, tracking of case flow, completion and timing of the trauma checklist and
42 screening tool, a comprehensive clinical assessment, and diagnostic finding and service
43 recommendations from the assessment.

44 45 **REPORT ON IMPLEMENTATION/FEDERAL FAMILIES FIRST PREVENTION** 46 **SERVICES ACT**

47 **SECTION 9L15.(a)** The Department of Health and Human Services, Division of
48 Social Services (Division), shall report on its implementation plan for the federal Families First
49 Prevention Services Act (FFPSA), including the maintenance of a continuum of care for
50 placements of children in foster care that includes child-caring institutions. The Division shall
51 develop all aspects of the implementation plan in collaboration with stakeholders and design the

1 implementation plan in conjunction with Medicaid Transformation and the existing
2 implementation of Rylan's Law, pursuant to S.L. 2017-41. The Division and stakeholders shall
3 consider Medicaid as a financial source and shall make recommendations for changes to service
4 definitions in the State Medicaid Plan, Standard Benefit Plans, BH IDD Tailored Plans, and the
5 Tribal Option outlined in Section 9D.16 of this act.

6 **SECTION 9L.15.(b)** The Division shall hold quarterly calls with private providers
7 to provide updates and receive feedback on the FFPSA implementation plan. Beginning October
8 1, 2019, and semiannually thereafter until October 1, 2021, the Division shall report on the
9 implementation of the FFPSA to the Joint Legislative Oversight Committee on Health and
10 Human Services. The Division shall ensure the report is released publicly to local management
11 entities/managed care organizations (LME/MCOs), providers, and consumers.

12 **FUNDS FOR QUALITY ASSURANCE POSITIONS**

13 **SECTION 9L.16.** Notwithstanding any other provision of this act, recurring funds
14 appropriated in this act to the Department of Health and Human Services, Division of Health
15 Benefits, for Immediate Care Facilities, "In Lieu of" Services (1310), for each year of the 2019-
16 2021 fiscal biennium shall be decreased by the sum of one million five hundred thousand dollars
17 (\$1,500,000) and funds appropriated in this act to the Division of Social Services shall be
18 increased in the amount of one million five hundred thousand dollars (\$1,500,000) in recurring
19 funds for each year of the 2019-2021 fiscal biennium to provide a fifty percent (50%) match for
20 participating counties to establish new quality assurance positions for child welfare within county
21 departments of social services offices in the State. The Division shall allocate the positions
22 funded pursuant to this section based on a percentage of county population such that (i) counties
23 having at least one percent (1%) of the State's population each shall receive one position and (ii)
24 counties having less than one percent (1%) of the State's population shall share a position, as
25 determined by the Division. The Division shall implement a comprehensive continuous quality
26 improvement (CQI) training plan that provides all staff, new and existing, with introductory and
27 ongoing training on the Division's CQI plan, policies, and requirements that provide clarity
28 regarding staff and stakeholder roles in the CQI process.

29 **ANNUAL REPORT/CERTAIN TANF EXPENDITURES**

30 **SECTION 9L.17.(a)** Recurring funds appropriated in this act to the Department of
31 Health and Human Services, Division of Health Benefits, for each year of the 2019-2021 fiscal
32 biennium for the Group Home Wage Increase (1310) shall be decreased by the sum of five
33 thousand dollars (\$5,000) and recurring funds appropriated in this act to the Division of Social
34 Services shall be increased by the sum of five thousand dollars (\$5,000) for each year of the
35 2019-2021 fiscal biennium and shall be used for the Division to report and post on its Web site
36 and make available by June 30 and December 31 of each year to the Joint Legislative Oversight
37 Committee on Health and Human Services, the Speaker of the House of Representatives, the
38 House of Representatives Minority Leader, the President of the Senate, and the Senate Minority
39 Leader a report on certain expenditures for the Temporary Assistance for Needy Families
40 (TANF) program. The report, at a minimum, shall include each of the following:

- 41 (1) The dollar amount and number of transactions of TANF benefits accessed or
42 expended out-of-state, by state.
- 43 (2) The dollar amount, number of transactions, and times of transactions of TANF
44 benefits accessed or expended in this State, by retailer, institution, or location.

45 **SECTION 9L.17.(b)** The Division shall maintain the confidentiality of information
46 not public under Chapter 132 of the General Statutes. The Division shall properly redact any
47 information subject to reporting under subsection (a) of this section to prevent identification of
48 individual recipients of TANF benefits.

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

1	14. Division of Social Services	2,482,260	2,482,260
2			
3	15. Office of the Secretary	34,042	34,042
4			
5	16. Eligibility Systems – Operations and		
6	Maintenance	653,815	711,349
7			
8	17. NC FAST Implementation	1,817,362	0
9			
10	18. Division of Social Services – Workforce		
11	Innovation & Opportunity Act (WIOA)	93,216	93,216
12			
13	Transfers to Other Block Grants		
14			
15	Division of Child Development and Early Education		
16			
17	19. Transfer to the Child Care and		
18	Development Fund	21,773,001	21,773,001
19			
20	Division of Social Services		
21			
22	20. Transfer to Social Services Block		
23	Grant for Child Protective Services –		
24	Training	1,300,000	1,300,000
25			
26	21. Transfer to Social Services Block		
27	Grant for Child Protective Services	5,040,000	5,040,000
28			
29	22. Transfer to Social Services Block		
30	Grant for County Departments of		
31	Social Services for Children's Services	13,097,783	13,097,783
32			
33	23. Transfer to Social Services Block		
34	Grant – Foster Care Services	1,385,152	1,385,152
35			
36	24. Transfer to Social Services Block	1,582,000	1,582,000
37	Grant – Child Advocacy Centers		
38			
39	25. Transfer to Social Services Block	737,067	737,067
40	Grant – Child Protective Services,		
41	Child Welfare Training for Counties		
42			
43	TOTAL TEMPORARY ASSISTANCE FOR		
44	NEEDY FAMILIES (TANF) FUNDS	\$312,392,996	\$310,435,701
45			
46	TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF)		
47	EMERGENCY CONTINGENCY FUNDS		
48			
49	Local Program Expenditures		
50			
51	Division of Child Development and Early Education		

1			
2	01. Subsidized Child Care	\$33,439,988	\$33,439,988
3			
4	TOTAL TEMPORARY ASSISTANCE FOR		
5	NEEDY FAMILIES (TANF) EMERGENCY		
6	CONTINGENCY FUNDS	\$33,439,988	\$33,439,988
7			
8	SOCIAL SERVICES BLOCK GRANT		
9			
10	Local Program Expenditures		
11			
12	Divisions of Social Services and Aging and Adult Services		
13			
14	01. County Departments of Social Services	\$19,905,849	\$19,905,849
15			
16	02. County Departments of Social Services		
17	(Transfer From TANF)	\$13,097,783	\$13,097,783
18			
19	03. EBCI Tribal Public Health and Human Services	244,740	244,740
20			
21	04. Child Protective Services		
22	(Transfer From TANF)	5,040,000	5,040,000
23			
24	05. State In-Home Services Fund	1,943,950	1,943,950
25			
26	06. Adult Protective Services	2,138,404	2,138,404
27			
28	07. State Adult Day Care Fund	1,994,084	1,994,084
29			
30	08. Child Protective Services/CPS		
31	Investigative Services – Child Medical		
32	Evaluation Program	901,868	901,868
33			
34	09. Special Children Adoption Incentive Fund	462,600	462,600
35			
36	10. Child Protective Services – Child		
37	Welfare Training for Counties		
38	(Transfer From TANF)	1,300,000	1,300,000
39			
40	11. Child Protective Services – Child		
41	Welfare Training for Counties		
42	(Transfer From TANF)	737,067	737,067
43			
44	12. Home and Community Care Block		
45	Grant (HCCBG)	2,696,888	2,696,888
46			
47	13. Child Advocacy Centers		
48	(Transfer from TANF)	1,582,000	1,582,000
49			
50	14. Guardianship – Division of Social Services	1,802,671	1,802,671
51			

1	15. Foster Care Services		
2	(Transfer From TANF)	1,385,152	1,385,152
3			
4	Division of Central Management and Support		
5			
6	16. DHHS Competitive Block Grants		
7	for Nonprofits	4,774,525	4,774,525
8			
9	Division of Mental Health, Developmental Disabilities, and Substance Abuse Services		
10			
11	17. Mental Health Services – Adult and		
12	Child/Developmental Disabilities Program/		
13	Substance Abuse Services – Adult	4,149,595	4,149,595
14			
15	DHHS Program Expenditures		
16			
17	Division of Services for the Blind		
18			
19	18. Independent Living Program	3,603,793	3,603,793
20			
21	Division of Health Service Regulation		
22			
23	19. Adult Care Licensure Program	402,951	402,951
24			
25	20. Mental Health Licensure and		
26	Certification Program	200,880	200,880
27			
28	Division of Aging and Adult Services		
29			
30	21. Guardianship	3,825,443	3,825,443
31			
32	DHHS Administration		
33			
34	22. Division of Aging and Adult Services	679,541	679,541
35			
36	23. Division of Social Services	654,220	654,220
37			
38	24. Office of the Secretary/Controller's Office	132,047	132,047
39			
40	25. Legislative Increases/Fringe Benefits	236,278	236,278
41			
42	26. Division of Child Development and		
43	Early Education	13,878	13,878
44			
45	27. Division of Mental Health, Developmental		
46	Disabilities, and Substance Abuse Services	27,446	27,446
47			
48	28. Division of Health Service Regulation	121,719	121,719
49			
50	TOTAL SOCIAL SERVICES BLOCK GRANT	\$74,055,372	\$74,055,372
51			

1	LOW-INCOME ENERGY ASSISTANCE BLOCK GRANT		
2			
3	Local Program Expenditures		
4			
5	Division of Social Services		
6			
7	01. Low-Income Energy Assistance		
8	Program (LIEAP)	\$40,298,638	\$40,298,638
9			
10	02. Crisis Intervention Program (CIP)	40,298,638	40,298,638
11			
12	Local Administration		
13			
14	Division of Social Services		
15			
16	03. County DSS Administration	6,618,366	6,618,366
17			
18	DHHS Administration		
19			
20	Division of Central Management and Support		
21			
22	04. Division of Social Services	10,000	10,000
23			
24	05. Office of the Secretary/DIRM	128,954	128,954
25			
26	06. Office of the Secretary/Controller's Office	18,378	18,378
27			
28	07. NC FAST Development	2,287,188	2,287,188
29			
30	08. NC FAST Operations and Maintenance	2,539,033	2,539,033
31			
32	Transfers to Other State Agencies		
33			
34	Department of Environmental Quality		
35			
36	09. Weatherization Program	8,692,641	8,552,641
37			
38	10. Heating Air Repair and Replacement		
39	Program (HARRP)	5,881,761	5,701,761
40			
41	11. Local Residential Energy Efficiency Service		
42	Providers – Weatherization	544,742	514,742
43			
44	12. Local Residential Energy Efficiency Service		
45	Providers – HARRP	327,169	277,169
46			
47	13. DEQ – Weatherization Administration	544,742	514,742
48			
49	14. DEQ – HARRP Administration	277,169	277,169
50			
51	Department of Administration		

1			
2	15. N.C. Commission on Indian Affairs	87,736	87,736
3			
4	TOTAL LOW-INCOME ENERGY		
5	ASSISTANCE BLOCK GRANT	\$108,555,155	\$108,125,155
6			
7	CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT		
8			
9	Local Program Expenditures		
10			
11	Division of Child Development and Early Education		
12			
13	01. Child Care Services	\$235,808,573	\$235,800,688
14			
15	02. Smart Start Subsidy	7,000,000	7,000,000
16			
17	03. Transfer from TANF Block Grant		
18	for Child Care Subsidies	21,773,001	21,773,001
19			
20	04. Quality and Availability Initiatives		
21	(TEACH Program \$3,800,000)	55,217,124	55,217,124
22			
23	DHHS Administration		
24			
25	Division of Child Development and Early Education		
26			
27	05. DCDEE Administrative Expenses	9,710,886	9,710,886
28			
29	Division of Social Services		
30			
31	06. Local Subsidized Child Care		
32	Services Support	18,533,357	18,533,357
33			
34	07. Direct Deposit for Child Care Payments	505,100	505,100
35			
36	Division of Central Management and Support		
37			
38	08. NC FAST Development	464,290	0
39			
40	09. NC FAST Operations and Maintenance	1,104,504	1,201,697
41			
42	10. DHHS Central Administration – DIRM		
43	Technical Services	645,162	645,162
44			
45	11. DHHS Central Administration	400,000	400,000
46			
47	Division of Public Health		
48			
49	12. Child Care Health Consultation Contracts	62,205	62,205
50			
51	TOTAL CHILD CARE AND DEVELOPMENT		

1	FUND BLOCK GRANT	\$351,224,202	\$350,849,220
2			
3	MENTAL HEALTH SERVICES BLOCK GRANT		
4			
5	Local Program Expenditures		
6			
7	01. Mental Health Services – Child	\$4,779,087	\$4,779,087
8			
9	02. Mental Health Services – Adult/Child		
10	(Peer Wellness Centers Pilot \$500,000)	21,584,856	15,477,865
11			
12	03. Mental Health Services – First		
13	Psychotic Symptom Treatment	1,976,970	1,976,970
14			
15	DHHS Administration		
16			
17	Division of Mental Health, Developmental Disabilities, and Substance Abuse Services		
18			
19	04. Administration	200,000	200,000
20			
21	TOTAL MENTAL HEALTH SERVICES		
22	BLOCK GRANT	\$28,540,913	\$22,433,922
23			
24	SUBSTANCE ABUSE PREVENTION AND TREATMENT BLOCK GRANT		
25			
26	Local Program Expenditures		
27			
28	Division of Mental Health, Developmental Disabilities, and Substance Abuse Services		
29			
30	01. Substance Abuse – HIV and IV Drug	\$2,550,915	\$2,550,915
31			
32	02. Substance Abuse Prevention	9,110,422	9,110,422
33			
34	03. Substance Abuse Services – Treatment for		
35	Children/Adults	30,453,564	29,500,823
36			
37	05. Crisis Solutions Initiatives – Collegiate		
38	Wellness/Addiction Recovery	1,085,000	1,085,000
39			
40	06. Crisis Solutions Initiatives – Community		
41	Paramedic Mobile Crisis Management	20,000	20,000
42			
43	DHHS Program Expenditures		
44			
45	Division of Central Management and Support		
46			
47	07. Competitive Grants	1,600,000	1,600,000
48			
49	DHHS Administration		
50			
51	Division of Mental Health, Developmental Disabilities, and Substance Abuse Services		

1			
2	08. Administration	454,000	454,000
3			
4	09. Controlled Substance Reporting System		
5	Enhancement	427,655	427,655
6			
7	10. Veterans Initiatives	250,000	250,000
8			
9	TOTAL SUBSTANCE ABUSE PREVENTION		
10	AND TREATMENT BLOCK GRANT	\$45,951,556	\$44,998,815
11			
12	MATERNAL AND CHILD HEALTH BLOCK GRANT		
13			
14	Local Program Expenditures		
15			
16	Division of Public Health		
17			
18	01. Women and Children's Health Services		
19	(Safe Sleep Campaign \$45,000; Sickle Cell		
20	Centers \$100,000; Prevent Blindness \$575,000;		
21	March of Dimes \$350,000; Teen Pregnancy		
22	Prevention Initiatives \$650,000;		
23	17P Project \$52,000; Nurse-Family		
24	Partnership \$950,000; Perinatal & Neonatal		
25	Outreach Coordinator Contracts \$440,000;		
26	Mountain Area Pregnancy Services \$50,000)	\$14,719,224	\$14,719,224
27			
28	02. Oral Health	48,227	48,227
29			
30	03. Evidence-Based Programs in Counties		
31	With Highest Infant Mortality Rates	1,575,000	1,575,000
32			
33	DHHS Program Expenditures		
34			
35	04. Children's Health Services	1,427,323	1,427,323
36			
37	05. Women's Health – Maternal Health	169,864	169,864
38			
39	06. Women and Children's Health – Perinatal		
40	Strategic Plan Support Position	68,245	68,245
41			
42	07. State Center for Health Statistics	158,583	158,583
43			
44	08. Health Promotion – Injury and		
45	Violence Prevention	87,271	87,271
46			
47	DHHS Administration		
48			
49	09. Division of Public Health Administration	552,571	552,571
50			
51	TOTAL MATERNAL AND CHILD		

1	HEALTH BLOCK GRANT	\$18,806,308	\$18,806,308
2			
3	PREVENTIVE HEALTH SERVICES BLOCK GRANT		
4			
5	Local Program Expenditures		
6			
7	01. Physical Activity and Prevention	\$3,030,116	\$3,030,116
8			
9	02. Injury and Violence Prevention		
10	(Services to Rape Victims – Set-Aside)	160,000	160,000
11			
12	DHHS Program Expenditures		
13			
14	Division of Public Health		
15			
16	03. HIV/STD Prevention and		
17	Community Planning	137,648	137,648
18			
19	04. Oral Health Preventive Services	150,000	150,000
20			
21	05. Laboratory Services – Testing,		
22	Training, and Consultation	21,000	21,000
23			
24	06. Injury and Violence Prevention		
25	(Services to Rape Victims – Set-Aside)	53,206	53,206
26			
27	07. Performance Improvement and		
28	Accountability	592,123	592,123
29			
30	08. State Center for Health Statistics	82,505	82,505
31			
32	DHHS Administration		
33			
34	Division of Public Health		
35			
36	09. Division of Public Health	65,000	65,000
37			
38	TOTAL PREVENTIVE HEALTH		
39	SERVICES BLOCK GRANT	\$4,291,598	\$4,291,598
40			
41	COMMUNITY SERVICES BLOCK GRANT		
42			
43	01. Community Action Agencies	\$24,170,204	\$20,539,214
44			
45	02. Discretionary Funding	921,096	921,096
46			
47	03. Office of Economic Opportunity	981,096	981,096
48			
49	04. Office of Economic Opportunity – Workforce		
50	Investment Opportunities Act (WIOA)	60,000	60,000
51			

TOTAL COMMUNITY SERVICES**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

1 Management shall not approve funding for new programs or activities not appropriated in this
2 section. Additionally, if budgeted allocations are decreased, the Office of State Budget and
3 Management shall not approve any reduction of funds designated for subrecipients in subsection
4 (a) of this section under Item 01 of the Maternal and Child Health Block Grant. The Office of
5 State Budget and Management shall consult with the Joint Legislative Oversight Committee on
6 Health and Human Services for review prior to implementing any changes. In consulting, the
7 report shall include an itemized listing of affected programs, including associated changes in
8 budgeted allocations. All changes to the budgeted allocations to the Block Grants shall be
9 reported immediately to the Joint Legislative Oversight Committee on Health and Human
10 Services and the Fiscal Research Division. This subsection does not apply to Block Grant
11 changes caused by legislative salary increases and benefit adjustments.

12 **SECTION 9K.1.(f)** Except as otherwise provided, the Department of Health and
13 Human Services shall have flexibility to transfer funding between the Temporary Assistance for
14 Needy Families (TANF) Block Grant and the TANF Emergency Contingency Funds Block Grant
15 so long as the total allocation for the line items within those block grants remains the same.
16

17 **TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF) FUNDS**

18 **SECTION 9K.1.(g)** The sum of eighty million ninety-three thousand five hundred
19 sixty-six dollars (\$80,093,566) for each year of the 2019-2021 fiscal biennium appropriated in
20 this act in TANF funds to the Department of Health and Human Services, Division of Social
21 Services, shall be used for Work First County Block Grants. The Division shall certify these
22 funds in the appropriate State-level services based on prior year actual expenditures. The Division
23 has the authority to realign the authorized budget for these funds among the State-level services
24 based on current year actual expenditures. The Division shall also have the authority to realign
25 appropriated funds from Work First Family Assistance for electing counties to the Work First
26 County Block Grant for electing counties based on current year expenditures so long as the
27 electing counties meet Maintenance of Effort requirements.

28 **SECTION 9K.1.(h)** The sum of nine million four hundred twelve thousand three
29 hundred ninety-one dollars (\$9,412,391) appropriated in this act to the Department of Health and
30 Human Services, Division of Social Services, in TANF funds for each fiscal year of the
31 2019-2021 fiscal biennium for child welfare improvements shall be allocated to the county
32 departments of social services for hiring or contracting staff to investigate and provide services
33 in Child Protective Services cases; to provide foster care and support services; to recruit, train,
34 license, and support prospective foster and adoptive families; and to provide interstate and
35 post-adoption services for eligible families.

36 Counties shall maintain their level of expenditures in local funds for Child Protective
37 Services workers. Of the Block Grant funds appropriated for Child Protective Services workers,
38 the total expenditures from State and local funds for fiscal years 2019-2020 and 2020-2021 shall
39 not be less than the total expended from State and local funds for the 2012-2013 fiscal year.

40 **SECTION 9K.1.(i)** The sum of two million twenty-six thousand eight hundred
41 seventy-seven dollars (\$2,026,877) appropriated in this act in TANF funds to the Department of
42 Health and Human Services, Special Children Adoption Fund, for each fiscal year of the
43 2019-2021 fiscal biennium shall be used in accordance with G.S. 108A-50.2. The Division of
44 Social Services, in consultation with the North Carolina Association of County Directors of
45 Social Services and representatives of licensed private adoption agencies, shall develop
46 guidelines for the awarding of funds to licensed public and private adoption agencies upon the
47 adoption of children described in G.S. 108A-50 and in foster care. Payments received from the
48 Special Children Adoption Fund by participating agencies shall be used exclusively to enhance
49 the adoption services program. No local match shall be required as a condition for receipt of these
50 funds.

1 **SECTION 9K.1.(j)** The sum of one million four hundred thousand dollars
2 (\$1,400,000) appropriated in this act in TANF funds to the Department of Health and Human
3 Services, Division of Social Services, for each fiscal year of the 2019-2021 fiscal biennium shall
4 be used for child welfare initiatives to (i) enhance the skills of social workers to improve the
5 outcomes for families and children involved in child welfare and (ii) enhance the provision of
6 services to families in their homes in the least restrictive setting.

7 **SECTION 9K.1.(k)** Of the three million four hundred fifty thousand dollars
8 (\$3,450,000) allocated in this act in TANF funds to the Department of Health and Human
9 Services, Division of Public Health, for each year of the 2019-2021 fiscal biennium for teen
10 pregnancy prevention initiatives, the sum of five hundred thousand dollars (\$500,000) in each
11 year of the 2019-2021 fiscal biennium shall be used to provide services for foster care youth and
12 juvenile justice.

13 **SOCIAL SERVICES BLOCK GRANT**

14 **SECTION 9K.1.(l)** The sum of nineteen million nine hundred five thousand eight
15 hundred forty-nine dollars (\$19,905,849) for each year of the 2019-2021 fiscal biennium
16 appropriated in this act in the Social Services Block Grant to the Department of Health and
17 Human Services, Division of Social Services, and the sum of thirteen million ninety-seven
18 thousand seven hundred eighty-three dollars (\$13,097,783) for each year of the 2019-2021 fiscal
19 biennium transferred from funds appropriated in the TANF Block Grant shall be used for county
20 block grants. The Division shall certify these funds in the appropriate State-level services based
21 on prior year actual expenditures. The Division has the authority to realign the authorized budget
22 for these funds, as well as State Social Services Block Grant funds, among the State-level services
23 based on current year actual expenditures.

24 Of the funds allocated in this subsection for each year of the 2019-2021 fiscal
25 biennium for county block grants, three million dollars (\$3,000,000) shall be used to assist
26 counties in the implementation of Project 4, Child Services, in North Carolina Families
27 Accessing Services Through Technology (NC FAST). These funds shall be available in each
28 fiscal year of the fiscal biennium for this purpose.

29 **SECTION 9K.1.(m)** The sum of one million three hundred thousand dollars
30 (\$1,300,000) appropriated in this act in the Social Services Block Grant to the Department of
31 Health and Human Services, Division of Social Services, for each fiscal year of the 2019-2021
32 fiscal biennium shall be used to support various child welfare training projects as follows:

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

36 **SECTION 9K.1.(n)** The Department of Health and Human Services is authorized,
37 subject to the approval of the Office of State Budget and Management, to transfer Social Services
38 Block Grant funding allocated for departmental administration between divisions that have
39 received administrative allocations from the Social Services Block Grant.

40 **SECTION 9K.1.(o)** Social Services Block Grant funds appropriated for the Special
41 Children Adoption Incentive Fund shall require a fifty percent (50%) local match.

42 **SECTION 9K.1.(p)** The sum of five million forty thousand dollars (\$5,040,000)
43 appropriated in this act in the Social Services Block Grant for each fiscal year of the 2019-2021
44 fiscal biennium shall be allocated to the Department of Health and Human Services, Division of
45 Social Services. The Division shall allocate these funds to local departments of social services to
46 replace the loss of Child Protective Services State funds that are currently used by county
47 governments to pay for Child Protective Services staff at the local level. These funds shall be
48 used to maintain the number of Child Protective Services workers throughout the State. These
49 Social Services Block Grant funds shall be used to pay for salaries and related expenses only and
50 are exempt from 10A NCAC 71R .0201(3) requiring a local match of twenty-five percent (25%).
51

1 **SECTION 9K.1.(q)** The sum of four million seven hundred seventy-four thousand
2 five hundred twenty-five dollars (\$4,774,525) for each year of the 2019-2021 fiscal biennium
3 appropriated in this act in the Social Services Block Grant to the Department of Health and
4 Human Services (DHHS), Division of Central Management and Support, shall be used for DHHS
5 competitive block grants pursuant to Section 9B.8 of this act. These funds are exempt from the
6 provisions of 10A NCAC 71R .0201(3).

7 **SECTION 9K.1.(r)** The sum of one million five hundred eighty-two thousand
8 dollars (\$1,582,000) appropriated in this act in the Social Services Block Grant for each fiscal
9 year of the 2019-2021 fiscal biennium to the Department of Health and Human Services, Division
10 of Social Services, shall be used to continue support for the Child Advocacy Centers, and the
11 funds are exempt from the provisions of 10A NCAC 71R .0201(3).

12 **SECTION 9K.1.(s)** The sum of three million eight hundred twenty-five thousand
13 four hundred forty-three dollars (\$3,825,443) for each fiscal year of the 2019-2021 fiscal
14 biennium appropriated in this act in the Social Services Block Grant to the Department of Health
15 and Human Services, Divisions of Social Services and Aging and Adult Services, shall be used
16 for guardianship services pursuant to Chapter 35A of the General Statutes. The Department may
17 expend funds allocated in this section to support existing corporate guardianship contracts during
18 the 2019-2020 and 2020-2021 fiscal years.

19 **SECTION 9K.1.(t)** Of the funds appropriated in the Social Services Block Grant to
20 the Division of Aging and Adult Services for Adult Protective Services, the sum of eight hundred
21 ninety-three thousand forty-one dollars (\$893,041) shall be used to increase the number of Adult
22 Protective Services workers where these funds can be the most effective. These funds shall be
23 used to pay for salaries and related expenses and shall not be used to supplant any other source
24 of funding for staff. These funds are also exempt from 10A NCAC 71R .0201(3) requiring a local
25 match of twenty-five percent (25%).

26 **SECTION 9K.1.(u)** The sum of seven hundred thirty-seven thousand sixty-seven
27 dollars (\$737,067) appropriated in this act in the Social Services Block Grant for each fiscal year
28 of the 2019-2021 fiscal biennium shall be allocated to the Department of Health and Human
29 Services, Division of Social Services. These funds shall be used to assist with training needs for
30 county child welfare training staff and shall not be used to supplant any other source of funding
31 for staff. County departments of social services are exempt from 10A NCAC 71R .0201(3)
32 requiring a local match of twenty-five percent (25%).

33 34 **LOW-INCOME ENERGY ASSISTANCE BLOCK GRANT**

35 **SECTION 9K.1.(v)** Additional emergency contingency funds received may be
36 allocated for Energy Assistance Payments or Crisis Intervention Payments without prior
37 consultation with the Joint Legislative Oversight Committee on Health and Human Services.
38 Additional funds received shall be reported to the Joint Legislative Oversight Committee on
39 Health and Human Services and the Fiscal Research Division upon notification of the award. The
40 Department of Health and Human Services shall not allocate funds for any activities, including
41 increasing administration, other than assistance payments, without prior consultation with the
42 Joint Legislative Oversight Committee on Health and Human Services.

43 **SECTION 9K.1.(w)** The sum of forty million two hundred ninety-eight thousand
44 six hundred thirty-eight dollars (\$40,298,638) for each year of the 2019-2021 fiscal biennium
45 appropriated in this act in the Low-Income Energy Assistance Block Grant to the Department of
46 Health and Human Services, Division of Social Services, shall be used for Energy Assistance
47 Payments for the households of (i) elderly persons age 60 and above with income up to one
48 hundred thirty percent (130%) of the federal poverty level and (ii) disabled persons eligible for
49 services funded through the Division of Aging and Adult Services.

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

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

14 **CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT**

15 **SECTION 9K.1.(x)** Payment for subsidized child care services provided with federal
16 TANF funds shall comply with all regulations and policies issued by the Division of Child
17 Development and Early Education for the subsidized child care program.

18 **SECTION 9K.1.(y)** If funds appropriated through the Child Care and Development
19 Fund Block Grant for any program cannot be obligated or spent in that program within the
20 obligation or liquidation periods allowed by the federal grants, the Department may move funds
21 to child care subsidies, unless otherwise prohibited by federal requirements of the grant, in order
22 to use the federal funds fully.
23

24 **MENTAL HEALTH SERVICES BLOCK GRANT**

25 **SECTION 9K.1.(z)** The sum of one million nine hundred seventy-six thousand nine
26 hundred seventy dollars (\$1,976,970) appropriated in this act in the Mental Health Services Block
27 Grant to the Department of Health and Human Services, Division of Mental Health,
28 Developmental Disabilities, and Substance Abuse Services, for each year of the 2019-2021 fiscal
29 biennium is allocated for Mental Health Services – First Psychotic Symptom Treatment.

30 **SECTION 9K.1.(z1)** The sum of five hundred thousand dollars (\$500,000)
31 appropriated in this section in the Mental Health Services Block Grant to the Department of
32 Health and Human Services, Division of Mental Health, Developmental Disabilities, and
33 Substance Abuse Services, for each year of the 2019-2021 fiscal biennium may be allocated for
34 the two-year Peer Wellness Center pilot program as set forth in Section 9F.15 of this act.
35

36 **SUBSTANCE ABUSE PREVENTION AND TREATMENT BLOCK GRANT**

37 **SECTION 9K.1.(aa)** The sum of two hundred fifty thousand dollars (\$250,000)
38 appropriated in this act in the Substance Abuse Prevention and Treatment Block Grant to the
39 Department of Health and Human Services, Division of Mental Health, Developmental
40 Disabilities, and Substance Abuse Services, for each fiscal year of the 2019-2021 fiscal biennium
41 shall be used to support Veterans initiatives.
42

43 **MATERNAL AND CHILD HEALTH BLOCK GRANT**

44 **SECTION 9K.1.(bb)** If federal funds are received under the Maternal and Child
45 Health Block Grant for abstinence education, pursuant to section 912 of Public Law 104-193 (42
46 U.S.C. § 710), for the 2019-2020 fiscal year or the 2020-2021 fiscal year, then those funds shall
47 be transferred to the State Board of Education to be administered by the Department of Public
48 Instruction. The Department of Public Instruction shall use the funds to establish an abstinence
49 until marriage education program and shall delegate to one or more persons the responsibility of
50 implementing the program and G.S. 115C-81(e1)(4) and (4a). The Department of Public
51

1 Instruction shall carefully and strictly follow federal guidelines in implementing and
2 administering the abstinence education grant funds.

3 **SECTION 9K.1.(cc)** The sum of one million five hundred seventy-five thousand
4 dollars (\$1,575,000) appropriated in this act in the Maternal and Child Health Block Grant to the
5 Department of Health and Human Services, Division of Public Health, for each year of the
6 2019-2021 fiscal biennium shall be used for evidence-based programs in counties with the
7 highest infant mortality rates. The Division shall report on (i) the counties selected to receive the
8 allocation, (ii) the specific evidence-based services provided, (iii) the number of women served,
9 and (iv) any impact on the counties' infant mortality rate. The Division shall report its findings
10 to the House of Representatives Appropriations Committee on Health and Human Services, the
11 Senate Appropriations Committee on Health and Human Services, and the Fiscal Research
12 Division no later than December 31 of each year.

13 **SECTION 9K.1.(dd)** The sum of sixty-eight thousand two hundred forty-five dollars
14 (\$68,245) allocated in this section in the Maternal and Child Health Block Grant to the
15 Department of Health and Human Services, Division of Public Health, Women and Children's
16 Health Section, for each fiscal year of the 2019-2021 fiscal biennium shall not be used to supplant
17 existing State or federal funds. This allocation shall be used for a Public Health Program
18 Consultant position assigned full-time to manage the North Carolina Perinatal Health Strategic
19 Plan and provide staff support for the stakeholder work group.

20 **SECTION 9K.1.(ee)** The sum of one hundred thousand dollars (\$100,000) allocated
21 in this section in the Maternal and Child Health Block Grant to the Department of Health and
22 Human Services, Division of Public Health, for each year of the 2019-2021 fiscal biennium for
23 community-based sickle cell centers shall not be used to supplant existing State or federal funds.
24

25 **PART X. AGRICULTURE AND CONSUMER SERVICES**

26 **DACS REPORT CHANGES**

27 **SECTION 10.1.(a)** G.S. 19A-62(c) reads as rewritten:

28 "(c) Report. – In March of each year, the Department must report to the ~~Joint Legislative~~
29 ~~Commission on Governmental Operations~~ Joint Legislative Oversight Committee on Agriculture
30 and Natural and Economic Resources and the Fiscal Research Division. The report must contain
31 information regarding all revenues and expenditures of the Spay/Neuter Account."
32

33 **SECTION 10.1.(b)** G.S. 19A-69 reads as rewritten:

34 "**§ 19A-69. Report.**

35 The Department shall report annually to the ~~Joint Legislative Commission on Governmental~~
36 ~~Operations~~ Joint Legislative Oversight Committee on Agriculture and Natural and Economic
37 Resources and the Fiscal Research Division no later than March 1. The report shall contain
38 information regarding all revenues and expenditures of the Animal Shelter Support Fund."
39

40 **SECTION 10.1.(c)** G.S. 106-744(i) reads as rewritten:

41 "(i) The Advisory Committee shall report no later than October 1 of each year to the ~~Joint~~
42 ~~Legislative Commission on Governmental Operations~~, Joint Legislative Oversight Committee
43 on Agriculture and Natural and Economic Resources, the Environmental Review Commission,
44 ~~and the House of Representatives and Senate Appropriations Subcommittees on Natural and~~
45 ~~Economic Resources~~ the chairs of the Senate Appropriations Committee on Agriculture, Natural,
46 and Economic Resources, and the chairs of the House of Representatives Appropriations
47 Committee on Agriculture and Natural and Economic Resources regarding the activities of the
48 Advisory Committee, the agriculture easements purchased, and agricultural projects funded
49 during the previous fiscal year."

50 **SECTION 10.1.(d)** G.S. 106-747(f) reads as rewritten:

51 "(f) Reports. – The Committee shall report on its activities conducted to implement this
section, including any findings, recommendations, and legislative proposals, to the North

1 Carolina Military Affairs ~~Commission and Commission~~, the Agriculture and Forestry Awareness
2 Study ~~Commission-Commission~~, and the Joint Legislative Oversight Committee on Agriculture
3 and Natural and Economic Resources beginning September 1, 2017, and annually thereafter, until
4 such time as the Committee completes its work."

5 **SECTION 10.1.(e)** G.S. 106-755.1(14) reads as rewritten:

6 "(14) By September 1 of each year, to report to the ~~House of Representatives~~
7 ~~Appropriations Subcommittee on Natural and Economic Resources~~, the
8 ~~Senate Appropriations Committee on Natural and Economic Resources~~, the
9 ~~Joint Legislative Commission on Governmental Operations~~, chairs of the
10 Senate Appropriations Committee on Agriculture, Natural, and Economic
11 Resources, the chairs of the House of Representatives Appropriations
12 Committee on Agriculture and Natural and Economic Resources, the Joint
13 Legislative Oversight Committee on Agriculture and Natural and Economic
14 Resources, and the Fiscal Research Division on the activities of the Council,
15 the status of the wine and grape industry in North Carolina and the United
16 States, progress on the development and implementation of the State
17 Viticulture Plan, and any contracts or agreements entered into by the Council
18 for research, education, or marketing."

19 **SECTION 10.1.(f)** G.S. 106-887(i) reads as rewritten:

20 "(i) The Department shall report no later than October 1 of each year to the ~~Joint~~
21 ~~Legislative Commission on Governmental Operations~~, the ~~House and Senate Appropriations~~
22 ~~Subcommittees on Natural and Economic Resources~~, Joint Legislative Oversight Committee on
23 Agriculture and Natural and Economic Resources, the chairs of the Senate Appropriations
24 Committee on Agriculture, Natural, and Economic Resources, the chairs of the House of
25 Representatives Appropriations Committee on Agriculture and Natural and Economic
26 Resources, the Fiscal Research Division, and the Environmental Review Commission on the
27 Department's management activities at DuPont State Recreational Forest during the preceding
28 fiscal year and plans for management of DuPont State Recreational Forest for the upcoming fiscal
29 year."

30 **SECTION 10.1.(g)** G.S. 106-911 reads as rewritten:

31 "**§ 106-911. Annual report on wildfires.**

32 No later than October 1 of each year, beginning October 1, 2012, the Commissioner shall
33 submit a written report on wildfires in the State to the chairs of the ~~House Appropriations~~
34 ~~Subcommittee on Natural and Economic Resources~~ and the ~~Senate Appropriations Committee~~
35 ~~on Natural and Economic Resources~~, the ~~Joint Legislative Commission on Governmental~~
36 ~~Operations~~, Senate Appropriations Committee on Agriculture, Natural, and Economic
37 Resources, the chairs of the House of Representatives Appropriations Committee on Agriculture
38 and Natural and Economic Resources, the Joint Legislative Oversight Committee on Agriculture
39 and Natural and Economic Resources, and the Fiscal Research Division of the General Assembly.
40 The report shall include the following information for all major or project wildfires during the
41 prior fiscal year:

42 "...."

43 **SECTION 10.1.(h)** G.S. 106-1029(b)(3) and (5) read as rewritten:

44 "(3) Establish in November prior to those sessions in which the General Assembly
45 considers the State budget, the estimated total assessment that will be
46 collectible in the next budget period and so inform the ~~General Assembly~~; Joint
47 Legislative Oversight Committee on Agriculture and Natural and Economic
48 Resources.

49 ...

50 (5) By January 15 of each odd-numbered year, report to the ~~General Assembly~~
51 Joint Legislative Oversight Committee on Agriculture and Natural and

1 Economic Resources on the number of acres reforested, type of owners
2 assisted, geographic distribution of funds, the amount of funds ~~encumbered~~
3 encumbered, and other matters. The report shall include the information by
4 forestry district and statewide and shall be for the two fiscal years prior to the
5 date of the report."

6 **SECTION 10.1.(i)** Section 11.1 of S.L. 2012-142 is codified as G.S. 106-915 and
7 reads as rewritten:

8 "**§ 106-915. B.R.I.D.G.E. Youthful Offenders Program; annual report.**

9 (a) The Division of Adult Correction and Juvenile Justice of the Department of Public
10 Safety shall give priority to the B.R.I.D.G.E. Youthful Offenders Program operated in
11 cooperation with the North Carolina Forest Service when assigning youthful offenders from the
12 ~~Western Youth Institution-Foothills Correctional Institution~~ to work programs.

13 (b) The North Carolina Forest Service shall submit an annual report on the B.R.I.D.G.E.
14 Youthful Offenders Program no later than October 1 of each year beginning October 1, 2012, to
15 the Fiscal Research Division, the ~~Chairs of the House Appropriations Subcommittee on Natural~~
16 ~~and Economic Resources and the Senate Appropriations Committee on Natural and Economic~~
17 ~~Resources, the Chairs of the House Appropriations Subcommittee on Justice and Public Safety~~
18 ~~and the Senate Appropriations Committee on Justice and Public Safety, the Joint Legislative~~
19 ~~Commission on Governmental Operations, chairs of the Senate Appropriations Committee on~~
20 ~~Agriculture, Natural, and Economic Resources, the chairs of the House of Representatives~~
21 ~~Appropriations Committee on Agriculture and Natural and Economic Resources, the Joint~~
22 ~~Legislative Oversight Committee on Agriculture and Natural and Economic Resources, the~~
23 ~~chairs of the Senate Appropriations Committee on Justice and Public Safety, the chairs of the~~
24 ~~House of Representatives Appropriations Committee on Justice and Public Safety, and the Joint~~
25 Legislative Oversight Committee on Justice and Public Safety. The report shall include the
26 following information for the prior fiscal year:

27"

28 **SECTION 10.1.(j)** Section 13.7(b) of S.L. 2013-360 is codified as G.S. 106-590 and
29 reads as rewritten:

30 "**§ 106-590. Annual report on funds allocated to the North Carolina Agricultural**
31 **Foundation, Inc.**

32 ~~North Carolina Agricultural Foundation—FFA Foundation (hereinafter "FFA Foundation")~~
33 The North Carolina Agricultural Foundation, Inc., shall do the following if the Department of
34 Agriculture and Consumer Services allocates funds to ~~the entity; it~~ for programs of the North
35 Carolina Future Farmers of America Association:

- 36 (1) By September 1 of each year, and more frequently as requested, report to the
37 ~~Joint Legislative Commission on Governmental Operations~~ Joint Legislative
38 Oversight Committee on Agriculture and Natural and Economic Resources
39 and the Fiscal Research Division on prior State fiscal year program activities,
40 objectives, and accomplishments and prior State fiscal year itemized
41 expenditures and fund sources.
- 42 (2) Provide to the Fiscal Research Division a copy of the organization's annual
43 audited financial statement within 30 days of issuance of the statement."
44

45 **TIMBER SALES/RETENTION OF PROCEEDS**

46 **SECTION 10.2.** The Department of Agriculture and Consumer Services is
47 authorized to expend up to one hundred fifty thousand dollars (\$150,000) each year for forestry
48 management from funds received from the sale of timber that are deposited with the State
49 Treasurer in a capital improvement account pursuant to G.S. 146-30. The Director of the Budget
50 is authorized to transfer up to one hundred fifty thousand dollars (\$150,000) from the capital
51 improvement account to the Reserve for Forestry Management in the Department's operating

1 budget and to prepare succeeding continuation budget documents to include one hundred fifty
2 thousand dollars (\$150,000) in the Reserve for Forestry Management.

4 **HEALTHY FOOD/SMALL RETAILER**

5 **SECTION 10.3.(a)** The funds appropriated by S.L. 2018-5 for the Healthy
6 Food/Small Retailer program shall be used to continue a program to reimburse small food
7 retailers for expenditures related to enhancing access to healthy foods in areas that qualify as
8 food desert zones according to the Economic Research Service of the United States Department
9 of Agriculture. For the purposes of this section, a small food retailer is defined as a business that
10 is a small retail outlet, including corner stores, convenience stores, cooperatives, and bodegas, of
11 no more than 3,000 heated square feet that sells a limited selection of foods and other products.
12 Funds may be used to reimburse small food retailers for the purchase and installation of
13 refrigeration equipment, display shelving, and other equipment necessary for stocking
14 nutrient-dense foods, including fresh vegetables and fruits, whole grains, nuts, seeds, beans and
15 legumes, low-fat dairy products, lean meats, and seafood.

16 **SECTION 10.3.(b)** The Department of Agriculture and Consumer Services may
17 reimburse up to twenty-five thousand dollars (\$25,000) to each eligible small food retailer. Small
18 food retailers receiving moneys from the program shall accept or agree to accept Supplemental
19 Nutrition Assistance Program benefits and shall accept or agree to apply to accept Special
20 Supplemental Nutrition Program for Women, Infants, and Children benefits. The Department
21 shall establish guidelines for application and receipt of funding for small food retailers to ensure
22 that the funds shall be used to enhance and advertise the availability of nutrient-dense foods. The
23 Department shall assist the small food retailer in identifying suppliers of nutrient-dense foods
24 and in developing a strategy to encourage the sale of nutrient-dense foods to customers.

25 **SECTION 10.3.(c)** On or before October 1, 2019, and annually thereafter until the
26 funds are expended, the Department of Agriculture and Consumer Services shall report to the
27 Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources and
28 the Fiscal Research Division on the activities funded by the Healthy Food/Small Retailer
29 program, including the number of small food retailers receiving reimbursement, how the funds
30 were used by the small food retailers, and the gross amount of nutrient-dense food, in dollars,
31 sold to customers by participating small food retailers.

32 **SECTION 10.3.(d)** This section becomes effective June 30, 2019.

34 **TOBACCO TRUST FUND ADMINISTRATIVE EXPENSES**

35 **SECTION 10.4.** Notwithstanding G.S. 143-717(i), the Tobacco Trust Fund
36 Commission may use three hundred seventy-five thousand dollars (\$375,000) for the 2019-2020
37 fiscal year for administrative and operating expenses of the Commission and its staff.

39 **TOBACCO TRUST FUND GRANT**

40 **SECTION 10.5.** Notwithstanding G.S. 143-720 and G.S. 143-721, of the funds
41 appropriated to the Tobacco Trust Fund in this act, one million five hundred thousand dollars
42 (\$1,500,000) in nonrecurring funds for the 2019-2020 fiscal year is allocated to the Town of
43 Mount Olive to support locally based agriculture educational programs.

45 **EASTERN NORTH CAROLINA FOOD COMMERCIALIZATION CENTER FUNDING**

46 **SECTION 10.6.(a)** Funds appropriated by this act to the Department of Agriculture
47 and Consumer Services for local food processing initiatives shall be used to provide a grant to
48 the Eastern North Carolina Food Commercialization Center to provide matching funds for a
49 federal construction grant and to provide working capital and equipment for the Center.

50 **SECTION 10.6.(b)** The Center shall submit an annual report on the use of the funds
51 allocated by this section to the Joint Legislative Oversight Committee on Agriculture and Natural

1 and Economic Resources and the Fiscal Research Division no later than April 1 of each year until
2 the funds are spent or have reverted.

3
4 **DEPARTMENT OF AGRICULTURE AND CONSUMER SERVICES STUDY OF**
5 **STATE-MANAGED PROPERTIES**

6 **SECTION 10.7.(a)** The Department of Agriculture and Consumer Services' Plant
7 Industry Division shall study and report on wildlife enhancement, invasive species control, and
8 native habitat restoration on properties managed by the State. The Division shall include the
9 following in its study and report:

- 10 (1) The amount of funds and other resources dedicated by each State agency land
11 manager (including the Department of Natural and Cultural Resources, the
12 Wildlife Resources Commission, the Department of Environmental Quality,
13 and the Department of Agriculture and Consumer Services) to habitat
14 management for wildlife enhancement, including, but not limited to, invasive
15 species removal, prescribed burning, selective thinning, and native plant
16 restoration.
- 17 (2) The potential need for each State agency land manager for additional funding
18 or positions necessary to support wildlife enhancement, including invasive
19 species removal, prescribed burning, selective thinning, and native plant
20 restoration.
- 21 (3) Identification of existing federal funding sources for wildlife enhancement on
22 State-managed properties and missed match opportunities with State
23 resources.

24 **SECTION 10.7.(b)** The Department shall provide its report to the Joint Legislative
25 Oversight Committee on Agriculture and Natural and Economic Resources and the Fiscal
26 Research Division no later than April 1, 2020.

27
28 **DEPARTMENT OF AGRICULTURE AND CONSUMER SERVICES STUDY OF**
29 **ORGANIC FOOD IN THE FARM TO SCHOOL PROGRAM**

30 **SECTION 10.8.(a)** The Department of Agriculture and Consumer Services shall
31 study and report on the feasibility of including organic food in the NC Farm to School Program.
32 The Department shall include the following in its study and report:

- 33 (1) The availability and sourcing of organically grown products that could be
34 included in the Program.
- 35 (2) The potential costs and benefits associated with the inclusion of organically
36 grown products.
- 37 (3) Identification of existing grants, donations, or other non-State sources to fund
38 the inclusion of organically grown products.

39 **SECTION 10.8.(b)** The Department shall provide its report to the Joint Legislative
40 Oversight Committee on Agriculture and Natural and Economic Resources and the Fiscal
41 Research Division no later than April 1, 2020.

42
43 **SWINE BIOGAS**

44 **SECTION 10.9.** Of the funds appropriated in this act to the Department of
45 Agriculture and Consumer Services for the Agricultural Cost Share Program for Nonpoint Source
46 Pollution Control, the sum of four hundred fifty thousand dollars (\$450,000) is allocated for the
47 purpose of providing cost share assistance to swine farmers for the installation of anaerobic
48 digesters to be used for the production of biogas at an eligible farm. Funds allocated by this
49 section shall not revert and shall remain available until expended for the purposes authorized in
50 this section.

The funds shall be administered through the Agriculture Cost Share Program for Nonpoint Source Pollution Control established by Article 72 of Chapter 106 of the General Statutes. Notwithstanding G.S. 106-850(b)(6), participants shall be eligible for cost share of no more than seventy-five percent (75%) of that portion of the construction and equipment costs for the project in excess of four hundred forty dollars (\$440.00) per 1,000 pounds of steady state live weight of swine located at the eligible farm. The annual limit specified in G.S. 106-850(b)(6) shall not apply to funds allocated by this section, but total funding provided for any project shall not exceed one hundred thousand dollars (\$100,000) over the lifetime of the project.

For purposes of this section, an "eligible farm" shall be a swine farm meeting the following criteria:

- (1) The swine farm has a design capacity of less than 1,000,000 pounds steady state live weight.
- (2) The swine farm has entered into a contract with a duration of 10 years or more for the purchase of the biogas produced by the anaerobic digester.

PART XI. COMMERCE

COMMERCE REPORT CHANGE

SECTION 11.1. G.S. 143B-434.01(b) reads as rewritten:

"(b) Plan. – The Secretary shall review and update the existing Plan on or before April 1 of each year. The Plan shall cover a period of four years and each annual update shall extend the time frame by one year so that a four-year plan is always in effect. The Secretary shall provide copies of the Plan and each annual update to the ~~Governor and the Joint Legislative Commission on Governmental Operations.~~ Governor, 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, and the Joint Legislative Economic Development and Global Engagement Oversight Committee. The Plan shall encompass all of the components set out in this section."

