

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2021

FILED SENATE
May 25, 2022
S.B. 792
PRINCIPAL CLERK

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SENATE BILL DRS25006-MLfa-139

Short Title: 2022 Governor's Budget.

(Public)

Sponsors: Senators B. Jackson, Harrington, and Hise (Primary Sponsors).

Referred to:

A BILL TO BE ENTITLED
AN ACT TO MODIFY THE CURRENT OPERATIONS APPROPRIATIONS ACT OF 2021
AND TO MAKE OTHER CHANGES IN THE BUDGET OPERATIONS OF THE STATE.
The General Assembly of North Carolina enacts:

PART I. TITLE AND INTRODUCTION

TITLE OF ACT

SECTION 1.1. This act shall be known as the "Current Operations Appropriations Act of 2022."

INTRODUCTION

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

PART II. CURRENT OPERATIONS AND EXPANSION/GENERAL FUND

GENERAL FUND APPROPRIATIONS

SECTION 2.1.(a) Appropriations from the General Fund of the State for the maintenance of the State departments, institutions, and agencies, and for other purposes as enumerated, are adjusted for the fiscal year ending June 30, 2023, according to the schedule that follows:

Current Operations – General Fund

FY 2022-2023

EDUCATION

Community College System	163,345,287
Public Instruction	1,354,575,055
Appalachian State University	533,333
East Carolina University	
Academic Affairs	5,200,000
Health Affairs	0



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1	Elizabeth City State University	1,700,000
2	Fayetteville State	0
3	NC A&T State University	2,133,333
4	NC Central University	0
5	NC State University	
6	Academic Affairs	533,333
7	Agricultural Extension	0
8	Agricultural Research	0
9	UNC-Asheville	0
10	UNC-Chapel Hill	
11	Academic Affairs	0
12	Health Affairs	0
13	AHEC	0
14	UNC-Charlotte	0
15	UNC-Greensboro	0
16	UNC-Pembroke	0
17	UNC-School of the Arts	1,000,000
18	UNC-Wilmington	0
19	Western Carolina University	0
20	Winston-Salem State University	0
21	General Administration	0
22	University Institutional Programs	340,518,642
23	Related Educational Programs	5,000,000
24	NC School of Science and Math	1,638,794
25	Aid to Private Institutions	12,900,000
26	Total – University of North Carolina	371,157,435
27		
28	HEALTH AND HUMAN SERVICES	
29	Department of Health and Human Services	
30	Central Management and Support	55,232,336
31	Aging and Adult Services	4,624,100
32	Child Development and Early Education	46,634,200
33	Health Benefits	370,650,226
34	Health Services Regulation	5,665,933
35	Mental Hlth/Dev. Disabl./Subs. Abuse Serv.	98,094,500
36	Public Health	23,252,141
37	Services for the Blind, Deaf, and Hard of Hearing	936,500
38	Social Services	28,102,325
39	Vocational Rehabilitation	3,872,200
40	Total Health and Human Services	637,064,461
41		
42	AGRICULTURE, NATURAL, AND ECONOMIC RESOURCES	
43	Agriculture and Consumer Services	13,782,541
44		
45	Department of Commerce	
46	Commerce	17,936,146
47	General State Aid	1,000,000
48	Economic Development	21,000,000
49		
50	Environmental Quality	18,248,561
51		

1	Labor	2,399,681
2		
3	Natural and Cultural Resources	38,884,736
4		
5	Wildlife Resources Commission	2,484,291
6		
7	JUSTICE AND PUBLIC SAFETY	
8	Judicial Department	55,368,637
9		
10	Judicial Department – Indigent Defense Services	5,808,072
11		
12	Department of Justice	6,417,285
13		
14	Department of Public Safety	219,069,820
15		
16	GENERAL GOVERNMENT	
17	Department of Administration	4,726,121
18		
19	Office of Administrative Hearings	366,500
20		
21	State Board of Elections	2,040,797
22		
23	Office of State Auditor	3,479,500
24		
25	Office of State Controller	1,511,094
26		
27	General Assembly	4,572,600
28		
29	Office of the Governor	370,500
30		
31	Office of State Budget and Management	
32	Office of State Budget and Management	1,836,878
33	OSBM – Reserve for Special Appropriations	0
34		
35	Housing Finance Agency	7,660,000
36		
37	Office of State Human Resources	1,042,700
38		
39	Department of Insurance	
40	Insurance	4,425,016
41	Insurance – Industrial Commission	2,052,200
42		
43	Office of Lieutenant Governor	67,800
44		
45	Department of Military and Veterans Affairs	7,669,748
46		
47	Department of Revenue	7,730,385
48		
49	Department of Secretary of State	2,575,200
50		
51	Department of State Treasurer	