COMMUNITY DEVELOPMENT BLOCK GRANTS

SECTION 11.2.(a) Of the funds appropriated in this act for federal block grant funds, the following allocations are made for the fiscal years ending June 30, 2020, and June 30, 2021, according to the following schedule:

COMMUNITY DEVELOPMENT BLOCK GRANT

01. State Administration	\$ 1,610,278
02. Neighborhood Revitalization	10,000,000
03. Economic Development	11,000,000
04. Infrastructure	25,719,918

TOTAL COMMUNITY DEVELOPMENT

BLOCK GRANT – 2018 Program Year	\$ 48,330,196
2019 Program Year	\$ 48,330,196

SECTION 11.2.(b) If federal funds are reduced below the amounts specified in this section after the effective date of this act, then every program in each of these federal block grants shall be reduced by the same percentage as the reduction in federal funds.

1 **SECTION 11.2.(c)** Any block grant funds appropriated by the Congress of the
2 United States in addition to the funds specified in this section shall be expended as follows: each
3 program category under the Community Development Block Grant shall be increased by the
4 same percentage as the increase in federal funds.

5 **SECTION 11.2.(d)** The Department of Commerce shall consult with the Joint
6 Legislative Commission on Governmental Operations prior to reallocating Community
7 Development Block Grant Funds. Notwithstanding the provisions of this subsection, whenever
8 the Director of the Budget finds either of the following conditions exist:

- 9 (1) If a reallocation is required because of an emergency that poses an imminent
10 threat to public health or public safety, then the Director of the Budget may
11 authorize the reallocation without consulting the Commission. The
12 Department of Commerce shall report to the Commission on the reallocation
13 no later than 30 days after it was authorized and shall identify in the report the
14 emergency, the type of action taken, and how it was related to the emergency.
- 15 (2) If the State will lose federal block grant funds or receive less federal block
16 grant funds in the next fiscal year unless a reallocation is made, then the
17 Department of Commerce shall provide a written report to the Commission
18 on the proposed reallocation and shall identify the reason that failure to take
19 action will result in the loss of federal funds. If the Commission does not hear
20 the issue within 30 days of receipt of the report, the Department may take the
21 action without consulting the Commission.

22 **SECTION 11.2.(e)** By September 1, 2019, and September 1, 2020, the Department
23 of Commerce shall report to the chairs of the House of Representatives Appropriations
24 Committee on Agriculture and Natural and Economic Resources; the chairs of the Senate
25 Appropriations Committee on Agriculture, Natural, and Economic Resources; the Joint
26 Legislative Economic Development and Global Engagement Oversight Committee; and the
27 Fiscal Research Division on the use of Community Development Block Grant Funds
28 appropriated in the prior fiscal year. The report shall include the following:

- 29 (1) A discussion of each of the categories of funding and how the categories were
30 selected, including information on how a determination was made that there
31 was a statewide need in each of the categories.
- 32 (2) Information on the number of applications that were received in each category
33 and the total dollar amount requested in each category.
- 34 (3) A list of grantees, including the grantee's name, county, category under which
35 the grant was funded, the amount awarded, and a narrative description of the
36 project.

37 **SECTION 11.2.(f)** For purposes of this section, eligible activities under the category
38 of infrastructure in subsection (a) of this section shall be defined as provided in the HUD State
39 Administered Community Development Block Grant definition of the term "infrastructure."
40 Notwithstanding the provisions of subsection (d) of this section, funds allocated to the
41 infrastructure category in subsection (a) of this section shall not be reallocated to any other
42 category.

43 **SECTION 11.2.(g)** Throughout each year, deobligated funds arise in the various
44 funding categories and program years of the Community Development Block Grant (CDBG)
45 program as a result of (i) projects coming in under budget, (ii) projects being cancelled, or (iii)
46 projects being required to repay funds. Surplus federal administrative funds in the CDBG
47 program may vary from year to year based upon the amount of State-appropriated funds allocated
48 and the amount of eligible in-kind funds identified.

49 **SECTION 11.2.(h)** To allow the Department of Commerce and the Department of
50 Environmental Quality to quickly deploy deobligated and surplus federal administrative funds as

1 they are identified throughout the program year, the following shall apply to the use of
2 deobligated CDBG funds and surplus federal administrative funds:

- 3 (1) All surplus federal administrative funds shall be divided equally between the
4 Departments of Commerce and Environmental Quality and shall be used as
5 provided in subdivisions (2) and (3) of this subsection.
6 (2) All deobligated funds allocated to the Department of Commerce and any
7 surplus federal administrative funds, as provided for in subdivision (1) of this
8 subsection, may be used by the Department for all of the following:
9 a. To issue grants in the CDBG economic development or neighborhood
10 revitalization program category.
11 b. For providing training and guidance to local governments relative to
12 the CDBG program, its management, and administrative requirements.
13 c. For additional assistance for pilot broadband projects.
14 d. For any other purpose consistent with the Department's administration
15 of the CDBG program if an equal amount of State matching funds is
16 available.
17 (3) All deobligated funds allocated to the Department of Environmental Quality
18 and any surplus federal administrative funds, as provided for in subdivision
19 (1) of this subsection, may be used by the Department for all of the following:
20 a. To issue grants in the CDBG infrastructure program category.
21 b. For any other purpose consistent with the Department's administration
22 of the CDBG program if an equal amount of State matching funds is
23 available.
24

25 GOLDEN LEAF REPORT CHANGES

26 **SECTION 11.3.** Section 3 of S.L. 1999-2 reads as rewritten:

27 "Section 3. The Attorney General shall draft articles of incorporation for the nonprofit
28 corporation to enable the nonprofit corporation to carry out its mission as set out in the Consent
29 Decree. The articles of incorporation shall provide for the following:

- 30 (1) Consultation; reporting. – The nonprofit corporation shall consult with the
31 Joint Legislative Commission on Governmental Operations ("~~Commission~~")
32 prior to the corporation's board of directors (i) adopting bylaws and (ii)
33 adopting the annual operating budget. The nonprofit corporation shall also
34 report on its programs and activities to the ~~Commission~~ Joint Legislative
35 Oversight Committee on Agriculture and Natural and Economic Resources
36 and the Joint Legislative Economic Development and Global Engagement
37 Oversight Committee on or before March 1-September 15 of each fiscal year
38 and more frequently as requested by the ~~Commission~~ either Committee. The
39 report shall include information on the activities and accomplishments during
40 the fiscal year, itemized expenditures during the fiscal year, planned activities
41 and goals for at least the next 12 months, and itemized anticipated
42 expenditures for the next fiscal year. The nonprofit corporation shall also
43 ~~annually~~ provide to the ~~Commission~~ Joint Legislative Oversight Committee
44 on Agriculture and Natural and Economic Resources and the Joint Legislative
45 Economic Development and Global Engagement Oversight Committee an
46 itemized report of its administrative expenses and copies of its annual ~~report~~
47 audited financial statement and tax return ~~information~~ information within 30
48 days of receiving an audit report.
49 (2) Public records; open meetings. – The nonprofit corporation is subject to the
50 Open Meetings Law as provided in Article 33C of Chapter 143 of the General
51 Statutes and the Public Records Act as provided in Chapter 132 of the General

1 Statutes. The nonprofit corporation shall publish at least annually a report,
2 available to the public and filed with the ~~Joint Legislative Commission on~~
3 ~~Governmental Operations, Joint Legislative Oversight Committee on~~
4 Agriculture and Natural and Economic Resources and the Joint Legislative
5 Economic Development and Global Engagement Oversight Committee, of
6 every expenditure or distribution in furtherance of the public charitable
7 purposes of the nonprofit corporation.

8"

10 COMMERCE NONPROFITS/REPORTING REQUIREMENTS

11 **SECTION 11.4.(a)** The entities listed in subsection (b) of this section shall do the
12 following for each year that State funds are expended:

- 13 (1) By September 1 of each year, and more frequently as requested, report to the
14 Joint Legislative Oversight Committee on Agriculture and Natural and
15 Economic Resources; the chairs of the House of Representatives
16 Appropriations Committee on Agriculture and Natural and Economic
17 Resources; the chairs of the Senate Appropriations Committee on Agriculture,
18 Natural, and Economic Resources; and the Fiscal Research Division on prior
19 State fiscal year program activities, objectives, and accomplishments and prior
20 State fiscal year itemized expenditures and fund sources.
- 21 (2) Provide to the Joint Legislative Oversight Committee on Agriculture and
22 Natural and Economic Resources; the chairs of the House of Representatives
23 Appropriations Committee on Agriculture and Natural and Economic
24 Resources; the chairs of the Senate Appropriations Committee on Agriculture,
25 Natural, and Economic Resources; and the Fiscal Research Division a copy of
26 the entity's annual audited financial statement within 30 days of issuance of
27 the statement.

28 **SECTION 11.4.(b)** The following entities shall comply with the requirements of
29 subsection (a) of this section:

- 30 (1) North Carolina Biotechnology Center.
- 31 (2) High Point Market Authority.
- 32 (3) RTI International.
- 33 (4) Carolina Small Business Development Fund.

35 NC BIOTECHNOLOGY CENTER

36 **SECTION 11.5.(a)** Of the funds appropriated in this act to the Department of
37 Commerce, the sum of fourteen million five hundred thousand three hundred thirty-eight dollars
38 (\$14,500,338) for the 2019-2020 fiscal year and the sum of fourteen million one hundred
39 thousand three hundred thirty-eight dollars (\$14,100,338) for the 2020-2021 fiscal year shall be
40 allocated to the North Carolina Biotechnology Center (hereinafter "Center") for the following
41 purposes:

- 42 (1) Job creation: AgBiotech Initiative, economic and industrial development, and
43 related activities – three million three hundred seventy-four thousand
44 seventy-three dollars (\$3,374,073) for the 2019-2020 fiscal year and three
45 million one hundred seventy-four thousand seventy-three dollars (\$3,174,073)
46 for the 2020-2021 fiscal year.
- 47 (2) Science and commercialization: science and technology development, Centers
48 of Innovation, business and technology development, education and training,
49 and related activities – nine million two hundred sixty-three thousand nineteen
50 dollars (\$9,263,019) for the 2019-2020 fiscal year and nine million sixty-three
51 thousand nineteen dollars (\$9,063,019) for the 2020-2021 fiscal year.

- 1 (3) Center operations: administration, professional and technical assistance and
2 oversight, corporate communications, human resource management, financial
3 and grant administration, legal, and accounting – one million eight hundred
4 sixty-three thousand two hundred forty-six dollars (\$1,863,246) for each fiscal
5 year of the 2019-2021 biennium.

6 **SECTION 11.5.(b)** The Center shall prioritize funding and distribution of loans over
7 existing funding and distribution of grants.

8 **SECTION 11.5.(c)** Up to ten percent (10%) of each of the allocations in subsection
9 (a) of this section may be reallocated to subdivision (a)(1) or subdivision (a)(2) of this section if,
10 in the judgment of Center management, the reallocation will advance the mission of the Center.

11 12 **PART XII. ENVIRONMENTAL QUALITY**

13 14 **DEQ REPORT CHANGES**

15 **SECTION 12.1.(a)** G.S. 113A-241 reads as rewritten:

16 "**§ 113A-241. State to ~~Preserve One Million Acres; Annual report.~~preserve one million**
17 **acres.**

18 (a) The State of North Carolina shall encourage, facilitate, plan, coordinate, and support
19 appropriate federal, State, local, and private land protection efforts so that an additional one
20 million acres of farmland, open space, and conservation lands in the State are permanently
21 protected by December 31, 2009. These lands shall be protected by acquisition in fee simple or
22 by acquisition of perpetual conservation easements by public conservation organizations or by
23 private entities that are organized to receive and administer lands for conservation purposes.

24 (b) The Secretary of Environmental Quality shall lead the effort to add one million acres
25 to the State's protected lands and shall plan and coordinate with other public and private
26 organizations and entities that are receiving and administering lands for conservation purposes.

27 ~~(c) The Secretary of Environmental Quality shall report to the Governor and the~~
28 ~~Environmental Review Commission on or before 1 October of each year on the State's progress~~
29 ~~towards attaining the goal established in this section."~~

30 **SECTION 12.1.(b)** Section 15.6(b) of S.L. 1999-237, as amended by Section 4.21
31 of S.L. 2017-10, reads as rewritten:

32 "Section 15.6.(b) The Department of Environmental Quality and the Office of State Budget
33 and Management shall report to the Joint Legislative Oversight Committee on Agriculture and
34 Natural and Economic Resources the amount and the source of the funds used pursuant to
35 subsection (a) of this section ~~within 30 days of the expenditure of these funds on or before April~~
36 ~~15 of each year and shall include this information in the status of solid waste management report~~
37 ~~required to be submitted pursuant to G.S. 130A-309.06(c)."~~

38 **SECTION 12.1.(c)** G.S. 130A-309.06(c) reads as rewritten:

39 "(c) The Department shall report to the Environmental Review Commission and the Fiscal
40 Research Division on or before ~~January 15~~ April 15 of each year on the status of solid waste
41 management efforts in the State. The report shall ~~include~~ include all of the following:

42 ...

- 43 (17) ~~A report~~ Reports on the Inactive Hazardous Waste Response Act of 1987
44 pursuant to ~~G.S. 130A-310.10(a)~~ G.S. 130A-310.10.

45 ...

- 46 (20) A report on the use of funds for Superfund cleanups and inactive hazardous
47 site cleanups."

48 **SECTION 12.1.(d)** G.S. 130A-294(i) reads as rewritten:

49 "(i) The Department shall include in the status of solid waste management report required
50 to be submitted ~~on or before January 15 of each year~~ pursuant to G.S. 130A-309.06(c) a report
51 on the implementation and cost of the hazardous waste management program. The report shall

1 include an evaluation of how well the State and private parties are managing and cleaning up
2 hazardous waste. The report shall also include recommendations to the Governor, State agencies,
3 and the General Assembly on ways to: improve waste management; reduce the amount of waste
4 generated; maximize resource recovery, reuse, and conservation; and minimize the amount of
5 hazardous waste which must be disposed of. The report shall include beginning and ending
6 balances in the Hazardous Waste Management Account for the reporting period, total fees
7 collected pursuant to G.S. 130A-294.1, anticipated revenue from all sources, total expenditures
8 by activities and categories for the hazardous waste management program, any recommended
9 adjustments in annual and tonnage fees which may be necessary to assure the continued
10 availability of funds sufficient to pay the State's share of the cost of the hazardous waste
11 management program, and any other information requested by the General Assembly. In
12 recommending adjustments in annual and tonnage fees, the Department may propose fees for
13 hazardous waste generators, and for hazardous waste treatment facilities that treat waste
14 generated on site, which are designed to encourage reductions in the volume or quantity and
15 toxicity of hazardous waste. The report shall also include a description of activities undertaken
16 to implement the resident inspectors program established under G.S. 130A-295.02. In addition,
17 the report shall include an annual update on the mercury switch removal program that shall
18 include, at a minimum, all of the following:

19"

20 **SECTION 12.1.(e)** G.S. 130A-309.64(e) reads as rewritten:

21 "(e) The Department shall include in the report to be delivered to the Environmental
22 Review Commission ~~on or before January 15 of each year~~ pursuant to G.S. 130A-309.06(c) a
23 description of the implementation of the North Carolina Scrap Tire Disposal Act under this Part
24 for the fiscal year ending the preceding June 30. The description of the implementation of the
25 North Carolina Scrap Tire Disposal Act shall include a list of the recipients of grants under
26 subsection (a) of this section and the amount of each grant for the previous 12-month period. The
27 report also shall include the amount of funds used to clean up nuisance sites under subsection (d)
28 of this section."

29 **SECTION 12.1.(f)** G.S. 130A-309.85 reads as rewritten:

30 **"§ 130A-309.85. Reporting on the management of white goods.**

31 The Department shall include in the report to be delivered to the Environmental Review
32 Commission ~~on or before 15 January of each year~~ pursuant to G.S. 130A-309.06(c) a description
33 of the management of white goods in the State for the fiscal year ending the preceding 30 June.
34 The description of the management of white goods shall include the following information:

35"

36 **SECTION 12.1.(g)** G.S. 130A-309.140(a) reads as rewritten:

37 "(a) The Department 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 the recycling of discarded computer equipment and televisions in the State under this Part.
40 The report must include an evaluation of the recycling rates in the State for discarded computer
41 equipment and televisions, a discussion of compliance and enforcement related to the
42 requirements of this Part, and any recommendations for any changes to the system of collection
43 and recycling of discarded computer equipment, televisions, or other electronic devices."

44 **SECTION 12.1.(h)** G.S. 130A-310.10 reads as rewritten:

45 **"§ 130A-310.10. Annual reports.**

46 (a) The Secretary shall include in the status of solid waste management report required
47 to be submitted ~~on or before January 15 of each year~~ pursuant to G.S. 130A-309.06(c) a report
48 on inactive hazardous sites that includes at least the following:

- 49 (1) The Inactive Hazardous Waste Sites Priority List.
- 50 (2) A list of remedial action plans requiring State funding through the Inactive
51 Hazardous Sites Cleanup Fund.

- 1 (3) A comprehensive budget to implement these remedial action plans and the
 2 adequacy of the Inactive Hazardous Sites Cleanup Fund to fund the cost of
 3 ~~said these~~ plans.
- 4 (4) A prioritized list of sites that are eligible for remedial action under
 5 CERCLA/SARA together with recommended remedial action plans and a
 6 comprehensive budget to implement ~~such these~~ plans. The budget for
 7 implementing a remedial action plan under CERCLA/SARA shall include a
 8 statement as to any appropriation that may be necessary to pay the State's share
 9 of ~~such the~~ plan.
- 10 (5) A list of sites and remedial action plans undergoing voluntary cleanup with
 11 Departmental approval.
- 12 (6) A list of sites and remedial action plans that may require State funding, a
 13 comprehensive budget if implementation of these possible remedial action
 14 plans is required, and the adequacy of the Inactive Hazardous Sites Cleanup
 15 Fund to fund the possible costs of ~~said these~~ plans.
- 16 (7) A list of sites that pose an imminent hazard.
- 17 (8) A comprehensive budget to develop and implement remedial action plans for
 18 sites that pose imminent hazards and that may require State funding, and the
 19 adequacy of the Inactive Hazardous Sites Cleanup Fund.
- 20 (8a) Repealed by Session Laws 2015-286, s. 4.7(f), effective October 22, 2015.
- 21 (9) Any other information requested by the General Assembly or the
 22 Environmental Review Commission.

23 (a1) On or before ~~October 1~~ April 15 of each year, the Department shall report to each
 24 member of the General Assembly who has an inactive hazardous substance or waste disposal site
 25 in the member's district. This report shall include the location of each inactive hazardous
 26 substance or waste disposal site in the member's district, the type and amount of hazardous
 27 substances or waste known or believed to be located on each of these sites, the last action taken
 28 at each of these sites, and the date of that last action. The Department shall include this
 29 information in the status of solid waste management report required to be submitted pursuant to
 30 G.S. 130A-309.06(c).

31 (b) Repealed by Session Laws 2001-452, s. 2.3, effective October 28, 2001."

32 **SECTION 12.1.(i)** G.S. 130A-310.40 reads as rewritten:

33 **"§ 130A-310.40. Legislative reports.**

34 The Department shall include in the status of solid waste management report required to be
 35 submitted ~~on or before January 15 of each year~~ pursuant to G.S. 130A-309.06(c) an evaluation
 36 of the effectiveness of this Part in facilitating the remediation and reuse of existing industrial and
 37 commercial properties. This evaluation shall include any recommendations for additional
 38 incentives or changes, if needed, to improve the effectiveness of this Part in addressing ~~such these~~
 39 properties. This evaluation shall also include a report on receipts by and expenditures from the
 40 Brownfields Property Reuse Act Implementation Account."

41 **SECTION 12.1.(j)** G.S. 143-215.104U(a) reads as rewritten:

42 "(a) The Secretary shall include in the status of solid waste management report required
 43 to be submitted ~~on or before January 15 of each year~~ pursuant to G.S. 130A-309.06(c) a report
 44 on at least the following:

45"

46 **SECTION 12.1.(k)** Section 14.22(j) of S.L. 2013-360 reads as rewritten:

47 **"SECTION 14.22.(j)** This section authorizes a Long Term Dredging Memorandum of
 48 Agreement with the U.S. Army Corps of Engineers which may last beyond the current fiscal
 49 biennium and which shall provide for all of the following:

- 50 (1) Prioritization of projects through joint consultation with the State, applicable
 51 units of local government, and the U.S. Army Corps of Engineers.

- 1 (2) Compliance with G.S. 143-215.73F. Funds in the Shallow Draft Navigation
2 Channel Dredging Fund shall be used in accordance with that section.
- 3 (3) Annual reporting by the Department on the use of funds provided to the U.S.
4 Army Corps of Engineers under the Long Term Dredging Memorandum of
5 Agreement. These reports shall be made to the ~~Joint Legislative Commission~~
6 ~~on Governmental Operations, Joint Legislative Oversight Committee on~~
7 Agriculture and Natural and Economic Resources, the Fiscal Research
8 Division, and the Office of State Budget and Management and shall include
9 all of the following:
- 10 a. A list of all projects commenced.
 - 11 b. The estimated cost of each project.
 - 12 c. The date that work on each project commenced or is expected to
13 commence.
 - 14 d. The date that work on each project was completed or is expected to be
15 completed.
 - 16 e. The actual cost of each project."
 - 17

18 COLLABORATORY/GENX

19 **SECTION 12.2.** Section 13.1(g) of S.L. 2018-5 reads as rewritten:

20 "**SECTION 13.1.(g)** The North Carolina Policy Collaboratory at the University of North
21 Carolina at Chapel Hill (Collaboratory) shall identify faculty expertise, technology, and
22 instrumentation, including mass spectrometers, located within institutions of higher education in
23 the State, including the Universities of North Carolina at Chapel Hill and Wilmington, North
24 Carolina State University, North Carolina A&T State University, Duke University, and other
25 public and private institutions, and coordinate these faculty and resources to conduct nontargeted
26 analysis for PFAS, including GenX, at all public water supply surface water intakes and one
27 public water supply well selected by each municipal water system that operates groundwater
28 wells for public drinking water supplies as identified by the Department of Environmental
29 Quality, to establish a water quality baseline for all sampling sites. The Collaboratory, in
30 consultation with the participating institutions of higher education, shall establish a protocol for
31 the baseline testing required by this subsection, as well as a protocol for periodic retesting of the
32 municipal intakes and additional public water supply wells. No later than ~~December 1, 2019,~~
33 December 1, 2020, Collaboratory shall report the results of such sampling by identifying
34 chemical families detected at each intake to the Environmental Review Commission, the Joint
35 Legislative Oversight Committee on Agriculture and Natural and Economic Resources, the
36 Department of Environmental Quality, the Department of Health and Human Services, and the
37 United States Environmental Protection Agency."

38

39 SEPTAGE MANAGEMENT PROGRAM PERMITTING TIME LINE AMENDMENTS

40 **SECTION 12.3.** G.S. 130A-291.1(e2) reads as rewritten:

41 "(e2) A properly completed application for a permit and the annual fee under this section
42 are due by ~~4 January~~ December 15 of each year. The Department shall mail a notice of the annual
43 fees to each permitted septage management firm and each individual who operates a septage
44 treatment or disposal facility prior to ~~4 November~~ October 1 of each calendar year. A late fee in
45 the amount equal to fifty percent (50%) of the annual permit fee under this section shall be
46 submitted when a properly completed application and annual permit fee are not submitted by ~~4~~
47 January January 1 following the ~~4 November~~ October 1 notice. The clear proceeds of civil
48 penalties collected pursuant to this subsection shall be remitted to the Civil Penalty and Forfeiture
49 Fund in accordance with G.S. 115C-457.2."

50

**SHALLOW DRAFT NAVIGATION DREDGING AND AQUATIC WEED FUND
AMENDMENTS**

SECTION 12.4. G.S. 143-215.73F(b) reads as rewritten:

- "(b) Uses of Fund. – Revenue in the Fund may only be used for the following purposes:
- (1) To provide the State's share of the costs associated with any dredging project designed to keep shallow draft navigation channels located in State waters or waters of the ~~state~~ State located within lakes navigable and safe.
 - (2) For aquatic weed control projects in waters of the State under Article 15 of Chapter 113A of the General Statutes. Funding for aquatic weed control projects is limited to one million dollars (\$1,000,000) in each fiscal year.
 - ~~(3)~~(3a) ~~For the compensation of a beach and inlet management project manager with the Division of Coastal Management of the Department of Environmental Quality for the purpose of overseeing all~~ For administrative support of Fund operations.
 - (3b) For administrative support of activities related to beach and inlet management in the State. ~~Funding for the position is limited to ninety-nine thousand dollars (\$99,000) in each fiscal year.~~
 - (4) To provide funding for siting and acquisition of dredged disposal easement sites associated with the maintenance of the Atlantic Intracoastal Waterway between the border with the state of South Carolina and the border with the Commonwealth of Virginia, under a Memorandum of Agreement between the State and the federal government.
 - (5) For assessments and data collection regarding dredge material disposal sites located in the State."

MOUNT AIRY FUNDING CLARIFICATION

SECTION 12.5. Subdivision (2) of Section 13.4 of S.L. 2018-5 reads as rewritten:

- "(2) One million dollars (\$1,000,000) to the Town of Mount Airy for ~~a water and sewer line extension project.~~ water or sewer projects."

WATER AND SEWER INFRASTRUCTURE GRANTS

SECTION 12.6. Of the funds appropriated by this act to the Division of Water Infrastructure of the Department of Environmental Quality for water and sewer infrastructure grants, the following sums are allocated to the indicated local governments for the 2019-2020 fiscal year for various water and sewer infrastructure projects:

- (1) Two hundred thousand dollars (\$200,000) to the Town of Four Oaks.
- (2) Five hundred thousand dollars (\$500,000) to the Town of Maysville.
- (3) Five hundred thousand dollars (\$500,000) to the Town of Midland.
- (4) One hundred thousand dollars (\$100,000) to the Town of Wilson's Mills.

WASTEWATER INFRASTRUCTURE PROJECT

SECTION 12.7. Notwithstanding G.S. 159G-22(b), fifteen million dollars (\$15,000,000) of funds appropriated in this act to the Division of Water Infrastructure for the Wastewater Reserve shall be used to provide a loan to the City of King for a wastewater system. Notwithstanding G.S. 159G-20(21) and G.S. 159G-40(b)(1), the interest rate for the loan shall be zero percent (0%).

**INVESTMENT FLEXIBILITY AND RETAINED EARNINGS FOR RIPARIAN
BUFFER RESTORATION FUND AND RETAINED EARNINGS FOR ECOSYSTEM
RESTORATION FUND**

SECTION 12.8.(a) G.S. 147-69.2(a) reads as rewritten:

1 "(a) This section applies to funds held by the State Treasurer to the credit of each of the
2 following:

3 ...

4 (17n) The Riparian Buffer Restoration Fund.

5 "

6 **SECTION 12.8.(b)** G.S. 147-69.2(d) reads as rewritten:

7 "(d) The State Treasurer may invest funds deposited pursuant to subdivisions (17i), (17j),
8 ~~and (17k)-(17k), (17l), and (17n)~~ of subsection (a) of this section in any of the investments
9 authorized under subdivisions (1) through (6) and subdivision (8) of subsection (b) of this section.
10 The State Treasurer may require a minimum deposit, up to one hundred thousand dollars
11 (\$100,000), and may assess a reasonable fee, not to exceed 15 basis points, as a condition of
12 participation pursuant to this subsection. Fees assessed by the State Treasurer may be used to
13 defray the costs of administering the funds and expenditures authorized under this section. Funds
14 deposited pursuant to this subsection shall remain the funds of the North Carolina Conservation
15 Easement Endowment Fund, the Conservation Grant Fund, the Ecosystem Restoration Fund, the
16 Riparian Buffer Restoration Fund, or the Wildlife Endowment Fund, as applicable, and interest
17 or other investment income earned thereon shall be prorated and credited to the North Carolina
18 Conservation Easement Endowment Fund, the Conservation Grant Fund, the Ecosystem
19 Restoration Fund, the Riparian Buffer Restoration Fund, or the Wildlife Endowment Fund on the
20 basis of the amounts contributed to the respective Funds, figured according to sound accounting
21 principles."
22

23 CERTAIN TIMBER SALES/NONREVERT

24 **SECTION 12.9.** Section 14.3 of S.L. 2015-241 reads as rewritten:

25 "**SECTION 14.3.** The Department of ~~Environment and Natural Resources'~~Environmental
26 Quality's Stewardship Program may retain revenue generated from timber harvesting on the
27 Great Coharie property in the Conservation Grant Endowment Interest Fund ~~(6705)-(Fund Code~~
28 64307-6705) for the purpose of restoration and stewardship of that property and these funds are
29 hereby appropriated for that purpose. ~~Any unused portion of this revenue remaining in the Fund~~
30 ~~on June 30, 2019 shall revert to the General Fund."~~
31

32 CONSERVATION GRANT FUND CHANGES

33 **SECTION 12.10.(a)** G.S. 113A-235(a) is recodified as G.S. 113A-235(a1), and
34 G.S. 113A-232(c) is recodified as G.S. 113A-235(a).

35 **SECTION 12.10.(b)** G.S. 113A-232, as amended by subsection (a) of this section,
36 reads as rewritten:

37 "**§ 113A-232. Conservation Grant Fund.**

38 (a) Fund Created. – The Conservation Grant Fund is created within the Department of
39 Environmental Quality. The Fund shall be administered by the Department. ~~The purpose of the~~
40 ~~Fund is to stimulate the use of conservation easements, to improve the capacity of private~~
41 ~~nonprofit land trust organizations to successfully accomplish conservation projects, to better~~
42 ~~equip real estate related professionals to pursue opportunities for conservation, to increase~~
43 ~~landowner participation in land and water conservation, and to provide an opportunity to leverage~~
44 ~~private and other public monies for conservation easements.~~

45 (a1) Fund Purpose. – The purpose of the Conservation Grant Fund is to stimulate the use
46 of conservation easements, to steward properties held by deed or conservation easement by the
47 State, to improve the capacity of private nonprofit land trust organizations to successfully
48 accomplish conservation projects, to better equip real estate related professionals to pursue
49 opportunities for conservation, to increase landowner participation in land and water
50 conservation, and to provide an opportunity to leverage private and other public funds for
51 conservation easements.

1 (b) Fund Sources. – The Conservation Grant Fund shall consist of any ~~monies-funds~~
 2 appropriated to it by the General Assembly and any ~~monies-funds~~ received from public or private
 3 sources. Unexpended ~~monies-funds~~ in the Fund that were appropriated from the General Fund
 4 by the General Assembly shall revert at the end of the fiscal year unless the General Assembly
 5 otherwise provides. Unexpended ~~monies-funds~~ in the Fund from other sources shall not revert
 6 and shall remain available for expenditure in accordance with this Article.

7 (c1) Grant Eligibility. – ~~State~~ Conservation properties, as described in G.S. 113A-235,
 8 State conservation land management agencies, local government conservation land management
 9 agencies, and private nonprofit land trust organizations are eligible to receive grants from the
 10 Conservation Grant Fund. Private nonprofit land trust organizations must be certified under
 11 ~~section~~ Section 501(c)(3) of the Internal Revenue Code to aid in managing the land.

12 (d) Use of Revenue. – Revenue ~~in and investment income generated by the~~ Conservation
 13 Grant Fund may be used only for the following purposes:

14 (1) The ~~administrative~~ costs of the Department in administering the ~~Fund~~ Fund
 15 and stewardship program operations.

16 (2) ~~Conservation grants~~ Expenses related to grants, contracts, and agreements
 17 made in accordance with this Article. Article, including any of the following:

18 a. Reimbursement for total or partial transaction costs for a donation of
 19 real property or an interest in real property from an individual or
 20 corporation, when the Department determines either of the following:

21 1. The donor has insufficient financial ability to pay all costs or
 22 insufficient taxable income to allow these costs to be included
 23 in the donated value.

24 2. The donor has insufficient tax burdens to allow these costs to
 25 be offset by charitable deductions.

26 b. Management support, including initial baseline inventory and
 27 planning.

28 c. Monitoring compliance of conservation easements, the related use of
 29 riparian buffers, natural areas, and greenways, and the presence of
 30 ecological integrity.

31 d. Education and studies on conservation properties, including
 32 information materials intended for landowners and education for staff
 33 and volunteers.

34 e. Stewardship of conservation properties.

35 f. Transaction costs for recipients, including legal expenses, closing and
 36 title costs, and unusual direct costs, such as overnight travel.

37 g. Administrative costs.

38 h. Award of grants under G.S. 113A-234.

39 i. Legal expenses incurred in protecting and seeking remedies for
 40 damages to Department-held conservation properties.

41 j. Acquisition of conservation properties and easements.

42 (3) To establish an endowment account, the interest from which will be used for
 43 a purpose described in ~~G.S. 113A-233(a)~~ this subsection. The principal of this
 44 account shall not be used for the purchase of real property or an interest in real
 45 property."

46 **SECTION 12.10.(c)** G.S. 113A-233 is repealed.

47 **SECTION 12.10.(d)** G.S. 113A-234 reads as rewritten:

48 "**§ 113A-234. Administration of grants.**

49 (a) Grant Procedures and Criteria. – The Secretary of the Department of Environmental
 50 Quality shall establish the procedures and criteria for awarding grants from the Conservation
 51 Grant Fund. The criteria shall focus grants on those areas, approaches, and techniques that are

likely to provide the optimum positive effect on environmental protection. The Secretary shall make the final decision on the award of grants and shall announce the award publicly in a timely manner.

...."

SECTION 12.10.(e) G.S. 113A-235, as amended by subsection (a) of this section, reads as rewritten:

"§ 113A-235. Conservation easements, properties eligible for funding.

(a) Property Eligibility. – In order for real property or an interest in real property to be ~~the subject of eligible for a grant under this Article, Article as a conservation property,~~ the real property or interest in real property must meet all of the following conditions:

...

~~(a)(a1) Acquisition and Protection of Conservation Easements. Properties.~~ – Ecological systems and appropriate public use of these systems may be protected through conservation easements, including conservation agreements under Article 4 of Chapter 121 of the General Statutes, the Conservation and Historic Preservation Agreements Act, and conservation easements under the Conservation Reserve Enhancement Program. The Department may acquire conservation properties and easements by purchase, gift, or assignment, in accordance with G.S. 146-22. The Department of Environmental Quality shall work cooperatively with State and local agencies and qualified nonprofit organizations to monitor compliance with conservation easements and conservation agreements and to ensure the continued viability of the protected ecosystems. Soil and water conservation districts established under Chapter 139 of the General Statutes may acquire easements under the Conservation Reserve Enhancement Program by purchase or gift.

...."

SECTION 12.10.(f) Article 16 of Chapter 113A of the General Statutes is amended by adding two new sections to read:

"§ 113A-236. Conservation Grant Fund contribution for long-term management of properties or property interests donated or assigned to Department.

A donor or assignor of conservation property interests donated or assigned to the Department shall make a contribution to cover costs related to the long-term management of the property. The donor or assignor shall make the donation at the time the property interest is transferred to the Department and shall meet or exceed the minimum amount determined by the Department to be sufficient for managing and stewarding the property in perpetuity. Nothing in this section is intended to require the Department to accept an offer to donate or assign a conservation property interest.

"§ 113A-237. Rule-making authority.

The Department may adopt rules to implement this Article, including the calculation and collection of the minimum contribution to the Conservation Grant Fund required by G.S. 113A-236."

SECTION 12.10.(g) Until the Department of Environmental Quality adopts rules implementing G.S. 113A-236, as enacted by subsection (f) of this section, the minimum long-term management contribution shall be calculated as follows:

- (1) For parties that desire to assign a conservation property interest to the Department, including but not limited to conservation easements, the minimum contribution shall be twenty-five thousand dollars (\$25,000) plus one thousand dollars (\$1,000) per acre.
- (2) For parties that desire to donate a conservation property in fee to the Department, the minimum contribution shall be twenty-five thousand dollars (\$25,000) plus twenty percent (20%) of the tax value of the parcel.

1 **SECTION 12.10.(h)** Subsection (g) of this section expires when the Department of
2 Environmental Quality adopts permanent rules implementing G.S. 113A-236, as enacted by
3 subsection (f) of this section.
4

5 **BERNARD ALLEN MEMORIAL EMERGENCY DRINKING WATER FUND**
6 **CLARIFICATION AND FUNDING**

7 **SECTION 12.12.(a)** G.S. 87-98(c) reads as rewritten:

8 "(c) The Department shall disburse monies from the Fund based on financial need and on
9 the risk to public health posed by groundwater contamination and shall give priority to the
10 provision of services under this section to instances when an alternative source of funds is not
11 available. The Fund shall not be used to provide alternative water supply to households with
12 incomes greater than three hundred percent (300%) of the current federal poverty level. The Fund
13 may be used to provide alternative drinking water supplies if the Department determines that the
14 concentration of one or more contaminants in the private drinking water well or improved spring
15 exceeds the federal maximum contaminant level, or the federal drinking water action level as
16 defined in 40 Code of Federal Regulations § 141.1 through § 141.571 (1 July 2007) and 40 Code
17 of Federal Regulations § 143.3 (1 July 2007). For a contaminant for which a federal maximum
18 contaminant level or drinking water action level has not been established, the State groundwater
19 standard established by the Environmental Management Commission for the concentration of
20 that contaminant shall be used to determine whether the Fund may be used to provide alternative
21 drinking water supplies. The Fund may also be used to provide alternative drinking water
22 supplies as provided in this section if the Department determines that the concentration of one or
23 more contaminants in a private drinking water well is increasing over time and that there is a
24 significant risk that the concentration of a ~~contaminant~~ contaminant, including perfluoroalkyl
25 substances or polyfluoroalkyl substances, will exceed the federal maximum contaminant level or
26 drinking water action level, or the State groundwater standard. A determination of the
27 concentration of a contaminant shall be based on a sample of water collected from the private
28 drinking water well within the past 12 months."

29 **SECTION 12.12.(b)** Funds appropriated to the Division of Water Infrastructure of
30 the Department of Environmental Quality for the 2018-2019 fiscal year by Section 13.1(d) of
31 S.L. 2018-5 and deposited into the PFAS Recovery Fund may be used for the purposes set forth
32 in G.S. 87-98, as amended by this section.
33

34 **PART XIII. LABOR [RESERVED]**

35
36 **PART XIV. NATURAL AND CULTURAL RESOURCES**

37
38 **DNCR REPORT CHANGES**

39 **SECTION 14.1.(a)** Part 1 of Article 2 of Chapter 143B of the General Statutes is
40 amended by adding a new section to read:

41 "**§ 143B-53.10. Annual report on fees.**

42 The Department of Natural and Cultural Resources shall submit a report by October 15 of
43 each year to the Joint Legislative Oversight Committee on Agriculture and Natural and Economic
44 Resources on fees charged in the previous fiscal year at all historic sites, museums, aquariums,
45 and State parks and at the North Carolina Zoological Park and the U.S.S. North Carolina
46 Battleship. The report shall include all of the following:

47 (1) For each site, the amount and type of fees charged.

48 (2) For each site, the total amount collected by type of fee and how the funds were
49 expended.

50 (3) Visitor information for each site, including a breakdown of fee-paying visitors
51 and visitors whose fees were waived, such as visitors in school groups.

1 (4) Any fee changes and a justification for any increases or decreases.

2 (5) Number of days the site was open to visitors.

3 (6) Plans, if known, to change fees in the upcoming year."

4 **SECTION 14.1.(b)** G.S. 121-7.3 reads as rewritten:

5 "**§ 121-7.3. Admission and related activity fees and operating hours.**

6 The Department of Natural and Cultural Resources may charge a reasonable admission and
7 related activity fee to the Roanoke Island Festival Park and any historic site or museum
8 administered by the Department. Admission and related activity fees collected under this section
9 are receipts of the Department and shall be deposited in the appropriate special fund. The revenue
10 collected pursuant to this section shall be used only for the individual site or venue where the
11 receipts were generated. The Secretary may adopt rules necessary to carry out the provisions of
12 this section. The Department is exempt from the requirements of Chapter 150B of the General
13 Statutes and G.S. 12-3.1 when adopting, amending, or repealing rules for operating hours and
14 admission fees or related activity fees at the Roanoke Island Festival Park, historic sites, and
15 museums. ~~The Department shall submit a report to the Joint Legislative Oversight Committee on
16 Agriculture and Natural and Economic Resources and the Fiscal Research Division on the
17 amount and purpose of a fee change within 30 days following its effective date."~~

18 **SECTION 14.1.(c)** G.S. 143B-71 reads as rewritten:

19 "**§ 143B-71. Tryon Palace Commission – creation, ~~powers~~ powers, and duties.**

20 There is hereby created the Tryon Palace Commission of the Department of Natural and
21 Cultural Resources with the power and duty to adopt, ~~amend~~ amend, and rescind rules and
22 regulations concerning the restoration and maintenance of the Tryon Palace complex, and with
23 other powers and duties as provided in Article 2 of Chapter 121 of the General ~~Statutes of North~~
24 ~~Carolina, Statutes~~, including the authority to charge reasonable admission and related activity
25 fees. The Commission is exempt from the requirements of Chapter 150B of the General Statutes
26 and G.S. 12-3.1 when adopting, amending, or repealing rules for operating hours and admission
27 fees or related activity fees at Tryon Palace Historic Sites and Gardens. ~~The Commission shall
28 submit a report to the Joint Legislative Oversight Committee on Agriculture and Natural and
29 Economic Resources and the Fiscal Research Division on the amount and purpose of a fee change
30 within 30 days following its effective date."~~

31
32 **U.S.S. NORTH CAROLINA BATTLESHIP COMMISSION DYNAMIC PRICING**
33 **CONFORMING CHANGE AND RULE-MAKING EXEMPTION**

34 **SECTION 14.2.(a)** G.S. 143B-73 reads as rewritten:

35 "**§ 143B-73. U.S.S. North Carolina Battleship Commission – creation, powers, and duties.**

36 There is hereby created the U.S.S. North Carolina Battleship Commission of the Department
37 of Natural and Cultural Resources with the power and duty to adopt, amend, and rescind rules
38 ~~and regulations~~ under and not inconsistent with the laws of this State necessary in carrying out
39 the provisions and purposes of this ~~Part~~ Part, including the following:

40 (1) The U.S.S. North Carolina Battleship Commission is authorized and
41 empowered to adopt such rules ~~and regulations~~ not inconsistent with the
42 management responsibilities of the Secretary of the Department provided by
43 Chapter 143A of the General Statutes and laws of this State and this Chapter
44 that may be necessary and desirable for the operation and maintenance of the
45 U.S.S. North Carolina as a permanent memorial and exhibit commemorating
46 the heroic participation of the men and women of North Carolina in the
47 prosecution and victory of the Second World War and for the faithful
48 performance and fulfillment of its duties and obligations.

49 (2) The U.S.S. North Carolina Battleship Commission shall have the power and
50 duty to charge reasonable admission and related activity fees for admission to
51 the ship and to establish standards and adopt rules ~~and regulations~~: (i)

1 ~~establishing and providing for a proper charge for admission to the ship; and~~
2 ~~(ii) for the maintenance and operation of the ship as a permanent memorial~~
3 ~~and exhibit.~~

- 4 (3) The Commission shall adopt rules ~~and regulations~~ consistent with the
5 provisions of this Chapter. The Commission is exempt from the requirements
6 of Chapter 150B of the General Statutes and G.S. 12-3.1 when adopting,
7 amending, or repealing rules for operating hours and admission fees or related
8 activity fees at the U.S.S. North Carolina Battleship. ~~The Commission shall~~
9 ~~submit a report to the Joint Legislative Oversight Committee on Agriculture~~
10 ~~and Natural and Economic Resources and the Fiscal Research Division on the~~
11 ~~amount and purpose of a fee change within 30 days following its effective~~
12 ~~date."~~

13 **SECTION 14.2.(b)** G.S. 150B-1(d) reads as rewritten:

14 "**§ 150B-1. Policy and scope.**

15 (d) Exemptions from Rule Making. – Article 2A of this Chapter does not apply to the
16 following:

17 ...

- 18 (23) The Department of Natural and Cultural Resources with respect to operating
19 hours, admission fees—fees, or related activity fees at historic sites and
20 museums pursuant to G.S. 121-7.3.
21 (24) Tryon Palace Commission with respect to operating hours, admission fees
22 fees, or related activity fees pursuant to G.S. 143B-71.
23 (25) U.S.S. Battleship Commission with respect to operating hours, admission fees
24 fees, or related activity fees pursuant to G.S. 143B-73."
25

26 **SYMPHONY CHALLENGE GRANT**

27 **SECTION 14.3.(a)** Of the funds appropriated in this act to the Department of Natural
28 and Cultural Resources, the sum of two million dollars (\$2,000,000) in recurring funds for the
29 2019-2020 fiscal year and two million dollars (\$2,000,000) in recurring funds for the 2020-2021
30 fiscal year shall be allocated to the North Carolina Symphony in accordance with this section. It
31 is the intent of the General Assembly that the North Carolina Symphony raise at least nine million
32 dollars (\$9,000,000) in non-State funds each year of the 2019-2021 fiscal biennium. The North
33 Carolina Symphony cannot use funds transferred from the organization's endowment to its
34 operating budget to achieve the fund-raising targets set out in subsections (b) and (c) of this
35 section.

36 **SECTION 14.3.(b)** For the 2019-2020 fiscal year, the North Carolina Symphony
37 shall receive the allocation from the Department of Natural and Cultural Resources under this
38 section as follows:

- 39 (1) Upon raising the initial sum of four million dollars (\$4,000,000) in non-State
40 funding, the North Carolina Symphony shall receive the sum of six hundred
41 thousand dollars (\$600,000).
42 (2) Upon raising an additional sum of two million dollars (\$2,000,000) in
43 non-State funding for a total amount of six million dollars (\$6,000,000) in
44 non-State funds, the North Carolina Symphony shall receive the sum of seven
45 hundred thousand dollars (\$700,000).
46 (3) Upon raising an additional sum of three million dollars (\$3,000,000) in
47 non-State funding for a total amount of nine million dollars (\$9,000,000) in
48 non-State funds, the North Carolina Symphony shall receive the final sum of
49 seven hundred thousand dollars (\$700,000) in the 2019-2020 fiscal year.

1 **SECTION 14.3.(c)** For the 2020-2021 fiscal year, the North Carolina Symphony
2 shall receive the allocation from the Department of Natural and Cultural Resources under this
3 section as follows:

- 4 (1) Upon raising the initial sum of four million dollars (\$4,000,000) in non-State
5 funding, the North Carolina Symphony shall receive the sum of six hundred
6 thousand dollars (\$600,000).
7 (2) Upon raising an additional sum of two million dollars (\$2,000,000) in
8 non-State funding for a total amount of six million dollars (\$6,000,000) in
9 non-State funds, the North Carolina Symphony shall receive the sum of seven
10 hundred thousand dollars (\$700,000).
11 (3) Upon raising an additional sum of three million dollars (\$3,000,000) in
12 non-State funding for a total amount of nine million dollars (\$9,000,000) in
13 non-State funds, the North Carolina Symphony shall receive the final sum of
14 seven hundred thousand dollars (\$700,000) in the 2020-2021 fiscal year.
15

16 **REPORT ON ATTRACTIONS MARKETING**

17 **SECTION 14.4.(a)** The Department of Natural and Cultural Resources shall study
18 and report on the marketing of the North Carolina Zoological Park, the North Carolina
19 Aquariums, and the North Carolina State Museum of Natural Sciences (the "State Attractions"),
20 including marketing conducted on behalf of the State Attractions by affiliated or independent
21 support or friends organizations. As part of its report, the Department shall assess and provide
22 the following for the 2018-2019 fiscal year:

- 23 (1) All public and private funds spent on marketing the State Attractions,
24 including a breakdown of funding source and the particular marketing uses
25 for the funds from each source.
26 (2) Identification of new or innovative marketing techniques of the State
27 Attractions that could be utilized, but currently lack funding.
28 (3) The scope and effectiveness of cooperative or collaborative marketing
29 activities with other State agencies or with the nonprofit corporation with
30 which the Department of Commerce contracts pursuant to
31 G.S. 143B-431.01(b).
32 (4) An explanation of measures of effectiveness or reach that are used to evaluate
33 current marketing programs, as well as effectiveness or reach data generated
34 by those measures.

35 **SECTION 14.4.(b)** The Department shall provide its report to the Joint Legislative
36 Oversight Committee on Agriculture and Natural and Economic Resources and the Fiscal
37 Research Division no later than October 15, 2019.
38

39 **ADD MARKETING AS PERMISSIBLE USE OF NC ZOO FUND**

40 **SECTION 14.5.** G.S. 143B-135.209(a) reads as rewritten:

41 "(a) Fund. – The North Carolina Zoo Fund is created as a special fund. The North Carolina
42 Zoo Fund shall be used for the following types of projects and activities at the North Carolina
43 Zoological Park and to match private funds raised for these ~~types of projects: projects and~~
44 activities:

- 45 (1) Repair, renovation, expansion, maintenance, and educational exhibit
46 construction. Funds used for repair, renovation, and expansion projects may
47 be transferred to a capital projects fund to account for use of the funds for each
48 project.
49 (2) Renovations of exhibits in habitat clusters, visitor services facilities, and
50 support facilities (including greenhouses and temporary animal holding
51 areas).

- 1 (3) The acquisition, maintenance, or replacement of tram equipment as required
 2 to maintain adequate service to the public.
 3 (4) Marketing of the zoo.
 4

5 STATUTORY AUTHORITY REGARDING RECREATION

6 **SECTION 14.6.(a)** Subsections (a) and (d) of G.S. 143-323 are recodified as
 7 subsections (b) and (c) of G.S. 143B-135.60, and entitled "Additional powers and duties of the
 8 Department regarding recreation."

9 **SECTION 14.6.(b)** G.S. 143-320(3) is repealed.

10 **SECTION 14.6.(c)** G.S. 143B-135.60, as enacted by subsection (a) of this section,
 11 reads as rewritten:

12 "**§ 143B-135.60. Additional powers and duties of the Department regarding recreation.**

13 (a) Definition. – As used in this section, "recreation" means those interests that are
 14 diversionary in character and that aid in promoting entertainment, pleasure, relaxation,
 15 instruction, and other physical, mental, and cultural developments and experiences of a leisure
 16 nature, and includes all governmental, private nonprofit, and commercial recreation forms of the
 17 recreation field and includes parks, conservation, recreation travel, the use of natural resources,
 18 wilderness, and high density recreation types and the variety of recreation interests in areas and
 19 programs which are incorporated in this range.

20 (b) Recreation. – The Department of Environmental Quality shall have the following
 21 powers and duties with respect to recreation:

22 ...

23 (c) Federal Assistance. – The Department, with the approval of the Governor, may apply
 24 for and accept grants from the federal government and its agencies and from any foundation,
 25 corporation, association, or individual, and may comply with the terms, conditions, and
 26 limitations of the grant, in order to accomplish any of the purposes of the Department. Grant
 27 funds shall be expended pursuant to the Executive Budget Act, State Budget Act. The Director of
 28 the Department's Division of Parks and Recreation has the authority and responsibility to accept
 29 and administer funding through the federal Land and Water Conservation Fund or any successor
 30 fund established for similar purposes. The Secretary may designate additional personnel to assist
 31 the Director of the Division of Parks and Recreation in fulfilling the Director's responsibilities
 32 under this subsection.

33 PART F PROJECTS

34 **SECTION 14.7.(a)** One million five hundred thousand dollars (\$1,500,000) of the
 35 funds available to the Parks and Recreation Trust Fund for the 2019-2020 fiscal year shall be
 36 used to build a public sculpture park on land located between the Legislative Building and the
 37 Governor's Mansion in downtown Raleigh to commemorate historic and ongoing struggles for
 38 freedom in North Carolina, and especially the enduring roles of African-Americans in the
 39 struggle for freedom in this State. Notwithstanding G.S. 143B-135.56(b)(2), these funds shall not
 40 be expended unless North Carolina Freedom Park raises the sum of one million seven hundred
 41 thousand dollars (\$1,700,000) in non-State funds to match the funds allocated by this section.
 42

43 **SECTION 14.7.(b)** One million dollars (\$1,000,000) of the funds available to the
 44 Parks and Recreation Trust Fund for the 2019-2020 fiscal year shall be used for stabilization or
 45 renovation of structures located on the Vade Mecum tract at Hanging Rock State Park as set forth
 46 in the July 2018 Hanging Rock State Park Expansion Master Plan.
 47

48 CONSERVATION CORPS NAME CHANGE

49 **SECTION 14.8.** G.S. 143-58.7 reads as rewritten:

50 "**§ 143-58.7. Contracts with ~~Youth~~ Conservation Corps.**

1 State departments, institutions, and agencies may contract with ~~the North Carolina Youth~~
2 Conservation Corps North Carolina to perform trail construction and maintenance, invasive
3 species removal, and other conservation projects in State parks, State forests, and other
4 State-owned facilities where the projects provide direct public benefits to the citizens of the State
5 and offer youth and young adults of the State a structured program that connects them to natural
6 resources and teaches job skills, leadership, community service, and personal responsibility.
7 Contracts under this section are exempt from the competitive bidding procedures described in
8 this Article and the rules adopted under it."
9

10 NATURAL HERITAGE PROGRAM FEES

11 **SECTION 14.9.** G.S. 143B-135.272(a) reads as rewritten:

12 "(a) The Secretary may establish fees to defray the costs associated with any of the
13 following:

- 14 (1) Responding to inquiries requiring customized environmental review services
15 or the costs associated with developing, improving, or maintaining technology
16 that supports an online interface for external users to access Natural Heritage
17 Program data. ~~The Secretary may reduce or waive the fee established under~~
18 ~~this subsection if the Secretary determines that a waiver or reduction of the~~
19 ~~fee is in the public interest.~~
- 20 (2) Any activity authorized under G.S. 143B-135.234(10), including an inventory
21 of natural areas conducted under the Natural Heritage Program, conservation
22 and protection planning, and informational programs for owners of natural
23 areas, as defined in G.S. 143B-135.254."
24

25 NATURAL HERITAGE PROGRAM ADMINISTRATION AND FUND CORRECTION

26 **SECTION 14.10.(a)** G.S. 143B-135.272(b) reads as rewritten:

27 "(b) Fees collected under this section are receipts of the Department of Natural and
28 Cultural Resources and shall be deposited in the ~~Clean Water Management Trust Fund special~~
29 fund for the purpose of supporting the operations of the Natural Heritage Program."

30 **SECTION 14.10.(b)** Part 42 of Article 2 of Chapter 143B of the General Statutes is
31 amended by adding a new section to read:

32 **"§ 143B-135.273. Administration of the Conservation Tax Credit program.**

33 All duties and responsibilities related to stewardship and oversight of properties and interests
34 for which tax credits were granted under the Conservation Tax Credit program for tax years
35 beginning before January 1, 2014, and previously given to the Department of Environmental
36 Quality or its predecessors are transferred to the Department of Natural and Cultural Resources.
37 The Department of Natural and Cultural Resources shall exercise the duties and responsibilities
38 transferred by this section through the Natural Heritage Program."
39

40 REPURPOSE CERTAIN PLANNING FUNDS

41 **SECTION 14.11.** Funds appropriated to the Division of North Carolina Aquariums
42 in the North Carolina Department of Natural and Cultural Resources by Section 14.19 of S.L.
43 2017-57, as amended by Section 4.3 of S.L. 2017-197 and Section 4.9 of S.L. 2017-212, and
44 allocated for planning and permitting of a satellite aquarium area shall instead be used for the
45 following purposes:

- 46 (1) Ninety-three thousand seven hundred ninety-four dollars (\$93,794) to address
47 storm damage at the Core Sound Waterfowl Museum and Heritage Center in
48 Harkers Island, North Carolina.
- 49 (2) One hundred sixty thousand dollars (\$160,000) to add the home of civil rights
50 leader Golden Frinks to the Historic Edenton State Historic Site.
51

WRC REPORT CHANGE

SECTION 14.12. G.S. 143-250 reads as rewritten:

"§ 143-250. Wildlife Resources Fund.

...

All moneys credited to the Wildlife Resources Fund shall be made available to carry out the intent and purposes of this Article in accordance with plans approved by the North Carolina Wildlife Resources Commission, and all ~~such of these funds are hereby~~ appropriated, reserved, set ~~aside~~ ~~aside~~, and made available until expended, for the enforcement and administration of this Article, ~~Chapter 75A, Article 1, and Chapter 113, Subchapter IV of the General Statutes of North Carolina. Article 1 of Chapter 75A of the General Statutes, and Subchapter IV of Chapter 113 of the General Statutes.~~ No later than October 1 of each year, the Wildlife Resources Commission shall report to the ~~Joint Legislative Commission on Governmental Operations~~ Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources on the expenditures from the Wildlife Resources Fund during the fiscal year that ended the previous July 1 of that year and on the planned expenditures for the current fiscal year.

...."

PART XV. ADMINISTRATIVE OFFICE OF THE COURTS**COLLECTION OF WORTHLESS CHECKS**

SECTION 15.1. Notwithstanding the provisions of G.S. 7A-308(c), the Judicial Department may use any balance remaining in the Collection of Worthless Checks Fund on June 30, 2019, for the purchase or repair of office or information technology equipment during the 2019-2020 fiscal year and may use any balance remaining in the Collection of Worthless Checks Fund on June 30, 2020, for the purchase or repair of office or information technology equipment during the 2020-2021 fiscal year. Prior to using any funds under this section, the Judicial Department shall report to the chairs of the House of Representatives and Senate Appropriations Committees on Justice and Public Safety and the Office of State Budget and Management on the equipment to be purchased or repaired and the reasons for the purchases.

E-COURTS SYSTEM

SECTION 15.2.(a) Notwithstanding G.S. 143C-1-2(b), for the 2019-2020 fiscal year, the Judicial Department shall transfer any unexpended, unencumbered funds to Budget Code 22006-2006 to be used to implement an integrated information technology system (e-Courts) in accordance with G.S. 7A-343.2(b). The cumulative sum transferred shall not exceed three percent (3%) of the Judicial Department's certified budgets for Budget Code 12000, Administrative Office of the Courts, and Budget Code 12001, Office of Indigent Defense Services, for the 2018-2019 fiscal year.

SECTION 15.2.(b) The Administrative Office of the Courts shall report to the Joint Legislative Oversight Committee on Justice and Public Safety by October 1 of each fiscal year of the biennium all of the following information:

- (1) The specific budgetary actions taken that resulted in unexpended or unencumbered funds that were transferred pursuant to subsection (a) of this section.
- (2) The specific fund codes impacted by the actions that resulted in unexpended or unencumbered funds.

MAGISTRATE/CLERK STAFFING PILOT PROJECT

SECTION 15.3.(a) Notwithstanding the minimum staffing number in G.S. 7A-133(c), the clerk of superior court in a county, with the written or e-mailed consent of the chief district court judge, may hire one deputy or assistant clerk in lieu of one of the magistrate

1 positions allocated to that county. To provide accessibility for law enforcement and citizens, the
 2 clerk of superior court's office shall provide some of the services traditionally provided by the
 3 magistrates' office during some or all of the regular courthouse hours.

4 **SECTION 15.3.(b)** The Administrative Office of the Courts shall report by March
 5 1, 2021, to the chairs of the House of Representatives Appropriations Committee on Justice and
 6 Public Safety and the Senate Appropriations Committee on Justice and Public Safety regarding
 7 all hires made pursuant to subsection (a) of this section.

8
 9 **CONVERT POSITION FROM DRUG TREATMENT COURT TO GUARDIAN AD**
 10 **LITEM**

11 **SECTION 15.4.** As it is the policy of the State that Drug Treatment Courts not be
 12 funded through State appropriations, the Administrative Office of the Courts is directed to
 13 convert position number 65029535, Drug Treatment Court Case Coordinator, to a Guardian ad
 14 Litem supervisor position. This position shall be located in one of the district court districts with
 15 the greatest need for Guardian ad Litem staff.

16
 17 **DISTRICT ATTORNEYS/NO TRANSFER OF FUNDS AND STUDY FEASIBILITY OF**
 18 **OFFICE OF PROSECUTORIAL SERVICES**

19 **SECTION 15.5.(a)** No Transfer of Funds. – For the 2019-2020 fiscal year, no funds
 20 may be transferred from Fund Code 12000-1600 (Office – District Attorney) without the consent
 21 of the Conference of District Attorneys.

22 **SECTION 15.5.(b)** Study. – The School of Government at the University of North
 23 Carolina at Chapel Hill (School of Government), in consultation with the Conference of District
 24 Attorneys, the Administrative Office of the Courts, the Office of Indigent Defense Services, and
 25 any other stakeholders the School of Government deems relevant, shall study the feasibility and
 26 cost of creating an Office of Prosecutorial Services. The study shall compare North Carolina's
 27 judicial branch structure to that of other states in terms of organizational placement of
 28 prosecutorial services within the context of the unified court system and shall also determine the
 29 necessary resources and costs required to make an Office of Prosecutorial Services viable as an
 30 independent agency. The School of Government shall submit the report required under this
 31 subsection by April 1, 2020, to the House of Representatives Appropriations Committee on
 32 Justice and Public Safety and the Senate Appropriations Committee on Justice and Public Safety.

33
 34 **ALLOCATION OF ASSISTANT DISTRICT ATTORNEYS**

35 **SECTION 15.6.(a)** G.S. 7A-60(a1) reads as rewritten:

36 "(a1) The counties of the State are organized into prosecutorial districts, and each district
 37 has the counties and the number of full-time assistant district attorneys set forth in the following
 38 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	19 20

1	7	Bertie, Halifax, Hertford,	11
2		Northampton	
3	8	Edgecombe, Nash, Wilson	19
4	9	Greene, Lenoir, Wayne	14
5	10	Wake	42
6	11	Franklin, Granville, Person	15
7		Vance, Warren	
8	12	Harnett, Lee	41 <u>12</u>
9	13	Johnston	10
10	14	Cumberland	25
11	15	Bladen, Brunswick, Columbus	14
12	16	Durham	18
13	17	Alamance	12
14	18	Orange, Chatham	10
15	19	Scotland, Hoke	10
16	20	Robeson	12
17	21	Anson, Richmond	6
18	22	Caswell, Rockingham	8
19	23	Stokes, Surry	8
20	24	Guilford	34 <u>36</u>
21	25	Cabarrus	9
22	26	Mecklenburg	58
23	27	Rowan	9
24	28	Montgomery, Stanly	6
25	29	Moore	5
26	30	Union	11
27	31	Forsyth	27
28	32	Alexander, Iredell	12
29	33	Davidson, Davie	12
30	34	Alleghany, Ashe, Wilkes,	9
31		Yadkin	
32	35	Avery, Madison, Mitchell,	8
33		Watauga, Yancey	
34	36	Burke, Caldwell, Catawba	19 <u>20</u>
35	37	Randolph	10
36	38	Gaston	15 <u>16</u>
37	39	Cleveland,	12 <u>13</u>
38		Lincoln	
39	40	Buncombe	14
40	41	McDowell, Rutherford	8
41	42	Henderson, Polk, Transylvania	9
42	43	Cherokee, Clay, Graham,	12 <u>13</u>
43		Haywood, Jackson, Macon,	
44		Swain."	

45 **SECTION 15.6.(b)** G.S. 7A-60(a1) as amended by subsection (a) of this section,
 46 reads as rewritten:

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

50		No. of Full-Time
51	Prosecutorial	Asst. District

	District	Counties	Attorneys
1	1	Camden, Chowan, Currituck,	11
2		Dare, Gates, Pasquotank,	
3		Perquimans	
4	2	Beaufort, Hyde, Martin,	8
5		Tyrrell, Washington	
6	3	Pitt	12
7	4	Carteret, Craven, Pamlico	13
8	5	Duplin, Jones, Onslow,	19
9		Sampson	
10	6	New Hanover, Pender	20
11	7	Bertie, Halifax, Hertford,	11
12		Northampton	
13	8	Edgecombe, Nash, Wilson	19
14	9	Greene, Lenoir, Wayne	14
15	10	Wake	42
16	11	Franklin, Granville, Person	15
17		Vance, Warren	
18	12	Harnett, Lee	12 <u>13</u>
19	13	Johnston	10 <u>11</u>
20	14	Cumberland	25
21	15	Bladen, Brunswick, Columbus	14 <u>15</u>
22	16	Durham	18
23	17	Alamance	12
24	18	Orange, Chatham	10
25	19	Scotland, Hoke	10
26	20	Robeson	12
27	21	Anson, Richmond	6
28	22	Caswell, Rockingham	8
29	23	Stokes, Surry	8
30	24	Guilford	36
31	25	Cabarrus	9
32	26	Mecklenburg	58
33	27	Rowan	9
34	28	Montgomery, Stanly	6
35	29	Moore	5
36	30	Union	11
37	31	Forsyth	27
38	32	Alexander, Iredell	12 <u>13</u>
39	33	Davidson, Davie	12
40	34	Alleghany, Ashe, Wilkes,	9
41		Yadkin	
42	35	Avery, Madison, Mitchell,	8
43		Watauga, Yancey	
44	36	Burke, Caldwell, Catawba	20
45	37	Randolph	10
46	38	Gaston	16 <u>17</u>
47	39	Cleveland,	13
48		Lincoln	
49	40	Buncombe	14
50	41	McDowell, Rutherford	8

1 42 Henderson, Polk, Transylvania 9
 2 43 Cherokee, Clay, Graham, 13
 3 Haywood, Jackson, Macon,
 4 Swain."

5 **SECTION 15.6.(c)** G.S. 7A-60(a1), as amended by subsection (a) and (b) of this
 6 section, reads as rewritten:

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

10 Prosecutorial		No. of Full-Time
11 District	Counties	Asst. District
12 	Attorneys
13 36	Burke, Caldwell	910
14 "

15 **SECTION 15.6.(d)** Subsection (a) of this section becomes effective July 1, 2019.
 16 Subsection (b) of this section becomes effective July 1, 2020. Subsection (c) of this section
 17 becomes effective January 1, 2023.
 18

19
 20 **INNOVATIVE COURT PILOT PROJECT/RAISE THE AGE ADMINISTRATIVE**
 21 **SUPPORT FUNDS**

22 **SECTION 15.7.(a)** Of the funds appropriated in this act to the Administrative Office
 23 of the Courts in Fund Code 1100, the Administrative Office of the Courts shall provide the sum
 24 of one hundred thirty thousand dollars (\$130,000) in nonrecurring funds for each fiscal year of
 25 the 2019-2021 fiscal biennium to Robeson County as a grant-in-aid to be used for an innovative
 26 court pilot project.

27 **SECTION 15.7.(b)** The Administrative Office of the Courts, in conjunction with
 28 Robeson County, shall report on the results of the innovative court pilot project required under
 29 subsection (a) of this section to the chairs of the Joint Legislative Oversight Committee on Justice
 30 and Public Safety by March 1, 2020.

31 **SECTION 15.7.(c)** Notwithstanding any provision of this act or the Committee
 32 Report described in Section 42.2 of this act to the contrary, all of the following applies:

- 33 (1) The net appropriation to Fund Code 1200 for Raise the Age Administrative
 34 Support shall be reduced by (i) the sum of one hundred thirty thousand dollars
 35 (\$130,000) in nonrecurring funds for the 2019-2020 fiscal year and (ii) the
 36 sum of one hundred thirty thousand dollars (\$130,000) in recurring funds for
 37 the 2020-2021 fiscal year.
- 38 (2) The net appropriation to Fund Code 1100 for the Administrative Office of the
 39 Courts Administration shall be increased by (i) the sum of one hundred thirty
 40 thousand dollars (\$130,000) in nonrecurring funds for the 2019-2020 fiscal
 41 year and (ii) the sum of one hundred thirty thousand dollars (\$130,000) in
 42 nonrecurring funds for the 2020-2021 fiscal year.

43
 44 **PART XVI. INDIGENT DEFENSE SERVICES**

45
 46 **IDS MATCH FOR GRANTS**

47 **SECTION 16.1.** Notwithstanding G.S. 143C-6-9, during the 2019-2021 fiscal
 48 biennium, the Office of Indigent Defense Services may use the sum of up to fifty thousand dollars
 49 (\$50,000) from funds available to provide the State matching funds needed to receive grant funds.
 50 Prior to using funds for this purpose, the Office of Indigent Defense Services shall report to the
 51 chairs of the House of Representatives Appropriations Committee on Justice and Public Safety

1 and the Senate Appropriations Committee on Justice and Public Safety on the grants to be
 2 matched using these funds.

3
 4 **MINIMUM ALLOCATIONS FOR ASSISTANT PUBLIC DEFENDERS/CREATE NEW**
 5 **PUBLIC DEFENDER DISTRICT IN CLEVELAND AND LINCOLN COUNTIES**

6 **SECTION 16.2.(a)** G.S. 7A-498.7 reads as rewritten:

7 **"§ 7A-498.7. Public Defender Offices.**

8 (a) The following counties of the State are organized into the defender districts listed
 9 below, and in each of those defender districts an office of public defender is
 10 ~~established~~established with the minimum number of full-time assistant public defenders set forth
 11 in the following table:

Defender District	Counties	<u>No. of Full-Time Asst. Public Defenders</u>
14 1	Camden, Chowan, Currituck, 15 Dare, Gates, Pasquotank, 16 Perquimans	<u>15</u>
17 3A	Pitt	<u>13</u>
18 3B	Craven, Pamlico, Carteret	<u>7</u>
19 5	New Hanover	<u>14</u>
20 10	Wake	<u>31</u>
21 12	Cumberland	<u>15</u>
22 14	Durham	<u>22</u>
23 15B	Orange, Chatham	<u>9</u>
24 16A	Scotland, Hoke	<u>6</u>
25 16B	Robeson	<u>9</u>
26 18	Guilford	<u>28</u>
27 21	Forsyth	<u>18</u>
28 26	Mecklenburg	<u>55</u>
29 27A	Gaston	<u>15</u>
30 <u>27B</u>	<u>Cleveland, Lincoln</u>	<u>12</u>
31 28	Buncombe	<u>11</u>
32 29A	McDowell, Rutherford	<u>9</u>
33 29B	Henderson, Polk, Transylvania	<u>7</u>

34 After notice to, and consultation with, the affected district bar, senior resident superior court
 35 judge, and chief district court judge, the Commission on Indigent Defense Services may
 36 recommend to the General Assembly that a district or regional public defender office be
 37 established. A legislative act is required in order to establish a new office or to abolish an existing
 38 office.

39 (b) For each new term, and to fill any vacancy, public defenders shall be appointed from
 40 a list of not less than ~~three~~one and not more than ~~four~~three names nominated ~~as follows:~~

41 (1) ~~Not less than two and not more than three~~ by written ballot of the attorneys
 42 ~~resident in the defender district who are licensed to practice law in North~~
 43 ~~Carolina~~licensed to practice law in North Carolina who are voting members
 44 of a district bar located in the defender district. The balloting shall be
 45 conducted pursuant to rules adopted by the Commission on Indigent Defense
 46 Services.

47 (2) ~~One name submitted by the Administrative Officer of the Courts after~~
 48 ~~consultation with the Director of the Office of Indigent Defense Services.~~

49 (b1) The appointment required under subsection (b) of this section shall be made by the
 50 senior resident superior court judge of the superior court district or set of districts as defined in
 51 G.S. 7A-41.1 that includes the county or counties of the defender district for which the public

1 defender is being appointed. The appointment shall be made within 60 days from the date the
2 nominees are submitted to the senior resident superior court judge. If the resident superior court
3 judge fails to make an appointment within the required time, then the nominee who received the
4 most votes from the local bar shall then be deemed appointed on the sixty-first day after the date
5 the nominees are submitted.

6"

7 **SECTION 16.2.(a1)** The amendments to G.S. 7A-498.7(b) and (b1) enacted in
8 subsection (a) of this section are effective when this act becomes law. The following applies to
9 any vacancies existing as of the effective date of this section:

- 10 (1) If the senior resident superior court judge received a list of nominees more
11 than 60 days before the effective date of this section, the nominee who
12 received the most votes from the local bar shall be deemed appointed effective
13 immediately.
- 14 (2) If the senior resident superior court judge received a list of nominees less than
15 60 days before the effective date of this section, the senior resident superior
16 court judge shall have 60 days from the effective date of this act to make an
17 appointment.
- 18 (3) If the senior resident superior court judge has not received a list of nominees,
19 then upon receipt of a list of nominees, the senior resident superior court judge
20 shall proceed as required under G.S. 7A-498.7(b) and (b1).

21 **SECTION 16.2.(b)** The Office of Indigent Defense Services may use up to the sum
22 of two million one hundred thirty-nine thousand five hundred twenty-one dollars (\$2,139,521)
23 in funds appropriated to create new positions for the Public Defender District 27B, as provided
24 in subsection (a) of this section. These positions shall include the public defender, up to 12
25 assistant public defenders, and up to six and one-quarter support positions.

26 **PAC RATE IMPLEMENTATION REPORT**

27 **SECTION 16.3.** The Office of Indigent Defense Services shall report to the chairs
28 of the Joint Legislative Oversight Committee on Justice and Public Safety by December 1, 2019,
29 regarding the implementation of rate increases to the Private Assigned Counsel Fund.

30 **PART XVII. JUSTICE**

31 **NO HIRING OF SWORN STAFF POSITIONS FOR NC STATE CRIME LAB**

32 **SECTION 17.1.** The Department of Justice shall not hire sworn personnel to fill
33 vacant positions in the North Carolina State Crime Laboratory. Nothing in this section shall be
34 construed to require the termination of sworn personnel or to affect North Carolina State Crime
35 Laboratory personnel who are sworn and employed by the Laboratory as of the effective date of
36 this section and who continue to meet the sworn status retention standards mandated by the North
37 Carolina Criminal Justice Education and Standards Commission.

38 **PART XVIII. PUBLIC SAFETY**

39 **GRANT REPORTING AND MATCHING FUNDS**

40 **SECTION 18.1.(a)** The Department of Public Safety, the Department of Justice, and
41 the Judicial Department shall each report by May 1 of each year to the chairs of the House of
42 Representatives Appropriations Committee on Justice and Public Safety and the Senate
43 Appropriations Committee on Justice and Public Safety on grant funds received or preapproved
44 for receipt by those departments. The report shall include information on the amount of grant
45 funds received or preapproved for receipt by each department, the use of the funds, the State
46 match expended to receive the funds, and the period to be covered by each grant. If a department
47
48
49
50
51

1 intends to continue the program beyond the end of the grant period, that department shall report
2 on the proposed method for continuing the funding of the program at the end of the grant period.
3 Each department shall also report on any information it may have indicating that the State will
4 be requested to provide future funding for a program presently supported by a local grant.

5 **SECTION 18.1.(b)** Notwithstanding the provisions of G.S. 143C-6-9, the
6 Department of Public Safety may use up to the sum of one million two hundred thousand dollars
7 (\$1,200,000) during the 2019-2020 fiscal year and up to the sum of one million two hundred
8 thousand dollars (\$1,200,000) during the 2020-2021 fiscal year from funds available to the
9 Department to provide the State match needed in order to receive grant funds. Prior to using
10 funds for this purpose, the Department shall report to the chairs of the House of Representatives
11 Appropriations Committee on Justice and Public Safety and the Senate Appropriations
12 Committee on Justice and Public Safety on the grants to be matched using these funds.

13 14 **NO TRANSFER OF POSITIONS TO OTHER STATE AGENCIES**

15 **SECTION 18.2.(a)** Notwithstanding any other provision of law, the Office of State
16 Budget and Management shall not transfer any positions, personnel, or funds from the
17 Department of Public Safety to any other State agency during the 2019-2021 fiscal biennium
18 unless the transfer was included in the base budget for one or both fiscal years of the biennium.
19 This subsection shall not apply to the annual transfer of two hundred thirty-four thousand eight
20 hundred ninety-one dollars (\$234,891) to the Office of the Governor for administrative support.

21 **SECTION 18.2.(b)** This section becomes effective July 1, 2019. If any transfers that
22 violate this section were made in fiscal year 2018-2019, prior to this section becoming effective,
23 those transfers shall be rescinded within 15 days of this section becoming effective.

24 25 **CODIFY LAPSED SALARY REPORT**

26 **SECTION 18.3.** Part 1 of Article 13 of Chapter 143B of the General Statutes is
27 amended by adding a new section to read:

28 **"§ 143B-605. Lapsed salary reports.**

29 (a) The Department shall report the following information to the chairs of the Joint
30 Legislative Oversight Committee on Justice and Public Safety and the chairs of the House of
31 Representatives Appropriations Committee on Justice and Public Safety and the Senate
32 Appropriations Committee on Justice and Public Safety:

33 (1) The amount of lapsed salary generated by fund code for the previous six
34 months.

35 (2) An itemized accounting of the use of lapsed salary funds including:

36 a. Fund code.

37 b. Current certified budget.

38 c. Annual projected expenditure.

39 d. Annual projected shortfall.

40 e. Amount of lapsed salary funds transferred to date.

41 (b) The reports shall be submitted by February 1 and August 1 of each year. The August
42 report shall also include an annual accounting of this information for the previous fiscal year."

43 44 **CONTINUE PILOT PROJECT TO TREAT OPIATE OVERDOSE**

45 **SECTION 18.4.(a)** Pilot Project. – The Department of Public Safety, in conjunction
46 with the City of Wilmington, shall continue to develop and implement the pilot project known as
47 "Quick Response Team" (QRT) to address the needs of opiate and heroin overdose victims who
48 are not getting follow-up treatment.

49 **SECTION 18.4.(b)** Report. – The Department of Public Safety and the City of
50 Wilmington shall report on the results of the pilot project to the chairs of the Joint Legislative
51 Oversight Committee on Justice and Public Safety by February 1, 2021.

1
2 **MAKE BOXING COMMISSION INDEPENDENT FROM THE SECRETARY OF THE**
3 **DEPARTMENT OF PUBLIC SAFETY**

4 **SECTION 18.5.(a)** Article 68 of Chapter 143 of the General Statutes reads as
5 rewritten:

6 "Article 68.

7 "Regulation of Boxing.

8 ...

9 **"§ 143-651. Definitions.**

10 The following definitions apply in this Article:

11 ...

12 (4a) Branch. – The Alcohol Law Enforcement Branch of the State Bureau of
13 Investigation.

14 (4b) Commission. – The North Carolina Boxing Commission.

15 ...

16 (23b) Sanctioned amateur match. – Any match regulated by an amateur sports
17 organization that has been recognized and approved by the
18 BranchCommission.

19 ...

20 **"§ 143-652.1. Regulation of boxing, kickboxing, mixed martial arts, and toughman events.**

21 (a) Regulation. – The Alcohol Law Enforcement Branch of the Department of Public
22 Safety Commission shall regulate live boxing, kickboxing, and mixed martial arts matches,
23 whether professional, amateur, or sanctioned amateur, or toughman events, in which admission
24 is charged for viewing, or the contestants compete for a purse or prize of value greater than
25 twenty-five dollars (\$25.00). The Branch Commission shall have the exclusive authority to
26 approve and issue rules for the regulation of the conduct, promotion, and performances of live
27 boxing, kickboxing, and mixed martial arts matches and exhibitions, whether professional,
28 amateur, or sanctioned amateur, and toughman events in this State. The rules shall be issued
29 pursuant to the provisions of Chapter 150B of the General Statutes and may include, without
30 limitation, the following subjects:

31 ...

32 (b) Enforcement. – The Commission shall enforce this Article through the Branch.

33 **"§ 143-652.2. Boxing Advisory Commission.**

34 (a) Creation. – The Boxing Advisory Commission is created within the Department of
35 Public Safety to advise the Alcohol Law Enforcement Branch of the Department of Public Safety
36 concerning matters regulated by this Article. The Commission shall to regulate matters set forth
37 in this Article. The Commission shall consist of six voting members and two nonvoting advisory
38 members. The Commission shall be administratively located within the Department of Public
39 Safety but shall exercise its powers independently of the Secretary of Public Safety. All the
40 members shall be residents of North Carolina. The members shall be appointed as follows:

41 ...

42 (2) One voting member shall be appointed by the General Assembly upon the
43 recommendation of the President Pro Tempore of the Senate for an initial term
44 of three years.

45 (3) One voting member shall be appointed by the General Assembly upon the
46 recommendation of the Speaker of the House of Representatives for an initial
47 term of three years.

48 ...

49 Notwithstanding the schedule above in subdivisions (1), (5), (7), and (8) of this subsection,
50 if any former member of the North Carolina Boxing Commission is appointed to the initial
51 membership, that person shall serve an initial term of three years. Appointments by the General

1 Assembly pursuant to subdivisions (2) and (3) of this subsection shall be made in accordance
2 with G.S. 120-121. The member appointed pursuant to subdivision (6) of this subsection may
3 serve on the Commission only if an agreement exists and remains in effect between the Tribal
4 Council of the Eastern Band of the Cherokee and the Commission authorizing the Commission
5 to regulate professional boxing matches within the Cherokee Indian Reservation as provided by
6 the Professional Boxing Safety Act of 1996.

7 The two nonvoting advisory members appointed pursuant to subdivisions (7) and (8) of this
8 subsection shall advise the Commission ~~and the Branch~~ on matters concerning the health and
9 physical condition of boxers and health issues relating to the conduct of exhibitions and boxing
10 matches. They may prepare and submit to the Commission for its consideration and ~~to the Branch~~
11 ~~for its approval~~ any rules that in their judgment will safeguard the physical welfare of all
12 participants engaged in boxing.

13 Terms for all members of the Commission except for the initial appointments shall be for
14 three years.

15 ~~The Secretary of Public Safety Commission shall designate which member of the~~
16 ~~Commission is elect one of its members~~ to serve as chair. A member of the Commission may be
17 removed from office ~~by the Secretary of Public Safety~~ for cause. Members of the Commission
18 are subject to the conflicts of interest requirements of 15 U.S.C. § 6308 (contained in the
19 Professional Boxing Safety Act of 1996, as amended). Each member, before entering upon the
20 duties of a member, shall take and subscribe an oath to perform the duties of the office faithfully,
21 impartially, and justly to the best of the member's ability. A record of these oaths shall be filed
22 in the Department of Public Safety.

23 (b) Vacancies. – Members shall serve until their successors are appointed and have been
24 qualified. Any Vacancies for members appointed by the General Assembly shall be filled in
25 accordance with G.S. 120-122. Except as otherwise provided in this subsection, any vacancy in
26 the membership of the Commission shall be filled in the same manner as the original
27 appointment. A vacancy in the membership of the Commission other than by expiration of term
28 shall be filled for the unexpired term only.

29 ...

30 ~~(d) Review Authority of the Commission. – The Commission shall review existing rules~~
31 ~~adopted under this Article and shall from time to time make recommendations to the Branch for~~
32 ~~changes or addition to such rules. Any proposals for change, amendment, addition, or deletion to~~
33 ~~those rules shall be submitted by the Branch to the Commission for its comments prior to~~
34 ~~approval.~~

35 ...

36 ~~(g) Initial appointments to the Commission under this section shall be for terms~~
37 ~~commencing July 1, 2007.~~

38 ...

39 **"§ 143-654. Licensing and permitting.**

40 (a) License and Permit Required. – Except for sanctioned amateur matches, it is unlawful
41 for any person to act in this State as an announcer, contestant, judge, manager, matchmaker,
42 promoter, referee, timekeeper, or second unless the person is licensed to do so under this Article.
43 It is unlawful for a promoter to present a match in this State, other than a sanctioned amateur
44 match, unless the promoter has a permit issued under this Article to do so. The ~~Branch~~
45 Commission has the exclusive authority to issue, deny, suspend, or revoke any license or permit
46 provided for in this Article.

47 (b) License. – All licenses issued under this Article shall be valid only during the calendar
48 year in which they are issued, except contestant licenses shall be valid for one year from the date
49 of issuance. A license for an announcer, contestant, judge, matchmaker, referee, timekeeper, or
50 second shall be issued only to a natural person. A natural person shall not transfer or assign a
51 license or change it into another name. A license for a manager or promoter may be issued to a

1 corporation or partnership; provided, however, that all officers or partners shall submit an
 2 application for individual licensure, and only those officers or partners who are licensed shall be
 3 entitled to negotiate or sign contracts. The addition of a new officer or partner during the license
 4 period shall necessitate the filing of an application for individual licensure by the new officer or
 5 partner.

6 An applicant for a license shall file with the ~~Branch-Commission~~ the appropriate
 7 nonrefundable fee and any forms, documents, medical examinations, or exhibits the ~~Branch~~
 8 ~~Commission~~ may require in order to properly administer this Article. The information requested
 9 shall include the date of birth and social security number of each applicant as well as any other
 10 personal data necessary to positively identify the applicant and may include the requirement of
 11 verification of any documents the ~~Branch-Commission~~ deems appropriate. A person may not
 12 participate under a fictitious or assumed name in any match unless the person has first registered
 13 the name with the ~~Branch-Commission~~.

14 (c) Surety Bond. – An applicant for a promoter's license must submit, in addition to any
 15 other forms, documents, or exhibits requested by the ~~Branch-Commission~~, a surety bond payable
 16 to the ~~Branch-Commission~~ for the benefit of any person injured or damaged by (i) the promoter's
 17 failure to comply with any provision of this Article or any rules adopted by the ~~Branch~~
 18 ~~Commission~~ or (ii) the promoter's failure to fulfill the obligations of any contract related to the
 19 holding of a match. The surety bond shall be issued in an amount to be no less than ten thousand
 20 dollars (\$10,000). The amount of the surety bond shall be negotiable upon the sole discretion of
 21 the ~~Branch-Commission~~. All surety bonds shall be upon forms approved and supplied by the
 22 ~~Secretary of Public Safety and supplied by the Branch-Commission~~.

23 (d) Permit. – A permit issued to a promoter under this Article is valid for a single match.
 24 An applicant for a permit shall file with the ~~Branch-Commission~~ the appropriate nonrefundable
 25 fee and any forms or documents the ~~Branch-Commission~~ may require.

26 **"§ 143-655. Fees; State Boxing Revenue Account.**

27 (a) License Fees. – The ~~Branch-Commission~~ shall collect the following license fees:

28	Announcer	\$75.00
29	Contestant	\$50.00
30	Judge	\$75.00
31	Manager	\$150.00
32	Matchmaker	\$300.00
33	Promoter	\$450.00
34	Referee	\$75.00
35	Timekeeper	\$75.00
36	Second	\$50.00.

37 The annual license renewal fees shall not exceed the initial license fees.

38 (b) Permit Fees. – The ~~Branch-Commission~~ may establish a fee schedule for permits
 39 issued under this Article. The fees may vary depending on the seating capacity of the facility to
 40 be used to present a match. The fee may not exceed the following amounts:

41	Seating Capacity	Fee Amount
42	Less than 2,000	\$150.00
43	2,000 – 5,000	\$300.00
44	Over 5,000	\$450.00.

45 (b1) Admission Fees. – The ~~Branch-Commission~~ shall collect a fee in the amount of two
 46 dollars (\$2.00) per spectator to attend events regulated in this Article.

47 ...

48 **"§ 143-656. Contracts and financial arrangements.**

49 Any contract between licensees and related to a match or exhibition held or to be held in this
 50 State must meet the requirements of administrative rules as set forth by the ~~Branch-Commission~~.

1 Any contract which does not satisfy the requirements of the administrative rules shall be void
2 and unenforceable. All contracts shall be in writing.

3 ...

4 "**§ 143-658. Violations.**

5 (a) Civil Penalties. – The ~~Secretary of Public Safety Commission~~ may issue an order
6 against a licensee or other person who willfully violates any provision of this Article, imposing
7 a civil penalty of up to five thousand dollars (\$5,000) for a single violation or of up to twenty-five
8 thousand dollars (\$25,000) for multiple violations in a single proceeding or a series of related
9 proceedings. No order under this subsection may be entered without giving the licensee or other
10 person 15 days' prior notice and an opportunity for a contested case hearing conducted pursuant
11 to Article 3 of Chapter 150B of the General Statutes.

12 The clear proceeds of civil penalties imposed pursuant to this subsection shall be remitted to
13 the Civil Penalty and Forfeiture Fund in accordance with G.S. 115C-457.2.

14 (b) Criminal Penalties. – A willful violation of any provision of this Article shall
15 constitute a Class 2 misdemeanor. The ~~Secretary of Public Safety Commission~~ may refer any
16 available evidence concerning violations of this Article to the proper district attorney, who may,
17 with or without such a reference, institute the appropriate criminal proceedings.

18 (c) Injunction. – Whenever it appears to the ~~Secretary of Public Safety Commission~~ that
19 a person has engaged or is about to engage in an act or practice constituting a violation of any
20 provision of this Article or any rule or order hereunder, the ~~Secretary of Public Safety~~
21 ~~Commission~~ may bring an action in any court of competent jurisdiction to enjoin those acts or
22 practices and to enforce compliance with this Article or any rule or order issued pursuant to this
23 Article.

24"

25 **SECTION 18.5.(b)** The terms of initial appointees by the General Assembly under
26 subdivisions (2) and (3) of subsection (a) of G.S. 143-652.2, as amended by subsection (a) of this
27 section, shall begin on July 1, 2019, and expire on June 30, 2022.

28 **SECTION 18.5.(c)** Rules adopted by the Alcohol Law Enforcement Branch of the
29 Department of Public Safety under G.S. 143-652.1 shall remain in effect until amended or
30 repealed in accordance with G.S. 143-652.1, as amended by subsection (a) of this section.
31 Policies, procedures, and guidance shall remain in effect until similarly amended or repealed.

32 **SECTION 18.5.(d)** The implementation of this section shall not affect any
33 investigation pursuant to Article 68 of Chapter 143 of the General Statutes ongoing as of the
34 effective date of this section. Any hearing or proceeding pursuant to Article 68 of Chapter 143
35 of the General Statutes ongoing as of the effective date of this section shall continue. Prosecutions
36 for offenses or violations committed prior to the effective date of this section are not abated or
37 affected by this section, and the statutes that would be applicable but for this section shall remain
38 applicable to those prosecutions.

39 **SECTION 18.5.(e)** This section becomes effective July 1, 2019, and applies to (i)
40 applications for a license or permit submitted on or after that date, (ii) contracts entered into on
41 or after that date, and (iii) offenses and violations committed on or after that date.

42
43 **FUNDS FOR NORTH CAROLINA VICTIMS ASSISTANCE NETWORK**

44 **SECTION 18.5A.(a)** Of the funds appropriated in this act to the Department of
45 Public Safety in Fund Code 1100, the Department of Public Safety shall provide the sum of one
46 hundred fifty thousand dollars (\$150,000) in nonrecurring funds for fiscal year 2019-2020 to the
47 North Carolina Victims Assistance Network as a grant-in-aid.

48 **SECTION 18.5A.(b)** Notwithstanding any provision of this act or the Committee
49 Report described in Section 42.2 of this act to the contrary, all of the following applies:

- 1 (1) The net appropriation to Fund Code 1240 for Raise the Age – Juvenile Crime
2 Prevention Councils shall be reduced by the sum of one hundred fifty
3 thousand dollars (\$150,000) in recurring funds for fiscal year 2019-2020.
- 4 (2) The net appropriation to Fund Code 1100 for the Department of Public Safety
5 shall be increased by the sum of one hundred fifty thousand dollars (\$150,000)
6 in nonrecurring funds for fiscal year 2019-2020.

8 STATE CAPITOL POLICE/CREATION OF RECEIPT-SUPPORTED POSITIONS

9 **SECTION 18.6.(a)** Creation of Receipt-Supported Positions Authorized. – The State
10 Capitol Police may contract with State agencies for the creation of receipt-supported positions to
11 provide security services to the buildings occupied by those agencies.

12 **SECTION 18.6.(b)** Annual Report Required. – No later than September 1 of each
13 fiscal year, the State Capitol Police shall report to the Joint Legislative Oversight Committee on
14 Justice and Public Safety the following information for the fiscal year in which the report is due:

- 15 (1) A list of all positions in the State Capitol Police. For each position listed, the
16 report shall include at least the following information:
 - 17 a. The position type.
 - 18 b. The agency to which the position is assigned.
 - 19 c. The source of funding for the position.
- 20 (2) For each receipt-supported position listed, the contract and any other terms of
21 the contract.

22 **SECTION 18.6.(c)** Additional Reporting Required Upon Creation of
23 Receipt-Supported Positions. – In addition to the report required by subsection (b) of this section,
24 the State Capitol Police shall report the creation of any position pursuant to subsection (a) of this
25 section to the chairs of the House of Representatives Appropriations Committee on Justice and
26 Public Safety and the Senate Appropriations Committee on Justice and Public Safety and to the
27 Fiscal Research Division within 30 days of the position's creation. A report submitted pursuant
28 to this section shall include at least all of the following information:

- 29 (1) The position type.
- 30 (2) The agency to which the position is being assigned.
- 31 (3) The position salary.
- 32 (4) The total amount of the contract.
- 33 (5) The terms of the contract.

34 **SECTION 18.6.(d)** Format of Reports. – Reports submitted pursuant to this section
35 shall be submitted electronically and in accordance with any applicable General Assembly
36 standards.

38 USE OF SEIZED AND FORFEITED PROPERTY

39 **SECTION 18.7.(a)** Seized and forfeited assets transferred to the Department of
40 Justice or to the Department of Public Safety during the 2019-2021 fiscal biennium pursuant to
41 applicable federal law shall be credited to the budget of the recipient department and shall result
42 in an increase of law enforcement resources for that department. The Department of Public Safety
43 and the Department of Justice shall each make the following reports to the chairs of the House
44 of Representatives Appropriations Committee on Justice and Public Safety and the Senate
45 Appropriations Committee on Justice and Public Safety:

- 46 (1) A report upon receipt of any assets.
- 47 (2) A report that shall be made prior to use of the assets on their intended use and
48 the departmental priorities on which the assets may be expended.
- 49 (3) A report on receipts, expenditures, encumbrances, and availability of these
50 assets for the previous fiscal year, which shall be made no later than
51 September 1 of each year.

1 **SECTION 18.7.(b)** The General Assembly finds that the use of seized and forfeited
2 assets transferred pursuant to federal law for new personnel positions, new projects, acquisition
3 of real property, repair of buildings where the repair includes structural change, and construction
4 of or additions to buildings may result in additional expenses for the State in future fiscal periods.
5 Therefore, the Department of Justice and the Department of Public Safety are prohibited from
6 using these assets for such purposes without the prior approval of the General Assembly.

7 **SECTION 18.7.(c)** Nothing in this section prohibits State law enforcement agencies
8 from receiving funds from the United States Department of Justice, the United States Department
9 of the Treasury, and the United States Department of Health and Human Services.

10 **SECTION 18.7.(d)** The Joint Legislative Oversight Committee on Justice and Public
11 Safety shall study the impact on State and local law enforcement efforts of the receipt of seized
12 and forfeited assets. The Committee shall report its findings and recommendations prior to the
13 convening of the 2020 Regular Session of the 2019 General Assembly.

14 15 **CENTER FOR COMMUNITY TRANSITIONS/CONTRACT AND REPORT**

16 **SECTION 18.8.** The Department of Public Safety may continue to contract with The
17 Center for Community Transitions, Inc., a nonprofit corporation, for the purchase of prison beds
18 for minimum security female inmates during the 2019-2021 fiscal biennium. The Center for
19 Community Transitions, Inc., shall report by February 1 of each year to the chairs of the House
20 of Representatives Appropriations Committee on Justice and Public Safety and the Senate
21 Appropriations Committee on Justice and Public Safety on the annual cost per inmate and the
22 average daily inmate population compared to bed capacity using the same methodology as that
23 used by the Department of Public Safety.

24 25 **INMATE CONSTRUCTION PROGRAM**

26 **SECTION 18.9.** Notwithstanding any other provision of law, but subject to Article
27 3 of Chapter 148 of the General Statutes, during the 2019-2021 fiscal biennium, the State
28 Construction Office may utilize inmates in the custody of the Division of Adult Correction of the
29 Department of Public Safety through the Inmate Construction Program for repair and renovation
30 projects on State-owned facilities, with priority given to Department of Public Safety
31 construction projects. State agencies utilizing the Inmate Construction Program shall reimburse
32 the Division of Adult Correction of the Department of Public Safety for the cost of transportation,
33 custody, and wages for the inmate crews.

34 35 **STATEWIDE MISDEMEANANT CONFINEMENT PROGRAM REPORT**

36 **SECTION 18.10.** G.S. 148-32.1(b2) reads as rewritten:

37 "(b2) The Statewide Misdemeanant Confinement Program is established. The Program
38 shall provide for the housing of misdemeanants from all counties serving sentences imposed for
39 a period of more than 90 days and for all sentences imposed for impaired driving under
40 G.S. 20-138.1, regardless of length. Those misdemeanants shall be confined in local confinement
41 facilities except as provided in subsections (b3) and (b4) of this section. The Program shall
42 address methods for the placement and transportation of inmates and reimbursement to counties
43 for the housing of those inmates. Any county that voluntarily agrees to house misdemeanants
44 from that county or from other counties pursuant to the Program may enter into a written
45 agreement with the Division of Adult Correction and Juvenile Justice to do so.

46 The North Carolina Sheriffs' Association shall:

- 47 (1) Report no later than the fifteenth day of each month to the Office of State
48 Budget and Management and the Fiscal Research Division on the Statewide
49 Misdemeanant Confinement Program. Each monthly report shall include all
50 of the following:

- 1 a. The daily population delineated by misdemeanor or DWI monthly
 2 housing.
 3 b. The cost of housing prisoners under the Program.
 4 c. The cost of transporting prisoners under the Program.
 5 d. Personnel costs.
 6 e. Inmate medical care costs.
 7 f. The number of counties that volunteer to house inmates under the
 8 Program.
 9 g. The administrative costs paid to the Sheriffs' Association and to the
 10 Department of Public Safety.
 11 (2) Report no later than October 1 of each year to the chairs of the House of
 12 Representatives Appropriations Committee on Justice and Public Safety and
 13 the Senate Appropriations Committee on Justice and Public Safety and the
 14 Joint Legislative Oversight Committee on Justice and Public Safety on the
 15 Statewide Misdemeanant Confinement Program. The report shall include the
 16 following with respect to the prior fiscal year:
 17 a. The cost of housing prisoners by county under the Program.
 18 b. The cost of transporting prisoners by county under the Program.
 19 c. Personnel costs by county.
 20 d. Inmate medical care costs by county.
 21 e. The number of counties that volunteer to house inmates under the
 22 Program.
 23 f. The administrative costs paid to the Sheriffs' Association and to the
 24 Department of Public Safety."
 25

26 **INTERSTATE COMPACT FEES TO SUPPORT TRAINING PROGRAMS AND** 27 **EQUIPMENT PURCHASES SECTIONS**

28 **SECTION 18.11.(a)** Notwithstanding the provisions of G.S. 148-65.7, fees collected
 29 for the Interstate Compact Fund during the 2019-2021 fiscal biennium may be used by the
 30 Division of Adult Correction of the Department of Public Safety during the 2019-2021 fiscal
 31 biennium to provide training programs and equipment purchases for the Section of Community
 32 Corrections, but only to the extent sufficient funds remain available in the Fund to support the
 33 mission of the Interstate Compact Program.

34 **SECTION 18.11.(b)** No later than October 1 of each fiscal year, the Department of
 35 Public Safety shall report to the Joint Legislative Oversight Committee on Justice and Public
 36 Safety on the amount of funds used pursuant to this section and for what purposes the funds were
 37 used.
 38

39 **NURSE STAFFING AT STATE PRISONS ANNUAL REPORT**

40 **SECTION 18.12.(a)** The Department of Public Safety shall report the following
 41 information to the Joint Legislative Oversight Committee on Justice and Public Safety beginning
 42 February 1, 2020, and annually thereafter:

- 43 (1) The total number of permanent nursing positions allocated to the Department,
 44 the number of filled positions, the number of positions that have been vacant
 45 for more than six months, and information regarding the location of both filled
 46 and vacant positions.
 47 (2) The extent to which temporary contract services are being used to staff vacant
 48 nursing positions, the method for funding the contract services, and any cost
 49 differences between the use of permanent employees versus contract
 50 employees.

- 1 (3) A progress report on the implementation of its plan to (i) reduce the use of
2 contract services to provide nursing in State prisons and (ii) attract and retain
3 qualified nurses for employment in permanent positions in State prisons.