1	Treasurer	1,050,300
2	Treasurer – Other Retirement Plans/Benefits	0
3		
4	Information Technology	3,644,257

RESERVES, DEBT, AND OTHER BUDGETS

7	Statewide Reserves	
8	Technical Adjustment	(742,000,000)
9	DOT Retention Bonus	20,947,000
10	Salary to Market Range Minimum	2,530,000
11	Workers' Compensation Settlement Reserve	10,000,000
12	Temporary and Seasonal Workers Living Wage Reserve	2,250,000
13	Contractor Living Wage Reserve	25,000,000
14		
15	Total Net Appropriation	29,284,765,214

GENERAL FUND AVAILABILITY

SECTION 2.2.(a) The General Fund availability statement set out in Section 2.2(a) of S.L. 2021-180 applies to the 2021-22 fiscal year only. The General Fund Availability used in adjusting the 2022-2023 fiscal year budget is shown below:

22		FY 2022-2023
23	Unappropriated Balance	2,380,495,252
24	Adjustments to Availability & Technical Corrections	(17,853,808)
25	Anticipated Reversions	200,000,000
26	Projected Over Collections	4,241,300,000
27	Total, Prior Year End Fund Balance	6,803,941,444
28		
29	Tax Revenues	29,760,800,000
30		
31	Nontax Revenue	948,800,000
32		
33	Other Adjustments to Availability	
34	Adjustment to Transfer from Department of Insurance	4,425,016
35	Adjustment to Transfer from State Treasurer	1,050,300
36	Subtotal, Other Adjustments	5,475,316
37		
38	Total, Net Revenues	30,715,075,316
39		
40	Investments to Reserves per S.L. 2021-180, S.L. 2021-189	
41	State Capital and Infrastructure (SCIF)	(1,345,500,000)
42	Savings Reserve	(1,134,006,722)
43	Additional Transfer to SCIF	(1,039,500,000)
44	State Emergency Response and Disaster Relief Reserve	(375,000,000)
45	Medical Transformation Reserve	(246,000,000)
46	Information Technology Reserve	(165,000,000)
47	NC GREAT Program (S.L. 2019-230)	(15,000,000)
48	Unfunded Liability Solvency Reserve	(10,000,000)
49	Subtotal, Investments to Reserves	(4,330,006,722)
50		
51	Additional Investments to Reserves	

1	State Capital and Infrastructure Fund (SCIF)	
2	State Government & UNC System Capital, Repair & Renovation, Flex Fund	(538,805,915)
3	Public Schools	(500,000,000)
4	Economic Development Projects Reserve	(450,000,000)
5	Workforce and Economic Development Reserve	(182,540,000)
6	Affordable Housing Reserve	(165,000,000)
7	State Emergency Response and Disaster Relief Fund	(125,000,000)
8	Clean Energy and Environment Reserve	(105,000,000)
9	Medicaid Transformation Reserve	(100,000,000)
10	Matching Funds Reserve	(100,000,000)
11	Information Technology Reserve	(57,000,000)
12	Medicaid Contingency Reserve	(50,000,000)
13	Radio Island Infrastructure Reserve	(20,000,000)
14	Contingency and Emergency Fund	(10,000,000)
15	Subtotal, Infrastructure and Resiliency	(2,403,345,915)
16		
17	Total, Adjustments and Reservations	(6,733,352,637)
18		
19	Revised Total Net General Fund Availability	30,785,664,123
20		
21	Less General Fund Net Appropriations	(29,284,765,214)
22		
23	Unappropriated Balance Remaining	1,500,898,909
24		