4 **SECTION 18.12.(b)** Notwithstanding any other provision of law, the Department of
5 Public Safety may, in its discretion and subject to the approval of the Office of State Budget and
6 Management, convert funds appropriated for contractual nursing services to permanent nursing
7 positions when it is determined to promote security, generate cost savings, or improve health care
8 quality. The Department shall report on any such conversions to the Fiscal Research Division.
9

10 **DEPARTMENT REPORT ON PRISON PERSONNEL MATTERS**

11 **SECTION 18.13.** No later than February 1, 2020, the Department of Public Safety,
12 Division of Adult Correction, shall report to the Joint Legislative Oversight Committee on Justice
13 and Public Safety the following information for the last five fiscal years regarding Division
14 employees working in State prisons:

- 15 (1) The number of Division employees charged with the commission of a criminal
16 offense committed in a State prison and during the employee's work hours.
17 The information shall be provided by State facility and shall specify the
18 offense charged and the outcome of the charge.
- 19 (2) The number of employees disciplined, demoted, or separated from service due
20 to personal misconduct. To the extent it does not disclose confidential
21 personnel records, the information shall be organized by type of misconduct,
22 nature of corrective action taken, and outcome of the corrective action.
- 23 (3) The hiring and screening process, including any required credentials or skills,
24 criminal background checks, and personality assessments. The information
25 shall also include the process the Division uses to verify the information
26 provided by an applicant.
- 27 (4) The methods used to prevent delivery of contraband items to prisoners,
28 including illegal drugs and mobile phones, and an evaluation or summary of
29 the effectiveness of the methods.
30

31 **STATEWIDE MISDEMEANANT CONFINEMENT PROGRAM FUNDING TRANSFER**

32 **SECTION 18.14.** Of the funds appropriated in this act for the Statewide
33 Misdemeanant Confinement Program:

- 34 (1) The sum of one million dollars (\$1,000,000) shall be transferred each fiscal
35 year to the North Carolina Sheriffs' Association, Inc., a nonprofit corporation,
36 to support the Program and for administrative and operating expenses of the
37 Association and its staff.
- 38 (2) The sum of two hundred twenty-five thousand dollars (\$225,000) shall be
39 allocated each fiscal year to the Division of Adult Correction for its
40 administrative and operating expenses for the Program.
41

42 **PRISON REFORM REPORT**

43 **SECTION 18.15.** The Department of Public Safety (Department) shall report
44 quarterly beginning November 1, 2019, and continuing quarterly until the end of the 2019-2021
45 fiscal biennium, to the Joint Legislative Oversight Committee on Justice and Public Safety on
46 the Department's prison reform initiatives, including:

- 47 (1) All modifications to Department rules, policies, and procedures related to
48 disciplinary actions against correctional officers and other correctional staff.
- 49 (2) All modifications to Department rules, policies, and procedures related to
50 disciplinary actions against inmates.
- 51 (3) The amount, content, quality, and frequency of staff training.

- 1 (4) Modifications to inmate work assignments, including assessments of the
2 appropriateness of particular work assignments based on inmate
3 classification.
- 4 (5) Facility infrastructure improvements made to emergency communication,
5 location tracking capabilities, and installation of additional cameras.
- 6 (6) Increased availability of staff personal safety equipment and institutional
7 safety equipment.
- 8 (7) Adequacy of staffing of prison facilities and actions taken to increase staffing
9 levels.
- 10 (8) Actions taken to increase retention efforts of staff.
- 11 (9) Changes to the hiring and orientation processes and procedures for
12 correctional officers.
- 13 (10) Methods used to prevent delivery of contraband items to prisoners, including
14 illegal drugs and mobile phones, and an evaluation or summary of the
15 effectiveness of the methods.
- 16 (11) Modifications to housing capacity to meet prison staffing requirements.
17

18 **PLAN TO ADDRESS STANDARD OPERATING CAPACITY OF THE DIVISION OF** 19 **ADULT CORRECTION AND JUVENILE JUSTICE**

20 **SECTION 18.16.(a)** The Department of Public Safety shall develop a long-term plan
21 to meet Standard Operating Capacity requirements of the Division of Adult Correction and
22 Juvenile Justice. The long-term plan shall, at a minimum, include the following:

- 23 (1) An analysis of the required staffing to meet Standard Operating Capacity
24 requirements.
- 25 (2) Recommendations for reopening closed facilities.
- 26 (3) Recommendations for constructing new facilities.
- 27 (4) Recommendations to reduce the prison population.

28 **SECTION 18.16.(b)** The Department of Public Safety shall submit its long-term
29 plan required under subsection (a) of this section to the Joint Legislative Oversight Committee
30 on Justice and Public Safety no later than December 1, 2019.
31

32 **REIMBURSE COUNTIES FOR HOUSING AND EXTRAORDINARY MEDICAL** 33 **EXPENSES**

34 **SECTION 18.17.** Notwithstanding G.S. 143C-6-9, the Department of Public Safety
35 may use funds available to the Department for the 2019-2021 fiscal biennium to reimburse
36 counties for the cost of housing convicted inmates, parolees, and post-release supervisees
37 awaiting transfer to the State prison system, as provided in G.S. 148-29. The reimbursement may
38 not exceed forty dollars (\$40.00) per day per prisoner awaiting transfer. Beginning October 1,
39 2019, the Department shall report quarterly to the chairs of the Joint Legislative Oversight
40 Committee on Justice and Public Safety and the chairs of the House of Representatives
41 Appropriations Committee on Justice and Public Safety and the Senate Appropriations
42 Committee on Justice and Public Safety on the expenditure of funds to reimburse counties for
43 prisoners awaiting transfer.
44

45 **LIMIT USE OF COMMUNITY PROGRAM FUNDS**

46 **SECTION 18.18.(a)** Funds appropriated in this act to the Department of Public
47 Safety for the 2019-2021 fiscal biennium for community program contracts, that are not required
48 for or used for community program contracts, may be used only for the following:

- 49 (1) Other statewide residential programs that provide Level 2 intermediate
50 dispositional alternatives for juveniles.

- 1 (2) Statewide community programs that provide Level 2 intermediate
2 dispositional alternatives for juveniles.
- 3 (3) Regional programs that are collaboratives of two or more Juvenile Crime
4 Prevention Councils which provide Level 2 intermediate dispositional
5 alternatives for juveniles.
- 6 (4) The Juvenile Crime Prevention Council funds to be used for the Level 2
7 intermediate dispositional alternatives for juveniles listed in
8 G.S. 7B-2506(13) through (23).

9 **SECTION 18.18.(b)** Funds appropriated by this act to the Department of Public
10 Safety for the 2019-2021 fiscal biennium for community programs may not be used for staffing,
11 operations, maintenance, or any other expenses of youth development centers or detention
12 facilities.

13 **SECTION 18.18.(c)** The Department of Public Safety shall submit an electronic
14 report by October 1 of each year of the 2019-2021 fiscal biennium on all expenditures made in
15 the preceding fiscal year from the miscellaneous contract line in Fund Code 1230 to the chairs of
16 the House of Representatives Appropriations Committee on Justice and Public Safety and the
17 Senate Appropriations Committee on Justice and Public Safety and the Fiscal Research Division.
18 The report shall include all of the following: an itemized list of the contracts that have been
19 executed, the amount of each contract, the date the contract was executed, the purpose of the
20 contract, the number of juveniles that will be served and the manner in which they will be served,
21 the amount of money transferred to the Juvenile Crime Prevention Council fund, and an itemized
22 list of grants allocated from the funds transferred to the Juvenile Crime Prevention Council fund.

23 24 **STATE FUNDS MAY BE USED AS FEDERAL MATCHING FUNDS**

25 **SECTION 18.19.** Funds appropriated in this act to the Department of Public Safety
26 for each fiscal year of the 2019-2021 fiscal biennium may be used as matching funds for the
27 Juvenile Accountability Incentive Block Grants. If North Carolina receives Juvenile
28 Accountability Incentive Block Grants or a notice of funds to be awarded, the Office of State
29 Budget and Management and the Governor's Crime Commission shall consult with the
30 Department of Public Safety regarding the criteria for awarding federal funds. The Office of State
31 Budget and Management, the Governor's Crime Commission, and the Department of Public
32 Safety shall report to the chairs of the House of Representatives Appropriations Committee on
33 Justice and Public Safety and the Senate Appropriations Committee on Justice and Public Safety
34 and the Joint Legislative Oversight Committee on Justice and Public Safety prior to allocation of
35 the federal funds. The report shall identify the amount of funds to be received for the 2019-2020
36 fiscal year, the amount of funds anticipated for the 2020-2021 fiscal year, and the allocation of
37 funds by program and purpose.

38 39 **CREATE HAZARDOUS MATERIALS FACILITY FUND**

40 **SECTION 18.20.(a)** G.S. 166A-29.1 reads as rewritten:
41 "**§ 166A-29.1. Hazardous materials facility ~~fee~~ and Fund.**

42 ...
43 (b1) Hazardous Materials Facility Fund. – The Hazardous Materials Facility Fund is
44 established as a special fund within the Department. All fees collected under this section shall be
45 credited to the Fund and shall be used to support the hazardous materials response programs
46 established pursuant to subsection (f) of this section.

47 ...
48 (f) Use of Fee Proceeds. – The proceeds of fees assessed pursuant to this section shall be
49 used for the following:

- 50 (1) To offset costs associated with the establishment and maintenance of a
51 hazardous materials database and a hazardous materials response application.

- 1 (2) To offset costs associated with the operations of the regional response
2 program for hazardous materials emergencies and terrorist incidents.
3 (3) To provide grants to counties for hazardous materials emergency response
4 planning, training, equipment, and related exercises.
5 (4) To offset Division costs that directly support hazardous materials emergency
6 preparedness and response."

7 **SECTION 18.20.(b)** This section becomes effective July 1, 2019, and applies to fees
8 collected on or after that date.
9

10 **RADIOLOGICAL EMERGENCY PLANNING**

11 **SECTION 18.21.(a)** G.S. 166A-29 reads as rewritten:

12 **"§ 166A-29. Emergency planning; charge.**

13 (a) Every person, firm, corporation or municipality who is licensed to construct or who
14 is operating a fixed nuclear facility for the production of electricity shall pay to the Department
15 of Public Safety an annual fee of at least thirty thousand dollars (\$30,000) for each fixed nuclear
16 facility which is located within this State or has a Plume Exposure Pathway Emergency Planning
17 Zone of which any part is located within this State. This fee is to be applied to the costs of
18 planning and implementing emergency response activities as are required by the Federal
19 Emergency Management Agency for the operation of nuclear facilities. Said fee is to be paid ~~no~~
20 ~~later than July 31 of each year.~~ on a schedule set by the Department of Public Safety. This
21 minimum fee may be increased from time to time as the costs of such planning and
22 implementation increase. Such increases shall be by agreement between the State and the
23 licensees or operators of the fixed nuclear facilities.

24 (b) Every person, firm, corporation or municipality who is licensed to construct or who
25 is operating a fixed nuclear facility for the production of electricity shall pay to the Department
26 of Public Safety, for the use of the Radiation Protection Section of the Division of ~~Public Health~~
27 Health Service Regulation of the Department of Health and Human Services, an annual fee of at
28 least thirty-six thousand dollars (\$36,000) for each fixed nuclear facility that is located within
29 this State or that has a Plume Exposure Pathway Emergency Planning Zone any part of which is
30 located within this State. This fee shall be applied only to the costs of planning and implementing
31 emergency response activities as required by the Federal Emergency Management Agency for
32 the operation of nuclear facilities. This fee is to be paid ~~no later than July 31 of each year.~~ on a
33 schedule set by the Department of Public Safety.

34"

35 **SECTION 18.21.(b)** This section becomes effective July 1, 2019, and applies to fees
36 assessed on or after that date.
37

38 **PART XIX. ADMINISTRATION**

39 **DOA/MANAGE STATE PORTFOLIO OF REAL PROPERTY & UPDATE** 40 **E-PROCUREMENT SYSTEM**

41 **SECTION 19.1.(a)** Notwithstanding the provisions of G.S. 66-58.12(c), the sum of
42 one million five hundred thousand dollars (\$1,500,000) in nonrecurring funds for the 2019-2020
43 fiscal year transferred in this act from the E-Commerce Fund in the Department of Administration
44 Budget Code 24100, Fund Code 2514, to the Department of Administration Budget Code 14100,
45 Fund Code 1412, shall be used to develop a real estate information system as required by Section
46 31.2 of S.L. 2018-5.
47

48 **SECTION 19.1.(b)** For purposes of updating the E-Procurement System (hereinafter
49 "System"), the Department of Administration shall do all of the following:

- 50 (1) Create a detailed plan for updating the System, including:
51 a. The ways in which the System will be improved.

- b. The itemized costs of the improvements.
- c. The length of time it will take to make the improvements.
- (2) No later than October 1, 2019, submit a report on the detailed plan required by subdivision (1) of this subsection to the Joint Legislative Oversight Committee on General Government.
- (3) No later than October 1, 2019, submit a report on the detailed plan required by subdivision (1) of this subsection to the State Chief Information Officer for review and approval as provided in G.S. 143B-1322(c)(14).

PART XX. ADMINISTRATIVE HEARINGS [RESERVED]

PART XXI. AUDITOR [RESERVED]

PART XXII. BUDGET AND MANAGEMENT

IMPROVE TRANSPARENCY IN INVESTMENT AND RETIREMENT FUND EXPENDITURES

SECTION 22.1.(a) The Office of State Budget and Management, in consultation with the Fiscal Research Division, shall study the feasibility of converting the following Funds within Budget Code 13410, Department of the State Treasurer, from receipt-supported to General Fund-supported: 1110 General Administration, 1130 Escheat Fund, 1150 Information Services, 1210 Investment Management Division, 1310 Local Government, 1410 Retirement Operations Division Fund, and 1510 Financial Operations Division. The Office of State Budget and Management shall develop a plan and schedule to adjust the Base Budget for the 2021-2023 fiscal biennium to:

- (1) Show that receipts from the Funds listed in this subsection are used to offset General Fund appropriations. Any increase in funding from the General Fund to the Retirement System Division and State Health Plan Division shall be offset by corresponding adjustments to the agency employer contribution rates and amounts. Receipts that have been transferred from the Investment Management Division, the Escheat Fund, and the Local Government Operations Division Fund shall be deposited as nontax revenue to offset the increase in appropriations in the amounts certified for the 2019-2020 fiscal year.
- (2) Reflect interest earnings as nontax revenue.
- (3) Eliminate all transfers from Funds 1130, 1210, 1310, and 1410 used to pay for administration in Funds 1110, 1150, and 1510.
- (4) Identify any amendments to current law to implement the plan.
- (5) Require the Department of the State Treasurer's expenditures be recorded in the North Carolina Accounting System in the appropriate budget code, fund code, and account code and not be charged directly to the Investment Asset Classes.

SECTION 22.1.(b) The Office of State Budget and Management shall present its proposed plan and recommendations to the Joint Legislative Oversight Committee on General Government at its meeting in January 2020.

PART XXIII. BUDGET AND MANAGEMENT – SPECIAL APPROPRIATIONS [RESERVED]

PART XXIV. CONTROLLER

OVERPAYMENTS AUDIT

SECTION 24.1.(a) During the 2019-2021 fiscal biennium, receipts generated by the collection of inadvertent overpayments by State agencies to vendors as a result of pricing errors, neglected rebates and discounts, miscalculated freight charges, unclaimed refunds, erroneously paid excise taxes, and related errors shall be deposited in Special Fund 24172 as required by G.S. 147-86.22(c).

SECTION 24.1.(b) During the 2019-2021 fiscal biennium, two hundred fifty thousand dollars (\$250,000) of the funds in Special Fund 24172 shall be used by the Office of the State Controller for data processing, debt collection, or e-commerce costs, and are hereby appropriated for that purpose.

SECTION 24.1.(c) The State Controller shall report annually to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division on the revenue deposited into Special Fund 24172 and the disbursement of that revenue.

PART XXV. ELECTIONS**BOARD OF ELECTIONS/REPORT ON POST-ELECTION AUDITS**

SECTION 25.1. After conducting a post-election audit, the Board of Elections shall produce a report which summarizes the audit, including the rationale for and the findings of the audit. The report shall be submitted to the Joint Legislative Oversight Committee on General Government within 10 business days of the date the audit is completed.

PART XXVI. GENERAL ASSEMBLY [RESERVED]**PART XXVII. GOVERNOR [RESERVED]****PART XXVIII. HOUSING FINANCE AGENCY****STUDY STATE HOME FORECLOSURE PREVENTION PROJECT**

SECTION 28.1. The Program Evaluation Division shall study the State Home Foreclosure Prevention Project, established in Article 11 of Chapter 45 of the General Statutes, to determine the effectiveness of the Project in seeking and implementing solutions to avoid foreclosures for home loans. The study shall consider, among other things, the following: (i) the number of homeowners who have avoided foreclosure because of intervention by the Housing Finance Agency through the Project, (ii) the actions undertaken by the Housing Finance Agency that were most effective in helping homeowners avoid foreclosure, (iii) changes that can be made to improve the effectiveness of the Housing Finance Agency in helping homeowners avoid foreclosure, and (iv) whether the current distribution of funds authorized by G.S. 45-104(d) should be reallocated to make more funds available to directly assist homeowners trying to avoid foreclosure. By February 1, 2020, the Program Evaluation Division shall submit the findings of the study, including any recommendations for legislation, to the Joint Legislative Oversight Committee on General Government.

PART XXIX. INSURANCE**INSURANCE REGULATORY FEE**

SECTION 29.1. The percentage rate to be used in calculating the insurance regulatory charge under G.S. 58-6-25 is six and one-half percent (6.5%) for the 2020 calendar year.

PART XXX. INSURANCE – INDUSTRIAL COMMISSION [RESERVED]

1
2 **PART XXXI. LIEUTENANT GOVERNOR [RESERVED]**
3

4 **PART XXXII. MILITARY AND VETERANS AFFAIRS**
5

6 **DMVA/TECHNICAL AMENDMENT TO DELETE OBSOLETE LANGUAGE FROM**
7 **STATUTE REGULATING SCHOLARSHIPS**

8 **SECTION 32.1.** G.S. 143B-1225 reads as rewritten:

9 **"§ 143B-1225. Scholarship.**

10 (a) A scholarship granted pursuant to this Part shall consist of the following benefits in
11 either a State or private educational institution:

12 ...

- 13 (4) No educational assistance shall be afforded a child under this Part after the
14 end of an eight-year period beginning on the date the scholarship is first
15 awarded. ~~Those persons who have been granted a scholarship under this Part~~
16 ~~prior to the effective date of this act shall be entitled to the remainder of their~~
17 ~~period of scholarship eligibility if used prior to August 1, 2010.~~ Whenever a
18 child is enrolled in an educational institution and the period of entitlement
19 ends while enrolled in a term, quarter or semester, such period shall be
20 extended to the end of such term, quarter or semester, but not beyond the
21 entitlement limitation of four academic years.

22"

23
24 **AMEND RESIDENCY REQUIREMENT FOR QUALIFIED VETERANS ELIGIBLE TO**
25 **BE BURIED IN STATE VETERANS CEMETERIES**

26 **SECTION 32.2.** G.S. 65-43 reads as rewritten:

27 **"§ 65-43. Definitions.**

28 For purposes of this Article, the following definitions shall apply, unless the context requires
29 otherwise:

30 ...

- 31 (3) A "qualified veteran" means a veteran who meets the requirements of
32 sub-subdivisions a. and b. of this subdivision:
- 33 a. A veteran who served an honorable military service or who served a
34 period of honorable nonregular service and is any of the following:
- 35 1. A veteran who is entitled to retired pay for nonregular service
36 under 10 U.S.C. §§ 12731-12741, as amended.
 - 37 2. A veteran who would have been entitled to retired pay for
38 nonregular service under 10 U.S.C. §§ 12731-12741, as
39 amended, but for the fact that the person was under 60 years of
40 age.
 - 41 3. A veteran who is eligible for interment in a national cemetery
42 under 38 U.S.C. § 2402, as amended.
- 43 b. Who is a legal resident of North Carolina:
- 44 1. At the time of death, or
 - 45 2. ~~For a period of at least 10 years, or~~
 - 46 3. At the time he or she entered the Armed Forces of the United
47 States."
- 48

49 **ESTABLISH NORTH CAROLINA VETERANS CEMETERY TRUST FUND**

50 **SECTION 32.3.** Article 8A of Chapter 65 of the General Statutes is amended by
51 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 North Carolina Services Medal shall be implemented and enforced by the Department of Military and Veterans Affairs; and~~

(5) To advise the Secretary on any matter the Secretary may refer to it."

PART XXXIII. REVENUE**DOR/ELIMINATE VACANT POSITIONS**

SECTION 33.1. The Department of Revenue shall eliminate a sufficient number of permanent or temporary vacant positions funded through the Collections Assistance Fee to

1 generate a recurring annual savings of five hundred thousand dollars (\$500,000) for each year of
2 the 2019-2021 fiscal biennium. The Department shall report on the eliminated positions to the
3 Joint Legislative Oversight Committee on General Government by October 1, 2019.

4
5 **PART XXXIV. SECRETARY OF STATE [RESERVED]**

6
7 **PART XXXV. TREASURER**

8
9 **EXPAND THE TYPE OF CANCERS COVERED AS OCCUPATIONAL DISEASES FOR**
10 **FIREFIGHTERS' DEATH BENEFITS**

11 **SECTION 35.1.** G.S. 143-166.2 reads as rewritten:

12 **"§ 143-166.2. Definitions.**

13 The following definitions apply in this Article:

14 ...

15 (6) Killed in the line of duty. – This term shall apply to all of the following deaths:

16 ...

17 e. When the death of a firefighter occurs as a direct and proximate result
18 of any of the following cancers that are occupationally related to
19 firefighting, that firefighter is presumed to have been killed in the line
20 of duty:

- 21 1. Mesothelioma.
- 22 2. Testicular cancer.
- 23 3. ~~Intestinal cancer.~~ Cancer of the small intestine.
- 24 4. Esophageal cancer.
- 25 5. Oral cavity cancer.
- 26 6. Pharynx cancer.

27"

28
29 **PART XXXVI. GENERAL GOVERNMENT**

30
31 **GENERAL GOVERNMENT REPORTING REQUIREMENTS**

32
33 **DEPARTMENT OF ADMINISTRATION**

34 **SECTION 36.1.(a)** G.S. 116D-4 reads as rewritten:

35 **"§ 116D-4. Minority and historically underutilized business participation.**

36 (a) Minority Business Participation. – The goals set by G.S. 143-128 for participation in
37 projects by minority businesses apply to projects funded by the proceeds of bonds or notes issued
38 under this section. The following State agencies shall monitor compliance with this requirement
39 and shall report to the General Assembly and the Joint Legislative Oversight Committee on
40 General Government by January 1 of each year on the participation by minority businesses in
41 these projects. The State Construction Office, Department of Administration, shall monitor
42 compliance with this requirement with regard to projects funded by the proceeds of university
43 improvement general obligation bonds and notes and special obligation bonds and notes; the
44 Board of Governors of The University of North Carolina shall provide the State Construction
45 Office any information required by the State Construction Office to monitor compliance. The
46 Community Colleges System Office shall monitor compliance with regard to projects funded by
47 the proceeds of community college general obligation bonds and notes.

48"

49 **SECTION 36.1.(b)** G.S. 143-48 reads as rewritten:

1 "§ 143-48. State policy; cooperation in promoting the use of small contractors, minority
2 contractors, physically handicapped contractors, and women contractors;
3 purpose; required annual reports.
4 ...

5 (d) The Department of Administration shall collect and compile the data described in this
6 section and report it annually to the General Assembly and the Joint Legislative
7 Oversight Committee on General Government.
8"

9 SECTION 36.1.(c) G.S. 143-128.3 reads as rewritten:

10 "§ 143-128.3. Minority business participation administration.

11 (a) All public entities subject to G.S. 143-128.2 shall report to the Department of
12 Administration, Office of Historically Underutilized Business, the following with respect to each
13 building project:
14 ...

15 The reports shall be in the format and contain the data prescribed by the Secretary of
16 Administration. The University of North Carolina and the State Board of Community Colleges
17 shall report quarterly and all other public entities shall report semiannually. The Secretary of the
18 Department of Administration shall make reports every six months to the Joint Legislative
19 Committee on Governmental Operations and the Joint Legislative Oversight Committee on
20 General Government on information reported pursuant to this subsection.
21 ...

22 (c) The Secretary shall study and recommend to the General Assembly, the
23 Joint Legislative Oversight Committee on General Government, and other State agencies ways
24 to improve the effectiveness and efficiency of the State capital facilities development, minority
25 business participation program and good faith efforts in utilizing minority businesses as set forth
26 in G.S. 143-128.2, and other appropriate good faith efforts that may result in the increased
27 utilization of minority businesses.

28 (d) The Secretary shall appoint an advisory board to develop recommendations to
29 improve the recruitment and utilization of minority businesses. The Secretary, with the input of
30 its advisory board, shall review the State's programs for promoting the recruitment and utilization
31 of minority businesses involved in State capital projects and shall recommend to the General
32 Assembly, the Joint Legislative Oversight Committee on General Government, the State
33 Construction Office, The University of North Carolina, and the community colleges system
34 changes in the terms and conditions of State laws, rules, and policies that will enhance
35 opportunities for utilization of minority businesses on these projects. The Secretary shall provide
36 guidance to these agencies on identifying types of projects likely to attract increased participation
37 by minority businesses and breaking down or combining elements of work into economically
38 feasible units to facilitate minority business participation.
39 ...

40 (g) The Secretary shall report findings and recommendations as required under this
41 section to the Joint Legislative Committee on Governmental Operations and the Joint Legislative
42 Oversight Committee on General Government annually on or before June 1, beginning June 1,
43 2002-September 1, beginning September 1, 2019."

44 SECTION 36.1.(d) G.S. 143-341 reads as rewritten:

45 "§ 143-341. Powers and duties of Department.

46 The Department of Administration has the following powers and duties:
47 ...

48 (8) General Services:
49 ...

50 i. To establish and operate a central motor fleet and such subsidiary
51 related facilities as the Secretary may deem necessary, and to that end:

1 ...
 2 11. To report annually to the General ~~Assembly~~ Assembly and the
 3 Joint Legislative Oversight Committee on General
 4 Government on any rules adopted, amended or repealed under
 5 sub-sub-subdivisions 3., 7., or 7a. of this sub-subdivision.

6 ...
 7 (12) Report on Vehicles Managed. – Beginning on September 1, 2019, and
 8 semiannually thereafter, the Department of Administration shall provide a
 9 report to the Joint Legislative Oversight Committee on General Government
 10 and the Joint Legislative Oversight Committee on Justice and Public Safety
 11 on the status of all motor vehicles managed by the Department of
 12 Administration for the Department of Public Safety. The report shall include
 13 all of the following information:

- 14 a. The number of motor vehicles managed by the Department of
 15 Administration for the Department of Public Safety.
- 16 b. The condition of each motor vehicle, including the mileage on each
 17 motor vehicle.
- 18 c. The average amount of time taken to repair or replace a motor vehicle.
- 19 d. The number and condition of any backup motor vehicles managed by
 20 the Department of Administration and available for use by the
 21 Department of Public Safety, including the location and condition of
 22 each motor vehicle."

23 **SECTION 36.1.(e)** Section 27.6(c) of S.L. 2015-241 is repealed.

24 **SECTION 36.1.(f)** G.S. 143-341.2 reads as rewritten:

25 **"§ 143-341.2. Proactive management of State-owned and State-leased real property**
 26 **portfolio.**

27 (a) Duties of the Department of Administration. – The Department of Administration
 28 shall have the following powers and duties:

29 ...
 30 (7) Reporting. – The Department of Administration shall make the following
 31 reports:

- 32 a. No later than December 1, 2018, and every five years thereafter, the
 33 Department shall report the following to the Joint Legislative
 34 Commission on Governmental Operations, ~~to the Joint Legislative~~
 35 Oversight Committee on General Government, the Fiscal Research
 36 Division of the General Assembly, and ~~to the Program Evaluation~~
 37 Division of the General Assembly:
 38 1. The plan developed pursuant to subdivision (1) of this
 39 subsection.
 40 2. A summary of the performance measurement procedures
 41 developed pursuant to subdivision (2) of this subsection.
- 42 b. If any State agency fails to submit the information required by
 43 subdivision (b)(1) of this section, the Department shall report the
 44 failure to the chairs of the Joint Legislative Commission on
 45 ~~Governmental Operations~~ Operations, the Joint Legislative Oversight
 46 Committee on General Government, and ~~to the chairs of the Joint~~
 47 Legislative Program Evaluation Oversight Committee within 30 days.
- 48 c. No later than December 1, 2019, and each year thereafter, the
 49 Department shall report to the Joint Legislative Commission on
 50 Governmental Operations, ~~to the Joint Legislative Oversight~~
 51 Committee on General Government, Fiscal Research Division of the

1 General Assembly, and to the Program Evaluation Division of the
 2 General Assembly on the State's portfolio of real property. This report
 3 shall include at least the following information:

4"

5 **SECTION 36.1.(g)** G.S. 143-747 reads as rewritten:

6 **"§ 143-747. Council of Internal Auditing.**

7 ...
 8 (c) The Council shall:

9 ...
 10 (12) ~~Issue an annual report including, but not limited to, No later than August 1 of~~
 11 ~~each year, issue a report that shall include, but not be limited to, service efforts~~
 12 ~~and accomplishments of State agency internal auditors and to propose~~
 13 ~~proposed legislation for consideration by the Governor and General~~
 14 ~~Assembly. The annual report shall be prepared by the Office of State~~
 15 ~~Controller and shall be submitted to the General Assembly and the Joint~~
 16 ~~Legislative Oversight Committee on General Government."~~

17 **SECTION 36.1.(h)** G.S. 143B-394.16(b) reads as rewritten:

18 "(b) Report. – The Commission shall report its findings and recommendations, including
 19 any legislative or administrative proposals, to the General Assembly and the Joint Legislative
 20 Oversight Committee on General Government no later than April 1 each year."

21 **SECTION 36.1.(i)** G.S. 143B-394.21 is amended by adding a new subsection to
 22 read:

23 "(c) The North Carolina Council for Women shall report on the quarterly distributions of
 24 the grants from the Sexual Assault and Rape Crisis Center Fund to the House and Senate chairs
 25 of the General Government Appropriations Committee within five business days of distribution.
 26 The report shall include the date, amount, and recipients of the fund disbursements. The report
 27 shall also include any eligible programs which are ineligible to receive funding during the relative
 28 reporting cycle as well as the reason of the ineligibility for that relative reporting cycle."

29 **SECTION 36.1.(j)** G.S. 143B-409 reads as rewritten:

30 **"§ 143B-409. North Carolina State Commission of Indian Affairs – reports.**

31 The Commission shall prepare a written annual report giving an account of its proceedings,
 32 transactions, findings, and recommendations. This report shall be submitted to the ~~Governor and~~
 33 ~~the legislature.~~ Governor, General Assembly, and the Joint Legislative Oversight Committee on
 34 General Government. The report will become a matter of public record and will be maintained
 35 in the State Historical Archives. It may also be furnished to such other persons or agencies as the
 36 Commission may deem proper."

37 **SECTION 36.1.(k)** G.S. 143B-410 reads as rewritten:

38 **"§ 143B-410. North Carolina State Commission of Indian Affairs – fiscal records; clerical**
 39 **staff.**

40 Fiscal records shall be kept by the Secretary of Administration. The audit report will become
 41 a part of the annual report and will be submitted in accordance with the regulations governing
 42 preparation and submission of the annual report. The Commission shall submit the annual report
 43 to the Joint Legislative Oversight Committee on General Government."

44 **SECTION 36.1.(l)** G.S. 143B-411.2 reads as rewritten:

45 **"§ 143B-411.2. North Carolina Advisory Council on the Eastern Band of the Cherokee –**
 46 **purpose or creation; powers and duties.**

47 The purpose of the Council is to study on a continuing basis the relationship between the
 48 Eastern Band of the Cherokee and the State of North Carolina in order to resolve any matters of
 49 concern to the State or the Tribe. It shall be the duty of the Council:

50 (1) Identify existing and potential conflicts between the State of North Carolina
 51 and the Eastern Band of Cherokee ~~Indians;~~ Indians.

- 1 (2) Propose State and federal legislation and agreements between the State of
 2 North Carolina and the Cherokee Tribe to resolve existing and potential
 3 ~~conflicts; conflicts.~~
 4 (3) To study and make recommendations concerning any issue referred to the
 5 Council by any official of the Eastern Band of the Cherokee, the State of North
 6 Carolina, or the government of Haywood, Jackson, Swain, Graham, or
 7 Cherokee Counties.
 8 (4) Study other issues of mutual concern to the Eastern Band of the
 9 ~~Cherokee; Cherokee.~~
 10 (5) ~~Make a report with recommendations as needed, but not less often than~~
 11 ~~biannually to the Governor, the Chief of the Eastern Band of the Cherokee,~~
 12 ~~the General Assembly, and the Tribal Council of the Eastern Band of the~~
 13 ~~Cherokee."~~

14 **SECTION 36.1.(m)** The North Carolina Farmworker Council, enacted as Part 26 of
 15 Article 9 of Chapter 143B of the General Statutes, is repealed.

17 ETHICS COMMISSION

18 **SECTION 36.2.** G.S. 138A-10 reads as rewritten:

19 "§ 138A-10. Powers and duties.

- 20 (a) In addition to other powers and duties specified in this Chapter, the Commission shall:
 21 ...
 22 (11) Report annually to the ~~General Assembly~~ Assembly, the Joint Legislative
 23 Oversight Committee on General Government, and the Governor on the
 24 Commission's activities and generally on the subject of public disclosure,
 25 ethics, and conflicts of interest, including recommendations for administrative
 26 and legislative action, as the Commission deems appropriate.
 27"

29 OFFICE OF STATE HUMAN RESOURCES

30 **SECTION 36.3.** G.S. 143-583 reads as rewritten:

31 "§ 143-583. Model program; technical assistance; reports.

- 32 ...
 33 (c) The Office of State Human Resources shall report annually to the Joint Legislative
 34 Commission on Governmental Operations and the Joint Legislative Oversight Committee on
 35 General Government on the safety, health, and workers' compensation activities of State
 36 agencies, compliance with this Article, and the fines levied against State agencies pursuant to
 37 Article 16 of Chapter 95 of the General Statutes."

39 OFFICE OF STATE AUDITOR

40 **SECTION 36.4.** G.S. 147-64.11 reads as rewritten:

41 "§ 147-64.11. Review of office.

42 The Auditor may, on his own initiative and as often as he deems necessary, or as requested
 43 by the ~~General Assembly~~ Assembly or the Joint Legislative Oversight Committee on General
 44 Government, cause to be made a quality review audit of the operations of his office. Such a "peer
 45 review" shall be conducted in accordance with standards prescribed by the accounting profession.
 46 Upon the recommendation of the Joint Legislative Commission on Governmental Operations
 47 may contract with an independent public accountant, qualified management consultant, or other
 48 professional person to conduct a financial and compliance, economy and efficiency, and program
 49 result audit of the State Auditor."

51 OFFICE OF STATE BUDGET AND MANAGEMENT

1 **SECTION 36.5.(a)** Article 6 of Chapter 143C of the General Statutes is amended by
2 adding a new section to read:

3 "**§ 143C-6-13. Results first annual report.**

4 By October 1 of each year, the Office of State Budget and Management shall submit an
5 annual report to the Joint Legislative Commission on Governmental Operations, Joint Legislative
6 Oversight Committee on General Government, and Joint Legislative Program Evaluation
7 Oversight Committee on the progress in implementing the cost-benefit analysis model for use in
8 crafting policy and budget decisions. The reports may include recommendations for legislation."

9 **SECTION 36.5.(b)** Section 26.3(c) of S.L. 2017-57 is repealed.

10 **SECTION 36.5.(c)** G.S. 143C-6-23 reads as rewritten:

11 "**§ 143C-6-23. State grant funds: administration; oversight and reporting requirements.**

12 ...

13 (h) Report on Grant Recipients That Failed to Comply. ~~Not later than May 1, 2007, and~~
14 ~~by May 1 of every succeeding year, the~~ The Office of State Budget and Management shall report
15 ~~to the Joint Legislative Commission on Governmental Operations and the Fiscal Research~~
16 ~~Division on post online at regular intervals a list of all grantees or subgrantees that failed to~~
17 ~~comply with this section with respect to grant funds received in the prior fiscal year."~~

18 **SECTION 36.5.(d)** G.S. 143-194 is repealed.

19
20 **OFFICE OF STATE CONTROLLER**

21 **SECTION 36.6.** G.S. 143B-426.39 reads as rewritten:

22 "**§ 143B-426.39. Powers and duties of the State Controller.**

23 The State Controller shall:

24 ...

25 (12a) Prepare and submit to the Joint Legislative Commission on Governmental
26 Operations, the Joint Legislative Oversight Committee on General
27 Government, and the Fiscal Research Division at the end of each quarter, a
28 report on the revenue deposited in Special Reserve Account 24172 and the
29 disbursement of that revenue.

30 "

31
32 **STATE BOARD OF ELECTIONS**

33 **SECTION 36.7.(a)** G.S. 66-58 reads as rewritten:

34 "**§ 66-58. Sale of merchandise or services by governmental units.**

35 ...

36 (c) The provisions of subsection (a) shall not prohibit:

37 ...

38 (17) The sale by the ~~Bipartisan~~ State Board of Elections ~~and Ethics Enforcement~~
39 to political committees and candidate committees of computer software
40 designed by or for the ~~Bipartisan~~ State Board of Elections ~~and Ethics~~
41 ~~Enforcement~~ to provide a uniform system of electronic filing of the campaign
42 finance reports required by ~~Article 23 of Chapter 163A~~ Article 22A of Chapter
43 163 of the General Statutes and to facilitate the State Board's monitoring of
44 compliance with that Article. ~~This computer software for electronic filing of~~
45 ~~campaign finance reports shall not exceed a cost of one hundred dollars~~
46 ~~(\$100.00) to any political committee or candidate committee without the~~
47 ~~Bipartisan State Board of Elections and Ethics Enforcement first notifying in~~
48 ~~writing the Joint Legislative Commission on Governmental Operations."~~

49 **SECTION 36.7.(b)** G.S. 163-165.9 reads as rewritten:

50 "**§ 163-165.9. Voting systems: powers and duties of county board of elections.**

51 ...

1 (b) After the acquisition of any voting system, the county board of elections shall comply
 2 with any requirements of the State Board of Elections regarding training and support of the voting
 3 system by completing all of the following:

4 ...

5 (2) The county board of elections shall annually maintain software license and
 6 maintenance agreements necessary to maintain the warranty of its voting
 7 system. A county board of elections may employ qualified personnel to
 8 maintain a voting system in lieu of entering into maintenance agreements
 9 necessary to maintain the warranty of its voting system. State Board of
 10 Elections is not required to provide routine maintenance to any county board
 11 of elections that does not maintain the warranty of its voting system. If the
 12 State Board of Elections provides any maintenance to a county that has not
 13 maintained the warranty of its voting system, the county shall reimburse the
 14 State for the cost. The State Board of Elections shall ~~annually~~ report annually
 15 by January 15 to the House and Senate Committees on Appropriations, to the
 16 Fiscal Research Division, the Joint Legislative Oversight Committee on
 17 General Government, and to the Joint Legislative Commission on
 18 Governmental Operations on implementation of this subdivision. If requested
 19 by the county board of elections, the State Board of Elections may enter into
 20 contracts on behalf of that county under this subdivision, but such contracts
 21 must also be approved by the county board of elections. Any contract entered
 22 into under this subdivision shall be paid from non-State funds. Neither a
 23 county nor the State Board of Elections shall enter into any contract with any
 24 vendor for software license and maintenance agreements unless the vendor
 25 agrees to (i) operate a training program for qualification of county personnel
 26 under this subsection with training offered within the State of North Carolina
 27 and (ii) not dishonor warranties merely because the county is employing
 28 qualified personnel to maintain the voting system as long as the county:

29"

30 HOUSING FINANCE AGENCY

31 SECTION 36.8.(a) G.S. 122A-5.14 reads as rewritten:

32 "§ 122A-5.14. Home Protection Program and Fund.

33 ...

34 (d) ~~Annual Report. By April 1 of each year, the Agency shall report to the House~~
 35 ~~Appropriations Subcommittee on General Government and Senate Appropriations~~
 36 ~~Subcommittee on General Government and Information Technology on the effectiveness of the~~
 37 ~~Program in accomplishing its purposes and provide any other information the Agency determines~~
 38 ~~is pertinent or that the General Assembly requests."~~

39 SECTION 36.8.(b) G.S. 122A-5.15 reads as rewritten:

40 "§ 122A-5.15. Workforce Housing Loan Program.

41 ...

42 (d) By February 1 of each year, the Agency shall report to the Joint Legislative
 43 Commission on Governmental ~~Operations~~ Operations and the Joint Legislative Oversight
 44 Committee on General Government, and the Fiscal Research Division on the number of loans
 45 made under this section, the amount of each loan, and whether the low-income housing
 46 development is located in a low-, moderate-, or high-income county, as designated by the
 47 Agency."

48 SECTION 36.8.(c) G.S. 122A-16 reads as rewritten:

49 "§ 122A-16. Oversight by committees of General Assembly; annual reports.

1 (a) The Finance Committee of the House of Representatives and the Finance Committee
2 of the Senate shall exercise continuing oversight of the Agency in order to assure that the Agency
3 is effectively fulfilling its statutory purpose; provided, however, that nothing in this Chapter shall
4 be construed as required by the Agency to receive legislative approval for the exercise of any of
5 the powers granted by this Chapter. The Agency shall, promptly following the close of each fiscal
6 year, submit an annual report of its activities for the preceding year to the Governor, the Office
7 of State Budget and Management, State Auditor, the aforementioned committees of the General
8 Assembly and the Local Government Commission. Each such report shall set forth a complete
9 operating and financial statement of the Agency during such year. The Agency shall cause an
10 audit of its books and accounts to be made at least once in each year by an independent certified
11 public accountant and the cost thereof may be paid from any available moneys of the Agency.
12 The Agency shall on ~~January-February~~ 1 and July 1 of each year submit a written report of its
13 activities to the Joint Legislative Commission on Governmental ~~Operations-Operations and the~~
14 Joint Legislative Oversight Committee on General Government. The Agency shall also at the end
15 of each fiscal year submit a written report of its budget expenditures by line item to the Joint
16 Legislative Commission on Governmental ~~Operations-Operations and the Joint Legislative~~
17 Oversight Committee on General Government.

18 (b) The Agency shall report to the General Assembly and the Joint Legislative Oversight
19 Committee on General Government by April 1 of each year concerning the status of the HOME
20 Program and shall include in the report information on priorities met, types of activities funded,
21 and types of activities not funded.

22 (c) The Agency shall report to the General Assembly and the Joint Legislative Oversight
23 Committee on General Government describing the operation of the Emergency Program to
24 Reduce Home Foreclosures established in S.L. 2008-226 not later than May 1 of each year until
25 the funds are completely disbursed from the State Home Foreclosure Prevention Trust Fund.
26 Information in the report shall be presented in aggregate form and may include the number of
27 clients helped, the effectiveness of the funds in preventing home foreclosures, recommendations
28 for further efforts needed to reduce foreclosures, and provide any other aggregated information
29 the Agency determines is pertinent or that the General Assembly requests."

30 **SECTION 36.8.(d)** Section 298(a) of Chapter 321 of the Session Laws of 1993 reads
31 as rewritten:

32 "(a) Funds appropriated in this act to the Department of Commerce for the federal HOME
33 Program shall be transferred to the Housing Finance Agency in the Office of the Governor and
34 shall be used by the Agency to match federal funds appropriated for the HOME Program. In
35 allocating State funds appropriated to match federal HOME Program funds, the Agency shall
36 give priority to HOME Program projects, as follows:

- 37 (1) First priority to projects that are located in counties designated as severely
38 distressed counties under G.S. 105-130.40(c) or G.S. 105-151.17(c); and
- 39 (2) Second priority to projects that benefit persons and families whose incomes
40 are fifty percent (50%) or less of the median family income for the local area,
41 with adjustments for family size, according to the latest figures available from
42 the U.S. Department of Housing and Urban Development.

43 ~~The Housing Finance Agency shall report to the General Assembly by April 1 of each year~~
44 ~~concerning the status of the HOME Program and shall include in the report information on~~
45 ~~priorities met, types of activities funded, and types of activities not funded."~~

46 **SECTION 36.8.(e)** Section 5 of S.L. 2008-226, as amended by Section 2.17(f) of
47 S.L. 2012-79, is repealed.

49 DEPARTMENT OF INSURANCE

50 **SECTION 36.9.(a)** G.S. 58-2-120 reads as rewritten:

51 **"§ 58-2-120. Reports of Commissioner to the Governor and General Assembly.**

1 The Commissioner shall, from time to time, report to the ~~Governor and the~~ Governor, the
2 ~~General Assembly~~ Assembly, and the Joint Legislative Oversight Committee on General
3 ~~Government~~ any change or changes that in the Commissioner's opinion should be made in the
4 laws relating to insurance and other subjects pertaining to the Department."

5 **SECTION 36.9.(b)** G.S. 58-42-45 reads as rewritten:

6 "**§ 58-42-45. Article subject to Administrative Procedure Act; legislative oversight of plans.**

7 ...

8 (b) At the same time the Commissioner issues a notice of hearing under G.S. 150B-38,
9 the Commissioner shall provide copies of the notice to the Joint Regulatory Reform ~~Committee~~
10 ~~and to the Committee, Joint Legislative Commission on Governmental Operations~~ Operations,
11 and the Joint Legislative Oversight Committee on General Government. The Commissioner shall
12 provide the ~~Committee~~ Committees and Commission with copies of any plan promulgated by or
13 approved by the Commissioner under G.S. 58-42-1(1) or (2)."

14 **SECTION 36.9.(c)** G.S. 58-79-20 reads as rewritten:

15 "**§ 58-79-20. Inspection of premises; dangerous material removed.**

16 The Commissioner of Insurance, or the chief of fire department or chief of police where there
17 is no chief of fire department, or the city or county building inspector, electrical inspector, heating
18 inspector, or fire prevention inspector has the right at all reasonable hours, for the purpose of
19 examination, to enter into and upon all buildings and premises in their jurisdiction. When any of
20 such officers find in any building or upon any premises overcrowding in violation of occupancy
21 limits established pursuant to the North Carolina State Building Code, combustible material or
22 inflammable conditions dangerous to the safety of such building or premises they shall order the
23 same to be removed or remedied, and this order shall be forthwith complied with by the owner
24 or occupant of such buildings or premises. The owner or occupant may, within twenty-four hours,
25 appeal to the Commissioner of Insurance from the order, and the cause of the complaint shall be
26 at once investigated by his direction, and unless by his authority the order of the officer above
27 named is revoked it remains in force and must be forthwith complied with by the owner or
28 occupant. The Commissioner of Insurance, fire chief, or building inspector, electrical inspector,
29 heating inspector, or fire prevention inspector shall make an immediate investigation as to the
30 presence of combustible material or the existence of inflammable conditions in any building or
31 upon any premises under their jurisdiction upon complaint of any person having an interest in
32 such building or premises or property adjacent thereto. The Commissioner may, in person or by
33 deputy, visit any municipality or county and make such inspections alone or in company with the
34 local officer. The Commissioner shall submit annually, as early as consistent with full and
35 accurate preparation, and not later than the first day of June, a detailed report of his official action
36 under this Article, and it shall be embodied in his report to the ~~General Assembly~~ Assembly and
37 the Joint Legislative Oversight Committee on General Government."

38 **SECTION 36.9.(d)** G.S. 58-87-1 reads as rewritten:

39 "**§ 58-87-1. Volunteer Fire Department Fund.**

40 ...

41 (c) Report. – The Commissioner must submit a written report to the General Assembly
42 and the Joint Legislative Oversight Committee on General Government within 60 days after the
43 grants have been made. This report must contain the following:

44"

45 **SECTION 36.9.(e)** G.S. 58-87-5 reads as rewritten:

46 "**§ 58-87-5. Volunteer Rescue/EMS Fund.**

47 ...

48 (e) Report. – The Commissioner must submit a written report to the General Assembly
49 and the Joint Legislative Oversight Committee on General Government within 60 days after the
50 grants have been made. This report must contain the following:

51"

1 **SECTION 36.9.(f)** G.S. 58-92-15(n) reads as rewritten:

2 "(n) The Commissioner shall review the effectiveness of this section and report every three
3 years to the General Assembly and the Joint Legislative Oversight Committee on General
4 Government the Commissioner's findings, and if appropriate, recommendations for legislation to
5 improve the effectiveness of this Article. The report and legislative recommendations shall be
6 submitted no later than June 30 following the conclusion of each three-year period."
7

8 **INDUSTRIAL COMMISSION**

9 **SECTION 36.10.(a)** G.S. 97-78 reads as rewritten:

10 **"§ 97-78. Salaries and expenses; administrator, executive secretary, deputy commissioners,**
11 **and other staff assistance; annual report.**

12 ...

13 (e) No later than October 1 of each year, the Commission shall publish annually for free
14 distribution a report of the administration of this Article, together with such recommendations as
15 the Commission deems advisable. No later than October 1 of each year, the Commission shall
16 submit this report to the Joint Legislative Oversight Committee on ~~Agriculture and Natural and~~
17 ~~Economic Resources, the Senate Appropriations Committee on Agriculture, Natural, and~~
18 ~~Economic Resources, and the chairs of the House of Representatives Appropriations Committee~~
19 ~~on Agriculture and Natural and Economic Resources.~~ General Government, the Senate
20 Appropriations Committee on General Government and Information Technology, and the House
21 Appropriations Committee on General Government.

22 (f) ~~No later than April 1, 2008, the~~ Every four years beginning April 1, 2020, the
23 Commission shall prepare and implement a strategic plan for accomplishing all of the following:

24 ...

25 (g) The Commission shall demonstrate its success in implementing its strategic plan
26 under subsection (f) of this section by including all of the following in its annual report under
27 subsection (e) of this section:

28 ...

29 (2) The total number of requests for, and disputes involving, medical
30 compensation under G.S. 97-25 in which final disposition was not made
31 within 75 days of the filing of the motion with the Commission, and, for each
32 such request or dispute, the date the motion or other initial pleading was filed,
33 the date on which final disposition was ~~made and, where reasonably~~
34 ~~ascertainable, the date on which any ordered medical treatment was actually~~
35 ~~provided.~~ made.