25 **SECTION 2.2.(b)** Section 2.2(b) of S.L. 2021-180 reads as rewritten:

26 "SECTION 2.2.(b) In addition to the amount required under G.S. 143C-4-3.1, as amended
 27 by Section 5.7 of this act, the State Controller shall transfer to the State Capital and Infrastructure
 28 Fund established under G.S. 143C-4-3.1 the sum of two billion three hundred forty-nine million
 29 three hundred thirty-four thousand nine hundred ninety-nine dollars (\$2,349,334,999) in
 30 nonrecurring funds in the 2021-2022 fiscal year and the sum of ~~one billion thirty-nine million~~
 31 ~~five hundred thousand dollars (\$1,039,500,000)~~ two billion seventy-eight million three hundred
 32 five thousand nine hundred fifteen dollars (\$2,078,305,915) in nonrecurring funds in the
 33 2022-2023 fiscal year. Funds transferred under this subsection are appropriated for the fiscal year
 34 in which they were transferred and shall be used in accordance with Part 40 of this act."

35 **SECTION 2.2.(c)** Section 2.2(e) of S.L. 2021-180 reads as rewritten:

36 "SECTION 2.2.(e) The State Controller shall reserve to the Medicaid Transformation
 37 Reserve from funds available in the General Fund the sum of two hundred fifteen million eight
 38 hundred twenty thousand dollars (\$215,820,000) in nonrecurring funds for the 2021-2022 fiscal
 39 year and the sum of ~~two hundred forty-six million dollars (\$246,000,000)~~ three hundred forty-six
 40 million dollars (\$346,000,000) in nonrecurring funds for the 2022-2023 fiscal year. Funds
 41 reserved in the Medicaid Transformation Reserve pursuant to this subsection do not constitute
 42 an "appropriation made by law," as that phrase is used in Section 7(1) of Article V of the North
 43 Carolina Constitution."

44 **SECTION 2.2.(d)** Section 2.2(f) of S.L. 2021-180 reads as rewritten:

45 "SECTION 2.2.(f) The State Controller shall transfer the sum of four hundred thirty million
 46 eight hundred twenty thousand dollars (\$430,820,000) for the 2021-2022 fiscal year and the sum
 47 of ~~forty-six million dollars (\$46,000,000)~~ one hundred forty-six million dollars (\$146,000,000)
 48 for the 2022-2023 fiscal year from funds available in the Medicaid Transformation Reserve in
 49 the General Fund to the Medicaid Transformation Fund established under Section 12H.29 of S.L.
 50 2015-241."

SECTION 2.2.(e) The State Controller shall reserve to the Medicaid Contingency Reserve described in G.S. 143C-4-11 from funds available in the General Fund the sum of fifty million dollars (\$50,000,000) in nonrecurring funds for the 2022-2023 fiscal year.

SECTION 2.2.(f) Section 2.2(h) of S.L. 2021-180 reads as rewritten:

"SECTION 2.2.(h) There is established in the General Fund an Information Technology Reserve that shall make funds available for information technology project expenditures only upon an act of appropriation by the General Assembly. The State Controller shall reserve to the Information Technology Reserve from funds available in the General Fund the sum of one hundred nine million six hundred sixty-one thousand one hundred fifty-five dollars (\$109,661,155) in nonrecurring funds for the 2021-2022 fiscal year and the sum of ~~one hundred sixty-five~~ two hundred twenty-two million dollars ~~(\$165,000,000)~~ (\$222,000,000) in nonrecurring funds for the 2022-2023 fiscal year. For the 2022-23 fiscal year, funds appropriated to Statewide Reserves in this subsection shall be transferred from the Office of State Budget and Management to the Department of Information Technology to mitigate negative agency impacts of Internal Service Fund adjustments. The State Controller shall transfer funds available in the Information Technology Reserve to State agencies and departments for information technology projects in accordance with the following schedule, and the funds transferred are appropriated for the fiscal year in which they are transferred:

State Agency or Department	2021-2022	2022-2023
(1) Office of the State Controller (Budget Code: 19084)	\$25,000,000	\$25,000,000
(2) Department of Public Instruction (Budget Code: 23515)	48,748,522	37,850,910
(3) Community College System (Budget Code: 26802)	28,500,000	0
(4) Administrative Office of the Courts (Budget Code: 22006)	7,412,633	8,405,916
(5) <u>Office of State Human Resources</u> (Budget Code: 14111)		<u>15,000,000</u>
(6) <u>Department of Information Technology</u> (Budget Code: 24667)		<u>20,000,000</u>
(7) <u>Statewide Reserves</u> (Budget Code: 19XXX)		<u>22,000,000"</u>

SECTION 2.2.(g) Section 2.2(i) of S.L. 2021-180 reads as rewritten:

"SECTION 2.2.(i) The State Controller shall reserve the sum of four hundred twenty-five million dollars (\$425,000,000) in nonrecurring funds for the 2021-2022 fiscal year, and the sum of ~~three hundred seventy-five million dollars (\$375,000,000)~~ five hundred million dollars (\$500,000,000) for the 2022-2023 fiscal year, from funds available in the General Fund to the State Emergency Response and Disaster Relief Reserve established under G.S. 166A-19.42. ~~Funds reserved in the State Emergency Response and Disaster Relief Reserve pursuant to this subsection do not constitute an "appropriation made by law," as that phrase is used in Section 7(1) of Article V of the North Carolina Constitution.~~ Of these funds two hundred fifty million dollars (\$250,000,000) is appropriated for the 2022-2023 fiscal year and shall be used in accordance with this act."

SECTION 2.2.(h) There is established in the General Fund an Economic Development Project Reserve that shall make funds available for expenditures associated with economic development projects meeting or exceeding high-yield project metrics only upon an act of appropriation by the General Assembly. The State Controller shall reserve to the Economic

1 Development Project Reserve from funds available in the General Fund the sum of four hundred
2 fifty million dollars (\$450,000,000) in nonrecurring funds for the 2022-2023 fiscal year. This
3 section becomes effective June 30, 2022. Funds transferred under this section to the Economic
4 Development Project Reserve are appropriated for the 2022-2023 fiscal year and shall be used in
5 accordance with this act.

6 **SECTION 2.2.(i)** There is established a Workforce and Economic Development
7 Reserve which shall make funds available for expenditure only upon an act of appropriation by
8 the General Assembly. The State Controller shall transfer the sum of one hundred eighty-two
9 million five hundred forty thousand dollars (\$182,540,000) from the unreserved fund balance in
10 the General Fund to Workforce and Economic Development Reserve on June 30, 2022. This
11 section becomes effective June 30, 2022. Funds transferred under this section to Workforce and
12 Economic Development Reserve are appropriated for the 2022-2023 fiscal year and shall be used
13 in accordance with this act.

14 **SECTION 2.2.(j)** There is established an Affordable Housing Reserve which shall
15 make funds available for expenditure only upon an act of appropriation by the General Assembly.
16 The State Controller shall transfer the sum of one hundred sixty-five million dollars
17 (\$165,000,000) from the unreserved fund balance in the General Fund to the Affordable Housing
18 Reserve on June 30, 2022. This section becomes effective June 30, 2022. Funds transferred under
19 this section to Affordable Housing Reserve are appropriated for the 2022-2023 fiscal year and
20 shall be used in accordance with this act.

21 **SECTION 2.2.(k)** There is established an Clean Energy and Environment Reserve
22 which shall make funds available for expenditure only upon an act of appropriation by the
23 General Assembly. The State Controller shall transfer the sum of one hundred five million dollars
24 (\$105,000,000) from the unreserved fund balance in the General Fund to the Clean Energy and
25 Environment Reserve on June 30, 2022. This section becomes effective June 30, 2022. Funds
26 transferred under this section to Clean Energy and Environment Reserve are appropriated for the
27 2022-2023 fiscal year and shall be used in accordance with this act.

28 **SECTION 2.2.(l)** There is established in the General Fund a Matching Funds
29 Reserve which shall make funds available for expenditure only upon an act of appropriation by
30 the General Assembly. The State Controller shall transfer the sum of one hundred million dollars
31 (\$100,000,000) in nonrecurring funds for the 2022-2023 fiscal year. This section becomes
32 effective June 30, 2022. The State Controller shall transfer funds available in the Matching Funds
33 Reserve to state agencies and departments in accordance with Section 5.1 of this act. Funds
34 transferred under this section to the Matching Funds Reserve in accordance with Section 5.1 of
35 this act are appropriated for the 2022-2023 fiscal year.

36 **SECTION 2.2.(m)** There is established in the General Fund a Radio Island
37 Infrastructure Reserve that shall make funds available for expenditures associated with
38 infrastructure development on Radio Island. The State Controller shall reserve to the Radio Island
39 Infrastructure Reserve from funds available in the General Fund the sum of twenty million dollars
40 (\$20,000,000) in nonrecurring funds for the 2022-2023 fiscal year. The State Controller shall
41 transfer funds available in the Radio Island Infrastructure Reserve to the North Carolina State
42 Ports Authority after written approval from the Secretary of the North Carolina Department of
43 Transportation and the Secretary of the North Carolina Department of Commerce. This section
44 becomes effective June 30, 2022. Funds transferred under this section to the Radio Island
45 Infrastructure Reserve are appropriated for the 2022-2023 fiscal year and shall be used in
46 accordance with this act.

47 **SECTION 2.2.(n)** Notwithstanding G.S. 143C-4-2, the State Controller shall
48 transfer a total of ten million dollars (\$10,000,000) from the unreserved fund balance to the
49 Contingency and Emergency Fund in the General Fund on June 30, 2022. This subsection
50 becomes effective June 30, 2022.
51

PART III. HIGHWAY FUND AND HIGHWAY TRUST FUND**CURRENT OPERATIONS/HIGHWAY FUND**

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

Highway Fund	FY 2022-2023
Administration	8,821,414
Division of Highways	
Administration	1,891,010
Construction	0
Maintenance	65,867,708
Governor's Highway Safety Program	0
OSHA	0
Aid to Municipalities	
Powell Bill	0
Other Municipal Assistance	0
Intermodal Divisions	
Ferry	8,180,000
Public Transportation, Bicycle and Pedestrian	12,000,000
Aviation	3,400,000
Rail	10,000,000
Division of Motor Vehicles	5,308,168
Other State Agencies, Reserves, Transfers	26,231,700
Capital Improvements	0
Total Highway Fund Appropriations	\$2,745,100,000

HIGHWAY FUND AVAILABILITY

SECTION 3.2. Section 3.2 of S.L. 2021-180 reads as rewritten:

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

Highway Fund Availability	FY 2021-2022	FY 2022-2023
Actual Over Collections	249,824,965	<u>284,277,495</u>
Partial Accounting of HTE Cash Advance Repayments	(176,577,495)	
Transfer of Funds to Emergency Reserve		
(G.S. 136-44.2E(b) and (d))	(61,000,000)	
Estimated Ferry Overdrafts	(7,971,879)	
Ferry Vessels – Salvo and Avon	(4,275,591)	
Beginning Balance	<u>0176,577,495</u>	<u>0284,277,495</u>
Motor Fuels Tax	1,672,500,000 <u>1,772,200,000</u>	
1,641,700,000 <u>1,776,100,000</u>		
Licenses and Fees	872,600,000 <u>869,500,000</u>	
875,600,000 <u>872,200,000</u>		