36 (3) At a minimum, the number of reports of employee misclassification received,
37 the number of cases referred to each State agency, the number and amount of
38 back taxes, wages, benefits, penalties, or other monies assessed and, where
39 reasonably ascertainable, the amount of back taxes, wages, benefits, penalties,
40 or other monies collected."

41 **SECTION 36.10.(b)** G.S. 143-788(b) is repealed.
42

43 **DEPARTMENT OF MILITARY AND VETERANS AFFAIRS**

44 **SECTION 36.11.(a)** G.S. 144-9 reads as rewritten:

45 **"§ 144-9. Retirement of a flag of the United States of America or the State of North**
46 **Carolina.**

47 ...

48 (b) The Division of Veterans Affairs shall accept, at no charge, a worn, tattered, or
49 otherwise damaged flag of the United States of America or the State of North Carolina from a
50 citizen of the State and shall make arrangements for its respectful disposal. The Division shall
51 establish a flag retirement program to encourage citizens to send in or drop off such flags at the

1 Division's office in Raleigh and at any Veterans Home or Veterans Cemetery in the State and
 2 may establish other locations for flag drop-off as it deems appropriate. The Division shall
 3 advertise the flag retirement program on its Web site and by printed posters placed at all flag
 4 drop-off locations. ~~On or before December 31, 2016, and annually thereafter, the Division shall~~
 5 ~~report the number of flags received under the program to the Joint Legislative Committee on~~
 6 ~~Governmental Operations.~~

7"

8 **SECTION 36.11.(b)** G.S. 143B-1300(a) reads as rewritten:

9 "(a) The Assistant Secretary for Veterans Affairs shall report annually to the Secretary of
 10 the Department of Military and Veterans Affairs and the Joint Legislative Oversight Committee
 11 on General Government on the activities of the State Veterans Homes Program. This report shall
 12 contain an accounting of all monies received and expended, statistics on residents in the homes
 13 during the year, recommendations to the Secretary, the Governor, and the General Assembly as
 14 to the program, and such other matters as may be deemed pertinent."

15 **SECTION 36.11.(c)** G.S. 143B-1310 reads as rewritten:

16 "**§ 143B-1310. Commission established; purpose; transaction of business.**

17 ...

18 (c) Transaction of Business. – The Commission shall meet, at a minimum, at least once
 19 during each quarter and shall provide a report on military affairs to the Secretary of Military and
 20 Veterans Affairs ~~and to Affairs, the General Assembly Assembly, and the Joint Legislative~~
 21 Oversight Committee on General Government at least every six months. Prior to the start of a
 22 Regular Session of the General Assembly, the Commission shall report to the General Assembly
 23 and the Joint Legislative Oversight Committee on General Government with recommendations,
 24 if any, for legislation. Priority actions or issues may be submitted at any time.

25"

27 DEPARTMENT OF REVENUE

28 **SECTION 36.12.** G.S. 105-256 reads as rewritten:

29 "**§ 105-256. Publications prepared by Secretary of Revenue; report on fraud prevention**
 30 **progress.**

31 (a) Publications. – The Secretary shall prepare and publish the following:

32 ...

33 (6) On an annual basis, a report on the quality of services provided to taxpayers
 34 through the Taxpayer Assistance Call Center, walk-in assistance, and taxpayer
 35 education. The report must be submitted to the Joint Legislative Commission
 36 on Governmental ~~Operations~~ Operations and the Joint Legislative Oversight
 37 Committee on General Government.

38 ...

39 (8) By ~~January 1 and July 1~~ February 15 and August 15 of each year, a semiannual
 40 report on the Department's activities listed in this subdivision. The report must
 41 be submitted to the Joint Legislative Commission on Governmental
 42 ~~Operations~~ Operations, the Joint Legislative Oversight Committee on General
 43 Government, and to the Revenue Laws Study Committee.

44"

46 SECRETARY OF STATE

47 **SECTION 36.13.(a)** G.S. 64-1.1 is repealed.

48 **SECTION 36.13.(b)** G.S. 147-54.5 reads as rewritten:

49 "**§ 147-54.5. Investor Protection and Education Trust Fund; administration; limitations on**
 50 **use of the Fund.**

51 ...

1 (f) Beginning January 1, 1997, the Department of the Secretary of State shall report
2 annually to the General Assembly's Fiscal Research Division and to the Joint Legislative
3 Commission on Governmental Operations and the Joint Legislative Oversight Committee on
4 General Government on the expenditures from the Investor Protection and Education Trust Fund
5 and on the effectiveness of investor awareness education efforts of the Department of the
6 Secretary of State."
7

8 DEPARTMENT OF STATE TREASURER

9 SECTION 36.14.(a) G.S. 147-69.3 reads as rewritten:

10 "§ 147-69.3. Administration of State Treasurer's investment programs.

11 ...

12 (i1) The State Treasurer shall report the incentive bonus paid to the Chief Investment
13 Officer to the Joint Legislative Commission on Governmental ~~Operations~~ Operations and the
14 Joint Legislative Oversight Committee on General Government by October 1 of each year.

15"

16 SECTION 36.14.(b) G.S. 147-68 reads as rewritten:

17 "§ 147-68. To receive and disburse moneys; to make reports.

18 ...

19 ~~(d2) After consulting with the Select Committee on Information Technology and the Joint~~
20 ~~Legislative Commission on Governmental Operations and after consultation with and approval~~
21 ~~of the Information Resources Management Commission, the Department of State Treasurer may~~
22 ~~spend departmental receipts for the 2000 2001 fiscal year to continue improvement of the~~
23 ~~Department's investment banking operations system, retirement payroll systems, and other~~
24 ~~information technology infrastructure needs. The Department of State Treasurer shall report by~~
25 ~~January 1, 2001, and annually thereafter to the following regarding the amount and use of the~~
26 ~~departmental receipts: the Joint Legislative Commission on Governmental Operations, the Chairs~~
27 ~~of the General Government Appropriations Subcommittees of both the House of Representatives~~
28 ~~and the Senate, and the Joint Legislative Committee on Information Technology.~~

29"

30 SECTION 36.14.(c) G.S. 147-69.2A reads as rewritten:

31 "§ 147-69.2A. Investments; special funds held by the State Treasurer.

32 ...

33 (b) Organization and Reporting. – All documents of the Governor or the State Treasurer
34 concerning the Fund are public records governed by Chapter 132 of the General Statutes and any
35 applicable provisions of the General Statutes protecting confidential information.

36 The State Treasurer and the Governor shall jointly develop and adopt an investment policy
37 statement for the Fund.

38 The State Treasurer and Governor shall jointly adopt a common policy to prevent conflicts
39 of interests such that (i) the designees of the State Treasurer and Governor who selected the
40 third-party investment management firm, (ii) the staff of the State Treasurer overseeing the Fund,
41 and (iii) the third-party investment management firm's employees selecting or overseeing Fund
42 investments do not provide services for compensation (as an employee, consultant, or otherwise),
43 within two years after the end of their service to the Fund, to any entity in which an investment
44 from the Fund was made.

45 ~~By October 1, 2015, and at least semiannually thereafter, the State Treasurer shall submit a~~
46 ~~report to the Governor, the Office of State Budget and Management, the Joint Legislative~~
47 ~~Commission on Governmental Operations, and the Fiscal Research Division on investments~~
48 ~~made from the Fund and any return on investment. This report shall be made for the Fund in lieu~~
49 ~~of the reports required by G.S. 147-69.8 and G.S. 147-69.12(b).~~

50"

51 SECTION 36.14.(d) G.S. 147-69.12(a) reads as rewritten:

1 "§ 147-69.12. Reporting on the State Treasurer's investment programs.

2 (a) No later than the tenth day of February, May, August, and November of each year,
3 the State Treasurer shall report on all investments for which the State Treasurer is in any way
4 ~~responsible.~~ responsible, including investments made from The Escheat Fund and return on
5 investment as provided in G.S. 147-69.2A. The State Treasurer's quarterly report shall include
6 each of the following:

7"

8
9 **PART XXXVII. INFORMATION TECHNOLOGY**

10
11 **CJLEADS REPORT CHANGE**

12 **SECTION 37.1.** Section 6A.4 of S.L. 2011-145, as amended by S.L. 2011-391, reads
13 as rewritten:

14 "**SECTION 6A.4.(a)** ~~The Office of the State Controller, in cooperation with the State Chief~~
15 ~~Information Officer, Officer~~ shall:

16 ...

17 "**SECTION 6A.4.(b)** ~~The Office of the State Controller~~ State Chief Information Officer shall
18 administer CJLEADS with the assistance of a Leadership Council consisting of:

19 ...

20 "**SECTION 6A.4.(e)** Agencies shall use existing resources and shall not charge the ~~Office~~
21 ~~of the State Controller~~ Department of Information Technology to provide required support for
22 CJLEADS.

23"

24
25 **CYBERSECURITY PROCUREMENT BIDDING REQUIREMENTS**

26 **SECTION 37.2.** G.S. 143B-1350(i) reads as rewritten:

27 "(i) Exceptions. – In addition to permitted waivers of competition, the requirements of
28 competitive bidding shall not apply to information technology contracts and procurements:

29 (1) In cases of pressing need or emergency arising from a security incident.

30 (2) In the use of master licensing or purchasing agreements governing the
31 Department's acquisition of proprietary intellectual property.

32 (3) In the procurement of cybersecurity and infrastructure security products,
33 consistent with Best Value procurement principles as provided in
34 G.S. 143-135.9."

35
36 **PART XXXVIII. SALARIES AND BENEFITS**

37
38 **ELIGIBLE STATE-FUNDED EMPLOYEES AWARDED LEGISLATIVE SALARY**
39 **INCREASES/EFFECTIVE JANUARY 1, 2020**

40 **SECTION 38.1.(a)** Except as provided by subsection (b) of this section, a person (i)
41 whose salary is set by this Part, pursuant to the North Carolina Human Resources Act, or as
42 otherwise authorized in this act and (ii) who is employed in a State-funded position on December
43 31, 2019, is awarded a legislative salary increase that is:

44 (1) The greater of one percent (1%) or five hundred dollars (\$500.00), effective
45 January 1, 2020.

46 (2) As otherwise allowed or provided by law.

47 **SECTION 38.1.(b)** The following persons are not eligible to receive the legislative
48 salary increases provided by subsection (a) of this section:

49 (1) Teachers, principals, and assistant principals paid pursuant to a salary
50 schedule or pay plan enacted in this act.

51 (2) Local community college employees.

- 1 (3) Members of the State Highway Patrol compensated pursuant to Section 38.17
- 2 of this act.
- 3 (4) Employees of the Division of Adult Correction, Department of Public Safety,
- 4 eligible to receive a greater increase under this Part.
- 5 (5) Trial Court Coordinators and Administrators eligible to receive a greater
- 6 increase in this act.
- 7 (6) Employees of the Department of Transportation not eligible to receive
- 8 increases pursuant to Section 38.20 of this act.

9 **SECTION 38.1.(c)** Part-time employees shall receive the increase authorized by this
 10 section on a prorated and equitable basis.

11 **SECTION 38.1.(d)** No eligible State-funded employee shall be prohibited from
 12 receiving the full salary increase provided in this section solely because the employee's salary
 13 after applying the legislative increase is above the maximum of the salary range prescribed by
 14 the State Human Resources Commission.

15
 16 **GOVERNOR AND COUNCIL OF STATE**

17 **SECTION 38.2.(a)** Effective January 1, 2020, G.S. 147-11(a) reads as rewritten:

18 "(a) The salary of the Governor shall be ~~one hundred forty seven thousand two hundred~~
 19 ~~eighty seven dollars (\$147,287)~~ one hundred forty-eight thousand seven hundred sixty dollars
 20 (\$148,760) annually, payable monthly."

21 **SECTION 38.2.(b)** Effective January 1, 2020, the annual salaries for members of
 22 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

33
 34 **CERTAIN EXECUTIVE BRANCH OFFICIALS**

35 **SECTION 38.3.** Effective January 1, 2020, the annual salaries, payable monthly, for
 36 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
Members, Board of Review,	
Division of Employment Security	128,325
Chairman, Parole Commission	129,912
Full-Time Members of the Parole Commission	120,116
Chairman, Utilities Commission	147,264
Members of the Utilities Commission	132,443
Executive Director, North Carolina	

Agricultural Finance Authority 114,918

JUDICIAL BRANCH

SECTION 38.4.(a) Effective January 1, 2020, the annual salaries, payable monthly, for the following judicial branch officials for the 2019-2021 fiscal biennium are as follows:

<u>Judicial Branch Officials</u>	<u>Annual Salary</u>
Chief Justice, Supreme Court	\$154,619
Associate Justice, Supreme Court	150,606
Chief Judge, Court of Appeals	148,224
Judge, Court of Appeals	144,376
Judge, Senior Regular Resident Superior Court	140,482
Judge, Superior Court	136,588
Chief Judge, District Court	124,129
Judge, District Court	120,234
Chief Administrative Law Judge	121,265
District Attorney	132,087
Assistant Administrative Officer of the Courts	127,197
Public Defender	132,087
Director of Indigent Defense Services	136,136

SECTION 38.4.(b) The district attorney or public defender of a judicial district, with the approval of the Administrative Officer of the Courts or the Commission on Indigent Defense Services, respectively, shall set the salaries of assistant district attorneys or assistant public defenders, respectively, in that district such that the average salaries of assistant district attorneys or assistant public defenders in that district, for the 2019-2021 fiscal biennium, do not exceed seventy-nine thousand four hundred dollars (\$79,400) and the minimum salary of any assistant district attorney or assistant public defender is at least forty-two thousand six hundred ninety-three dollars (\$42,693), effective January 1, 2020.

ASSISTANT DISTRICT ATTORNEYS' SALARY ADJUSTMENTS

SECTION 38.4A. Of the funds available in the OSHR Minimum of Market Reserve, the sum of eight hundred thousand dollars (\$800,000) shall be transferred to the Administrative Office of the Courts to provide a budgeted annual salary of seventy thousand dollars (\$70,000) for each new Assistant District Attorney position created in S.L. 2017-57.

CLERKS OF SUPERIOR COURT

SECTION 38.5. Effective January 1, 2020, G.S. 7A-101(a) reads as rewritten:

"(a) The clerk of superior court is a full-time employee of the State and shall receive an annual salary, payable in equal monthly installments, based on the population of the county as determined in subsection (a1) of this section, according to the following schedule:

Population	Annual Salary
Less than 100,000	\$90,972 \$91,882
100,000 to 149,999	101,831 102,849
150,000 to 249,999	112,690 113,817
250,000 and above	123,554 124,790

When a county changes from one population group to another, the salary of the clerk shall be changed, on July 1 of the fiscal year for which the change is reported, to the salary appropriate for the new population group, except that the salary of an incumbent clerk shall not be decreased by any change in population group during his continuance in office."

ASSISTANT AND DEPUTY CLERKS OF SUPERIOR COURT

1 **SECTION 38.7A.(b)** Of the funds available in the OSHR Minimum of Market
2 reserve, the sum of thirty thousand dollars (\$30,000) shall be provided to the Administrative
3 Office of the Courts to support pay increases authorized by this section.

4 **SECTION 38.7A.(c)** Of the funds available in the Pay Plan Reserve, the sum of three
5 hundred fifty-seven thousand dollars (\$357,000) in recurring funds shall be provided in fiscal
6 year 2020-2021 to the Administrative Office of the Courts to support pay increases authorized
7 by this section.

8 **SECTION 38.7A.(d)** The Administrative Office of the Courts shall study providing
9 an experience-based salary schedule to these employees and report back to Joint Legislative
10 Oversight Committee on Public Safety on February 1, 2020.

11 12 **LEGISLATIVE EMPLOYEES**

13 **SECTION 38.8.(a)** Effective January 1, 2020, the annual salaries of the Legislative
14 Services Officer and of nonelected employees of the General Assembly in effect on December
15 31, 2019, shall be legislatively increased by the greater of five hundred dollars (\$500.00) or one
16 percent (1%).

17 **SECTION 38.8.(b)** Nothing in this act limits any of the provisions of G.S. 120-32.

18 19 **GENERAL ASSEMBLY PRINCIPAL CLERKS**

20 **SECTION 38.9.** Effective January 1, 2020, G.S. 120-37(c) reads as rewritten:

21 "(c) The principal clerks shall be full-time officers. Each principal clerk shall be entitled
22 to other benefits available to permanent legislative employees and shall be paid an annual salary
23 of ~~one hundred eleven one hundred seven dollars (\$111,107)~~, one hundred twelve thousand two
24 hundred eighteen dollars (\$112,218), payable monthly. Each principal clerk shall also receive
25 such additional compensation as approved by the Speaker of the House of Representatives or the
26 President Pro Tempore of the Senate, respectively, for additional employment duties beyond
27 those provided by the rules of their House. The Legislative Services Commission shall review
28 the salary of the principal clerks prior to submission of the proposed operating budget of the
29 General Assembly to the Governor and shall make appropriate recommendations for changes in
30 those salaries. Any changes enacted by the General Assembly shall be by amendment to this
31 paragraph."
32

33 **SERGEANTS-AT-ARMS AND READING CLERKS**

34 **SECTION 38.10.** Effective January 1, 2020, G.S. 120-37(b) reads as rewritten:

35 "(b) The sergeant-at-arms and the reading clerk in each house shall be paid a salary of ~~four~~
36 ~~hundred thirty-eight dollars (\$438.00)~~ four hundred forty-eight dollars (\$448.00) per week plus
37 subsistence at the same daily rate provided for members of the General Assembly, plus mileage
38 at the rate provided for members of the General Assembly for one round trip only from their
39 homes to Raleigh and return. The sergeants-at-arms shall serve during sessions of the General
40 Assembly and at such time prior to the convening of, and subsequent to adjournment or recess
41 of, sessions as may be authorized by the Legislative Services Commission. The reading clerks
42 shall serve during sessions only."
43

44 **COMMUNITY COLLEGES**

45 **SECTION 38.11.(a)** Effective for the 2019-2020 fiscal year, the State Board of
46 Community Colleges may provide community college personnel salary increases in accordance
47 with policies adopted by the Board. Compensation increases under Section 38.1 of this act may
48 be used for any one or more of the following purposes: (i) merit pay, (ii) across-the-board
49 increases, (iii) recruitment bonuses, (iv) retention increases, and (v) any other compensation
50 increase pursuant to those policies. The Board shall make a report on the use of these funds to
51 the General Assembly by no later than March 1, 2020.

1 **SECTION 38.11.(b)** Effective January 1, 2020, the minimum salaries for
 2 nine-month, full-time curriculum community college faculty for the 2019-2020 fiscal year are as
 3 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

11 No full-time faculty member shall earn less than the minimum salary for his or her
 12 education level.

13 The pro rata hourly rate of the minimum salary for each education level shall be used
 14 to determine the minimum salary for part-time faculty members.

16 **UNIVERSITY OF NORTH CAROLINA SYSTEM**

17 **SECTION 38.12.(a)** Effective for the 2019-2020 fiscal year, the annual salaries of
 18 University of North Carolina SHRA employees shall be increased as provided by Section 38.1
 19 of this act.

20 **SECTION 38.12.(b)** For the 2019-2020 fiscal year, the Board of Governors of The
 21 University of North Carolina may provide EHRA employees a salary increase pursuant to the
 22 policies adopted by the Board. Funds for EHRA compensation increases may be used for any
 23 one or more of the following purposes: (i) merit pay, (ii) across the board increases, (iii)
 24 recruitment bonuses, (iv) retention increases, and (v) any other compensation increase pursuant
 25 to those policies.

26 **SECTION 38.12.(c)** The Board of Governors of The University of North Carolina
 27 shall make a report on the use of compensation increase and bonus funds to the General Assembly
 28 by no later than March 1, 2020.

30 **STATE AGENCY TEACHERS**

31 **SECTION 38.13.** Employees of schools operated by the Department of Health and
 32 Human Services, the Department of Public Safety, and the State Board of Education who are
 33 paid on the Teacher Salary Schedule shall be paid as authorized under this act.

35 **MOST STATE EMPLOYEES**

36 **SECTION 38.14.** Unless otherwise expressly provided by this part, the annual
 37 salaries in effect for the following persons on December 31, 2019, shall be legislatively increased
 38 as provided by Section 38.1 of this act:

- 39 (1) Permanent, full-time State officials and persons whose salaries are set in
 40 accordance with the State Human Resources Act.
- 41 (2) Permanent, full-time State officials and persons in positions exempt from the
 42 State Human Resources Act.
- 43 (3) Permanent, part-time State employees.
- 44 (4) Temporary and permanent hourly State employees.

46 **ALL STATE-SUPPORTED PERSONNEL**

47 **SECTION 38.15.(a)** The legislative salary increases provided in this act for the
 48 2019-2020 fiscal year do not apply to persons separated from service due to resignation,
 49 dismissal, reduction in force, death, or retirement or whose last workday is prior to January 1,
 50 2020. With respect to the legislative increases awarded in this part, payroll checks issued to

1 employees after January 1, 2020, that represent payment of services provided prior to January 1,
2 2020, shall not be eligible for salary increases provided for in this act.

3 **SECTION 38.15.(b)** This section applies to all employees paid from State funds,
4 whether or not subject to or exempt from the North Carolina Human Resources Act, including
5 employees of public schools, community colleges, and The University of North Carolina.

6 **SECTION 38.15.(c)** The employee compensation and benefits provisions enacted in
7 S.L. 2018-5 shall remain in effect until December 31, 2019, except as otherwise specifically
8 provided in this act.

10 **USE OF FUNDS APPROPRIATED FOR LEGISLATIVELY MANDATED INCREASES**

11 **SECTION 38.16.(a)** The appropriations set forth in Section 2.1 of this act include
12 appropriations for legislatively mandated salary increases and employee benefits in amounts set
13 forth in the Committee Report that accompanies this act. The Office of State Budget and
14 Management shall ensure that those funds are used only for the purposes of legislatively
15 mandated salary increases and employee benefits.

16 **SECTION 38.16.(b)** If the Director of the Budget determines that funds appropriated
17 to a State agency for legislatively mandated salary increases and employee benefits exceed the
18 amount required by that agency for those purposes, the Director may reallocate those funds to
19 other State agencies that received insufficient funds for legislatively mandated salary increases
20 and employee benefits.

21 **SECTION 38.16.(c)** Any funds appropriated for legislatively mandated salary and
22 benefits increases in excess of the amounts required to implement the increases shall be credited
23 to the Pay Plan Reserve.

24 **SECTION 38.16.(d)** No later than May 1, 2020, the Office of State Budget and
25 Management shall report to the Joint Legislative Commission on Governmental Operations
26 Fiscal Research Division on the expenditure of funds for legislatively mandated salary increases
27 and employee benefits. This report shall include at least the following information for each State
28 agency for the 2019-2020 fiscal year:

- 29 (1) The total amount of funds that the agency received for legislatively mandated
30 salary increases and employee benefits.
- 31 (2) The total amount of funds transferred from the agency to other State agencies
32 pursuant to subsection (b) of this section. This section of the report shall
33 identify the amounts transferred to each recipient State agency.
- 34 (3) The total amount of funds used by the agency for legislatively mandated salary
35 increases and employee benefits.
- 36 (4) The amount of funds credited to the Pay Plan Reserve.

38 **MEMBERS OF THE STATE HIGHWAY PATROL**

39 **SECTION 38.17.** Effective January 1, 2020, in order to maintain an
40 experience-based pay structure progression, the entry level annual salary of members of the State
41 Highway Patrol is set in the amount of forty-four thousand four hundred forty dollars (\$44,440).

43 **PAY PLAN RESERVE/MEMBERS OF THE STATE HIGHWAY PATROL**

44 **SECTION 38.18.** G.S. 143C-4-9(a) reads as rewritten:

45 "(a) Creation. – The Pay Plan Reserve is established within the General Fund. The General
46 Assembly shall appropriate in the Current Operations Appropriations Act or other appropriations
47 act a specific amount to this reserve for allocation, on an as-needed basis only, to fund statutory
48 and scheduled pay expenses authorized by:

- 49 (1) G.S. 20-187.3.G.S. 20-187.3, for troopers of the State Highway Patrol
50 compensated pursuant to an experience-based salary schedule.
- 51 (2) G.S. 7A-102.

- 1 (3) G.S. 7A-171.1.
- 2 (4) Teacher Salary Schedule, as enacted by the General Assembly.
- 3 (5) Pay Plans for Principals and Assistant Principals, as enacted by the General
- 4 Assembly."
- 5

6 **CORRECTIONAL OFFICERS/CUSTODY-BASED PAY DIFFERENTIAL**

7 **SECTION 38.19.** Until otherwise provided by the General Assembly, whenever an
8 employee is in a Correctional Officer position assigned to a lower custody level facility and the
9 employee is required to staff a higher custody level facility for any period of time, the employee
10 shall receive a pay differential applied to their base salary for the period of time the employee
11 worked at the higher custody level facility, as follows:

- 12 (1) For employees assigned to minimum custody facilities that are required to
- 13 staff medium custody facilities, the pay differential is ten percent (10%).
- 14 (2) For employees assigned to medium custody facilities that are required to staff
- 15 close custody facilities, the pay differential is ten percent (10%).
- 16 (3) For employees assigned to minimum custody facilities that are required to
- 17 staff close custody facilities, the pay differential is twenty percent (20%).
- 18

19 **SPECIAL ANNUAL LEAVE**

20 **SECTION 38.21.(a)** Any person who is (i) a full-time permanent employee of the
21 State, or a community college institution, or a local board of education except an employee paid
22 on the teacher or principal salary schedule on July 1, 2019, and (ii) eligible to earn annual leave
23 shall have a one-time additional five days of annual leave credited on July 1, 2019.

24 **SECTION 38.21.(b)** The additional leave granted in this section shall be accounted
25 for separately in the same manner as the leave provided by Section 35.26 of S.L. 2018-5, and
26 shall remain available during the length of the employee's employment, notwithstanding any
27 other limitation on the total number of days of annual leave that may be carried forward. Part-time
28 permanent employees shall receive a pro rata amount of the five days awarded by this section.

29 **SECTION 38.21.(c)** The additional leave awarded under this section has no cash
30 value and is not eligible for cash in. If not used prior to the time of separation or retirement, the
31 bonus leave cannot be paid out and is lost.

32 **SECTION 38.21.(d)** Notwithstanding any provision of G.S. 126-8 to the contrary,
33 any vacation leave remaining on December 31 of each year in excess of 30 days shall be reduced
34 by the number of days awarded in this section that were actually used by the employee during
35 the year, such that the calculation of vacation leave days that would convert to sick leave shall
36 reflect a deduction of those days of special annual leave awarded in this section that were used
37 by the employee during the year.

38 **SECTION 38.21.(e)** The number of days awarded by this section that carry forward
39 to each following year shall equal the number of days awarded in this section remaining on
40 December 31 of each year plus the number of days awarded in this section that were deducted
41 from vacation leave in excess of 30 days for the calculation of sick leave.

42 **SECTION 38.21.(f)** No employee may be required to take the additional leave
43 awarded by this section.

44 **SALARY-RELATED CONTRIBUTIONS**

45 **SECTION 38.22.(a)** Effective for the 2019-2021 fiscal biennium, required employer
46 salary-related contributions for employees whose salaries are paid from department, office,
47 institution, or agency receipts shall be paid from the same source as the source of the employee's
48 salary. If an employee's salary is paid in part from the General Fund or Highway Fund and in
49 part from department, office, institution, or agency receipts, required employer salary-related
50 contributions may be paid from the General Fund or Highway Fund only to the extent of the
51

1 proportionate part paid from the General Fund or Highway Fund in support of the salary of the
2 employee, and the remainder of the employer's requirements shall be paid from the source that
3 supplies the remainder of the employee's salary. The requirements of this section as to source of
4 payment are also applicable to payments on behalf of the employee for hospital medical benefits,
5 longevity pay, unemployment compensation, accumulated leave, workers' compensation,
6 severance pay, separation allowances, and applicable disability income benefits.

7 **SECTION 38.22.(b)** Effective July 1, 2019, the State's employer contribution rates
8 budgeted for retirement and related benefits as a percentage of covered salaries for the 2019-2020
9 fiscal year for teachers and State employees, State law enforcement officers (LEOs), the
10 University and Community Colleges Optional Retirement Programs (ORPs), the Consolidated
11 Judicial Retirement System (CJRS), and the Legislative Retirement System (LRS) are as set forth
12 below:

	Teachers and State Employees	State LEOs	ORPs	CJRS	LRS
13 Retirement	12.97%	12.97%	6.84%	33.60%	26.46%
14 Disability	0.10%	0.10%	0.10%	0.00%	0.00%
15 Death	0.16%	0.16%	0.00%	0.00%	0.00%
16 Retiree Health	6.43%	6.43%	6.43%	6.43%	6.43%
17 NC 401(k)	0.00%	5.00%	0.00%	0.00%	0.00%
18					
19 Total Contribution					
20 Rate	19.66%	24.66%	13.37%	40.03%	32.89%

21
22
23 The rate for teachers and State employees and State law enforcement officers includes
24 one one-hundredth percent (0.01%) for the Qualified Excess Benefit Arrangement.

25 **SECTION 38.22.(c)** Effective July 1, 2020, the State's employer contribution rates
26 budgeted for retirement and related benefits as a percentage of covered salaries for the 2020-2021
27 fiscal year for teachers and State employees, State law enforcement officers (LEOs), the
28 University and Community Colleges Optional Retirement Programs (ORPs), the Consolidated
29 Judicial Retirement System (CJRS), and the Legislative Retirement System (LRS) are as set forth
30 below:

	Teachers and State Employees	State LEOs	ORPs	CJRS	LRS
31 Retirement	14.67%	14.67%	6.84%	36.61%	29.66%
32 Disability	0.10%	0.10%	0.10%	0.00%	0.00%
33 Death	0.16%	0.16%	0.00%	0.00%	0.00%
34 Retiree Health	6.88%	6.88%	6.88%	6.88%	6.88%
35 NC 401(k)	0.00%	5.00%	0.00%	0.00%	0.00%
36					
37 Total Contribution					
38 Rate	21.81%	26.81%	13.82%	43.49%	36.54%

39
40
41 The rate for teachers and State employees and State law enforcement officers includes
42 one one-hundredth percent (0.01%) for the Qualified Excess Benefit Arrangement.

43 **SECTION 38.22.(d)** Effective July 1, 2019, the maximum annual employer
44 contributions, payable monthly, by the State for each covered employee or retiree for the
45 2019-2020 fiscal year to the State Health Plan for Teachers and State Employees are (i) for
46 Medicare-eligible employees and retirees, four thousand eight hundred sixty-six dollars (\$4,866)
47 and (ii) for non-Medicare-eligible employees and retirees, six thousand two hundred sixty-two
48 dollars (\$6,262).
49
50

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	8,500,000	8,500,000	–
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 (4) A grant in the amount of one million five hundred thousand dollars
39 (\$1,500,000) for the 2019-2020 fiscal year to the Fayetteville/Cumberland
40 County Dr. Martin Luther King Jr. Committee, a nonprofit organization, to
41 complete the development of the Martin Luther King, Jr. Park.

42 **SECTION 39.2.(d)** Of the funds in the State Capital and Infrastructure Fund for the
43 2019-2021 fiscal biennium, the following allocations shall be made to the following agencies for
44 repairs and renovations pursuant to G.S. 143C-8-13:

- 45 (1) One-fourth shall be allocated for repairs and renovations at the constituent
46 institutions of The University of North Carolina, as determined by the Board
47 of Governors.
- 48 (2) Three-fourths shall be allocated for repairs and renovations for State agencies,
49 excluding The University of North Carolina.

50 The Office of State Budget and Management shall consult with or report to the Joint
51 Legislative Commission on Governmental Operations, as appropriate, in accordance with

1 G.S. 143C-8-13(b). The Board of Governors shall report to the Joint Legislative Commission on
 2 Governmental Operations in accordance with G.S. 143C-8-13(b).

3 **SECTION 39.2.(e)** Notwithstanding G.S. 143C-8-13, of the funds allocated in
 4 subdivision (2) of subsection (d) of this section for the 2019-2020 fiscal year, the following sums
 5 shall be allocated for the following projects:

- 6 (1) Five hundred thousand dollars (\$500,000) shall be allocated to the Department
 7 of Natural and Cultural Resources to be used for State Historic Sites
 8 maintained by the Department. Funds allocated pursuant to this subdivision
 9 shall not be used for Tryon Palace, the NC Transportation Museum, or the
 10 U.S.S. North Carolina Battleship.
- 11 (2) Five hundred thousand dollars (\$500,000) shall be allocated to the Office of
 12 State Budget and Management to be provided as a grant to the North Carolina
 13 Future Farmers of America Association to be used for expansions for the
 14 NCFFA Center.
- 15 (3) Three million six hundred forty thousand dollars (\$3,640,000) shall be
 16 allocated to the Department of Revenue for security improvements at various
 17 locations throughout the State.

18 **SECTION 39.2.(f)** Funds allocated under this section that may be expended on
 19 projects where the recipient intends or expects to receive insurance proceeds or State or federal
 20 aid or assistance shall be used only to the extent that funds received from the settlement of a
 21 claim for loss or damage covered under the recipient's applicable insurance policy, or other aid
 22 or assistance, are insufficient to cover all damages sustained as a result of Hurricane Florence.

23 **SECTION 39.2.(g)** For project code UNC/NCS19-1, North Carolina State
 24 University shall commit to providing funding of at least eighty million dollars (\$80,000,000)
 25 from non-State sources on or before June 30, 2021, as a match for the intended State allocations
 26 totaling eighty million dollars (\$80,000,000) for the project.

27 **SECTION 39.2.(h)** For project code UNC/CH19-1, the University of North Carolina
 28 at Chapel Hill shall commit to providing funding of at least seventy-five million dollars
 29 (\$75,000,000) from non-State sources on or before June 30, 2022, as a match for the intended
 30 State allocations totaling seventy-five million dollars (\$75,000,000) for the project.

31 **SECTION 39.2.(i)** Notwithstanding the Committee Report referenced in Section
 32 42.2 of this act or any other provision of law to the contrary, the funds allocated to the UNCW –
 33 Supplement for Dobo Hall Renovation in Fund Code 2ddd are reduced by one million five
 34 hundred thousand dollars (\$1,500,000), nonrecurring, in the 2019-2020 fiscal year. The funds
 35 allocated to the Fayetteville/Cumberland County Dr. Martin Luther King Jr. Committee are
 36 increased by one million five hundred thousand dollars (\$1,500,000), nonrecurring, in the 2019-
 37 2020 fiscal year.

38
 39 **SIX-YEAR INTENDED PROJECT ALLOCATION SCHEDULE**

40 **SECTION 39.3.** It is the intent of the General Assembly to fund capital improvement
 41 projects on a cash flow basis and to plan for future project funding based upon projected
 42 availability in the State Capital and Infrastructure Fund. Nothing in this section shall be construed
 43 (i) to appropriate funds or (ii) as an obligation by the General Assembly to appropriate funds for
 44 the projects listed in future years. The following schedule lists capital improvement projects that
 45 will begin or be completed in fiscal years outside of the 2019-2021 fiscal biennium and estimated
 46 amounts (in thousands) needed for completion of those projects:

48 Project Code	FY19-20	FY20-21	FY21-22	FY22-23	FY23-24	FY24-25
50 DEQ19-1	3,000.8	7,502	12,003.2	7,502	–	–
51 DOA19-1	–	5,000	67,500	81,000	67,500	49,000

1	DNCR19-1	20,000	25,000	15,000	—	—	—
2	DNCR19-4	—	10,014.5	10,000	—	—	—
3	DNCR19-5	—	—	—	10,000	10,000	—
4	DNCR19-6	—	—	1,500	3,400	—	—
5	DNCR19-7	250	250	2,000	2,000	—	—
6	DNCR19-8	—	—	—	—	10,000	—
7	DPS19-2	1,000	4,825	—	—	—	—
8	DPS19-5	—	—	—	—	15,015	—
9	DPS19-7	1,109.4	2,773.5	4,437.6	2,773.5	—	—
10	UNC/GRE19-1	10,000	36,000	25,000	13,000	—	—
11	UNC/WIL19-2	5,640	14,100	22,560	14,100	—	—
12	UNC/CLT19-1	4,500	11,250	18,000	11,250	—	—
13	UNC/NCC19-1	810	2,025	3,240	2,025	—	—
14	UNC/CH19-1	10,000	7,000	18,750	20,000	19,250	—
15	UNC/NCS19-1	14,000	21,000	25,000	20,000	—	—
16	UNC/ECU19-1	15,000	13,000	7,000	30,000	80,000	70,000
17	OG19-1	12,100	3,000	14,400	16,500	—	—
18	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
30	(1) Princeville Flood Damage Reduction (Pre-Constr./Design)	\$1,400,000
31	(2) Carolina Beach CSRМ	—
32	(3) Kure Beach CSRМ	14,000
33	(4) Wrightsville Beach CSRМ	—
34	(5) Ocean Isle CSRМ	—
35	(6) Planning Assistance to Communities	38,000
36	(7) Wilmington Harbor DA Maintenance	6,550,000
37	(8) Morehead City Maintenance	1,500,000
38	(9) Surf City/North Topsail CSRМ (Pre-Constr./Design)	148,000
39	(10) West Onslow CSRМ (Pre-Constr./Design)	148,000
40	(11) NRCS EQIP/Stream Restoration	2,320,000
41	(12) State-Local Projects (WRD Grant Pgm.)	1,500,000
42	(13) Bogue Banks CSRМ	—
43	(14) Neuse River-Goldsboro Sec. 1135, CAP, Project Mods.(50/50)	333,000
44	(15) Concord Streams, Sec. 206, CAP, Ecosystem Restoration, Stricker Branch, Constr. (65/35)	619,000
46	(16) Manteo Old House Channel, Sec. 204, CAP, Design Comp. (65/35)	73,000
47	(17) Lumberton 205, CAP, Flood Damage Reduction (50/50)	125,000
48	(18) B. Everette Jordan Reservoir Water Supply	119,000
49	(19) Swannanoa Flood Mitigation Project	637,000
50	(20) North Topsail Beach Shoreline Protection – Phase 2	500,000
51	TOTALS	\$16,024,000

1
2 **SECTION 39.4.(b)** It is the intent of the General Assembly that funds carried
3 forward from previous fiscal years be used to supplement the eleven million seven thousand
4 dollars (\$11,007,000) allocated for water resources development projects in this section.
5 Therefore, the following funds carried forward from previous fiscal years shall be used for the
6 following projects:

8	Name of Project	Amount Carried Forward
10	(1) Princeville Flood Damage Reduction (Pre-Constr./Design)	\$1,400,000
11	(2) Morehead City Maintenance	1,500,000
12	(3) Kure Beach CSRM	315,000
13	(4) Wrightsville Beach CSRM	2,206,000
14	(5) Carolina Beach CSRM	686,000
15	(6) Ocean Isle CSRM	1,040,000
16	(7) Planning Assistance to Communities	38,000
17	(8) Surf City/North Topsail CSRM (Pre-Constr./Design)	255,000
18	(9) West Onslow CSRM (Pre-Constr./Design)	220,000
19	(10) Neuse River-Goldsboro Sec. 1135, CAP, Project Mods.(50/50)	333,000
20	(11) Concord Streams, Sec. 206, CAP, Ecosystem Restoration,	
21	Stricker Branch, Constr. (65/35)	1,023,000
22	(12) Manteo Old House Channel, Sec. 204, CAP, Design Comp. (65/35)	2,219,000
23	(13) Lumberton 205, CAP, Flood Damage Reduction (50/50)	125,000
24	(14) B. Everette Jordan Reservoir Water Supply	119,000
25	(15) North Topsail Beach Shoreline Protection – Phase 2	1,500,000
26		
27	TOTALS	\$12,979,000

28
29 **SECTION 39.4.(c)** Where the actual costs are different from the estimated costs
30 under subsection (a) of this section, the Department may adjust the allocations among projects
31 as needed. If any projects funded under subsection (a) of this section are delayed and the budgeted
32 State funds cannot be used during the 2019-2020 fiscal year or if the projects funded under
33 subsection (a) of this section are accomplished at a lower cost, the Department may use the
34 resulting fund availability to fund any of the following:

- 35 (1) U.S. Army Corps of Engineers project feasibility studies.
- 36 (2) U.S. Army Corps of Engineers projects whose schedules have advanced and
37 require State matching funds in the 2019-2020 fiscal year.
- 38 (3) State-local water resources development projects.

39 Funds subject to this subsection that are not expended or encumbered for the purposes
40 set forth in subdivisions (1) through (3) of this subsection shall revert to the State Capital and
41 Infrastructure Fund at the end of the 2019-2020 fiscal year.

42 **SECTION 39.4.(d)** The Department shall submit semiannual reports on the use of
43 these funds to the Joint Legislative Oversight Committee on Agriculture and Natural and
44 Economic Resources, the Fiscal Research Division, and the Office of State Budget and
45 Management on or before March 1 and September 1. Each report shall include all of the
46 following:

- 47 (1) All projects listed in this section.
- 48 (2) The estimated cost of each project.
- 49 (3) The date that work on each project began or is expected to begin.
- 50 (4) The date that work on each project was completed or is expected to be
51 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 for water resources development projects. The limitation on fund usage contained in this subsection applies only to projects in which a local government or local governments participate.

NON-GENERAL FUND CAPITAL IMPROVEMENT AUTHORIZATIONS

SECTION 39.5.(a) The General Assembly authorizes the following capital projects to be funded with receipts or from other non-General Fund and non-State Capital and Infrastructure Fund sources available to the appropriate department:

Name of Project	Amount of Non-General Fund Funding Authorized	
	FY 2019-2020	FY 2020-2021
Department of Natural and Cultural Resources		
NC Zoo–Gift Shop Material Warehouse	\$300,000	–
Department of Agriculture and Consumer Services		
State Farmers Market Restaurant	1,250,000	–
Piedmont Triad Farmers Market Restaurant	200,000	–
State Fairgrounds Improvements	1,000,000	–
State Research Stations–Irrigation Improvements	200,000	–
State Research Stations–Pesticide Storage & Mixing	200,000	–
State Research Stations–Poultry Facilities Improvements	1,500,000	–
State Research Stations–Animal Feed & Grain Storage	250,000	–
Department of Military and Veteran Affairs		
Fayetteville Veterans Home Sprinklers	3,553,000	–
Wake County Veterans Home	5,208,500	–
Forsyth County Veterans Home	5,208,500	–
Department of Public Safety		
Stonewall Jackson YDC Classroom & Kennel	677,000	–
Department of Transportation		
Polk County Maintenance Shop	2,484,117	–
Ocracoke Ferry Quarters	1,190,000	–
Currituck Maintenance & Equipment Facilities	1,491,914	–
Northampton County/Jackson Sub.– Shop	–	\$5,239,960
Repairs & Renovations	6,550,000	6,725,000
Wildlife Resources Commission		
Land Acquisition	8,000,000	8,000,000
McKinney Lake Residence	275,000	–
McCoy Road	325,000	–
New Bern Depot Boat Storage	250,000	–
Sandhills Depot Pole Shed	175,000	–
District 7 Storage Building–Wilkesboro	125,000	–
Sykes Depot Greenhouse	–	150,000
New Shooting Ranges	–	1,000,000

1	Marion Aquaculture Building	330,000	–
2	McKinney Hatchery Building	–	650,000
3	Caswell Depot Storage Building	–	400,000
4	Rhems Depot Storage Building	–	200,000
5	Troy Depot Replacement	–	750,000
6	Boating Access Repair & Renovation	900,000	900,000
7			
8	TOTAL AMOUNT OF NON-GENERAL		
9	FUND CAPITAL PROJECTS		
10	AUTHORIZED	\$41,643,031	\$24,014,960
11			

12 **SECTION 39.5.(b)** From funds deposited with the State Treasurer in a capital
 13 improvement account to the credit of the Department of Agriculture and Consumer Services
 14 pursuant to G.S. 146-30, the sum of seventy-five thousand dollars (\$75,000) for the 2019-2020
 15 fiscal year and the sum of seventy-five thousand dollars (\$75,000) for the 2020-2021 fiscal year
 16 shall be transferred to the Department of Agriculture and Consumer Services to be used,
 17 notwithstanding G.S. 146-30, by the Department for its plant conservation program under Article
 18 19B of Chapter 106 of the General Statutes for costs incidental to the acquisition of land, such as
 19 land appraisals, land surveys, title searches, and environmental studies, and for the management
 20 of the plant conservation program preserves owned by the Department.

21
 22 **NATIONAL GUARD PROJECTS**

23 **SECTION 39.6.(a)** The Office of State Budget and Management may allocate from
 24 the State Capital and Infrastructure Fund to the Department of Public Safety funds needed to
 25 provide a State match for federal funds for projects included in the latest Armory and Facilities
 26 Development Plan developed pursuant to G.S. 127A-210, or as needed for repairs of facilities
 27 damaged during Hurricane Florence, and designated by the Adjutant General of the North
 28 Carolina National Guard in an amount not exceeding four million dollars (\$4,000,000) during
 29 the 2019-2020 fiscal year.

30 **SECTION 39.6.(b)** No later than June 1, 2021, and every two years thereafter, the
 31 Department shall report on the use of these funds to the Joint Legislative Commission on
 32 Governmental Operations, the Fiscal Research Division of the General Assembly, and the Office
 33 of State Budget and Management. Each report shall include all of the following:

- 34 (1) The status of all projects undertaken pursuant to this section.
- 35 (2) The estimated total cost of each project.
- 36 (3) The date that work on each project began or is expected to begin.
- 37 (4) The date that work on each project was completed or is expected to be
 38 completed.
- 39 (5) The actual cost of each project, including federal matching funds.
- 40 (6) Facilities planned for closure or reversion.
- 41 (7) A list of projects advanced in schedule, those projects delayed in schedule,
 42 and an estimate of the amount of funds expected to revert to the General Fund.

43
 44 **REPORTING ON CAPITAL PROJECTS**

45 **SECTION 39.7.(a)** Article 8 of Chapter 143C of the General Statutes is amended by
 46 adding the following new section to read:

47 **"§ 143C-8-14. Capital project reporting.**

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

- 49 (1) Capital project. – Any capital improvement, as that term is defined in
 50 G.S. 143C-1-1, that is not complete by the effective date of this section and
 51 that is funded in whole or in part with State funds, including receipts,

- 1 non-General Fund sources, or statutorily or constitutionally authorized
2 indebtedness of any kind.
- 3 (2) Construction phase. – The status of a particular capital project as described
4 using the terms customarily employed in the design and construction
5 industries.
- 6 (3) New capital project. – A capital project that has been authorized by an act of
7 the General Assembly in the most recent Current Operations Appropriations
8 Act.
- 9 (b) Reporting. – The following reports are required:
- 10 (1) By October 1 and April 1 of each year, each State agency shall report on the
11 status of agency capital projects to the Joint Legislative Oversight Committee
12 on Capital Improvements and the Fiscal Research Division.
- 13 (2) Beginning January 1, and quarterly thereafter, each State agency shall report
14 on the status of agency capital projects to the Fiscal Research Division of the
15 General Assembly and to the Office of State Budget and Management.
- 16 (c) Report Contents. – The reports required by subsection (b) of this section shall include
17 at least the following information about every agency capital project:
- 18 (1) The current construction phase of the project.
- 19 (2) The anticipated time line from the current construction phase to project
20 completion.
- 21 (3) Information about expenditures that have been made in connection with the
22 project, regardless of source of the funds expended.
- 23 (4) Information about the adequacy of funding to complete the project, including
24 estimates of how final expenditures will relate to initial estimates of
25 expenditures, and whether or not scope reductions will be necessary in order
26 to complete the project within its budget.
- 27 (5) For new capital projects only, an estimate of the operating costs for the project
28 for the first five fiscal years of its operation.
- 29 (d) Additional Requirements. – In addition to the other reports required by this section,
30 the following reports are required:
- 31 (1) On October 1 and April 1 of each year, the Office of State Construction shall
32 report on the status of the Facilities Condition Assessment Program (FCAP)
33 to the Joint Legislative Oversight Committee on Capital Improvements and
34 the Fiscal Research Division. The report shall include (i) summary
35 information about the average length of time that passes between FCAP
36 assessments for an average State building, (ii) detailed information about
37 when the last FCAP assessment was for each State building complex, and (iii)
38 detailed information about the condition and repairs and renovations needs of
39 each State building complex.
- 40 (2) On January 1, and quarterly thereafter, the State Construction Office shall
41 report to the Joint Legislative Oversight Committee on Capital Improvements
42 on the status of plan review, approval, and permitting for each State capital
43 improvement project and community college capital improvement project
44 over which the Office exercises plan review, approval, and permitting
45 authority. Each report shall include (i) summary information about the
46 workload of the Office during the previous quarter, including information
47 about the average length of time spent by the State Construction Office on
48 each major function it performs that is related to capital project approval, and
49 (ii) detailed information about the amount of time spent engaged in those
50 functions for each project that the State Construction Office worked on during
51 the previous quarter."

STATUTORY CHANGES—CAPITAL

SECTION 39.8.(a) G.S. 143C-8-13 is amended by adding the following new subsection to read:

"(d) In making campus allocations of funds allocated to the Board of Governors of The University of North Carolina for the purposes described in subsection (a) of this section, the Board of Governors shall negatively weight the availability of non-State resources and carryforward funds available for repair and renovations and shall include information about the manner in which this subsection was complied with in any report submitted pursuant to this section."

SECTION 39.8.(b) G.S. 143C-8-13 reads as rewritten:

"§ 143C-8-13. Repairs and Renovations.