1	Highway Short-Term Lease	10,000,000 90,900,000	
2	10,000,000 95,300,000		
3	Investment Income	1,500,000	1,500,000
4			
5	Adjustments to Availability		
6	Additional Highway Short-Term Lease	69,800,000	74,600,000
7			
8	Total Highway Fund Availability	<u>\$2,626,400,000</u>	<u>\$2,910,677,495</u>
9	<u>\$2,603,400,000</u>	<u>\$3,029,377,495</u>	

HIGHWAY TRUST FUND APPROPRIATIONS

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

Current Operations – Highway Trust Fund	FY 2022-2023
Program Administration	0
Bonds 0	
Turnpike Authority	0
State Ports Authority	0
FHWA State Match	0
Strategic Prioritization Funding Plan for	
Transportation Investments	107,200,000
Transfer to Visitor Center	0
Total Highway Trust Fund Appropriations	<u>\$1,835,500,000</u>

HIGHWAY TRUST FUND AVAILABILITY

SECTION 3.4. Section 3.4 of S.L. 2021-180 reads as rewritten:

"SECTION 3.4. The Highway Trust Fund availability used in developing the 2021-2023 fiscal biennial budget is shown below:

Highway Trust Fund Availability	FY 2021-2022	FY 2022-2023
Projected Over Collections	326,587,369	<u>74,800,000</u>
Partial Accounting of Cash Advance Repayments	176,577,495	
STI Projects	(503,164,864)	(326,587,369)
<u>(74,800,000)</u>		
Beginning Balance	0	<u>0</u>
Highway Use Tax	958,300,000 1,028,000,000	
<u>997,900,000</u> 1,086,000,000		
Motor Fuels Tax	418,000,000 442,600,000	
<u>546,300,000</u> 590,100,000		
Fees	173,700,000 154,800,000	
<u>182,100,000</u> 158,000,000		
Investment Income	2,000,000 1,400,000	2,000,000 1,400,000
Total Highway Trust Fund Availability	<u>\$1,552,000,000</u>	<u>\$1,626,800,000</u>
	<u>\$1,728,300,000</u>	<u>\$1,835,500,000</u>

PART IV. OTHER AVAILABILITY AND APPROPRIATIONS

EDUCATION LOTTERY FUNDS/CHANGES TO REVENUE ALLOCATIONS

SECTION 4.1.(a) Section 4.3(a) of S.L. 2021-180 reads as rewritten:

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

	FY 2021-2022	FY 2022-2023
Noninstructional Support Personnel	\$385,914,455	\$385,914,455
Prekindergarten Program	104,752,110	
123,652,110 <u>165,552,110</u>		
Smart Start	20,000,000	
20,000,000 <u>30,000,000</u>		
Public School Building Capital Fund	100,000,000	100,000,000
Needs-Based Public School Capital Fund	75,000,000	75,000,000
Scholarships for Needy Students	30,450,000	30,450,000
UNC Need-Based Financial Aid	25,797,345	26,097,345
Community College Need-Based Financial Aid	3,000,000	3,000,000
LEA Transportation	21,386,090	21,386,090
TOTAL APPROPRIATION	\$766,300,000	
\$785,500,000 <u>\$837,400,000</u>		

PART V. GENERAL PROVISIONS**MATCHING FUNDS RESERVE**

SECTION 5.1.(a) Fund. – The Matching Funds Reserve (Reserve) is established as a statewide reserve in the Office of the State Budget and Management, which shall be responsible for administering the Reserve.

SECTION 5.1.(b) Purpose. – The Office of State Budget and Management shall establish and manage the Reserve to increase access to Infrastructure Investment and Jobs Act (IIJA) and other federal grants. Pursuant to this section, the Office of State Budget and Management shall develop criteria and disburse funds to local governments, State agencies, and other stakeholders to meet match requirements for IIJA grants.