(a) Use of Funds. – ~~Funds~~ Except as otherwise provided for in this section, funds for repairs and renovations shall be available for expenditure only upon an act of appropriation by the General Assembly. Funds appropriated for repairs and renovations shall be used only for State facilities and related infrastructure that are supported from the General Fund or the State Capital and Infrastructure Fund and for Department of Information Technology facilities and related infrastructure. Funds appropriated for repairs and renovations projects shall not be used for new construction or the expansion of the building area (sq. ft.) of an existing facility unless required in order to comply with federal or State codes or standards. Allowable projects include any of the following:

- (1) Roof repairs and replacements.
- (2) Structural repairs.
- (3) Repairs and renovations to meet federal and State standards.
- (4) Repairs to or installation of new electrical, plumbing, and heating, ventilating, and air-conditioning systems.
- (5) Improvements to meet the requirements of the Americans with Disabilities Act, 42 U.S.C. § 12101, et seq., as amended.
- (6) Improvements to meet fire safety needs.
- (7) Improvements to existing facilities for energy efficiency.
- (8) Improvements to remove asbestos, lead paint, and other contaminants, including the removal and replacement of underground storage tanks.
- (9) Improvements and renovations to improve use of existing space.
- (10) Historical restoration.
- (11) Improvements to roads, walks, drives, and utilities infrastructure.
- (12) Drainage and landscape improvements.
- (13) Building demolition.

(b) Allocation and Reallocation of Funds for Particular Projects. – Any funds that are allocated to the Board of Governors of The University of North Carolina or to the Office of State Budget and Management may be allocated or reallocated by those agencies for repairs and renovations projects so long as all of the following conditions are satisfied:

- (1) Any project that receives an allocation or reallocation satisfies the requirements of subsection (a) of this section.
- (2) If the allocation or reallocation of funds from one project to another under this section is two million five hundred thousand dollars (\$2,500,000) or more for a particular project, the Office of State Budget and Management or the Board of Governors, as appropriate, consults with the Joint Legislative Commission on Governmental Operations prior to the expenditure or reallocation.
- (3) If the allocation or reallocation of funds from one project to another under this section is less than two million five hundred thousand dollars (\$2,500,000) for a particular project, the allocation or reallocation of funds is reported to the

1 Joint Legislative Commission on Governmental Operations within 60 days of
2 the expenditure or reallocation.
3 (c) Notwithstanding any provision of G.S. 143C-8-7 to the contrary, the chancellor of a
4 constituent institution of The University of North Carolina may pay for projects for repairs and
5 renovations with funds available to the constituent institution according to the following:

6 (1) The project meets all of the following requirements:

7 a. The total project costs do not exceed one million dollars (\$1,000,000).

8 b. The project is one of the types set forth in subdivisions (1) through
9 (13) of subsection (a) of this section, regardless of whether the relevant
10 facilities and related infrastructure are supported from the General
11 Fund or the State Capital and Infrastructure Fund.

12 (2) The constituent institution reports on projects undertaken pursuant to this
13 subsection to the Board of Governors of The University of North Carolina and
14 the Fiscal Research Division on a quarterly basis. The report shall include all
15 of the following information for each project:

16 a. The facility at which the project is being undertaken.

17 b. The nature and scope of the project.

18 c. The source of funds for the project.

19 d. The category of projects set forth in subsection (a) of this section that
20 the project falls within.

21 (3) Any funds from a General Fund appropriation that are contractually obligated
22 for a project pursuant to this subsection shall not revert at the end of the fiscal
23 year but shall remain available to fund the completion of the project."

24 **SECTION 39.8.(c)** G.S. 143C-8-7 reads as rewritten:

25 **"§ 143C-8-7. When a State agency may begin a capital improvement project.**

26 (a) No State agency may expend funds for the construction or renovation of any capital
27 improvement project except as needed to comply with this Article or otherwise authorized by the
28 General Assembly. Funds that become available by gifts, excess patient receipts above those
29 budgeted at the University of North Carolina Hospitals at Chapel Hill, federal or private grants,
30 receipts becoming a part of special funds by act of the General Assembly, or any other funds
31 available to a State agency or institution may be utilized for advanced planning through the
32 working drawing phase of capital improvement projects, upon approval of the Director of the
33 Budget.

34 (b) Notwithstanding any other provision of law to the contrary, the Department of
35 Agriculture and Consumer Services is authorized to utilize the types of funds described in
36 subsection (a) of this section to build equipment structures that meet the description contained in
37 G.S. 143-138(b4)(1)c. on an as-needed basis, provided that the total project cost does not exceed
38 one hundred twenty-five thousand dollars (\$125,000)."

39 **SECTION 39.8.(d)** G.S. 143C-8-12(a) reads as rewritten:

40 "(a) University Projects. – Notwithstanding any other provision of this Chapter, the Board
41 of Governors of The University of North Carolina may approve any of the following:

42 (1) Expenditures to plan a capital improvement project of The University of North
43 Carolina, the planning for which is to be funded entirely with non-General
44 Fund money.

45 (2) Expenditures for a capital improvement project of The University of North
46 Carolina that is to be funded and operated entirely with non-General Fund
47 money.

48 (3) A change in the scope of any previously approved capital improvement project
49 of The University of North Carolina provided that both the project and change
50 in scope are funded entirely with non-General Fund money.

1 Nothing in this subsection shall be construed to prohibit expenditures for planning for a
2 project that has been authorized by an act of the General Assembly and funded with an allocation
3 from the State Capital and Infrastructure Fund."

4 **SECTION 39.8.(e)** G.S. 143C-3-3(b) reads as rewritten:

5 "(b) University of North Carolina System Request. – Notwithstanding the requirement in
6 G.S. 116-11 that the Board of Governors prepare a unified budget request for all of the constituent
7 institutions of The University of North Carolina, budget requests of the University shall be
8 subject to all of the following:

9 (1) Repairs and renovations requests, capital fund requests, and information
10 technology requests shall comply with subsections (c), (d), and (e) of this
11 section.

12 (2) The University of North Carolina shall not make a capital funds request
13 proposing to construct a new facility, expand the building area (square feet)
14 of an existing facility, or rehabilitate an existing facility to accommodate new
15 or expanded uses unless the University has completed advanced planning
16 through schematic design of the project with funds other than General Fund
17 appropriations. For purposes of this subdivision, "funds other than General
18 Fund appropriations" includes funds carried forward from one fiscal year to
19 another pursuant to G.S. 116-30.3 and G.S. 116-30.3B.

20 Nothing in this subsection shall be construed to prohibit expenditures for planning for a
21 project that has been authorized by an act of the General Assembly and funded with an allocation
22 from the State Capital and Infrastructure Fund.

23 **SECTION 39.8.(f)** G.S. 143C-4-3.1 reads as rewritten:

24 **"§ 143C-4-3.1. State Capital and Infrastructure Fund.**

25 ...

26 (e) Use of Funds. – Monies in the Fund shall first be used to meet the debt service
27 obligations of the State. In addition to meeting the State's debt service obligations, monies in the
28 Fund may be used for the following purposes:

29 (1) New State and The University of North Carolina capital projects governed
30 pursuant to Article 8 of Chapter 143C of the General Statutes.

31 (2) Repair and renovation of existing capital assets, as provided in
32 G.S. 143C-8-13.

33 (3) Broadband infrastructure projects funded through appropriations to the
34 Growing Rural Economies with Access to Technology Fund established in
35 G.S. 143B-1373(b).

36 (f) Funds Available Only Upon Appropriation. – Funds reserved to the Fund shall be
37 available for expenditure only upon an act of appropriation by the General Assembly.

38 (g) Unexpended Funds. – Funds appropriated for a project that are unspent and
39 unencumbered upon completion of the project shall revert to the Fund."

40 **SECTION 39.8.(g)** The recurring appropriation to the Growing Rural Economies
41 with Access to Technology Fund from the State Capital and Infrastructure Fund shall expire on
42 June 30, 2029.

43 44 **NC BOND STATE CAPITAL ALLOCATIONS**

45 **SECTION 39.9.** If House Bill 241, 2019 Regular Session, becomes law, then Section
46 1(e) of that act reads as rewritten:

47 **"SECTION 1.(e)** Use of Education Bond and Note Proceeds. –

48 ...

49 (1a) Subject to the provisions of subdivision (2) of this subsection, two hundred
50 million dollars (\$200,000,000) of the proceeds of education bonds and notes,
51 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>
<u>University of North Carolina School of the Arts—Stevens Center Renovation</u>		<u>\$42,200,000</u>
<u>Appalachian State University—Wey Hall Renovation</u>		<u>\$25,400,000</u>
<u>Fayetteville State University—Rosenthal/Chick Building Renovation</u>		<u>\$13,700,000</u>
<u>University of North Carolina at Pembroke—</u>		
<u>Givens Performing Arts Center Renovation</u>		<u>\$31,200,000</u>
<u>Winston-Salem State University—Hauser Bldg. Renovation/Addition</u>		<u>\$15,100,000</u>
<u>Western Carolina University—Moore Building, Phase II Renovation</u>		<u>\$11,900,000</u>
<u>North Carolina School of Science and Math—Various Repairs and Renovations</u>		<u>\$10,000,000</u>
<u>North Carolina Agricultural and Technical State University—</u>		
<u>Carver Hall Renovations</u>		<u>\$18,500,000</u>
Total for The University of North Carolina		\$200,000,000

...
 (2) Special allocation provisions. – In determining the use of the proceeds of education bonds and notes, including premium thereon, if any, set forth in this section, the following special allocation provisions apply:

...
 b. The capital outlay projects for a constituent institution to be financed with the proceeds of the bonds issued under this act shall be determined by the Board of Governors of The University of North Carolina based upon the criteria set forth in this act, and upon application by the constituent institution in which the capital outlay projects for a constituent institution is to be located or that will otherwise be served by the capital outlay projects for a constituent institution. With respect to proceeds allocated in subdivision (1a) of this subsection:

...
 3. The General Assembly may at this session or at any subsequent session increase or decrease the allocations of the proceeds for the bonds and notes, including premium thereon, if any, for projects set forth in subdivision (1a) of this subsection or reallocate any amounts among projects not listed in subdivision (1a) of this subsection but listed in the six-year capital improvement plan developed pursuant to G.S. 143C-8-5, so long as the aggregate amount of the allocations does not exceed two hundred million dollars (\$200,000,000).

...."

GROWING G.R.E.A.T. PROGRAM

SECTION 39.10.(a) G.S. 143B-1373 reads as rewritten:

"§ 143B-1373. Growing Rural Economies with Access to Technology (GREAT) program.

1 (a) As used in this section, the following definitions apply:

2 ...

3 (6) Eligible project. – An eligible project is a discrete and specific project located
4 in an unserved area of an economically distressed county seeking to provide
5 broadband service to homes, businesses, and community anchor points not
6 currently served. Eligible projects do not include middle mile, backhaul, and
7 other similar projects not directed at broadband service to end users. If a
8 project area is contiguously located within more than one county, for the
9 purposes of this section, the project shall be deemed to be located in the county
10 where the greatest number of unserved households will be served.

11 ...

12 (c) Project areas comprised of census blocks, or portions thereof, within which a
13 broadband provider is receiving State or federal matching funds to deploy technologically neutral
14 scalable broadband service within the next 18 months are ineligible for the GREAT program. It
15 is essential for the Office to know the location of census blocks, or portions thereof, comprising
16 these areas so it can determine project eligibility. A private provider receiving State or federal
17 matching funds to deploy broadband service within such an area shall, within 60 days of the
18 effective date of this section, submit only a listing of the census blocks, or portions thereof,
19 comprising each of its federally funded project areas meeting this requirement and nothing more
20 to the Office. In future program years, the cutoff date for submitting this census block data shall
21 be May 15. This will enable the office to update maps and advise applicants as to the unserved
22 areas of the State that are eligible for consideration in that program year. The Office shall only
23 utilize this data to update maps of census blocks to reflect these census blocks, or portions thereof,
24 as being served. Failure on the part of a provider to submit the listing of census blocks by the
25 cutoff date shall result in those areas being eligible for inclusion under this program during the
26 upcoming program year. The Office shall use the census block data provided only for mapping
27 of unserved areas. Upon expiration of the 18-month period described in this subsection, a private
28 provider receiving State or federal matching funds to deploy broadband service shall submit
29 written documentation that broadband deployment has begun or been completed in the census
30 blocks, or portions thereof, that have been deemed ineligible by the Office due to the existence
31 of a federally funded project area. Information provided to the Office pursuant to this subsection
32 is not a public record, as that term is defined in G.S. 132-1.

33 (d) Applications for grants will be submitted at times designated by the Secretary and
34 will include, at a minimum, the following information:

35 ...

36 (5) An illustration or description of the actual area to be served and the number
37 of homes, businesses, community anchor points, agricultural operations, or
38 agricultural processing facilities that will have access to broadband as a result
39 of the ~~project-project~~, including any publicly available addresses for the
40 foregoing.

41 ...

42 (d1) A provider submitting an application pursuant to this section shall bear the burden of
43 proof that the proposed area to be served can, in fact, be served using the proposed technology.
44 The burden of proof may be satisfied by the submission of data, maps, and any other information
45 satisfactory to the Office, demonstrating that the area and number of households proposed to be
46 served can be provided the minimum upload and download speeds indicated in the application.

47 (e) Applications shall be made publicly available by posting on the Web site of the
48 Department of Information Technology for a period of at least 30 days prior to award. During
49 the 30-day period, any interested party may submit comments to the Secretary concerning any
50 pending application. A provider of broadband services may submit a protest of any application
51 on the grounds the proposed project covers an area that is not an eligible area under this section.

1 Protests shall be submitted in writing, accompanied by all relevant supporting documentation,
 2 and shall be considered by the Office in connection with the review of the application. Upon
 3 submission of evidence satisfactory to the Office that the proposed project area includes
 4 households that have a minimum download and upload speed of 10:1, as measured using a
 5 methodology satisfactory to the Office, the Office may amend an application to reduce the
 6 number of unserved households in the project area to reflect an accurate level of current
 7 broadband service. The Office may amend application scores in accordance with amended
 8 applications. For applications with filed protests, the Secretary shall issue a written decision to
 9 the protesting party at least 15 days prior to the approval of that application. Following a protest
 10 that is granted for a portion of the application, the Office may release to an applicant the locations
 11 or areas declared ineligible. The information released to the applicant is not a public record, as
 12 that term is defined under G.S. 132-1, and shall remain confidential. Any provider submitting a
 13 protest shall verify that the information in the protest is accurate and that the protest is submitted
 14 in good faith. The Office may disqualify any protest or application that contains inaccurate
 15 information or information not submitted in good faith. The Office shall develop procedures that
 16 address the consideration of protests.

17 In the resolution of a protest the Office may obtain speed tests, satisfactory to the Office,
 18 from the home or business located at the very end of the segments or runs of the proposed service
 19 extension. If the result of the test indicates that the tested home or business at the end of a given
 20 segment or run is currently receiving a minimum download and upload speed of 10:1, then that
 21 home or business, and all of the other homes or businesses along that segment or run of the
 22 proposed service extension, shall be deemed ineligible and removed from consideration and the
 23 application shall be adjusted accordingly. If the result of the speed test indicates that the home or
 24 business is receiving less than a minimum download and upload speed of 10:1, then that home
 25 or business, and all other homes or businesses situated along that segment or run of the proposed
 26 service extension, shall remain eligible.

27 (f) The Office may consult with the Department of Commerce to determine if a
 28 broadband project proposed under this section will benefit a potential economic development
 29 project relevant to the proposed area outlined in the broadband project.

30 (g) Applications shall be scored based upon a system that awards a single point for criteria
 31 considered to be the minimum level for the provision of broadband service with additional points
 32 awarded to criteria that exceed minimum levels. The Office shall score project applications in
 33 accordance with the following:

34 ...

35 (3) ~~Households~~ Unserved households to be served. – The Office shall give
 36 additional points to projects that will provide broadband service ~~to~~ based upon
 37 the percentage of the total unserved households within the eligible
 38 economically distressed county, as county that the project will serve. The
 39 number of unserved households shall be determined by using the most recent
 40 data published by the Federal Communications Commission or any other
 41 information available to the Office. Points shall be given to projects that will
 42 serve a percentage of unserved households within the project area as follows:

Households To Be Served	Points Given
Under 150 <u>Less than 20%</u>	1
150-249 <u>20% to 30%</u>	2
250-300 <u>and up</u>	3

47 ...

48 (6) Base speed multiplier. – Projects that will provide minimum download and
 49 minimum upload speeds shall have the aggregate points given under
 50 subdivisions (1) through (5) of this subsection multiplied by a factor at the
 51 level indicated in the table below:

1	Minimum Download:	
2	Minimum Upload	Score Multiplier
3	10:1 Mbps.	0.95 <u>0.85</u>
4	25:3 Mbps. or greater > 100:10 Mbps.	1.35
5	<u>100:10 Mbps. or greater</u>	<u>1.75</u>

6 (h) The Office shall score applications based upon the metrics provided in subsection (g)
 7 of this section. In awarding grants based upon the scoring metrics, the Office shall also award ~~an~~
 8 additional ~~point~~ points to proposed projects according to the following:

- 9 (1) One point, where a county has a Community Broadband Planning Playbook
 10 that meets the guidelines established by the Office.
- 11 (2) Two points, where a proposed project will provide symmetrical minimum
 12 download and minimum upload speeds that exceed 25:25 Mbps.
- 13 (3) One point, where a proposed project will include digital literacy training.
- 14 (4) One point, where a proposed project will include low-cost service for qualified
 15 low-income households.
- 16 (5) One point, where a proposed project will include acceptance of Lifeline
 17 support, as offered by the Federal Communications Commission.

18 (i) Applications receiving the highest score shall receive priority status for the awarding
 19 of grants pursuant this section. As a means of breaking a tie for applications receiving the same
 20 score, the Office may first consider highest total households being served and then lowest project
 21 cost per household for the proposed projects. Applicants awarded grants pursuant to this section
 22 shall enter into an agreement with the Office. The agreement shall contain all of the elements
 23 outlined in subsection (d) of this section and any other provisions the Office may require. The
 24 agreement shall contain a provision governing the time line and minimum requirements and
 25 thresholds for disbursement of grant funds measured by the progress of the project. Grant funds
 26 shall be disbursed only upon verification by the Office that the terms of the agreement have been
 27 fulfilled according to the progress milestones contained in the agreement. At project completion,
 28 the grant recipient shall certify and provide to the Office evidence consistent with Federal
 29 Communications Commission attestation that the proposed minimum upstream and minimum
 30 downstream broadband speeds identified in the application guidelines, and for which a base speed
 31 multiplier was awarded pursuant to subdivision (6) of subsection (g) of this section, are available
 32 throughout the project area prior to any end user connections. ~~A single grant award~~ Grant awards
 33 for either a single project or the cumulative total of projects in a given county shall not exceed
 34 two million dollars (\$2,000,000). No more than one grant may be awarded per fiscal year for a
 35 project in any one eligible economically distressed county. (\$2,000,000) in any fiscal year.

36"

37 **SECTION 39.10.(b)** G.S. 143B-1373(a)(5) reads as rewritten:

38 "(5) Eligible economically distressed county. – A county designated as a
 39 development tier one or tier two area, as defined in G.S. 143B-473.08."

40 **SECTION 39.10.(c)** G.S. 143B-1373(i), as amended by subsection (a) of this
 41 section, reads as rewritten:

42 "(i) Applications receiving the highest score shall receive priority status for the awarding
 43 of grants pursuant this section. As a means of breaking a tie for applications receiving the same
 44 score, the Office may consider total households being served and the project cost per household
 45 for the proposed projects. Applicants awarded grants pursuant to this section shall enter into an
 46 agreement with the Office. The agreement shall contain all of the elements outlined in subsection
 47 (d) of this section and any other provisions the Office may require. The agreement shall contain
 48 a provision governing the time line and minimum requirements and thresholds for disbursement
 49 of grant funds measured by the progress of the project. Grant funds shall be disbursed only upon
 50 verification by the Office that the terms of the agreement have been fulfilled according to the
 51 progress milestones contained in the agreement. At project completion, the grant recipient shall

1 certify and provide to the Office evidence consistent with Federal Communications Commission
2 attestation that the proposed minimum upstream and minimum downstream broadband speeds
3 identified in the application guidelines, and for which a base speed multiplier was awarded
4 pursuant to subdivision (6) of subsection (g) of this section, are available throughout the project
5 area prior to any end user connections. Grant awards for either a single project or the cumulative
6 total of projects in a given county shall not exceed two million dollars (\$2,000,000) in any fiscal
7 year. No more than one-third of the funds appropriated to the fund established in subsection (b)
8 of this section shall be disbursed for projects located in a development tier two county."

9 **SECTION 39.10.(d)** G.S. 143B-1373(i), as amended by subsections (a) and (c) of
10 this section, reads as rewritten:

11 "(i) Applications receiving the highest score shall receive priority status for the awarding
12 of grants pursuant this section. As a means of breaking a tie for applications receiving the same
13 score, the Office may consider total households being served and the project cost per household
14 for the proposed projects. Applicants awarded grants pursuant to this section shall enter into an
15 agreement with the Office. The agreement shall contain all of the elements outlined in subsection
16 (d) of this section and any other provisions the Office may require. The agreement shall contain
17 a provision governing the time line and minimum requirements and thresholds for disbursement
18 of grant funds measured by the progress of the project. Grant funds shall be disbursed only upon
19 verification by the Office that the terms of the agreement have been fulfilled according to the
20 progress milestones contained in the agreement. At project completion, the grant recipient shall
21 certify and provide to the Office evidence consistent with Federal Communications Commission
22 attestation that the proposed minimum upstream and minimum downstream broadband speeds
23 identified in the application guidelines, and for which a base speed multiplier was awarded
24 pursuant to subdivision (6) of subsection (g) of this section, are available throughout the project
25 area prior to any end user connections. Grant awards for either a single project or the cumulative
26 total of projects in a given county shall not exceed two million dollars (\$2,000,000) in any fiscal
27 year. No more than ~~one-third~~ one-half of the funds appropriated to the fund established in
28 subsection (b) of this section shall be disbursed for projects located in a development tier two
29 county. If the Office has not received enough grant applications for projects located in a
30 development tier one county to disburse one-half of the funds appropriated to the fund established
31 in subsection (b) of this section as of March 1 of each year, then the Office may allocate any
32 unencumbered funds in the fund for projects located in a development tier two county."

33 **SECTION 39.10.(e)** Subsections (b) and (c) of this section become effective July 1,
34 2020. Subsection (d) of this section becomes effective July 1, 2021.

35 36 **DHHS WORKSPACE EVALUATION**

37 **SECTION 39.11.(a)** Of the funds available to the Department of Health and Human
38 Services (Department), the Department, in coordination with the Department of Administration,
39 shall use up to two hundred twenty-five thousand dollars (\$225,000) to complete a workspace
40 evaluation that does the following:

- 41 (1) Analyzes employee functions to create a workspace design that adequately
42 and properly fits the business needs of the agency and its divisions.
- 43 (2) Diminishes any underutilized or unnecessary square footage in an effort to
44 right-size the necessary workspace for the agency and provide for the most
45 efficient use of available State funds.

46 **SECTION 39.11.(b)** The Department shall submit the results of the evaluation
47 described in this section to the Joint Legislative Oversight Committee on Capital Improvements
48 and the Fiscal Research Division on or before April 1, 2020.

49 **SECTION 39.11.(c)** The funds appropriated for the DHHS/Dix Campus Relocation
50 in this Part may not be used for other planning, conceptual design, design development, or
51 construction document preparation, including any programming of the workspace for building or

1 space design development purposes, until the workspace evaluation has been completed and
2 reported as described in this section and has been formally incorporated into space programming
3 efforts by the entity engaged by the Department to provide the design services for any new space
4 to accommodate any portion of the Department's workforce.
5

6 **DHHS PRIVATE DEVELOPMENT CHANGES**

7 **SECTION 39.12.(a)** The Department of Administration may issue a request for
8 proposal pursuant to G.S. 143-128.1C(b) for a development contract to design and construct the
9 new Department of Health and Human Services Administrative Complex while undertaking
10 planning associated with funds appropriated in this act. For the purposes of this complex only,
11 the Department may accept submissions for review that include less than fifty percent (50%)
12 financing, but not less than thirty percent (30%) financing, as defined in G.S. 143-128.1C(a)(4).

13 **SECTION 39.12.(b)** G.S. 111-42(c) of the General Statutes reads as rewritten:

14 "(c) "State property or State building" means building and land owned, leased, or
15 otherwise controlled by the State, exclusive of schools, colleges and universities, the North
16 Carolina State Fair, farmers markets and agricultural centers, the Legislative Office Building,
17 ~~and the State Legislative Building-Building,~~ and the new Health and Human Services
18 Administrative Complex.
19

20 **REALLOCATION OF SPECIAL INDEBTEDNESS FUNDS FOR THE ECU SCHOOL** 21 **OF DENTISTRY**

22 **SECTION 39.13.(a)** Section 27.8(a) of S.L. 2008-107, as amended by Section 2(a)
23 of S.L. 2009-209, reads as rewritten:

24 "**SECTION 27.8.(a)** The State, with the prior approval of the State Treasurer and the Council
25 of State, as provided in Article 9 of Chapter 142 of the General Statutes, is authorized to issue or
26 incur special indebtedness in order to provide funds to the State to be used, together with other
27 available funds, to pay the capital facility costs of the projects described in this subsection. In
28 accordance with G.S. 142-83, this subsection authorizes the issuance or incurrence of special
29 indebtedness:

- 30 (1) In the maximum aggregate principal amount of sixty-one million five hundred
31 ninety-nine thousand three hundred sixty-nine dollars (\$61,599,369) to
32 finance the capital facility costs of completing a School of Dentistry ~~building~~
33 building, life safety improvements to the Brody School of Medicine, and
34 renovation of space at the ECU Health Science Campus, Brody School of
35 Medicine, to accommodate the dental school at East Carolina University and
36 no more than 10 satellite dental clinics across the State. No more than a
37 maximum aggregate amount of twenty-one million dollars (\$21,000,000) of
38 special indebtedness may be issued or incurred under this subdivision prior to
39 July 1, 2009. No more than a maximum aggregate amount of sixty million
40 dollars (\$60,000,000) of special indebtedness may be issued or incurred under
41 this subdivision prior to July 1, 2010.

42"

43 **SECTION 39.13.(b)** Nothing in this section shall be construed to authorize any
44 entity to issue or incur additional indebtedness.
45

46 **MOUNTAIN ISLAND EDUCATIONAL FOREST VISITOR CENTER**

47 **SECTION 39.14.** The North Carolina Forest Service within the Department of
48 Agriculture and Consumer Services shall rename the Visitor and Interpretive Center at Mountain
49 Island Educational State Forest "The Laura Shidal Visitor and Interpretive Center at Mountain
50 Island Educational State Forest."
51

PART XL. TRANSPORTATION

CASH FLOW HIGHWAY FUND AND HIGHWAY TRUST FUND APPROPRIATIONS

SECTION 40.1.(a) Subsections (b) and (c) of Section 34.1 of S.L. 2018-5 are repealed.

SECTION 40.1.(b) The General Assembly authorizes and certifies anticipated revenues for the Highway Fund as follows:

For Fiscal Year 2021-2022	\$ 2,436 million
For Fiscal Year 2022-2023	\$ 2,473 million
For Fiscal Year 2023-2024	\$ 2,506 million
For Fiscal Year 2024-2025	\$ 2,605 million

SECTION 40.1.(c) The General Assembly authorizes and certifies anticipated revenues for the Highway Trust Fund as follows:

For Fiscal Year 2021-2022	\$ 1,689 million
For Fiscal Year 2022-2023	\$ 1,727 million
For Fiscal Year 2023-2024	\$ 1,760 million
For Fiscal Year 2024-2025	\$ 1,811 million

SECTION 40.1.(d) The Department of Transportation, in collaboration with the Office of State Budget and Management, shall develop a four-year revenue forecast. The first fiscal year in the four-year revenue forecast shall be the 2025-2026 fiscal year. The four-year revenue forecast developed under this subsection shall be used (i) to develop the four-year cash flow estimates included in the biennial budgets, (ii) to develop the Strategic Transportation Improvement Program, and (iii) by the Department of the State Treasurer to compute transportation debt capacity.

CONTINGENCY FUNDS

SECTION 40.2.(a) Of the funds appropriated in this act to the Department of Transportation, twelve million dollars (\$12,000,000) for each fiscal year of the 2019-2021 fiscal biennium shall be allocated statewide for rural or small urban highway improvements and related transportation enhancements to public roads and public facilities, industrial access roads, railroad infrastructure, and spot safety projects, including pedestrian walkways that enhance highway safety. Projects funded pursuant to this subsection require prior approval by the Secretary of Transportation. Funds allocated under this subsection shall not revert at the end of the applicable fiscal year but shall remain available until expended. The use of funds that do not revert under this subsection is not restricted to the fiscal year in which the funds were allocated.

CAPITAL, REPAIRS, AND RENOVATIONS

SECTION 40.3. The funds appropriated in this act from the Highway Fund to the Department of Transportation for the 2019-2021 fiscal biennium for capital, repairs, and renovations are allocated as follows:

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

1	Statewide ADA Compliance	\$750,000	\$750,000
2	Statewide Small Office Repair and Renovation	\$1,750,000	\$2,075,000
3	Statewide Security Upfits	\$400,000	\$500,000
4	Replace 20 Rooftop HVAC Units at Century Center	\$150,000	\$150,000
5	Art Museum Basement Concrete Repair	\$250,000	\$0

6

7 **TOTAL CAPITAL, REPAIRS, AND**

8 **RENOVATIONS – HIGHWAY FUND** **\$11,716,031** **\$11,964,960**

9

10 **ADDITIONAL POWELL BILL FUNDS TO BE USED PRIMARILY FOR**
 11 **RESURFACING OF STREETS**

12 **SECTION 40.4.** Of the funds appropriated from the Highway Fund in this act to the
 13 Department of Transportation for State Aid to Municipalities the sum of fourteen million seven
 14 hundred fifty thousand dollars (\$14,750,000) in recurring funds for fiscal year 2019-2020 and
 15 the sum of twenty-nine million five hundred thousand dollars (\$29,500,000) in recurring funds
 16 for fiscal year 2020-2021 shall be used by municipalities as follows: (i) at least eighty percent
 17 (80%) shall be used on the resurfacing of streets within the corporate limits of the municipality
 18 and (ii) the remaining funds may be used as authorized under G.S. 136-41.3(a).

19

20 **AIRPORT IMPROVEMENT PROGRAM**

21 **SECTION 40.5.(a)** Article 7 of Chapter 63 of the General Statutes is amended by
 22 adding a new section to read:

23

"§ 63-74. Airport Improvement Program.

24

(a) Purpose. – There is established an Airport Improvement Program (AIP) that shall
 25 serve to (i) fund improvements at eligible airports and (ii) pay debt service or related financing
 26 costs and expenses on revenue bonds or notes issued by eligible airports. The Department of
 27 Transportation shall allocate funds appropriated to this program to eligible airports based on the
 28 findings in the biennial economic impact study, as described in this section. The Department
 29 shall adopt rules governing the distribution and use of these funds.

30

(b) Eligible Airport. – Any publicly owned, commercial service airport with more than
 31 10,000 passenger boardings during the two calendar years preceding the fiscal year in which
 32 funds are allocated is eligible to apply for Airport Improvement Program funds.

33

(c) Economic Impact Study and Distribution Formula. – The Department of
 34 Transportation shall conduct a biennial economic impact study that examines the annual
 35 economic impact of each commercial service airport in North Carolina. The Department shall
 36 disburse AIP funds appropriated in a year to each eligible airport in proportion to the total
 37 economic impact of the airport, adjusted as provided in this subsection.

38

(1) For an eligible airport with one of the three largest economic impacts, the
 39 airport's distribution amount shall be reduced by a percentage equal to the
 40 lesser of twenty percent (20%) or five percent (5%) multiplied by each full ten
 41 percent (10%) of economic impact calculated for that airport. The aggregate
 42 amount of the reduction to the eligible airports with the three largest economic
 43 impacts is the amount to be redistributed to the remaining eligible airports as
 44 provided in subdivision (2) of this subsection.

45

(2) For an eligible airport that does not have one of the three largest economic
 46 impacts, the airport's distribution amount shall be increased based upon the
 47 following formula:

48

a. Twenty-five percent (25%) of the redistribution amount shall be
 49 distributed equally.

49

b. Seventy-five percent (75%) of the redistribution amount shall be based
 50 upon the airport's share of passenger boardings compared to the total
 51

1 number of passenger boardings used for all airports receiving a
2 distribution pursuant to this subdivision.

3 (d) Permissible Uses, Reporting, and Return of Funds. – The Department of
4 Transportation shall not allocate funds to an airport under this section until that airport has
5 provided a report outlining how the airport will use the funds in conformance with the purposes
6 of the program. No later than 45 days from the date the Department receives the report required
7 under this subsection, the Department shall make a determination whether the intended use of
8 the funds matches the purposes of the program and, if so, allocate funds under this section to the
9 compliant airport. An airport that receives funds under this section shall return the funds to the
10 Department if the funds are in the possession or control of the airport and not expended or
11 encumbered by August 31 of the year following the fiscal year in which the Department makes
12 the allocation. All funds returned to the Department under this section, or retained by the
13 Department for failure of an eligible airport to submit a report under this subsection, shall be
14 credited to the fund from which they were appropriated and shall remain unexpended and
15 unencumbered until appropriated by the General Assembly.

16 (e) Limitation. – Notwithstanding any provision of law to the contrary, the allocation of
17 funds under this section to eligible airports, the enactment of this section, and the issuance of
18 bonds or notes by the airports in reliance thereon, shall not in any manner constitute a pledge of
19 the full faith and credit and taxing power of the State. Additionally, allocations under this section
20 are subject to the availability of funds appropriated to the Airport Improvement Program. A
21 security interest shall not be granted in funds allocated under this section."

22 **SECTION 40.5.(b)** Section 34.19(b) of S.L. 2017-57 is repealed.

23 24 **COMMISSION ON AEROSPACE AND INTELLIGENT TRANSPORTATION**

25 **SECTION 40.6.(a)** Findings. – The General Assembly finds that opportunities exist
26 for North Carolina to build on its rich aviation history, strong university research history,
27 established aviation marketplace, as well as its unique geography for testing. North Carolina also
28 boasts a demographic cross section for market testing that is unique and well-suited to examine
29 urban and rural mobility needs. The State also has a strong military and National Guard presence,
30 which could prove productive in expediting unmanned flight. The General Assembly recognizes
31 that there are many unknown factors in this new aerospace and intelligent transportation sector.

32 **SECTION 40.6.(b)** Commission Established. – There is established the Commission
33 on Aerospace and Intelligent Transportation (Commission) to be located administratively in the
34 Department of Transportation, Division of Aviation. However, the Commission shall exercise all
35 its prescribed powers and duties independently of the Department of Transportation.

36 **SECTION 40.6.(c)** Commission Membership. – The Commission shall consist of
37 the following members:

- 38 (1) The Lieutenant Governor or the Lieutenant Governor's designee.
- 39 (2) Two members of the House of Representatives appointed by the Speaker of
40 the House of Representatives.
- 41 (3) Two members of the Senate appointed by the President Pro Tempore of the
42 Senate.
- 43 (4) The Secretary of the Department of Commerce or the Secretary's designee.
- 44 (5) The Secretary of the Department of Transportation or the Secretary's designee.
- 45 (6) The Secretary of the Department of Military and Veterans Affairs or the
46 Secretary's designee.
- 47 (7) The Chancellor of Elizabeth City State University or the Chancellor's
48 designee.

49 **SECTION 40.6.(d)** Commission Organization. – The Commission shall be
50 organized as follows:

- 1 (1) Chair. – The Lieutenant Governor or the Lieutenant Governor's designee shall
2 serve as Chair of the Commission.
- 3 (2) Staff and consultants. – The Chair of the Commission may, with the approval
4 of the Commission, hire staff and consultants to assist the Commission in
5 performing the Commission's purpose and duties.
- 6 (3) Travel and subsistence. – Members, staff, and consultants of the Commission
7 shall receive travel and subsistence expenses in accordance with the
8 provisions of G.S. 138-5 and G.S. 138-6 from funds made available to the
9 Commission.
- 10 (4) Meeting space. – With the approval of the Legislative Services Commission,
11 space in the Legislative Building and the Legislative Office Building may be
12 made available to the Commission.
- 13 (5) Frequency of meetings and quorum. – The Commission shall meet upon the
14 call of the Chair and shall have its first meeting no later than September 1,
15 2019. The Commission shall meet at least quarterly. A majority of the
16 members of the Commission shall constitute a quorum for the transaction of
17 business.

18 **SECTION 40.6.(e)** Duties. – The duties of the Commission shall include the
19 following:

- 20 (1) Recommend State goals and a framework for achieving the benchmarks
21 prescribed by the study authorized in subsection (f) of this section, and to
22 ensure that by 2021 the appropriate funding and economic development exist
23 in North Carolina to cultivate a culture for aerospace and intelligent
24 transportation.
- 25 (2) The Commission shall review the progress made toward the recommended
26 goals, evaluate the strategies developed and used toward attaining those goals,
27 and may make additional recommendations above and beyond those laid out
28 in the study.

29 **SECTION 40.6.(f)** Study. – The Commission shall study the following:

- 30 (1) Examine the feasibility and economic impact of creating an eVTOL (Electric
31 Vertical Takeoff and Landing) and UAS (Unmanned Aircraft Systems)
32 corridor in the State of North Carolina focused on research, development, and
33 commercialization and use the emerging technology to serve the citizens of
34 the State to improve safety, health, and overall well-being.
- 35 (2) Gather information that is available in the eVTOL and UAS fields, including
36 commercial developments and technology initiatives, to (i) estimate the
37 market potential, (ii) develop a point of view on opportunities, threats, and
38 ecosystem requirements, and (iii) create a strategic advisory group to inform
39 the strategic discussion and direction to assist the State of North Carolina in
40 its approach to compete and win in the next generation of mobility.
- 41 (3) Conduct expert interviews with sector leaders in aviation,
42 telecommunications, first responders, education, health, transportation, fuel
43 technologies, emergency management, military, agriculture, city planning,
44 state planning, and relevant venture capital entities to inform and define
45 value-creation opportunities.
- 46 (4) Explore suppliers, demand sources (first responders, education, health care,
47 other target industries, and individual citizens), regulatory issues, and current
48 and emerging competitors.
- 49 (5) Consider current trends and forward-looking insights, with a focus on impact
50 to include the following key areas: legislative or regulatory, suppliers, demand

1 and users, participants, competitors, supporting technologies (such as fuel,
2 connectivity, and vehicles), and infrastructure requirements.

3 **SECTION 40.6.(g)** Authorization to Contract Vendor to Perform Study. – The
4 Commission may contract with any qualified vendor to perform the study authorized in
5 subsection (f) of this section without complying with the provisions of Article 3, Article 3C, and
6 Article 3D of Chapter 143 of the General Statutes or any other provision of law to the contrary.

7 **SECTION 40.6.(h)** EVTOL Summit. – Based on the findings from the study
8 authorized under subsection (f) of this section, the Commission shall by July 31, 2020, organize
9 and implement an eVTOL Summit in North Carolina. The Summit will coordinate with
10 stakeholders who have verified Federal Aviation Administration (FAA) proof of concept eVTOL
11 vehicles that meet the criteria of viable vehicles for North Carolina that are recommended in the
12 study.

13 **SECTION 40.6.(i)** Report. – By October 1, 2020, the Commission shall report the
14 findings from the study required under subsection (f) of this section and the eVTOL Summit
15 authorized under subsection (h) of this section, including any legislative recommendations, to
16 the chairs of the Joint Legislative Transportation Oversight Committee and the Fiscal Research
17 Division.

18 **SECTION 40.6.(j)** Funds. – Of the funds appropriated in this act from the Highway
19 Fund to the Department of Transportation, the sum of seven hundred fifty thousand dollars
20 (\$750,000) in nonrecurring funds for fiscal year 2019-2020 may be used for the study authorized
21 in subsection (f) of this section, and the sum of five hundred thousand dollars (\$500,000) in
22 nonrecurring funds for fiscal year 2019-2020 may be used by the Commission to implement the
23 eVTOL Summit and pay for administrative costs, stipends, travel, and public relation costs
24 associated with the Commission's duties.

25 **SECTION 40.6.(k)** Reversion. – Any unexpended or unencumbered funds in
26 subsection (j) of this section shall not revert to the Highway Fund on June 30, 2020, but shall
27 remain available to the Commission for the purposes authorized in this section until November
28 1, 2020.

29 **SECTION 40.6.(l)** Expiration. – This section expires November 1, 2020.

30 31 **BUDGETING DOT LEGISLATIVE SALARY INCREASES**

32 **SECTION 40.7.(a)** The amount of funds appropriated for legislative salary increases
33 for employees of the Department of Transportation (Department) shall be budgeted on a recurring
34 basis in the correct Fund Code that corresponds to the positions in which it supports. Any transfer
35 and use of the funds for any other purpose shall be done on a nonrecurring basis.

36 **SECTION 40.7.(b)** The Department shall report to the Joint Legislative Oversight
37 Committee on Transportation the amount allocated to each division or unit no more than 30 days
38 after an allocation has occurred.

39 40 **BRIDGE NAMING**

41 **SECTION 40.8.** Notwithstanding any provision of law to the contrary, the
42 Department of Transportation shall designate the bridge described in the subdivision below as
43 follows:

- 44 (1) The bridge over Stanley Creek on Black Snake Road between Millman Road
45 and Chestnut Street Extension located in the Town of Stanley in Gaston
46 County as the "Lance Corporal Nicholas S. O'Brien, U.S.M.C. Bridge."
47

48 **CODIFY MOBILITY/MODERNIZATION FUND**

49 **SECTION 40.9.(a)** Chapter 136 of the General Statutes is amended by adding a new
50 Article to read:

51 "Article 14C.

"Mobility/Modernization Fund.

"§ 136-189.20. Spot Mobility Program.

(a) Of the funds appropriated to the Mobility/Modernization Fund in the Highway Fund, forty percent (40%) of the funds shall be used for a Spot Mobility Program that shall be managed by the State Traffic Engineer of the Department of Transportation. The purpose of the Spot Mobility Program is to provide funding for small projects that will reduce traffic congestion and vehicular delay times. The Department shall develop a quantitative, evidence-based formula to use in selecting projects to receive funding from the Spot Mobility Program. At a minimum, the Department shall consider all of the following in developing the formula required by this section:

- (1) The travel-time savings resulting from the proposed project.
- (2) Reductions to motor vehicle queues resulting from the proposed project.
- (3) The service life of the proposed project.
- (4) The benefit-cost ratio of the proposed project.

(b) In selecting projects to receive funding from the Spot Mobility Program, the Department shall give preference to projects that will improve access from the State highway system to a school. For purposes of this section, the term "school" means any facility engaged in the educational instruction of children in any grade or combination of grades from kindergarten through the twelfth grade at which attendance satisfies the compulsory attendance law and includes charter schools as authorized under G.S. 115C-218.5.

"§ 136-189.21. Economic development; small construction; industrial access.

Of the funds appropriated to the Mobility/Modernization Fund in the Highway Fund, twelve percent (12%) of the funds shall be used for the following purposes:

- (1) To allocate to the Economic Development Fund to be used for prioritized transportation improvements and infrastructure that expedite commercial growth as well as either job creation or job retention.
- (2) For small construction projects recommended by the Chief Engineer in consultation with the Chief Operating Officer and approved by the Secretary of Transportation. Funds used in accordance with this subdivision shall be allocated equally among the 14 Highway Divisions for small construction projects.
- (3) To use for the development and expansion of access roads to industrial facilities.

"§ 136-189.22. High-impact and low-cost construction projects.

Of the funds appropriated to the Mobility/Modernization Fund in the Highway Fund, forty-eight percent (48%) of the funds shall be used for construction projects that are high impact and low cost. The funds shall be allocated equally among the 14 Highway Divisions. Projects funded under this section include intersection improvement projects, minor widening projects, and operational improvement projects. The Department shall develop a quantitative, evidence-based formula to use in selecting projects to receive funding under this section. At a minimum, the Department shall consider all of the following in developing the formula required by this section:

- (1) The average daily traffic volume of a roadway and whether the proposed project will generate additional traffic.
- (2) Any restrictions on a roadway.
- (3) Any safety issues with a roadway.
- (4) The condition of the lanes, shoulders, and pavement on a roadway.
- (5) The site distance and radius of any intersection on a roadway.

"§ 136-189.23. Annual report.

The Department shall submit to the Joint Legislative Transportation Oversight Committee and to Fiscal Research Division an annual report beginning March 1, 2020, detailing: (i) the

1 formulas developed under this article, (ii) the types of projects funded under this article, and (iii)
 2 the total amount of funding allocated to each project funded under this article."

3 **SECTION 40.9.(b)** Conforming Repeal. – Subsections (a) through (d) of Section
 4 34.7 of S.L. 2017-57 are repealed.

5
 6 **STI/AUTHORIZE DOT TO PROVIDE FINANCIAL SUPPORT FOR BICYCLE AND**
 7 **PEDESTRIAN IMPROVEMENTS**

8 **SECTION 40.10.** G.S. 136-189.11(d)(3)c. reads as rewritten:

9 "c. Bicycle and pedestrian limitation. – The Department ~~shall not be~~
 10 authorized to provide financial support for independent bicycle and
 11 pedestrian improvement projects, except for projects as a proportional
 12 match to federal funds administered by the Department for that
 13 purpose. Eligibility is determined by the population listed in the most
 14 recent State Aid to Municipalities report or, if the municipality is not
 15 included in the report, by certified letter:

- 16 1. Municipalities with a population of 25,000 or less are eligible
 17 for a fifteen percent (15%) State match of total project cost.
 18 The required local match is five percent (5%).
- 19 2. Municipalities with a population of more than 25,000 but less
 20 than or equal to 50,000 shall be eligible for a ten percent (10%)
 21 State match of total project cost. The required local match is
 22 ten percent (10%).
- 23 3. Municipalities with a population of greater than 50,000 are
 24 ineligible for State matching funds.

25 This sub-subdivision shall not apply to funds allocated to a
 26 municipality pursuant to G.S. 136-41.1 that are committed by the
 27 municipality as matching funds for federal funds administered by the
 28 Department and used for bicycle and pedestrian improvement projects.
 29 This limitation shall not apply to funds authorized for projects in the
 30 State Transportation Improvement Program that are scheduled for
 31 construction as of October 1, 2013, in State fiscal year 2012-2013,
 32 2013-2014, or 2014-2015."

33
 34 **STI/REVISE LIGHT RAIL LIMITATIONS**

35 **SECTION 40.11.(a)** G.S. 136-189.10 reads as rewritten:

36 **"§ 136-189.10. Definitions.**

37 ...

38 (2) Division needs projects. – Includes only the following:

39 ...

40 e. Public transportation service not included in subdivision (3) or (4) of
 41 this section. This sub-subdivision includes commuter rail, intercity
 42 rail, and light rail. ~~Nothing in this sub-subdivision shall be construed~~
 43 ~~as authorizing total State funding in excess of the maximum~~
 44 ~~established in sub-subdivision g. of subdivision (3) of this section for~~
 45 ~~commuter rail and light rail projects.~~

46 ...

47 (3) Regional impact projects. – Includes only the following:

48 ...

49 g. Public transportation service that spans two or more counties and that
 50 serves more than one municipality. Programmed funds pursuant to this
 51 sub-subdivision shall not exceed ten percent (10%) of any distribution

1 region allocation. This sub-subdivision includes commuter rail,
 2 intercity rail, and light rail. ~~Total State funding for a commuter rail or~~
 3 ~~light rail project shall not exceed the lesser of ten percent (10%) of the~~
 4 ~~distribution region allocation or ten percent (10%) of the estimated~~
 5 ~~total project costs used during the prioritization scoring process. The~~
 6 ~~State shall not be responsible or liable for any project costs in excess~~
 7 ~~of the maximum established under this sub-subdivision. Any~~
 8 ~~agreement entered into by the State to fund a commuter rail or light~~
 9 ~~rail project shall include language setting out the limitations set forth~~
 10 ~~in this sub-subdivision.~~

11"

12 **SECTION 40.11.(b)** G.S. 136-189.11(d1) is repealed.

13 **DMV/HEARINGS UNIT ALIGNMENT**

14 **SECTION 40.12.(a)** Revised Budget. – The Office of State Budget and
 15 Management, in consultation with the Division of Motor Vehicles, shall adjust the Hearing Unit's
 16 certified budget for the 2019-2020 fiscal year to correctly align total requirements and receipts
 17 to reflect the requirement set forth in Section 34.9 of S.L. 2014-100, as amended by Section
 18 29.30A of S.L. 2015-241 and Section 34.32 of S.L. 2017-57, that all functions, activities, and
 19 personnel associated with administering and conducting the hearings be fully receipt-supported
 20 from the fee proceeds collected by the Hearings Unit.

21 **SECTION 40.12.(b)** Report. – The Division of Motor Vehicles is required to report
 22 on any organizational changes occurring on or after October 1, 2018, to the Joint Legislative
 23 Transportation Oversight Committee, the House of Representatives Appropriations Committee
 24 on Transportation, the Senate Appropriations Committee on the Department of Transportation,
 25 and the Fiscal Research Division. This report shall be submitted by November 1, 2019, and shall
 26 include the following:

- 27 (1) The role and responsibilities of each full-time equivalent (FTE) moved in or
 28 out of Fund Code 1304.
- 29 (2) The budgeted salary and benefits of each FTE moved in or out of Fund Code
 30 1304.
- 31 (3) Justification of movement in or out of Fund Code 1304.
- 32 (4) Funding source before and after move, including Fund Code.
- 33 (5) The certified budget for the 2019-2020 fiscal year with total requirements,
 34 receipts, and FTEs.

35 **DMV/ONLINE PERFORMANCE DASHBOARD TO INCLUDE DMV** 36 **REGISTRATIONS OF HYBRID AND ELECTRIC VEHICLES**

37 **SECTION 40.13.(a)** Expand Performance Dashboard. – The Department of
 38 Transportation shall expand its performance dashboard available on the Department's home page
 39 of the Department's Web site to track the following information about the Division of Motor
 40 Vehicles:
 41 Vehicles:

- 42 (1) The number of hybrid vehicle registrations issued per month and year-to-date.
- 43 (2) The number of hybrid vehicle registrations renewed per month and
 44 year-to-date.
- 45 (3) The number of plug-in electric vehicle registrations issued per month and
 46 year-to-date.
- 47 (4) The number of plug-in electric vehicle registrations renewed per month and
 48 year-to-date.

49 **SECTION 40.13.(b)** Definitions. – For purposes of this section, (i) a hybrid vehicle
 50 is one that is capable of being propelled, at least in part by electricity, but is also capable of using
 51

1 motor fuel to propel the vehicle and (ii) a plug-in electric motor vehicle is as defined in
2 G.S. 20-4.01.

3 **SECTION 40.13.(c)** Implementation Date. – The expansion of the Department's
4 performance dashboard required under subsection (a) of this section shall be completed by
5 October 1, 2019.

6
7 **DMV/REDUCE NUMBER OF YEARS FOR A VEHICLE TO QUALIFY FOR AN**
8 **ANTIQUÉ REGISTRATION PLATE**

9 **SECTION 40.14.** G.S. 20-79.4(b)(94) reads as rewritten:

10 "(94) Historic Vehicle Owner. – Issuable for a motor vehicle that is at least ~~35 years~~
11 ~~old~~ 25 years old measured from the date of manufacture. The plate for an
12 historic vehicle shall bear the word "Antique" unless the vehicle is a model
13 year 1943 or older. The plate for a vehicle that is a model year 1943 or older
14 shall bear the word "Antique" or the words "Horseless Carriage", at the option
15 of the vehicle owner."
16

17 **DMV/STUDY REGISTRATION FEES FOR ALTERNATIVE FUEL MOTOR**
18 **VEHICLES**

19 **SECTION 40.16.(a)** Study Determining Amount. – The Division of Motor Vehicles
20 (Division) shall study the feasibility of determining the amount of a registration fee owed under
21 G.S. 20-87 for a motor vehicle using an alternative fuel source based off the actual usage of the
22 vehicle.

23 **SECTION 40.16.(b)** Study Payment Method. – The Division shall study the
24 feasibility of allowing the payment of a registration fee imposed under G.S. 20-87 for a motor
25 vehicle using an alternative fuel source in installments instead of a lump sum.

26 **SECTION 40.16.(c)** Report. – The Division shall report the findings of the study
27 required under subsection (a) of this section, including any legislative recommendations, to the
28 Joint Legislative Transportation Oversight Committee by January 31, 2021. The Division shall
29 report the findings of the study required under subsection (b) of this section, including any
30 legislative recommendations, to the Joint Legislative Transportation Oversight Committee by
31 January 15, 2020.
32

33 **DMV/RFP FOR NEW OFFICE SPACE FOR DMV RALEIGH STATE LICENSE PLATE**
34 **AGENCY AND REPORTS RELATED TO MOVE FROM NEW BERN AVENUE**
35 **BUILDING**

36 **SECTION 40.17.(a)** The Department of Administration (Department) is directed to
37 review the inventory of State-owned office space in the City of Raleigh for purposes of relocating
38 the Division of Motor Vehicles State License Plate Agency located on New Bern Avenue. If by
39 November 1, 2019, the Department is unable to locate suitable office space, the Department shall
40 issue a request for proposal (RFP) within 30 days seeking new office space for lease or purchase
41 for the State License Plate Agency. The geographic scope of the RFP shall be the City of Raleigh.

42 **SECTION 40.17.(b)** By January 15, 2020, the Department, in consultation with the
43 Division of Motor Vehicles (Division), shall submit a report to the Joint Legislative
44 Transportation Oversight Committee, the House of Representatives Appropriations Committee
45 on Transportation, the Senate Appropriations Committee on the Department of Transportation,
46 and the Fiscal Research Division containing the following information: (i) results of the review
47 of State-owned office space in the City of Raleigh suitable for the State License Plate Agency,
48 (ii) the RFP issued and a summary of all responses to the RFP, and (iii) the estimated cost to
49 relocate the State License Plate Agency.

50 **SECTION 40.17.(c)** At least 30 days prior to approval by the Council of State of the
51 lease or purchase of new office space for the State License Plate Agency, the Department of

1 Administration shall submit a report to the Joint Legislative Transportation Oversight
2 Committee, the House of Representatives Appropriations Committee on Transportation, the
3 Senate Appropriations Committee on the Department of Transportation, and the Fiscal Research
4 Division detailing the agreement.

5 **SECTION 40.17.(d)** By January 15, 2021, the Division shall submit a report to the
6 Joint Legislative Transportation Oversight Committee, the House of Representatives
7 Appropriations Committee on Transportation, the Senate Appropriations Committee on the
8 Department of Transportation, and the Fiscal Research Division containing the following
9 information: (i) an itemized list of expenses associated with the Division Headquarters relocation,
10 (ii) an itemized list of expenses associated with State License Plate Agency relocation, and (iii)
11 lease rates and agreements for both locations.

12 **SECTION 40.17.(e)** The Division of Motor Vehicles shall examine the anticipated
13 attrition of Division headquarters' employees and determine the cost of recruiting, replacing, and
14 training new employees. Additionally, the Division shall analyze the total cost to the employees
15 who remain with the Division and commute to Rocky Mount from the Triangle area. The
16 Division shall report on any transportation assistance and other compensation considerations for
17 those Division employees. The Division shall report on the anticipated total cost to the Division
18 to relocate to Rocky Mount, itemized by: packing and moving, furniture purchases, information
19 technology set up, security equipment purchases, and other upfitting requirements. The Division
20 shall report to the Joint Legislative Transportation Oversight Committee, the House of
21 Representatives Appropriations Committee on Transportation, the Senate Appropriations
22 Committee on the Department of Transportation, and the Fiscal Research Division by October 1,
23 2019.

24 25 **DMV/TOWN OF MARSHALL**

26 **SECTION 40.18.** The Division of Motor Vehicles is directed to reopen a Division
27 office in the Town of Marshall, with the same hours of operation and services the office had
28 provided before it closed, by September 1, 2019.

29 30 **FERRY/PASSENGER FERRY FUNDS**

31 **SECTION 40.19.** The Department of Transportation, Ferry Division, may enter into
32 a contract to lease a ferry vessel for operation between Hatteras and Ocracoke from May 24,
33 2019, to September 2, 2019, without complying with the provisions of Article 8 of Chapter 143
34 of the General Statutes, G.S. 136-28.1, or any other provision of law to the contrary.

35 36 **REPORT ON FUNDS APPROPRIATED FOR USE ON RAIL INFRASTRUCTURE**

37 **SECTION 40.21.(a)** On or before March 1, 2020, and every year thereafter until the
38 project is complete, the Department of Transportation shall submit an itemized report detailing
39 the use of the funds appropriated for the Global TransPark Connector to the Joint Legislative
40 Transportation Oversight Committee, the House of Representatives Appropriations Committee
41 on Transportation, the Senate Appropriations Committee on the Department of Transportation,
42 and the Fiscal Research Division.

43 **SECTION 40.21.(b)** On or before March 1, 2020, the Department of Transportation
44 shall submit an itemized report detailing the use of the funds appropriated for the Piedmont
45 locomotives and cars to the Joint Legislative Transportation Oversight Committee, the House of
46 Representatives Appropriations Committee on Transportation, the Senate Appropriations
47 Committee on the Department of Transportation, and the Fiscal Research Division. The report
48 shall include the overhaul policy for locomotives, a locomotives overhaul schedule with budget
49 requirements, and amount of funds expended and/or committed for overhaul activities.

50 **SECTION 40.21.(c)** On or before March 1, 2020, the Department of Transportation
51 shall submit an itemized report detailing the use of the funds appropriated for the train station

1 maintenance needs to the Joint Legislative Transportation Oversight Committee, the House of
2 Representatives Appropriations Committee on Transportation, the Senate Appropriations
3 Committee on the Department of Transportation, and the Fiscal Research Division. The report
4 shall include the eligibility requirements of stations, methodology in allocating funds to stations,
5 allowed uses of funds, and amount of funds expended and/or committed for projects.
6

7 **FUNDS FOR SELMA UNION STATION DEPOT**

8 **SECTION 40.22.** Of the funds appropriated in this act to the Department of
9 Transportation for train station maintenance, the sum of two hundred fifty-seven thousand five
10 hundred dollars (\$257,500) in nonrecurring funds shall be allocated to the Selma Union Station
11 Depot.
12

13 **FUNDS TO CONDUCT A STUDY OF PORTS AND A SUPPLY CHAIN ANALYSIS FOR** 14 **OFFSHORE WIND ENERGY**

15 **SECTION 40.23.(a)** The NC Ports Authority shall conduct a study of State ports,
16 rail networks, and other transportation infrastructure to identify existing assets, current
17 capabilities, and needed investments to assist in providing services for cargo, transportation, and
18 trade, and to identify potential improvements to enhance the ability of the State to facilitate and
19 foster the growth of offshore wind supply chain industries in North Carolina. The NC Ports
20 Authority shall include in its study suggested improvements to the existing Statewide rail
21 network to accommodate the shipment of large-scale power generating units and turbines to ports
22 within the State. In conducting the study, the NC Ports Authority may consult with local
23 government entities, manufacturers, and other stakeholders with relevant expertise as the NC
24 Ports Authority deems appropriate.

25 **SECTION 40.23.(b)** The NC Ports Authority shall conduct an economic
26 development study to evaluate the State's business advantages, economic climate, workforce
27 readiness, ports and transportation assets studied in subsection (a) of this section, and any other
28 relevant State assets to create a roadmap for North Carolina to effectively compete in attracting
29 offshore wind energy supply chain industries to the State. In conducting this economic
30 development study and in creating a roadmap, the NC Ports Authority shall consider at least all
31 of the following:

- 32 (1) Identification and characterization of discrete segments within the offshore
33 wind supply chain, including major manufacturing operations, specialty
34 component manufacturing, component assembly, and ancillary services for
35 future offshore wind energy projects along the east coast of the United States.
- 36 (2) Estimated number and type of direct manufacturing jobs.
- 37 (3) Potential ancillary economic benefits.
- 38 (4) Potential industry investment in North Carolina and opportunities for rural
39 economic development.
- 40 (5) Highest impact investment opportunities to produce the largest net economic
41 benefit.
- 42 (6) Potential benefits to local tax bases.
- 43 (7) Expected additional contribution to State economic output.
- 44 (8) Any additional information the NC Ports Authority identifies as relevant to
45 the conduct of its study.

46 **SECTION 40.23.(c)** The NC Ports Authority shall submit the reports and the
47 roadmap described in this section, and any legislative recommendations, to the Joint Legislative
48 Transportation Oversight Committee and the Fiscal Research Division on or before March 1,
49 2020.
50

51 **DOT EMPLOYEE BENEFITS**

1 **SECTION 40.24.** Notwithstanding any other provision of this act to the contrary, of
2 the funds appropriated to the Highway Fund, Reserves, Transfers, and Other the sum of four
3 million nine hundred fifty-eight thousand eight hundred eighty-one dollars (\$4,958,881) for the
4 2019-2020 fiscal year and fourteen million nine hundred two thousand nine hundred eighty-five
5 dollars (\$14,902,985) for the 2020-2021 fiscal year shall be allocated as follows:

- 6 (1) Nine hundred eighty-seven thousand four hundred twenty-one dollars
7 (\$987,421) for the 2019-2020 fiscal year and three million six hundred sixty-
8 two thousand two hundred seven dollars (\$3,662,207) for the 2020-2021 fiscal
9 year in recurring funds for increased employer costs of the health benefit
10 coverage for active employees utilizing the State Health Plan.
11 (2) Three million eight hundred thousand two hundred seventy-six dollars
12 (\$3,800,276) for the 2019-2020 fiscal year and ten million ninety-nine
13 thousand eight hundred thirty-two dollars (\$10,099,832) for the 2020-2021
14 fiscal year in recurring funds for the actuarially determined contribution and
15 increased retiree medical premiums, and a one percent (1.0%) one-time cost-
16 of-living supplement to retirees in fiscal year 2020-2021 in the amount of nine
17 hundred sixty-nine thousand seven hundred sixty-two dollars (\$969,762).
18 (3) One hundred seventy-one thousand one hundred eighty-four dollars
19 (\$171,184) in recurring funds for each year of the 2019-2021 biennium for the
20 payment of short-term disability benefits.
21

22 **STUDY/MPO VOTING POWER DISTRIBUTION**

23 **SECTION 40.25.(a)** The Joint Legislative Transportation Oversight Committee
24 shall study:

- 25 (1) The process used and guidelines followed by Metropolitan Planning
26 Organizations and Rural Transportation Planning Organizations in
27 determining how to distribute voting power among their voting members.
28 (2) Other state laws to determine if and how other states regulate the distribution
29 of voting power among the voting members of Metropolitan Planning
30 Organizations and Rural Transportation Planning Organizations.
31 (3) Methods to ensure regional governance under a weighted voting structure.
32 (4) Quorum determination by members present instead of by weighted vote.
33 (5) Methods to accomplish redesignation in which each municipality has equal
34 voting power.
35 (6) Any other topic or issue the Committee determines to be relevant to this study.

36 **SECTION 40.25.(b)** The Committee shall report its findings, including any
37 proposed legislation, to the 2020 Regular Session of the General Assembly.
38

39 **DOT SALARIES**

40 **SECTION 40.26.** Notwithstanding any other provision of this act to the contrary, of
41 the funds appropriated to the Highway Fund, Reserves, Transfers, and Other the sum of two
42 million four hundred four thousand eight hundred thirty-four dollars (\$2,404,834) for the 2019-
43 2020 fiscal year and four million eight hundred nine thousand six hundred sixty-seven dollars
44 (\$4,809,667) for the 2020-2021 fiscal year shall be used to provide funding for an annualized
45 across the board salary increase for Department of Transportation employees that is the greater
46 of one percent (1%) or five hundred dollars (\$500), effective January 1, 2020.
47

48 **PART XLI. FINANCE**

49 **INCREASE STANDARD DEDUCTION**

50 **SECTION 41.1.(a)** G.S. 105-153.5(a)(1) reads as rewritten:
51

"(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 \$20,750
Head of Household	15,000 15,563
Single	10,000 10,375
Married, filing separately	10,000 10,375."

SECTION 41.1.(b) This section is effective for taxable years beginning on or after January 1, 2021.

INCOME EXCLUSION FOR IRA DISTRIBUTIONS TO CHARITIES BY TAXPAYERS AGE 70 1/2 OR OLDER

SECTION 41.2.(a) G.S. 105-153.5(a)(2)a. reads as rewritten:

"a. Charitable Contribution. – The amount allowed as a deduction for charitable contributions under section 170 of the Code for that taxable year. For taxable years ~~beginning on or after 2014, 2014 through 2018,~~ a taxpayer who elected to take the income exclusion under section 408(d)(8) of the Code for a qualified charitable distribution from an individual retirement plan by a person who has attained the age of 70 1/2 may deduct the amount that would have been allowed as a charitable deduction under section 170 of the Code had the taxpayer not elected to take the income exclusion."

SECTION 41.2.(b) G.S. 105-153.5(c2)(3) reads as rewritten:

"(3) For taxable years ~~beginning on or after 2014, 2014 through 2018,~~ the taxpayer must add the amount excluded from the taxpayer's gross income for a qualified charitable distribution from an individual retirement plan by a person who has attained age 70 1/2 under section 408(d)(8) of the Code. The purpose of this subdivision is to decouple from the income exclusion available under federal tax law."

SECTION 41.2.(c) This section is effective when it becomes law.

FRANCHISE TAX CHANGES

SECTION 41.3.(a) G.S. 105-120.2(b) reads as rewritten:

"(b) Tax Rate. – Every corporation taxed under this section shall annually pay to the Secretary of Revenue, at the time the return is due, the greater of the following:

(1) A franchise or privilege tax at the rate ~~of one dollar and fifty cents (\$1.50) set in G.S. 105-122(d2)~~ per one thousand dollars (\$1,000) of the amount determined under subsection (a) of this ~~section, but in section.~~ In no case shall the tax be more than one hundred fifty thousand dollars (\$150,000) nor less than two hundred dollars (\$200.00).

(2) If the tax calculated under this subdivision exceeds the tax calculated under subdivision (1) of this subsection, then the tax is levied at the rate ~~of one dollar and fifty cents (\$1.50) set in G.S. 105-122(d2)~~ per one thousand dollars (\$1,000) ~~on the greater of the following: the total actual investment in tangible property in this State of such corporation as computed under G.S. 105-122(d).~~

a. ~~Fifty five percent (55%) of the appraised value as determined for ad valorem taxation of all the real and tangible personal property in this State of each such corporation plus the total appraised value of~~

1 ~~intangible property returned for taxation of intangible personal~~
2 ~~property as computed under G.S. 105-122(d).~~

3 b. ~~The total actual investment in tangible property in this State of such~~
4 ~~corporation as computed under G.S. 105-122(d)."~~

5 **SECTION 41.3.(b)** G.S. 105-122(d)(2) is repealed.

6 **SECTION 41.3.(c)** G.S. 105-122(d2) reads as rewritten:

7 "(d2) Tax Rate. – For an electric power company or a company that is a member of a
8 qualified group, the tax rate is one dollar and fifty cents (\$1.50) per one thousand dollars (\$1,000)
9 of the company's tax base as determined under subsection (d) of this section. For purposes of this
10 subsection, the term "electric power company" has the same meaning as defined in
11 G.S. 105-130.4(s3) and the term "qualified group" means an affiliated group that has one or more
12 members that is an electric power company.

13 ~~For a C Corporation, For all other C Corporations, as defined in G.S. 105-130.2, [the] the~~ tax
14 ~~rate is one dollar and fifty cents (\$1.50) one dollar and thirty cents (\$1.30) per one thousand~~
15 ~~dollars (\$1,000) of the corporation's tax base as determined under subsection (d) of this section.~~
16 For an S Corporation, as defined in G.S. 105-130.2, the tax rate is two hundred dollars (\$200.00)
17 for the first one million dollars (\$1,000,000) of the corporation's tax base as determined under
18 subsection (d) of this section and ~~one dollar and fifty cents (\$1.50) one dollar and thirty cents~~
19 ~~(\$1.30) per one thousand dollars (\$1,000) of its tax base that exceeds one million dollars~~
20 ~~(\$1,000,000).~~

21 In no event may the tax imposed by this section be less than two hundred dollars (\$200.00)."

22 **SECTION 41.3.(d)** G.S. 105-122(d2), as amended by subsection (c) of this section,
23 reads as rewritten:

24 "(d2) Tax Rate. – For an electric power company or a company that is a member of a
25 qualified group, the tax rate is one dollar and fifty cents (\$1.50) per one thousand dollars (\$1,000)
26 of the company's tax base as determined under subsection (d) of this section. For purposes of this
27 subsection, the term "electric power company" has the same meaning as defined in
28 G.S. 105-130.4(s3) and the term "qualified group" means an affiliated group that has one or more
29 members that is an electric power company.

30 For all other C Corporations, as defined in G.S. 105-130.2, the tax rate is ~~one dollar and thirty~~
31 ~~cents (\$1.30) one dollar (\$1.00) per one thousand dollars (\$1,000) of the corporation's tax base~~
32 ~~as determined under subsection (d) of this section. For an S Corporation, as defined in~~
33 ~~G.S. 105-130.2, the tax rate is two hundred dollars (\$200.00) for the first one million dollars~~
34 ~~(\$1,000,000) of the corporation's tax base as determined under subsection (d) of this section and~~
35 ~~one dollar and thirty cents (\$1.30) one dollar (\$1.00) per one thousand dollars (\$1,000) of its tax~~
36 ~~base that exceeds one million dollars (\$1,000,000).~~

37 In no event may the tax imposed by this section be less than two hundred dollars (\$200.00)."

38 **SECTION 41.3.(e)** G.S. 105-122(d2), as amended by subsections (c) and (d) of this
39 section, reads as rewritten:

40 "(d2) Tax Rate. – ~~For an electric power company or a company that is a member of a~~
41 ~~qualified group, the tax rate is one dollar and fifty cents (\$1.50) per one thousand dollars (\$1,000)~~
42 ~~of the company's tax base as determined under subsection (d) of this section. For purposes of this~~
43 ~~subsection, the term "electric power company" has the same meaning as defined in G.S. 105-~~
44 ~~130.4(s3) and the term "qualified group" means an affiliated group that has one or more members~~
45 ~~that is an electric power company.~~

46 ~~For all other C Corporations, For a C Corporation, as defined in G.S. 105-130.2, the tax rate~~
47 ~~is one dollar (\$1.00) per one thousand dollars (\$1,000) of the corporation's tax base as determined~~
48 ~~under subsection (d) of this section. For an S Corporation, as defined in G.S. 105-130.2, the tax~~
49 ~~rate is two hundred dollars (\$200.00) for the first one million dollars (\$1,000,000) of the~~
50 ~~corporation's tax base as determined under subsection (d) of this section and one dollar (\$1.00)~~
51 ~~per one thousand dollars (\$1,000) of its tax base that exceeds one million dollars (\$1,000,000).~~

1 In no event may the tax imposed by this section be less than two hundred dollars (\$200.00)."
2 **SECTION 41.3.(f)** Subsections (a) through (c) of this section are effective for
3 taxable years beginning on or after January 1, 2020, and applicable to the calculation of franchise
4 tax reported on the 2019 and later corporate income tax returns. Subsection (d) of this section is
5 effective for taxable years beginning on or after January 1, 2021, and applicable to the calculation
6 of franchise tax reported on the 2020 and later corporate income tax returns. Subsection (e) of
7 this section is effective for taxable years beginning on or after January 1, 2027, and applicable to
8 the calculation of franchise tax reported on the 2026 and later corporate income tax returns.
9 Except as otherwise provided, this section is effective when it becomes law.

10
11 **USE MARKET-BASED SOURCING FOR MULTISTATE INCOME TAX**
12 **APPORTIONMENT**

13 **SECTION 41.4.(a)** G.S. 105-130.4 reads as rewritten:
14 "**§ 105-130.4. Allocation and apportionment of income for corporations.**

15 ...
16 (l) ~~(l)~~ Sales Factor. – The sales factor is a fraction, the numerator of which is the total
17 sales of the corporation in this State during the income year, and the denominator of which is the
18 total sales of the corporation everywhere during the income year. Notwithstanding any other
19 provision under this Part, the receipts from any casual sale of property shall be excluded from
20 both the numerator and the denominator of the sales factor. Where a corporation is not taxable in
21 another state on its apportionable income but is taxable in another state only because of
22 nonapportionable income, all sales shall be treated as having been made in this State.

23 Receipts are in this State if the taxpayer's market for the receipts is in this State. If the market
24 for a receipt cannot be determined, the state or states of assignment shall be reasonably
25 approximated. In a case in which a taxpayer cannot ascertain the state or states to which receipts
26 of a sale are to be assigned through the use of a method of reasonable approximation, the receipts
27 must be excluded from the denominator of a taxpayer's sales factor. Except as otherwise provided
28 by this section, a taxpayer's market for receipts is in this State as provided below:

- 29 (1) In the case of sale, rental, lease, or license of real property, if and to the extent
30 the property is located in this State.
31 (2) ~~Sales of tangible personal property are in this State if the property is received~~
32 ~~in this State by the purchaser. In the case of delivery of goods by common~~
33 ~~carrier or by other means of transportation, including transportation by the~~
34 ~~purchaser, the place at which the goods are ultimately received after all~~
35 ~~transportation has been completed shall be considered as the place at which~~
36 ~~the goods are received by the purchaser. Direct delivery into this State by the~~
37 ~~taxpayer to a person or firm designated by a purchaser from within or without~~
38 ~~the State shall constitute delivery to the purchaser in this State.~~In the case of
39 rental, lease, or license of tangible personal property, if and to the extent the
40 property is located in this State.
41 (3) ~~Other sales are in this State if any of the following occur:~~In the case of sale of
42 tangible personal property, if and to the extent the property is received in this
43 State by the purchaser. In the case of delivery of goods by common carrier or
44 by other means of transportation, including transportation by the purchaser,
45 the place at which the goods are ultimately received after all transportation
46 has been completed is considered the place at which the goods are received
47 by the purchaser. Direct delivery into this State by the taxpayer to a person or
48 firm designated by a purchaser from within or without the State constitutes
49 delivery to the purchaser in this State.

- 1 a. ~~The receipts are from real or tangible personal property located in this~~
2 ~~State, and includes receipts from incidental services sold as part of, or~~
3 ~~in connection with, the sale of tangible personal property in this State.~~
4 b. ~~The receipts are from intangible property and are received from~~
5 ~~sources within this State.~~
6 c. ~~The receipts are from services and the income producing activities are~~
7 ~~in this State. For the purposes of this subdivision, an~~
8 ~~"income producing activity" means an activity directly performed by~~
9 ~~the taxpayer or its agents for the ultimate purpose of generating the~~
10 ~~sale of the service. Receipts from income producing activities~~
11 ~~performed within and without this State are attributed to this State in~~
12 ~~proportion to the income producing activities performed in this State~~
13 ~~to total income producing activities performed everywhere that~~
14 ~~generate the sale of service.~~

15 (4) In the case of sale of a service, if and to the extent the service is delivered to
16 a location in this State.

17 (5) In the case of intangible property that is rented, leased, or licensed, if and to
18 the extent the property is used in this State. Intangible property utilized in
19 marketing a good or service to a consumer is "used in this State" if that good
20 or service is purchased by a consumer who is in this State.

21 (6) In the case of intangible property that is sold, if and to the extent the property
22 is used in this State. A contract right, government license, or similar intangible
23 property that authorized the holder to conduct a business activity in a specific
24 geographic area is "used in this State" if the geographic area includes all or
25 part of this State. Receipts from a sale of intangible property that is contingent
26 on the productivity, use, or disposition of the intangible property shall be
27 treated as receipts from the rental, lease, or licensing of the intangible property
28 as provided under subdivision (5) of this subsection. All other receipts from a
29 sale of intangible property shall be excluded from the numerator and
30 denominator of the sales factor.

31 (11) Wholesale Content Distributors. – A whole content distributor's market for receipts
32 is in this State as provided in G.S. 105-130.4A. In no event may the amount of income
33 apportioned to this State be less than the amount determined under this subsection. The amount
34 determined under this subsection is the total domestic gross receipts of the wholesale content
35 distributor from advertising and licensing activities multiplied by two percent (2%). For purposes
36 of this section, the term "wholesale content distributor" has the same meaning as defined in
37 G.S. 105-130.4A.

38 (12) Banks. – A bank's market for receipts is in this State as provided in G.S. 105-130.4B.
39 For purposes of this section, the term "bank" has the same meaning as defined in
40 G.S. 105-130.4B.

41 ...

42 (s3) Electric Power Company. – All apportionable income of an electric power company
43 shall be apportioned by a fraction, the numerator of which is the average value of the real and
44 tangible personal property owned or rented and used in this State by the electric power company
45 during the income year and the denominator of which is the average value of all the real and
46 tangible personal property owned or rented and used by the electric power company during the
47 income year. For purposes of this subsection, the term "electric power company" is a company,
48 including any of its wholly owned noncorporate limited liability companies, primarily engaged
49 in the business of supplying electricity for light, heat, current, or power to persons in this State
50 and that is subject to control of one or more of the following entities: the North Carolina Utilities
51 Commission or the Federal Energy Regulatory Commission.

1 For purposes of this subsection, the average value of real and tangible personal property
2 owned or rented by an electric power company is determined as follows:

- 3 (1) The average value of property shall be determined by averaging the values at
4 the beginning and end of the income year, but in all cases the Secretary may
5 require the averaging of monthly or other periodic values during the income
6 year if reasonably required to reflect properly the average value of the
7 corporation's property.
- 8 (2) An electric power company that ceases its operations in this State before the
9 end of its income year because of its intention to dissolve or to relinquish its
10 certificate of authority, or because of a merger, conversion, or consolidation,
11 or for any other reason whatsoever shall use the real estate and tangible
12 personal property values as of the first day of the income year and the last day
13 of its operations in this State in determining the average value of property, but
14 the Secretary may require averaging of monthly or other periodic values
15 during the income year if reasonably required to reflect properly the average
16 value of the electric power company's property.
- 17 (3) Property owned by an electric power company is valued at its original cost.
- 18 (4) Property rented by an electric power company is valued at eight times the net
19 annual rental rate.
- 20 (5) Net annual rental rate is the annual rental rate paid by an electric power
21 company less any annual rental rate received by the electric power company
22 from sub-rentals except that sub-rentals shall not be deducted when they
23 constitute apportionable income.
- 24 (6) Any property under construction and any property the income from which
25 constitutes nonapportionable income shall be excluded from the computation
26 of the average value of an electric power company's real and tangible personal
27 property.

28"

29 **SECTION 41.4.(b)** Part 1 of Article 4 of Chapter 105 of the General Statutes is
30 amended by adding a new section to read:

31 **"§ 105-130.4A. Market-based sourcing for wholesale content distributors.**

32 (a) Definitions. – The definitions in G.S. 105-130.4 and the following definitions apply
33 to this section:

- 34 (1) Customer. – A person who has a direct contractual relationship with a
35 wholesale content distributor from whom the wholesale content distributor
36 derives gross receipts, including a business customer such as an advertiser or
37 licensee and an individual customer that directly subscribes with the
38 wholesale content distributor for access to film programming.
- 39 (2) Gross receipts. – The same meaning as the term "sales" in G.S. 105-130.4.
- 40 (3) Wholesale content distributor. – A broadcast television network, a cable
41 program network, or any television distribution company owned by, affiliated
42 with, or under common ownership with any such network. The term does not
43 mean or include a multi-channel video programming distributor or a
44 distributor of subscription-based Internet programming services.

45 (b) Market for Receipts. – The receipts factor of a wholesale content distributor is a
46 fraction, the numerator of which is the sum of the wholesale content distributor's gross receipts
47 from transactions and activity in the regular course of its trade or business from sources within
48 the State and the denominator of which is the sum of the wholesale content distributor's gross
49 receipts from transactions and activity in the regular course of its trade or business everywhere.
50 A wholesale content distributor's receipts from transactions and activities in the regular course
51 of its business, including, but not limited to, advertising, licensing, and distribution activities, but

1 excluding receipts from the sale of real property or tangible personal property, are in this State if
2 derived from a business customer whose commercial domicile is in this State. Receipts derived
3 from an individual customer are in this State if the billing address of the individual customer as
4 listed in the broadcaster's books and records is in this State."

5 **SECTION 41.4.(c)** Part 1 of Article 4 of Chapter 105 of the General Statutes is
6 amended by adding a new section to read:

7 **"§ 105-130.4B. Market-based sourcing for banks.**

8 (a) Definitions. – The definitions in G.S. 105-130.4 apply to this section and the
9 following definitions apply to this section:

- 10 (1) Bank. – Defined in G.S. 105-130.7B.
11 (2) Billing address. – The location indicated in the books and records of the
12 taxpayer on the first day of the taxable year, or on the date in the taxable year
13 when the customer relationship began, as the address where any notice,
14 statement, or billing relating to the customer's account is mailed.
15 (3) Borrower, cardholder, or payor located in this State. – A borrower, credit
16 cardholder, or payor whose billing address is in this State.
17 (4) Card issuer's reimbursement fee. – The fee a taxpayer receives from a
18 merchant's bank because one of the persons to whom the taxpayer has issued
19 a credit, debit, or similar type of card has charged merchandise or services to
20 the card.
21 (5) Credit card. – A card, or other means of providing information, that entitles
22 the holder to charge the cost of purchases, or a cash advance against a line of
23 credit.
24 (6) Debit card. – A card, or other means of providing information, that enables
25 the holder to charge the cost of purchases, or a cash withdrawal, against the
26 holder's bank account or a remaining balance on the card.
27 (7) Loan. – Any extension of credit resulting from direct negotiations between the
28 taxpayer and its customer, and/or the purchase, in whole or in part, of such an
29 extension of credit from another. The term includes participations,
30 syndications, and leases treated as loans for federal income tax purposes.
31 (8) Loan secured by real property. – A loan or other obligation of which fifty
32 percent (50%) or more of the aggregate value of the collateral used to secure
33 the loan or other obligation, when valued at fair market value as of the time
34 the original loan or obligation was incurred, was real property.
35 (9) Merchant discount. – The fee, or negotiated discount, charged to a merchant
36 by the taxpayer for the privilege of participating in a program whereby a
37 credit, debit, or similar type of card is accepted in payment for merchandise
38 or services sold to the cardholder, net of any cardholder chargeback and
39 unreduced by any interchange transaction or issuer reimbursement fee paid to
40 another for charges or purchased made by its cardholder.
41 (10) Participation. – An extension of credit in which an undivided ownership
42 interest is held on a prorated basis in a single loan or pool of loans and related
43 collateral. In a loan participation, the credit originator initially makes the loan
44 and then subsequently resells all or a portion of it to other lenders. The
45 participation may or may not be known to the borrower.
46 (11) Payor. – The person who is legally responsible for making payment to the
47 taxpayer.
48 (12) Real property owned. – Real property (i) on which the taxpayer may claim
49 depreciation for federal income tax purposes or (ii) to which the taxpayer
50 holds legal title and on which no other person may claim depreciation for
51 federal income tax purposes or could claim depreciation if subject to federal

1 income tax. Real property does not include coin, currency, or property
2 acquired in lieu of or pursuant to a foreclosure.

3 (13) Syndication. – An extension of credit in which two or more persons fund and
4 each person is at risk only up to a specified percentage of the total extension
5 of credit or up to a specified dollar amount.

6 (14) Tangible personal property owned. – Tangible personal property (i) on which
7 the taxpayer may claim depreciation for federal income tax purposes or (ii) to
8 which the taxpayer holds legal title and on which no other person may claim
9 depreciation for federal income tax purposes could claim depreciation if
10 subject to federal income tax. Tangible personal property does not include
11 coin, currency, or property acquired in lieu of or pursuant to a foreclosure.

12 (15) Transportation property. – Vehicles and vessels capable of moving under their
13 own power as well as any equipment or containers attached to such property.
14 Examples of transportation property include aircraft, trains, water vessels,
15 motor vehicles, rolling stock, barges, and trailers.

16 (b) General Rule. – The receipts factor of a bank is a fraction, the numerator of which is
17 the total receipts of the taxpayer in this State during the income year, and the denominator of
18 which is the total receipts of the taxpayer everywhere during the income year. The method of
19 calculating receipts for purposes of the denominator is the same as the method used in
20 determining receipts for purposes of the numerator. The receipts factor includes only those
21 receipts described herein that are apportionable income for the taxable year. Notwithstanding any
22 other provision under this Part, the receipts from the following are excluded from both the
23 numerator and the denominator of the receipts factor:

24 (1) Receipts from a casual sale of property.

25 (2) Receipts exempt from taxation.

26 (3) The portion of receipts realized from the sale or maturity of securities or other
27 obligations that represents a return of principal.

28 (4) Receipts in the nature of dividends subtracted under G.S. 105-130.5(b)(3a)
29 and (3b) and dividends excluded for federal tax purposes.

30 (5) The portion of receipts from financial swaps and other similar financial
31 derivatives that represent the notional principal amount that generates the cash
32 flow traded in the swap agreement.

33 (c) Receipts from the Sale, Lease, or Rental of Real Property. – The numerator of the
34 receipts factor includes receipts from the sale, lease, or rental of real property owned by the
35 taxpayer if the property is located within this State or receipts from the sublease of real property
36 if the property is located within this State.

37 (d) Receipts from the Sale, Lease, or Rental of Tangible Personal Property. – The method
38 for calculating receipts from the sale, lease, or rental of tangible personal property is as follows:

39 (1) Tangible personal property. – Except as provided in subdivision (2) of this
40 subsection, the numerator of the receipts factor includes receipts from the sale,
41 lease, or rental of tangible personal property owned by the taxpayer if the
42 property is located within this State when it is first placed in service by the
43 lessee.

44 (2) Transportation property. – Receipts from the lease or rental of transportation
45 property owned by the taxpayer are included in the numerator of the receipts
46 factor to the extent that the property is used in this State. The extent an aircraft
47 will be deemed to be used in this State and the amount of receipts that is to be
48 included in the numerator of this State's receipts factor is determined by
49 multiplying all the receipts from the lease or rental of the aircraft by a fraction,
50 the numerator of which is the number of landings of the aircraft in this State
51 and the denominator of which is the total number of landings of the aircraft.

1 If the extent of the use of any transportation property within this State cannot
2 be determined, then the property will be deemed to be used wholly in the state
3 in which the property has its principal base of operations. A motor vehicle will
4 be deemed to be used wholly in the state in which it is registered.

5 (e) Interest, Fees, and Penalties from Loans Secured by Real Property. – The numerator
6 of the receipts factor includes interest, fees, and penalties from loans secured by real property if
7 the property is located within this State. If the property is located both within this State and one
8 or more other states, the receipts described in this subsection are included in the numerator of the
9 receipts factor if more than fifty percent (50%) of the fair market value of the real property is
10 located within this State. If more than fifty percent (50%) of the fair market value of the real
11 property is not located within any one state, then the receipts described in this subsection are
12 included in the numerator of the receipts factor if the borrower is located in this State. The
13 determination of whether the real property securing a loan is located within this State is made as
14 of the time the original agreement was made and any and all subsequent substitutions of collateral
15 are disregarded.

16 (f) Interest, Fees, and Penalties from Loans Not Secured by Real Property. – The
17 numerator of the receipts factor includes interest, fees, and penalties from loans not secured by
18 real property if the borrower is located in this State.

19 (g) Net Gains from the Sale of Loans. – The numerator of the receipts factor includes net
20 gains from the sale of loans. Net gains from the sale of loans include income recorded under the
21 coupon stripping rules of Section 1286 of the Code. The amount of net gains from the sale of
22 loans that is included in the numerator is determined as follows:

23 (1) Secured by real property. – The amount of net gains, but not less than zero,
24 from the sale of loans secured by real property is determined by multiplying
25 the net gains by a fraction, the numerator of which is the amount included in
26 the numerator of the receipts factor pursuant to subsection (e) of this section,
27 and the denominator of which is the total amount of interest, fees, and
28 penalties from loans secured by real property.

29 (2) Not secured by real property. – The amount of net gains, but not less than zero,
30 from the sale of loans not secured by real property is determined by
31 multiplying the net gains by a fraction, the numerator of which is the amount
32 included in the numerator of the receipts factor pursuant to subsection (f) of
33 this section, and the denominator of which is the total amount of interest, fees,
34 and penalties from loans not secured by real property.

35 (h) Receipts from Interest, Fees, and Penalties from Cardholders. – The numerator of the
36 receipts factor includes interest, fees, and penalties charged to credit, debit, or similar
37 cardholders, including annual fees and overdraft fees, if the cardholder is located in this State.

38 (i) Receipts from ATM Fees. – The numerator of the receipts factor includes receipts
39 from fees from the use of an ATM owned or rented by the taxpayer, if the ATM is located in this
40 State. The receipts factor includes all ATM fees that are not forwarded directly to another bank.
41 Receipts from ATM fees that are not sourced under this subsection are sourced pursuant to
42 subsection (l) of this section.

43 (j) Net Gains from the Sale of Credit Card Receivables. – The numerator of the receipts
44 factor includes net gains, but not less than zero, from the sale of credit card receivables multiplied
45 by a fraction, the numerator of which is the amount included in the numerator of the receipts
46 factor pursuant to subsection (h) of this section, and the denominator of which is the taxpayer's
47 total amount of interest, fees, and penalties charged to cardholders.

48 (k) Miscellaneous Receipts. – The numerator of the receipts factor includes all of the
49 following:

50 (1) Card issuer's reimbursement fees. – Receipts from card issuer's reimbursement
51 fees if the payor is located in this State.

- 1 (2) Receipts from merchant's discount. – Receipts from a merchant discount if the
2 payor is located in this State.
- 3 (3) Loan servicing fees. – Receipts from loan servicing fees if the payor is located
4 in this State.
- 5 (4) Receipts from services. – Receipts from services not otherwise apportioned
6 under this section if the payor is located in this State.
- 7 (5) Receipts from investment assets and activity and trading assets and activity. –
8 Receipts from one or more of the following:
- 9 a. Interest and dividends from investment assets and activities and
10 trading assets and activities if the payor is located in this State.
- 11 b. Net gains and other income, but not less than zero, from investment
12 assets and activities and trading assets and activities multiplied by a
13 fraction, the numerator of which is the amount included in the
14 numerator of the receipts factor pursuant to sub-subdivision a. of this
15 subdivision, and the denominator of which is the taxpayer's total
16 amount of interest and dividends from investment assets and activities
17 and trading assets and activities.

18 (D) All Other Receipts. – All other receipts not specifically enumerated in this section are
19 included in the numerator of the receipts factor if the payor is located in this State."

20 **SECTION 41.4.(d)** The Utilities Commission shall adjust the rates for public
21 utilities, excluding water public utilities with less than two hundred thousand dollars (\$200,000)
22 in annual operating revenues, for the tax changes in subsection (a) of this section. Each utility
23 shall calculate the cumulative net effect of the tax changes and file the calculations with proposed
24 rate changes to reflect the net prospective tax changes in utility customer rates within 60 days of
25 the enactment of this act. Any adjustments required to existing tax assets or liabilities reflected
26 in the utility's books and records required by the tax changes shall be deferred and reflected in
27 customer rates in either the utility's next rate case or earlier if deemed appropriate by the
28 Commission.

29 **SECTION 41.4.(e)** Under Section 38.4 of S.L. 2016-94, the Department of Revenue
30 adopted and submitted to the Rules Review Commission rules regarding the implementation and
31 administration of market-based sourcing principles based on legislation proposed in that section.
32 The Department adopted the rules on January 4, 2017, and submitted the rules to the Rules
33 Review Commission on January 18, 2017. The Rules Review Commission approved and
34 delivered the rules to the Codifier of Rules on February 16, 2017. Pursuant to Section 38.4(b) of
35 S.L. 2016-94, the Codifier of Rules did not enter the rules into the Administrative Code. The
36 Department of Revenue shall revise the rules in a manner consistent with this section.

37 **SECTION 41.4.(f)** G.S. 105-130.4(s3), as enacted by subsection (a) of this section,
38 is repealed.

39 **SECTION 41.4.(g)** G.S. 105-122(c1)(1) reads as rewritten:

- 40 "(1) Statutory. – A corporation that is subject to income tax under Article 4 of this
41 Chapter must apportion its capital stock, surplus, and undivided profits by
42 using the fraction it applies in apportioning its income under that Article. A
43 corporation that is not subject to income tax under Article 4 of this Chapter
44 must apportion its capital stock, surplus, and undivided profits by using the
45 fraction it would be required to apply in apportioning its income if it were
46 subject to that Article. The apportionment fraction for a wholesale content
47 distributor, as that term is defined in G.S. 105-130.4A, shall not be less than
48 two percent (2%). The apportionment method set out in this subdivision is
49 considered the statutory method of apportionment and is presumed to be the
50 best method of determining the amount of a corporation's capital stock,

surplus, and undivided profits attributable to the corporation's business in this State."

SECTION 41.4.(h) Subsections (a) through (c) and subsection (g) of this section are effective for taxable years beginning on or after January 1, 2020. Subsection (f) of this section is effective for taxable years beginning on or after January 1, 2026. The remainder of this section is effective when it becomes law.

MARKETPLACE FACILITATORS TO COLLECT SALES TAX

SECTION 41.5.(a) G.S. 105-164.3 reads as rewritten:

"§ 105-164.3. Definitions.

The following definitions apply in this Article:

...

(20a) Marketplace. – A physical or electronic place, forum, platform, application, or other method by which a marketplace seller sells or offers to sell items, the delivery of or first use of which is sourced to this State.

(20b) Marketplace facilitated sale. – The sale of an item by a marketplace facilitator on behalf of a marketplace seller that occurs through a marketplace.

(20c) Marketplace facilitator. – A person that, directly or indirectly and whether through one or more affiliates, does both of the following:

a. Lists or otherwise makes available for sale a marketplace seller's items through a marketplace owned or operated by the marketplace facilitator.

b. Does one or more of the following:

1. Collects the sales price or purchase price of a marketplace seller's items or otherwise processes payment.

2. Makes payment processing services available to purchasers for the sale of a marketplace seller's items.

3. Transmits the offer or acceptance for the sale of the items.

(20d) Marketplace seller. – A person that sells or offers to sell items through a marketplace regardless of any of the following:

a. Whether the person has a physical presence in this State.

b. Whether the person is registered as a retailer in this State.

c. Whether the person would have been required to collect and remit sales and use tax had the sales not been made through a marketplace.

d. Whether the person would not have been required to collect and remit sales and use tax had the sales not been made through a marketplace.

...."

SECTION 41.5.(b) G.S. 105-164.8(b) reads as rewritten:

"(b) Remote Sales. – A retailer who makes a remote sale is engaged in business in this State and is subject to the tax levied under this Article if at least one of the following conditions is met:

...

(3) The retailer solicits or transacts business in this State by employees, independent contractors, agents, or other representatives, whether the remote sales ~~thus~~ subject to taxation by this State result from or are related in any other way to the solicitation or transaction of business. A retailer is presumed to be soliciting or transacting business by an independent contractor, agent, or other representative if the retailer enters into an agreement with a resident of this State under which the ~~resident, person,~~ for a commission or other consideration, directly or indirectly refers potential customers, whether by a link on an Internet Web site or otherwise, to the retailer. This presumption

1 applies only if the cumulative gross receipts from sales by the retailer to
 2 purchasers in this State who are referred to the retailer by all ~~residents~~persons
 3 with this type of agreement with the retailer is in excess of ten thousand dollars
 4 (\$10,000) during the preceding four quarterly periods. This presumption may
 5 be rebutted by proof that the ~~resident~~person with whom the retailer has an
 6 agreement did not engage in any solicitation in the State on behalf of the seller
 7 that would satisfy the nexus requirement of the United States Constitution
 8 during the four quarterly periods in question.

9 ...

10 (9) ~~The retailer, with respect to retailer makes remote sales into North Carolina~~
 11 sourced to this State, including sales as a marketplace seller, for the previous
 12 or the current calendar year, had one or more year that meet either of the
 13 following:

- 14 a. Gross sales in excess of one hundred thousand dollars (\$100,000).
 15 b. Two hundred or more separate transactions.

16 (10) The retailer is a marketplace facilitator that makes sales, including all
 17 marketplace facilitated sales for all marketplace sellers, sourced to this State
 18 for the previous or the current calendar year that meet either of the following:

- 19 a. Gross sales in excess of one hundred thousand dollars (\$100,000).
 20 b. Two hundred or more separate transactions."

21 **SECTION 41.5.(c)** Part 2 of Article 5 of Chapter 105 of the General Statutes is
 22 amended by adding a new section to read:

23 **"§ 105-164.4J. Marketplace facilitated sales.**

24 (a) Scope. – This section applies to a marketplace facilitator that makes sales, including
 25 all marketplace facilitated sales for all marketplace sellers, sourced to this State for the previous
 26 or the current calendar year that meet either of the following:

- 27 (1) Gross sales in excess of one hundred thousand dollars (\$100,000).
 28 (2) Two hundred or more separate transactions.

29 (b) Payment of Tax. – A marketplace facilitator that meets the threshold in subsection (a)
 30 of this section is considered the retailer of each marketplace facilitated sale it makes and is liable
 31 for collecting and remitting the sales and use tax on all such sales. A marketplace facilitator is
 32 required to comply with the same requirements and procedures as all other retailers registered or
 33 who are required to be registered to collect and remit sales and use tax in this State. A marketplace
 34 seller shall treat a sale made through a marketplace facilitator that is subject to the provisions of
 35 this section as a wholesale sale. A marketplace facilitator is required to collect and remit sales
 36 tax as required by this section regardless of whether a marketplace seller for whom it makes a
 37 marketplace facilitated sale meets any of the following conditions:

- 38 (1) Has a physical presence in this State.
 39 (2) Is required to be registered to collect and remit sales and use tax in this State.
 40 (3) Would have been required to collect and remit sales and use tax in this State
 41 had the sale not been made through a marketplace.
 42 (4) Would not have been required to collect and remit sales and use tax in this
 43 State had the sale not been made through a marketplace.

44 (c) Report. – A marketplace facilitator must report to each marketplace seller for whom
 45 it makes marketplace facilitated sales the gross sales sourced to this State and the number of
 46 separate transactions sourced to this State made on behalf of the marketplace seller. The report
 47 shall be made no later than 10 days after the end of each calendar month.

48 (d) Refund of Tax. – If a purchaser receives a refund on any portion of the sales price
 49 from a marketplace facilitator who collected and remitted the tax on the retail sale, the provisions
 50 of G.S. 105-164.11A(a) apply.

1 (e) Class Actions. – No class action may be brought against a marketplace facilitator in
 2 any court of this State on behalf of customers arising from or in any way related to an
 3 overpayment of sales or use tax collected on facilitated sales by a marketplace facilitator,
 4 regardless of whether that claim is characterized as a tax refund claim. Nothing in this subsection
 5 affects a customer's right to seek a refund as provided under G.S. 105-164.11.

6 (f) Agreements. – Nothing in this section shall be construed to interfere with the ability
 7 of a marketplace facilitator and a marketplace seller to enter into an agreement with each other
 8 regarding the fulfillment of the requirements of this Article except that an agreement may not
 9 require a marketplace seller to collect and remit sales and use tax on marketplace facilitated sales.

10 (g) Use Tax Obligation. – Nothing in this section affects the obligation of any purchaser
 11 to remit use tax for any taxable transaction for which a marketplace facilitator does not collect
 12 and remit sales or use tax.

13 (h) Limitation. – This section does not apply to an accommodation facilitator, an
 14 admission facilitator, or a service contract facilitator whose collection and remittance
 15 requirements are set out in G.S. 105-164.4F, 105-164.4G, and 105-164.4I, respectively."

16 **SECTION 41.5.(d)** G.S. 105-237.1(a) reads as rewritten:

17 "(a) Authority. – The Secretary may compromise a taxpayer's liability for a tax that is
 18 collectible under G.S. 105-241.22 when the Secretary determines that the compromise is in the
 19 best interest of the State and makes one or more of the following findings:

20 ...

21 (8) A marketplace facilitator can show to the satisfaction of the Secretary that the
 22 failure to collect the correct amount of tax was due to incorrect information
 23 given to the marketplace facilitator by a marketplace seller."

24 **SECTION 41.5.(e)** G.S. 105-164.3 reads as rewritten:

25 **"§ 105-164.3. Definitions.**

26 The following definitions apply in this Article:

27 (1) Accommodation. – A hotel room, a motel room, a residence, a cottage, or a
 28 similar lodging facility for occupancy by an individual.

29 (1a) Accommodation facilitator. – A person that contracts, either directly or
 30 indirectly, with a provider of an accommodation to do, either directly or
 31 indirectly, one or more of the activities listed in this subdivision. The term
 32 includes a real estate broker as defined in G.S. 93A-2. The activities are:

33 a. Market the accommodation and accept payment or collect credit card
 34 or other payment information for the rental of the accommodation.