SECTION 5.1.(c) Allocation of Funds. – For the 2022-23 fiscal year, the Office of State Budget and Management shall allocate the funds on the following basis:

- (1) \$4,000,000 shall be allocated to the Department of Commerce to hire up to 20 two-year, time-limited positions to assist local governments in competing for Infrastructure Investment and Jobs Act (IIJA) grants.
- (2) \$9,867,798 shall be allocated to the Department of Environmental Quality to meet the match requirements for the Clean Water and Drinking Water State Revolving Loan Funds and the Federal Environmental Protection Agency 320 Grant. This amount shall also be allocated to the Department of Environmental Quality in each of the 2023-2024, 2024-2025, and 2025-2026 fiscal years to meet the match requirements for these grants in those fiscal years.
- (3) \$6,844,400 shall be allocated to the Department of Information Technology to meet the match requirements for the IIJA Cyber Grant, which will address cyber-related activities across all levels of government.

SECTION 5.1.(d) Administrative Expenses. – Of the funds appropriated to the Reserve, no more than the lesser of two million four hundred eighty-four thousand two hundred twenty dollars (\$2,484,220) or up to five percent (5%) may be used for administrative expenses, which may include one full-time position within the Office of the Governor to coordinate efforts

to secure IJA grants locally and across state government. These funds may also provide contracted support for the Department of Environmental Quality, the Department of Information Technology, and the Department of Transportation to assist in leveraging federal funds.

2022 DISASTER RELIEF AND RECOVERY/MITIGATION/RESILIENCY

SECTION 5.2.(a) State Emergency Response and Disaster Relief Fund. Of the nonrecurring funds appropriated in this act for fiscal year 2022-2023, two hundred fifty million dollars (\$250,000,000) shall be allocated as follows:

- (1) \$125,000,000 available as needed to the Department of Health and Human Services to be utilized to offset cash expenditures made by DHHS for COVID-19 eligible expenses pending reimbursements by the Federal Emergency Management Agency (FEMA) at one hundred percent (100%) of associated costs. As FEMA reimbursements are received by the Department of Health and Human Services, any funds previously transferred from the State Emergency Response and Disaster Relief Fund for said purpose shall be returned to the State Emergency Response and Disaster Relief Fund and shall remain there until further action is taken by the General Assembly.
- (2) \$50,000,000 to the Department of Health and Human Services to establish the Department of Health and Human Services COVID Recovery Contingency Fund. Funds shall be used for the State's ongoing COVID response and recovery needs, including any of the following:
 - a. COVID testing.
 - b. Vaccine administration and related information technology support.
 - c. Vaccine Help Desk.
 - d. Communication and outreach.
 - e. Personal protective equipment and other related purchases.
 - f. Other COVID response and mitigation needs as identified by the Department of Health and Human Services.
- (3) \$40,000,000 to the Department of Public Safety, Division of Emergency Management for the following housing-related matters:
 - a. To be used for housing elevation, acquisition, and mitigation reconstruction for homes not covered by Hazard Mitigation Grant Program.
 - b. For the repair, reconstruction, replacement, or acquisition of owner-occupied homes not covered by Community Development Block Grant Disaster Recovery Program funding.
 - c. To provide State Acquisition Relocation funds, which enable low- to moderate-income homeowners to purchase homes.
 - d. To provide flood insurance subsidies.
 - e. To construct infrastructure to support (i) hazard mitigation and (ii) the development of new residential structures in areas outside the 100-year floodplain.
- (4) \$5,000,000 to the Department of Public Safety, Division of Emergency Management to address the demand for private road and bridge repairs in response to Tropical Storm Fred.
- (5) \$5,000,000 to the Department of Public Safety, Division of Emergency Management to provide additional funding to local governments for further removal and disposal of debris and for public infrastructure repairs in response to Tropical Storm Fred.
- (6) \$25,000,000 to the Department of Insurance to sustain the State Property Fire Fund and cover the annual excess premium payment.

SECTION 5.2.(b) Availability of COVID Funds. – Funds appropriated in subsection 5.2(a)(2) of this section shall be made available for expenditure at the Department of Health and Human Services at such time that the Public Health Emergency, as declared by the Secretary of the U.S. Department of Health and Human Services is terminated, and the timeline for submitting eligible projects for FEMA reimbursement has ended but response and recovery efforts remain necessary for North Carolinians.