35 b. List the accommodation for rental on a forum, platform, or other
 36 application for a fee or other consideration.

37 "

38 **SECTION 41.5.(f)** G.S. 105-164.4F reads as rewritten:

39 **"§ 105-164.4F. Accommodation rentals.**

40 (a) ~~Definition.—The following definitions apply in this section:~~

41 (1) ~~Accommodation.—A hotel room, a motel room, a residence, a cottage, or a~~
 42 ~~similar lodging facility for occupancy by an individual.~~

43 (2) ~~Facilitator.—A person who is not a rental agent and who contracts with a~~
 44 ~~provider of an accommodation to market the accommodation and to accept~~
 45 ~~payment from the consumer for the accommodation.~~

46 (3) ~~Rental agent.—The term includes a real estate broker, as defined in G.S.~~
 47 ~~93A-2.~~

48 (b) Tax. – The gross receipts derived from the rental of an accommodation are taxed at
 49 the general rate set in G.S. 105-164.4. Gross receipts derived from the rental of an
 50 accommodation include the sales price of the rental of the accommodation. The sales price of the
 51 rental of an accommodation is determined as if the rental were a rental of tangible personal

1 property. The sales price of the rental of an accommodation ~~marketed~~ made by a ~~an~~
2 accommodation facilitator includes charges designated as facilitation ~~fees~~ fees, service fees,
3 listing fees, and any other charges necessary to complete the rental.

4 (b1) Retailer. – For purposes of the tax imposed by this section, the retailer is the
5 applicable person listed below. The liability of an accommodation facilitator for the tax imposed
6 by this section relieves the provider of the accommodation from liability. The retailer is:

7 (1) The provider of the accommodation, if the provider of the accommodation
8 does any of the following with respect to the rental of the accommodation:

9 a. Collects payment for the accommodation at the time of the reservation.

10 b. Collects payment for the accommodation at the time the consumer
11 occupies or has the right to occupy the accommodation.

12 c. Contracts with an accommodation facilitator that makes the
13 reservation and collects credit card or other payment information at
14 the time of the reservation, but does not collect payment for the
15 accommodation at the time of the reservation.

16 (2) The accommodation facilitator, if the accommodation facilitator collects
17 payment or a deposit for the accommodation at the time of the reservation.

18 (c) Accommodation Facilitator Transactions. – For a transaction in which the rental of
19 an accommodation is made by an accommodation facilitator, but the provider of the
20 accommodation is considered the retailer, the following provisions apply:

21 (1) ~~A~~ The accommodation facilitator must report to the retailer with whom it has
22 ~~a contract~~ the sales price a consumer pays to the facilitator for an ~~the~~
23 accommodation rental ~~marketed~~ made by the accommodation facilitator.

24 (2) A retailer must notify a ~~an~~ accommodation facilitator when an
25 accommodation rental ~~marketed~~ made by the accommodation facilitator is
26 completed, and the accommodation facilitator must send the retailer the
27 portion of the sales price the accommodation facilitator owes the retailer and
28 the tax due on the sales price no later than 10 days after the end of each
29 calendar month.

30 (3) An accommodation facilitator that does not send the retailer the tax due on the
31 sales price is liable for the amount of tax the accommodation facilitator fails
32 to send. ~~A~~ An accommodation facilitator is not liable for tax sent to a retailer
33 but not remitted by the retailer to the Secretary. Tax payments received by a
34 retailer from a ~~an~~ accommodation facilitator are held in trust by the retailer
35 for remittance to the Secretary.

36 (4) A retailer that receives a tax payment from a ~~an~~ accommodation facilitator
37 must remit the amount received to the Secretary. A retailer is not liable for tax
38 due but not received from a ~~an~~ accommodation facilitator.

39 (5) The requirements imposed by this section on a retailer and a ~~an~~ accommodation
40 facilitator are considered terms of the contract between the
41 retailer and the accommodation facilitator.

42 (c1) Accommodation Facilitator Report. – An accommodation facilitator must file with
43 the Secretary an annual report by March 31 of each year for the prior calendar year for
44 accommodation rentals for which it is not considered the retailer under subsection (b1) of this
45 section. The annual report must be provided in electronic format and include the property owner's
46 name, property owner's mailing address, physical location of the accommodation, rental activity
47 detail, available gross receipts information for rentals, and any other information deemed
48 necessary by the Secretary.

49 (d) Rental Agent. – ~~A person who, by written contract, agrees to be the rental agent for~~
50 ~~the provider of an accommodation is considered a retailer under this Article and is liable for the~~

1 tax imposed by this section. The liability of a rental agent for the tax imposed by this section
 2 relieves the provider of the accommodation from liability.

- 3 (e) Exemptions. – The tax imposed by this section does not apply to the following:
 4 (1) A private residence, cottage, or similar accommodation that is rented for fewer
 5 than 15 days in a calendar year ~~other than a private residence, cottage, or~~
 6 ~~similar accommodation listed with a real estate broker or agent unless the~~
 7 accommodation is rented by an accommodation facilitator that is considered
 8 the retailer under subsection (b1) of this section.
 9 (2) An accommodation supplied to the same person for a period of 90 or more
 10 continuous days.
 11 (3) An accommodation arranged or provided to a person by a school, camp, or
 12 similar entity where a tuition or fee is charged to the person for enrollment in
 13 the school, camp, or similar entity."

14 **SECTION 41.5.(g)** G.S. 105-164.3 reads as rewritten:

15 **"§ 105-164.3. Definitions.**

16 The following definitions apply in this Article:

- 17 ...
 18 (1b) Admission charge. – Gross receipts derived for the right to attend an
 19 entertainment activity. The term includes a charge for a single ticket, a
 20 multi-occasion ticket, a seasonal pass, and an annual pass; a membership fee
 21 that provides for admission; a cover charge; a surcharge; a convenience fee, a
 22 processing fee, a facility charge, a facilitation fee, or similar charge; or any
 23 other charges included in gross receipts derived from admission.
 24 (1c) Admission facilitator. – A person who accepts payment of an admission
 25 charge to an entertainment activity and who is not the operator of the venue
 26 where the entertainment activity occurs.
 27 ...
 28 (1f) Amenity. – A feature that increases the value or attractiveness of an
 29 entertainment activity that allows a person access to items that are not subject
 30 to tax under this Article and that are not available with the purchase of
 31 admission to the same event without the feature. The term includes parking
 32 privileges, special entrances, access to areas other than general admission,
 33 mascot visits, and merchandise discounts. The term does not include any
 34 charge for food, prepared food, and alcoholic beverages subject to tax under
 35 this Article.
 36 ...
 37 (9a) Entertainment activity. – An activity listed in this subdivision:
 38 a. A live performance or other live event of any kind, the purpose of
 39 which is for entertainment.
 40 b. A movie, motion picture, or film.
 41 c. A museum, a cultural site, a garden, an exhibit, a show, or a similar
 42 attraction.
 43 d. A guided tour at any of the activities listed in sub-subdivision c. of this
 44 subdivision.

45"

46 **SECTION 41.5.(h)** G.S. 105-164.4G reads as rewritten:

47 **"§ 105-164.4G. Entertainment activity.**

- 48 (a) ~~Definition. — The following definitions apply in this section:~~
 49 (1) ~~Admission charge. — Gross receipts derived for the right to attend an~~
 50 ~~entertainment activity. The term includes a charge for a single ticket, a~~
 51 ~~multi-occasion ticket, a seasonal pass, and an annual pass; a membership fee~~

1 that provides for admission; a cover charge; a surcharge; a convenience fee, a
2 processing fee, a facility charge, a facilitation fee, or similar charge; or any
3 other charges included in gross receipts derived from admission.

4 (2) ~~Amenity.~~—A feature that increases the value or attractiveness of an
5 entertainment activity that allows a person access to items that are not subject
6 to tax under this Article and that are not available with the purchase of
7 admission to the same event without the feature. The term includes parking
8 privileges, special entrances, access to areas other than general admission,
9 mascot visits, and merchandise discounts. The term does not include any
10 charge for food, prepared food, and alcoholic beverages subject to tax under
11 this Article.

12 (3) ~~Entertainment activity.~~—An activity listed in this subdivision:

- 13 a. ~~A live performance or other live event of any kind, the purpose of~~
14 ~~which is for entertainment.~~
15 b. ~~A movie, motion picture, or film.~~
16 c. ~~A museum, a cultural site, a garden, an exhibit, a show, or a similar~~
17 ~~attraction.~~
18 d. ~~A guided tour at any of the activities listed in sub-subdivision c. of this~~
19 ~~subdivision.~~

20 (4) ~~Facilitator.~~—A person who accepts payment of an admission charge to an
21 entertainment activity and who is not the operator of the venue where the
22 entertainment activity occurs.

23 (b) Tax. – The gross receipts derived from an admission charge to an entertainment
24 activity are taxed at the general rate set in G.S. 105-164.4. The tax is due and payable by the
25 retailer in accordance with G.S. 105-164.16. For purposes of the tax imposed by this section, the
26 retailer is the applicable person listed below:

- 27 (1) The operator of the venue where the entertainment activity occurs, unless the
28 retailer and the admission facilitator have a contract between them allowing
29 for dual remittance, as provided in subsection (d) of this section.
30 (2) The person that provides the entertainment and that receives admission
31 charges directly from a purchaser.
32 (3) A person other than a person listed in subdivision (1) or (2) of this subsection
33 that receives gross receipts derived from an admission charge sold at retail.

34 (c) Admission Facilitator. – ~~A~~An admission facilitator must report to the retailer with
35 whom it has a contract the admission charge a consumer pays to the admission facilitator for an
36 entertainment activity. The admission facilitator must send the retailer the portion of the gross
37 receipts the admission facilitator owes the retailer and the tax due on the gross receipts derived
38 from an admission charge no later than 10 days after the end of each calendar month. ~~A~~An
39 admission facilitator that does not send the retailer the tax due on the gross receipts derived from
40 an admission charge is liable for the amount of tax the admission facilitator fails to send to the
41 retailer. ~~A~~An admission facilitator is not liable for tax sent to a retailer but not remitted by the
42 retailer to the Secretary. Tax payments received by a retailer from ~~a~~an admission facilitator are
43 held in trust by the retailer for remittance to the Secretary. A retailer that receives a tax payment
44 from ~~a~~an admission facilitator must remit the amount received to the Secretary. A retailer is not
45 liable for tax due but not received from ~~a~~an admission facilitator. The requirements imposed by
46 this subsection on a retailer and ~~a~~an admission facilitator are considered terms of the contract
47 between the retailer and the admission facilitator.

48 (d) Dual Remittance. – The tax due on the gross receipts derived from an admission
49 charge may be partially reported and remitted to the operator of the venue for remittance to the
50 Department and partially reported and remitted by the admission facilitator directly to the
51 Department. The portion of the tax not reported and remitted to the operator of the venue must

1 be reported and remitted directly by the admission facilitator to the Department. ~~A~~ An admission
2 facilitator that elects to remit tax under the dual remittance option is required to obtain a
3 certificate of registration in accordance with G.S. 105-164.29. ~~A~~ An admission facilitator is
4 subject to the provisions of Article 9 of this Chapter.

5"

6 **SECTION 41.5.(i)** G.S. 105-164.3 reads as rewritten:

7 "**§ 105-164.3. Definitions.**

8 The following definitions apply in this Article:

9 ...

10 (38c) Service contract facilitator. – A person who contracts with the obligor of a
11 service contract to market the service contract and accepts payment from the
12 purchaser for the service contract.

13"

14 **SECTION 41.5.(j)** G.S. 105-164.4I reads as rewritten:

15 "**§ 105-164.4I. Service contracts.**

16 (a) Tax. – The sales price of or the gross receipts derived from a service contract or the
17 renewal of a service contract sold at retail is subject to the general rate of tax set in G.S. 105-164.4
18 and is sourced in accordance with the sourcing principles in G.S. 105-164.4B. The retailer of a
19 service contract is required to collect the tax due at the time of the retail sale of the contract and
20 is liable for payment of the tax. The tax is due and payable in accordance with G.S. 105-164.16.

21 The retailer of a service contract is the applicable person listed below:

- 22 (1) When a service contract is sold at retail to a purchaser by the obligor under
23 the contract, the obligor is the retailer.
- 24 (2) When a service contract is sold at retail to a purchaser by a service contract
25 facilitator on behalf of the obligor under the contract, the service contract
26 facilitator is the retailer unless the provisions of subdivision (3) of this
27 subsection apply.
- 28 (3) When a service contract is sold at retail to a purchaser by a service contract
29 facilitator on behalf of the obligor under the contract and there is an agreement
30 between the service contract facilitator and the obligor that states the obligor
31 will be liable for the payment of the tax, the obligor is the retailer. The service
32 contract facilitator must send the retailer the tax due on the sales price of or
33 gross receipts derived from the service contract no later than 10 days after the
34 end of each calendar month. A service contract facilitator that does not send
35 the retailer the tax due on the sales price or gross receipts is liable for the
36 amount of tax the service contract facilitator fails to send. A service contract
37 facilitator is not liable for tax sent to a retailer but not remitted by the retailer
38 to the Secretary. Tax payments received by a retailer from a service contract
39 facilitator are held in trust by the retailer for remittance to the Secretary. A
40 retailer that receives a tax payment from a service contract facilitator must
41 remit the amount received to the Secretary. A retailer is not liable for tax due
42 but not received from a service contract facilitator. The requirements imposed
43 by this subdivision on a retailer and a service contract facilitator are
44 considered terms of the agreement between the retailer and the service
45 contract facilitator.

46 ...

47 (e) ~~Definition.—For purposes of this section, the term "facilitator" means a person who~~
48 ~~contracts with the obligor of the service contract to market the service contract and accepts~~
49 ~~payment from the purchaser for the service contract."~~

50 **SECTION 41.5.(k)** G.S. 105-164.22 reads as rewritten:

1 **"§ 105-164.22. ~~Record-keeping~~ Record keeping requirements, inspection authority, and**
 2 **effect of failure to keep records.**

3 (a) Record Keeping Generally. – Retailers, wholesale merchants, facilitators, real
 4 property contractors, and consumers must keep records that establish their tax liability under this
 5 Article. The Secretary or a person designated by the Secretary may inspect these records at any
 6 reasonable time during the day.

7 (b) Retailers. – A retailer's records must include records of the retailer's gross income,
 8 gross sales, net taxable sales, ~~and all items purchased for resale.~~ resale, and any reports or records
 9 related to transactions with a facilitator with whom it has a contract as provided in this Article.
 10 Failure of a retailer to keep records that establish ~~that~~ a sale is exempt under this Article subjects
 11 the retailer to liability for tax on the sale.

12 (c) Wholesale Merchants. – A wholesale merchant's records must include a bill of sale
 13 for each customer that contains the name and address of the purchaser, the date of the purchase,
 14 the item purchased, and the sales price at which the wholesale merchant sold of the item. A
 15 wholesale merchant must also keep records that establish a sale is exempt from tax and any
 16 reports or records related to transactions with a facilitator with whom it has a contract as provided
 17 in this Article. Failure of a wholesale merchant to keep ~~these records for the sale of an item that~~
 18 establish a sale is exempt from tax under this Article subjects the wholesale merchant to liability
 19 for tax at the rate that applies to the retail sale of the item.

20 (d) Facilitators. – A facilitator's records must include records of the facilitator's gross
 21 income, gross sales, net taxable sales, all items purchased for resale, any reports or records related
 22 to transactions with a retailer with whom it has a contract as provided in this Article, and any
 23 other records that establish its tax liability. Failure of a facilitator to keep records that establish a
 24 sale is exempt from tax under this Article subjects the facilitator to liability for tax on the sale.

25 (e) Real Property Contractors. – A real property contractor's records must include
 26 substantiation that a transaction is a real property contract or a mixed transaction contract
 27 pursuant to G.S. 105-164.4H(a1). Failure of a real property contractor to keep records that
 28 establish a real property contract under this Article subjects the real property contractor to
 29 liability for tax on the sale.

30 (f) Consumers. – A consumer's records must include an invoice or other statement of the
 31 purchase price of an item the consumer purchased from inside or outside the ~~State.~~ State and any
 32 sales and use tax paid thereon. Failure of the consumer to keep these records subjects the
 33 consumer to liability for tax on the purchase price of the item, as determined by the Secretary."

34 **SECTION 41.5.(l)** G.S. 105-164.3 reads as rewritten:

35 **"§ 105-164.3. Definitions.**

36 The following definitions apply in this Article:

37 ...

38 ~~(1)~~(1d) Advertising and promotional direct mail. – Printed material that meets the
 39 definition of "direct mail" and the primary purpose of which is to attract public
 40 attention to ~~a product, an item,~~ person, business, or organization, or to attempt
 41 to sell, popularize, or secure financial support for ~~a product, an item,~~ person,
 42 business, or organization. ~~As used in this subdivision, "product" means~~
 43 ~~tangible personal property, digital property, or a service.~~

44 (1e) Affiliate. – Defined in G.S. 105-130.2.

45 ...

46 ~~(1a)~~(1g) Analytical services. – Testing laboratories that are included in national
 47 industry 541380 of NAICS or medical laboratories that are included in
 48 national industry 621511 of NAICS.

49 ~~(1b)~~(1h) Ancillary service. – A service associated with or incidental to the
 50 provision of a telecommunications service. The term includes detailed
 51 communications billing, directory assistance, vertical service, and voice mail

- 1 service. A vertical service is a service, such as call forwarding, caller ID,
- 2 three-way calling, and conference bridging, that allows a customer to identify
- 3 a caller or manage multiple calls and call connections.
- 4 ~~(4f)~~(1i) Audio work. – A series of musical, spoken, or other sounds, including a
- 5 ringtone.
- 6 ~~(4g)~~(1j) Audiovisual work. – A series of related images and any sounds
- 7 accompanying the images that impart an impression of motion when shown
- 8 in succession.
- 9 ~~(4h)~~(1k) Aviation gasoline. – Defined in G.S. 105-449.60.
- 10 ~~(4i)~~(1l) Bundled transaction. – A retail sale of two or more distinct and identifiable
- 11 ~~products, items,~~ at least one of which is taxable and one of which is ~~exempt,~~
- 12 ~~nontaxable,~~ for one nonitemized price. The term does not apply to real
- 13 property ~~and or~~ services to real property. ~~Products-Items~~ are not sold for one
- 14 nonitemized price if an invoice or another sales document made available to
- 15 the purchaser separately identifies the price of each ~~product-item.~~ A bundled
- 16 transaction does not include the retail sale of any of the following:
- 17 a. ~~A product~~ An item and any packaging ~~item~~ that accompanies the
- 18 ~~product-item~~ and is exempt under G.S. 105-164.13(23).
- 19 b. A sale of two or more ~~products-items~~ whose combined price varies, or
- 20 is negotiable, depending on the ~~products-items~~ the purchaser selects.
- 21 c. A sale of ~~a product~~ an item accompanied by a transfer of another
- 22 ~~product-item~~ with no additional consideration.
- 23 d. ~~A product~~ An item and the delivery or installation of the ~~product-item.~~
- 24 e. ~~A product~~ An item and any service necessary to complete the sale.
- 25 ~~(4k)~~(1m) Business. – An activity a person engages in or causes another to engage in
- 26 with the object of gain, profit, benefit, or advantage, either direct or indirect.
- 27 The term does not include an occasional and isolated sale or transaction by a
- 28 person who does not claim to be engaged in business.
- 29 ~~(4m)~~(1n) Cable service. – The one-way transmission to subscribers of video
- 30 programming or other programming service and any subscriber interaction
- 31 required to select or use the service.
- 32 ...
- 33 (2c) Capital improvement. – One or more of the following:
- 34 ...
- 35 k. An addition or alteration to real property that is permanently affixed
- 36 or installed to real property and is not an activity listed in subdivision
- 37 ~~(33f)~~ (33m) of this section as repair, maintenance, and installation
- 38 services.
- 39 ...
- 40 (9) Engaged in business. – Any of the following:
- 41 a. Maintaining, occupying, or using permanently or temporarily, directly
- 42 or indirectly, or through a subsidiary or agent, by whatever name
- 43 called, any office, place of distribution, sales or sample room,
- 44 warehouse or storage place, or other place of business ~~for selling or~~
- 45 ~~delivering tangible personal property, digital property, or a service for~~
- 46 ~~storage, use, or consumption~~ in this State, or permanently or
- 47 temporarily, directly or through a subsidiary, having any
- 48 representative, agent, sales representative, marketplace facilitator
- 49 subject to the requirements of G.S. 105-164.4J, or solicitor operating
- 50 or transacting business by mobile phone application or other
- 51 applications in this State ~~in the selling or delivering.~~ State. The fact

1 that any corporate retailer, agent, or subsidiary engaged in business in
 2 this State may not be legally domesticated or qualified to do business
 3 in this State is immaterial.

4 ...

5 e. Making marketplace facilitated sales subject to the requirements of
 6 G.S. 105-164.4J.

7 ...

8 (9e) Facilitator. – An accommodation facilitator, an admission facilitator, or a
 9 service contract facilitator.

10 ...

11 (20b)(20e) Mixed transaction contract. – A contract that includes both a real property
 12 contract for a capital improvement and repair, maintenance, and installation
 13 services for real property that are not related to the capital improvement.

14 ...

15 (33j) Remote sale. – A sale of tangible personal property or digital property an item
 16 ordered by mail, by telephone, via the Internet, mobile phone application, or
 17 by another similar method, to a purchaser who is in this State at the time the
 18 order is remitted, from method by a retailer who receives the order in another
 19 state and delivers the property item or makes it accessible to a person in this
 20 State or causes it the item to be delivered or made accessible to a person in
 21 this State. State or performs a service sourced to this State. It is presumed that
 22 a resident of this State who remits makes an order was in this State at the time
 23 the order was remitted made.

24 ...

25 (33l)(33m) Repair, maintenance, and installation services. – The term includes the
 26 activities listed in this subdivision and applies to tangible personal property,
 27 motor vehicle, vehicles, certain digital property, and real property. The term
 28 does not include services a service used to fulfill a real property contract taxed
 29 in accordance with G.S. 105-164.4H; G.S. 105-164.4H. The included
 30 activities are:

31 ...

- 32 (35) Retailer. – Any of the following persons:
- 33 a. A person engaged in business of making sales at retail, offering to
 34 make sales at retail, or soliciting sales at retail of tangible personal
 35 property, digital property for storage, use, or consumption in this State,
 36 or services items sourced to this State. When the Secretary finds it
 37 necessary for the efficient administration of this Article to regard any
 38 sales representatives, solicitors, representatives, consignees, peddlers,
 39 or truckers as agents of the dealers, distributors, consignors,
 40 supervisors, employers, or persons under whom they operate or from
 41 whom they obtain the items sold by them regardless of whether they
 42 are making sales on their own behalf or on behalf of these dealers,
 43 distributors, consignors, supervisors, employers, or persons, the
 44 Secretary may so regard them and may regard the dealers, distributors,
 45 consignors, supervisors, employers, or persons as "retailers" for the
 46 purpose of this Article.
 - 47 b. A person, other than a real property contractor, engaged in business of
 48 delivering, erecting, installing, or applying tangible personal property
 49 or digital property for use in this State.
 - 50 c. A person engaged in business of making a remote sale, if one of the
 51 conditions listed in G.S. 105-164.8(b) is met.

- 1 d. A ~~person, other than a facilitator,~~ person required to collect the State
2 tax levied under this Article or the local taxes levied under Subchapter
3 VIII of this Chapter and under Chapter 1096 of the 1967 Session Laws.
4 e. A marketplace facilitator that is subject to the requirements of
5 G.S. 105-164.4J or a facilitator that is required to collect and remit the
6 tax under this Article.

7"

8 **SECTION 41.5.(m)** There is no obligation to collect the sales and use tax required
9 by this section retroactively.

10 **SECTION 41.5.(n)** If any provision of this section, or the application of any
11 provision to a person or circumstance, is held to be unconstitutional, then the remainder of this
12 section and the application of the provisions to any person or circumstance shall not be affected
13 thereby.

14 **SECTION 41.5.(o)** The Revisor of Statutes is authorized to renumber the
15 subdivisions of G.S. 105-164.3 to ensure that the subdivisions are listed in alphabetical order and
16 in a manner that reduces the current use of alphanumeric designations, to make conforming
17 changes, and to reserve sufficient space to accommodate future additions to the statutory section.

18 **SECTION 41.5.(p)** This section becomes effective September 1, 2019, and applies
19 to sales occurring on or after that date.

20 **DEDUCTION FOR AMOUNTS RECEIVED AS ECONOMIC INCENTIVES**

21 **SECTION 41.6.(a)** G.S. 105-130.5(b) reads as rewritten:

22 "(b) The following deductions from federal taxable income shall be made in determining
23 State net income:

24 ...

25 (31) To the extent included in federal taxable income, the amount received by a
26 taxpayer as an economic incentive pursuant to G.S. 143B-437.012 or Part 2G
27 or Part 2H of Article 10 of Chapter 143B of the General Statutes."

28 **SECTION 41.6.(b)** G.S. 105-153.5(b) reads as rewritten:

29 "(b) Other Deductions. – In calculating North Carolina taxable income, a taxpayer may
30 deduct from the taxpayer's adjusted gross income any of the following items that are included in
31 the taxpayer's adjusted gross income:

32 ...

33 (14) The amount received by a taxpayer as an economic incentive pursuant to
34 G.S. 143B-437.012 or Part 2G or Part 2H of Article 10 of Chapter 143B of
35 the General Statutes."

36 **SECTION 41.6.(c)** This section is effective for taxable years beginning on or after
37 January 1, 2019, and applies to amounts received by a taxpayer pursuant to an economic incentive
38 agreement entered into on or after that date.

39 **EXTEND HISTORIC REHABILITATION TAX CREDIT**

40 **SECTION 41.7.(a)** G.S. 105-129.110 reads as rewritten:

41 **"§ 105-129.110. Sunset.**

42 This Article expires for qualified rehabilitation expenditures and rehabilitation expenses
43 incurred on or after ~~January 1, 2020.~~ January 1, 2024. For qualified rehabilitation expenditures
44 and rehabilitation expenses incurred prior to ~~January 1, 2020,~~ January 1, 2024, this Article expires
45 for property not placed in service by ~~January 1, 2028.~~ January 1, 2032."

46 **SECTION 41.7.(b)** This section is effective when it becomes law.

47 **EXTEND SALES TAX EXEMPTION FOR QUALIFYING AIRLINES**

48 **SECTION 41.8.(a)** G.S. 105-164.13(11b) reads as rewritten:

1 "(11b) Sales of aviation gasoline and jet fuel to an interstate air business for use in a
2 commercial aircraft. For purposes of this subdivision, the term "commercial
3 aircraft" has the same meaning as defined in subdivision (45a) of this section.
4 This exemption also applies to aviation gasoline and jet fuel purchased for use
5 in a commercial aircraft in interstate or foreign commerce by a person whose
6 primary business is scheduled passenger air transportation. This subdivision
7 expires ~~January 1, 2020.~~ January 1, 2024."

8 **SECTION 41.8.(b)** This section is effective when it becomes law.
9

10 **EXTEND SALES TAX EXEMPTIONS FOR PROFESSIONAL MOTORSPORTS**
11 **TEAMS**

12 **SECTION 41.9.(a)** G.S. 105-164.13(65) and (65a) read as rewritten:

13 "(65) This subdivision expires ~~January 1, 2020.~~ January 1, 2024. Sales of the
14 following to a professional motorsports racing team or a related member of a
15 team for use in competition in a sanctioned race series:

- 16 a. The sale, lease, or rental of an engine.
17 b. The sales price of or gross receipts derived from a service contract on,
18 or repair, maintenance, and installation services for, a transmission, an
19 engine, rear-end gears, and any other item that is purchased, leased, or
20 rented and that is exempt from tax under this subdivision or that is
21 allowed a sales tax refund under G.S. 105-164.14A(a)(5).
22 c. The gross receipts derived from an agreement to provide an engine to
23 a professional motorsports racing team or related member of a team
24 for use in competition in a sanctioned race series, where such
25 agreement does not meet the definition of a "service contract" as
26 defined in G.S. 105-164.3 but may meet the definition of the term
27 "lease or rental" as defined in G.S. 105-164.3.

28 (65a) An engine or a part to build or rebuild an engine for the purpose of providing
29 an engine under an agreement to a professional motorsports racing team or a
30 related member of a team for use in competition in a sanctioned race series.
31 This subdivision expires ~~January 1, 2020.~~ January 1, 2024."

32 **SECTION 41.9.(b)** G.S. 105-164.14A(a)(4) and (a)(5) read as rewritten:

33 "(4) Motorsports team or sanctioning body. – A professional motorsports racing
34 team, a motorsports sanctioning body, or a related member of such a team or
35 body is allowed a refund of the sales and use tax paid by it in this State on
36 aviation gasoline or jet fuel that is used to travel to or from a motorsports event
37 in this State, to travel to a motorsports event in another state from a location
38 in this State, or to travel to this State from a motorsports event in another state.
39 For purposes of this subdivision, a "motorsports event" includes a motorsports
40 race, a motorsports sponsor event, and motorsports testing. This subdivision
41 is repealed for purchases made on or after ~~January 1, 2020.~~ January 1, 2024.

42 (5) Professional motorsports team. – A professional motorsports racing team or a
43 related member of a team is allowed a refund of fifty percent (50%) of the
44 sales and use tax paid by it in this State on tangible personal property, other
45 than tires or accessories, that comprises any part of a professional motorsports
46 vehicle. For purposes of this subdivision, "motorsports accessories" includes
47 instrumentation, telemetry, consumables, and paint. This subdivision is
48 repealed for purchases made on or after ~~January 1, 2020.~~ January 1, 2024."

49 **SECTION 41.9.(c)** This section is effective when it becomes law.
50

51 **FACILITATE RESPONSE TO DISASTERS**

1 SECTION 41.10.(a) Part 8 of Article 1 of Chapter 166A of the General Statutes is
2 amended by adding a new section to read:

3 **"§ 166A-19.70A. Tax and business relief for critical infrastructure businesses and**
4 **employees during a disaster response period.**

5 (a) Purpose. – The State finds that it is appropriate to exempt from certain State laws
6 businesses and employees who come from out-of-state to provide temporary resources and
7 personnel to assist in disaster-related work related to critical infrastructure in response to a
8 disaster declaration.

9 (b) Definitions. – In addition to the definitions in G.S. 166A-19.3, the following
10 definitions apply in this section:

11 (1) Critical infrastructure. – Property and equipment owned or used by a critical
12 infrastructure company for utility or communications transmission services to
13 the public in the State. Examples of critical infrastructure include
14 communications networks, electric generation, transmission and distribution
15 systems, natural gas transmission and distribution systems, water pipelines,
16 and related support facilities. Related support facilities may include buildings,
17 offices, lines, poles, pipes, structures, and equipment.

18 (2) Critical infrastructure company. – One of the following:

19 a. A registered public communications provider.

20 b. A registered public utility.

21 (3) Disaster-related work. – Repairing, renovating, installing, building, or
22 performing services on critical infrastructure that has been damaged,
23 impaired, or destroyed as a result of a disaster or emergency in an area covered
24 by the disaster declaration.

25 (4) Disaster response period. – A period that begins 10 days prior to the first day
26 of a disaster declaration and extends for 60 days following the expiration of
27 the disaster declaration.

28 (5) Out-of-state business. – A person that, except with regard to the performance
29 of disaster-related work, meets all of the conditions of this subdivision. The
30 term may include an affiliate or subsidiary of a critical infrastructure
31 company. The conditions are as follows:

32 a. Has no physical presence in the State.

33 b. Does not conduct business operations in this State.

34 c. Is not registered with any State agency to conduct business in the State.

35 d. Has not been required to file any tax returns with the State for three
36 years prior to the disaster response period, other than those arising
37 from the performance of disaster-related work during a tax year prior
38 to the enactment of this section.

39 (6) Out-of-state employee. – A nonresident who is an employee of an out-of-state
40 business entitled to relief under subsection (c) of this section or a nonresident
41 employee of a critical infrastructure company temporarily in the State to
42 perform disaster-related work during the disaster response period. The term
43 does not include a nonresident who otherwise works in this State.

44 (7) Registered public communications provider. – A person registered to conduct
45 business in this State prior to the disaster declaration that provides the
46 transmission to the public of one or more of the following:

47 a. Broadband.

48 b. Mobile telecommunications.

49 c. Telecommunications.

50 d. Wireless Internet access.

1 (8) Registered public utility. – A person registered to conduct business in this
2 State prior to the disaster declaration that is subject to control of one or more
3 of the following entities:

4 a. North Carolina Utilities Commission.

5 b. Federal Communications Commission.

6 c. Federal Energy Regulatory Commission.

7 (c) State Relief for Out-of-State Business. – An out-of-state business performing
8 disaster-related work in this State during a disaster response period at the request of a critical
9 infrastructure company is not considered to be conducting business in this State, and as such is
10 exempt from the following statutory requirements:

11 (1) Franchise tax, as provided under G.S. 105-125.

12 (2) Income tax, as provided under G.S. 105-130.11.

13 (3) S Corporation income tax, as provided under G.S. 105-131.7.

14 (4) Information returns, as provided under G.S. 105-154(b).

15 (5) Unemployment tax, as provided under G.S. 96-9.2.

16 (6) Workers' compensation, as provided under G.S. 97-13.

17 (7) Registration with the Secretary of State to transact business in this State, as
18 provided under G.S. 55-1-51.

19 (d) State Relief for Out-of-State Employee. – An out-of-state employee is not required to
20 pay State income tax, or file an income tax return, on earnings received for disaster-related work
21 performed during a disaster response period, as provided in G.S. 105-153.4(f) and
22 G.S. 105-153.8(a)(2). The employer of an out-of-state employee is not required to withhold
23 income tax from the wages of the employee, as provided in G.S. 105-163.2(f).

24 (e) Notification. – A critical infrastructure company that requests an out-of-state business
25 to perform disaster-related work in this State during the disaster response period must notify the
26 State Emergency Response Team within 30 business days of the out-of-state business' entry into
27 the State of the business' presence in the State. The notification must include the contact
28 information of the critical infrastructure company that requested the presence of the out-of-state
29 business as well as the following information about the out-of-state business: name, state of
30 domicile, principal business address, federal tax identification number, date of entry, and any
31 other information required by the State Emergency Response Team. The State Emergency
32 Response Team must disseminate the information to the appropriate State agencies. Failure of
33 the critical infrastructure company to provide this information in a timely manner does not
34 invalidate the relief provided by this section so long as the company provides it to the appropriate
35 State agency upon request.

36 (f) Limitation. – The exemptions from the State laws provided by this section cease to
37 apply when the disaster response period expires. An out-of-state business or out-of-state
38 employee that remains in the State after the disaster response period expires must abide by all
39 State and local registration, license, and filing requirements that apply to any other out-of-state
40 business and out-of-state employee doing business in this State."

41 **SECTION 41.10.(b)** Article 1 of Chapter 55 of the General Statutes is amended by
42 adding a new section to read:

43 **"§ 55-1-51. Exemption for disaster relief.**

44 (a) Critical Infrastructure. – In accordance with the policy established in
45 G.S. 166A-19.70A, an out-of-state business performing disaster-related work in this State during
46 a disaster response period at the request of a critical infrastructure company is not required to
47 obtain a certificate of authority from the Secretary of State as otherwise required under
48 G.S. 55-15-01.

49 (b) Motor Fuel. – A person issued a temporary license by the Department of Revenue
50 under G.S. 105-449.69A to import, export, distribute, or transport motor fuel in this State in

1 response to a disaster declaration is not required to obtain a certificate of authority from the
2 Secretary of State to transact business in this State for the duration of the temporary license."

3 **SECTION 41.10.(c)** G.S. 96-9.2(a) reads as rewritten:

4 "(a) Required Contribution. – An employer is required to make a contribution in each
5 calendar year to the Unemployment Insurance Fund in an amount equal to the applicable
6 percentage of the taxable wages the employer pays its employees during the year for services
7 performed in this State. An employer may not deduct the contributions due in whole or in part
8 from the remuneration of the individuals employed. Taxable wages are determined in accordance
9 with G.S. 96-9.3. The applicable percentage for an employer is considered the employer's
10 contribution rate and determined in accordance with this section.

11 In accordance with the policy established in G.S. 166A-19.70A, an out-of-state business
12 performing disaster-related work in this State during a disaster response period at the request of
13 a critical infrastructure company is exempt from the provisions of this Chapter. The definitions,
14 provisions, and limitations in G.S. 166A-19.70A apply in this section."

15 **SECTION 41.10.(d)** G.S. 97-13 reads as rewritten:

16 "**§ 97-13. Exceptions from provisions of Article.**

17 ...

18 (e) Disaster Relief. – In accordance with the policy established in G.S. 166A-19.70A, an
19 out-of-state business performing disaster-related work in this State during a disaster response
20 period at the request of a critical infrastructure company is exempt from the provisions of this
21 Chapter. The definitions, provisions, and limitations in G.S. 166A-19.70A apply in this
22 subsection."

23 **SECTION 41.10.(e)** G.S. 105-125(a) reads as rewritten:

24 "(a) Exemptions. – The following corporations are exempt from the taxes levied by this
25 Article. Upon request of the Secretary, an exempt corporation must establish its claim for
26 exemption in writing:

27 ...

28 (10) In accordance with the policy established in G.S. 166A-19.70A, an
29 out-of-state business performing disaster-related work in this State during a
30 disaster response period at the request of a critical infrastructure company is
31 exempt from the provisions of this Article. The definitions, provisions, and
32 limitations in G.S. 166A-19.70A apply in this subdivision."

33 **SECTION 41.10.(f)** G.S. 105-130.11(a) reads as rewritten:

34 "(a) Exempt Organizations. – Except as provided in subsections (b) and (c), the following
35 organizations and any organization that is exempt from federal income tax under the Code are
36 exempt from the tax imposed under this Part.

37 ...

38 (12) In accordance with the policy established in G.S. 166A-19.70A, an
39 out-of-state business performing disaster-related work in this State during a
40 disaster response period at the request of a critical infrastructure company is
41 exempt from the provisions of this Part. The definitions, provisions, and
42 limitations in G.S. 166A-19.70A apply in this subdivision."

43 **SECTION 41.10.(g)** G.S. 105-131.7(a) reads as rewritten:

44 "(a) An S Corporation incorporated or doing business in the State shall file with the
45 Department an annual return, on a form prescribed by the Secretary, on or before the due date
46 prescribed for the filing of C Corporation returns in G.S. 105-130.17. The return shall show the
47 name, address, and social security or federal identification number of each shareholder, income
48 attributable to the State and the income not attributable to the State with respect to each
49 shareholder as defined in G.S. 105-131(b)(4) and (5), and such other information as the Secretary
50 may require.

1 In accordance with the policy established in G.S. 166A-19.70A, an S Corporation that is an
2 out-of-state business performing disaster-related work in this State during a disaster response
3 period at the request of a critical infrastructure company is not required to file an annual return
4 for income derived for the work performed during this period. The definitions, provisions, and
5 limitations in G.S. 166A-19.70A apply to this subsection."

6 **SECTION 41.10.(h)** G.S. 105-153.4 reads as rewritten:

7 **"§ 105-153.4. North Carolina taxable income defined.**

8 ...

9 (f) Disaster Relief Tax Exclusion. – In accordance with the policy established in
10 G.S. 166A-19.70A, an out-of-state business and an out-of-state employee performing
11 disaster-related work in this State during a disaster response period at the request of a critical
12 infrastructure company is not considered to be conducting business in this State for the work
13 performed during this period. The definitions, provisions, and limitations in G.S. 166A-19.70A
14 apply to this subsection. Accordingly, North Carolina taxable income, for purposes of this Part,
15 does not include the following:

16 (1) Nonresident employee. – The earnings paid to an out-of-state employee.

17 (2) S Corporation shareholders. – A shareholder's pro rata share of S Corporation
18 income if the income is attributable to work performed by the S Corporation
19 as an out-of-state business performing disaster-related work in this State
20 during a disaster response period at the request of a critical infrastructure
21 company.

22 (3) Partners and members of unincorporated business. – The amount of a partner's
23 or member's distributive share of the total net income of the business of a
24 partnership or another unincorporated business if the income is attributable to
25 work performed by an out-of-state business performing disaster-related work
26 in this State during a disaster response period at the request of a critical
27 infrastructure company."

28 **SECTION 41.10.(i)** G.S. 105-153.8(a)(2) reads as rewritten:

29 **"§ 105-153.8. Income tax returns.**

30 (a) Who Must File. – The following individuals must file with the Secretary an income
31 tax return under affirmation:

32 ...

33 (2) Every nonresident individual who ~~meets all of the following requirements:~~(i)
34 has gross income under the Code that exceeds the applicable standard
35 deduction amount provided in G.S. 105-153.5(a)(1) and (ii) receives

36 a. ~~Receives~~ during the taxable year gross income that is derived from
37 North Carolina sources and is attributable to the ownership of any
38 interest in real or tangible personal property in this State, is derived
39 from a business, trade, profession, or occupation carried on in this
40 State, or is derived from gambling activities in this State. This
41 subdivision does not apply to a nonresident individual who is not
42 subject to withholding under G.S. 105-163.2(f).

43 b. ~~Has gross income under the Code that exceeds the applicable standard~~
44 ~~deduction amount provided in G.S. 105-153.5(a)(1).~~

45"

46 **SECTION 41.10.(j)** G.S. 105-154(c) reads as rewritten:

47 "(c) Information Returns of Partnerships. – A partnership doing business in this State and
48 required to file a return under the Code shall file an information return with the Secretary. A
49 partnership that the Secretary believes to be doing business in this State and to be required to file
50 a return under the Code shall file an information return when requested to do so by the Secretary.
51 The information return shall contain all information required by the Secretary. It shall state

1 specifically the items of the partnership's gross income, the deductions allowed under the Code,
2 each partner's distributive share of the partnership's income, and the adjustments required by this
3 Part. A partner's distributive share of partnership net income includes any guaranteed payments
4 made to the partner. The information return shall also include the name and address of each
5 person who would be entitled to share in the partnership's net income, if distributable, and the
6 amount each person's distributive share would be. The information return shall be signed by one
7 of the partners under affirmation in the form required by the Secretary.

8 A partnership that files an information return under this subsection shall furnish to each
9 person who would be entitled to share in the partnership's net income, if distributable, any
10 information necessary for that person to properly file a State income tax return. The information
11 shall be in the form prescribed by the Secretary and must be furnished on or before the due date
12 of the information return.

13 In accordance with the policy established in G.S. 166A-19.70A, a partnership that is an
14 out-of-state business performing disaster-related work in this State during a disaster response
15 period at the request of a critical infrastructure company is not required to file an information
16 return for income derived for the work performed during this period. The definitions, provisions,
17 and limitations in G.S. 166A-19.70A apply to this subsection."

18 **SECTION 41.10.(k)** G.S. 105-163.2 reads as rewritten:

19 **"§ 105-163.2. Employers must withhold taxes.**

20 (a) Withholding Required. – ~~An~~ Except as provided in subsection (f) of this section, an
21 employer shall deduct and withhold from the wages of each employee the State income taxes
22 payable by the employee on the wages. For each payroll period, the employer shall withhold
23 from the employee's wages an amount that would approximate the employee's income tax
24 liability under Article 4 of this Chapter if the employer withheld the same amount from the
25 employee's wages for each similar payroll period in a calendar year. In calculating an employee's
26 anticipated income tax liability, the employer shall allow for the additions that employee is
27 required to make under Article 4 of this Chapter and the deductions, and credits to which the
28 employee is entitled under Article 4 of this Chapter. The amount of State income taxes withheld
29 by an employer is held in trust for the Secretary.

30 ...

31 (f) Nonresident Disaster Relief Employees. – In accordance with the policy established
32 in G.S. 166A-19.70A, an employer is not required to withhold from the wages of its out-of-state
33 employees the State income taxes that may otherwise apply for disaster-related work performed
34 in this State during a disaster response period. The definitions, provisions, and limitations in
35 G.S. 166A-19.70A apply in this subsection."

36 **SECTION 41.10.(l)** G.S. 105-130.5(a) reads as rewritten:

37 "(a) The following additions to federal taxable income shall be made in determining State
38 net income:

39 ...

40 (30) Payments made to a related party that are not subject to tax under this Chapter
41 in accordance with the policy established in G.S. 166A-19.70A, to the extent
42 the payments are deducted in determining federal taxable income. For
43 purposes of this subdivision, the term "related entity" has the same meaning
44 as in G.S. 105-130.7A(b)(4)."

45 **SECTION 41.10.(m)** Part 2 of Article 36C of Chapter 105 of the General Statutes is
46 amended by adding a new section to read:

47 **"§ 105-449.69A. Temporary license during disaster response period.**

48 (a) Temporary License. – The Secretary may grant a temporary license to an applicant to
49 import, export, distribute, or transport motor fuel in this State in response to a disaster declaration.
50 The term "disaster declaration" has the same meaning as defined in G.S. 166A-19.3. The
51 temporary license expires upon the expiration of the disaster declaration. A temporary license

1 issued under this section may not be renewed or a new temporary license granted if the licensee
2 failed to file the required returns or make payments of the required taxes.

3 (b) Requirements. – To obtain a temporary license, a person must file an application with
4 the Secretary on a form prescribed by the Secretary within seven calendar days from the date of
5 the disaster declaration. An application must include all of the following information:

6 (1) The legal name of the business and the trade name, if applicable, under which
7 the person will transact business within the State.

8 (2) The federal identification number of the business or, if such number is
9 unavailable, the Social Security number of the owner.

10 (3) The location, with a street number address, of the principal office or place of
11 business and the location where records will be made available for inspection.

12 (4) Any other information required by the Secretary.

13 (c) Exceptions. – The Secretary may issue a temporary license under this section as an
14 importer, exporter, distributor, or transporter without requiring the applicant to file with the
15 Secretary a bond or an irrevocable letter of credit, as otherwise required by G.S. 105-449.72, and
16 without requiring the applicant to be authorized to transact business in this State with the
17 Secretary of State."

18 **SECTION 41.10.(n)** This section is effective when it becomes law and applies to
19 taxable years beginning on or after January 1, 2019.

20 **PART XLII. MISCELLANEOUS**

21 **STATE BUDGET ACT APPLIES**

22
23 **SECTION 42.1.** The provisions of the State Budget Act, Chapter 143C of the
24 General Statutes, are reenacted and shall remain in full force and effect and are incorporated in
25 this act by reference.
26

27 **COMMITTEE REPORT**

28 **SECTION 42.2.(a)** The N.C. House of Representatives Appropriations Committee
29 Report on the Current Operations Appropriations Act, House Bill 966, Second Edition, As
30 Amended by the House Appropriations Committee, dated May 1, 2019, which was distributed in
31 the House of Representatives and used to explain this act, shall indicate action by the General
32 Assembly on this act and shall, therefore, be used to construe this act, as provided in the State
33 Budget Act, Chapter 143C of the General Statutes, as appropriate, and for these purposes shall
34 be considered a part of this act and, as such, shall be printed as a part of the Session Laws.
35

36 **SECTION 42.2.(b)** The budget enacted by the General Assembly is for the
37 maintenance of the various departments, institutions, and other spending agencies of the State
38 for the 2019-2021 biennial budget as provided in G.S. 143C-3-5. This budget includes the
39 appropriations of State funds as defined in G.S. 143C-1-1(d)(25).

40 The Director of the Budget submitted a recommended base budget to the General
41 Assembly in the Governor's Recommended Budget for the 2019-2021 fiscal biennium, dated
42 March 2019, and in the Budget Support Document for the various departments, institutions, and
43 other spending agencies of the State. The adjustments to the recommended base budget made by
44 the General Assembly are set out in the Committee Report.

45 **SECTION 42.2.(c)** The budget enacted by the General Assembly shall also be
46 interpreted in accordance with G.S. 143C-5-5, the special provisions in this act, and other
47 appropriate legislation. In the event that there is a conflict between the line-item budget certified
48 by the Director of the Budget and the budget enacted by the General Assembly, the budget
49 enacted by the General Assembly shall prevail.

1 **SECTION 42.2.(d)** Notwithstanding subsection (a) of this section, the following
2 portions of the Committee Report are for reference, and do not expand, limit, or define the text
3 of the Committee Report:

- 4 (1) Summary pages setting forth the enacted budget, the legislative changes, the
5 revised budget, and the related FTE information for a particular budget code
6 and containing no other substantive information.
7 (2) Summary pages setting forth the enacted budget, the legislative changes, the
8 revised budget, and the related FTE information for multiple fund codes
9 within a single budget code and containing no other substantive information.

10
11 **REPORT BY FISCAL RESEARCH DIVISION**

12 **SECTION 42.3.** The Fiscal Research Division shall issue a report on budget actions
13 taken by the 2019 Regular Session of the General Assembly. The report shall be in the form of a
14 revision of the Committee Report described in Section # of this act pursuant to G.S. 143C-5-5.
15 The Director of the Fiscal Research Division shall send a copy of the report issued pursuant to
16 this section to the Director of the Budget. The report shall be published on the General
17 Assembly's Internet Web site for public access.

18
19 **APPROPRIATIONS LIMITATIONS AND DIRECTIONS APPLY**

20 **SECTION 42.4.** Except where expressly repealed or amended by this act, the
21 provisions of enactments affecting the State budget during the 2019 Regular Session of the
22 General Assembly shall remain in effect.

23
24 **MOST TEXT APPLIES ONLY TO THE 2019-2021 FISCAL BIENNIUM**

25 **SECTION 42.5.** Except for statutory changes or other provisions that clearly indicate
26 an intention to have effects beyond the 2019-2021 fiscal biennium, the textual provisions of this
27 act apply only to funds appropriated for, and activities occurring during, the 2019-2021 fiscal
28 biennium.

29
30 **EFFECT OF HEADINGS**

31 **SECTION 42.6.** The headings to the Parts, subparts, and sections of this act are a
32 convenience to the reader and are for reference only. The headings do not expand, limit, or define
33 the text of this act, except for effective dates referring to a Part or subpart.

34
35 **SEVERABILITY CLAUSE**

36 **SECTION 42.7.** If any section or provision of this act is declared unconstitutional
37 or invalid by the courts, it does not affect the validity of this act as a whole or any part other than
38 the part so declared to be unconstitutional or invalid.

39
40 **EFFECTIVE DATE**

41 **SECTION 42.8.** Except as otherwise provided, this act becomes effective July 1,
42 2019.