SECTION 5.2.(c) Applicability. – Subdivision (3) of Section 5.2(a) of this section applies in the North Carolina counties that were declared a major disaster by the President of the United States under the Stafford Act (P.L. 93-288) as a result of Hurricane Florence, Matthew, Michael, or Dorian.

SECTION 5.2.(d) Implementation. – The following actions and policies shall be taken to implement Subdivision 5.2(a)(3) of this section:

- (1) If a person's home is relocated or purchased with funds from the Hazard Mitigation Grant Program or the State Acquisition and Relocation Fund, the State Emergency Response and Disaster Relief Fund is subrogated to the person's rights under any insurance coverage for the damage to the home and any monies received from the insurance coverage shall be paid to the State Emergency Response and Disaster Relief Fund. The Office of State Budget and Management shall ensure that those potentially affected by this section are notified of, and adhere to, its requirements.
- (2) No State funds appropriated in this section may be expended for the construction of any new residence within the 100-year floodplain unless the construction is in an area regulated by a unit of local government pursuant to a floodplain management ordinance and the construction complies with the ordinance. As used in this section, "100-year floodplain" means any area subject to inundation by a 100-year flood, as indicated on the most recent Flood Insurance Rate Map prepared by the Federal Emergency Management Agency under the National Flood Insurance Program.
- (3) Homeowners in the 100-year floodplain who receive homeowner's housing assistance pursuant to this section shall have in effect federal flood insurance, if available, as a precondition to receipt of State homeowner's housing assistance for losses resulting from future flooding.

SECTION 5.2.(e) Limitation. – The Governor shall ensure that funds allocated in this act are expended in a manner that does not adversely affect any person's or entity's eligibility for federal funds that are made available, or that are anticipated to be made available, as a result of Hurricanes Florence, Matthew, Michael, or Dorian. The Governor shall also, to the extent practicable, avoid using State funds to cover costs that will be, or likely will be, covered by federal funds.

SECTION 5.2.(f) No Reversion of Funds. – Funds described in Subdivision 5.2(a)(3) of this section shall remain available to implement the provisions of this section until the General Assembly directs the reversion of any unexpended and unencumbered funds and G.S. 143C-6-23(f1)(1) shall not apply to those funds.

SECTION 5.2.(g) Reporting Requirements. – The Office of State Budget and Management shall provide periodic reports on the use of the funds allocated and appropriated in this Act in a manner which is consistent with Section 5.8 of Session Law 2019-250.

DEBT SERVICE TRANSFER

SECTION 5.3. G.S. 143C-4-3.1 is amended to add a new subsection to read:

"§ 143C-4-3.1. State Capital and Infrastructure Fund

...

(e) Use of Funds. – Monies in the Fund shall first be used to meet the debt service obligations supported by the General Fund. In addition to meeting the debt service obligations supported by the General Fund, monies in the Fund may be used for the following purposes:

- (1) New State and The University of North Carolina capital projects governed pursuant to Article 8 of Chapter 143C of the General Statutes.
- (2) Repair and renovation of existing capital assets, as provided in G.S. 143C-8-13.
- (3) Broadband infrastructure projects funded through appropriations to the Growing Rural Economies with Access to Technology Fund established in G.S. 143B-1373(b).
- (4) Projects and grants identified in the Current Operations Appropriations Act or that have been authorized and funded by an act of the General Assembly.

(e1) In each fiscal year, the Office of State Budget and Management shall transfer a sum sufficient for debt service from the State Capital Infrastructure Fund to the Department of State Treasurer to meet debt service obligations supported by the General Fund. The Office of State Budget and Management and the Department of State Treasurer may adjust the requirements and receipts of the transfer to meet actual debt service obligations.

...."

PART VI. COMMUNITY COLLEGE SYSTEM

ANNUAL REPORT ON IMPROVED OUTCOMES RESULTING FROM INCREASED INVESTMENT

SECTION 6.1.(a) The State Board of Community Colleges shall develop criteria to allocate the fifty million dollars (\$50,000,000) provided in this act to invest in community college capacity.

SECTION 6.1.(b) Report. – The Community Colleges System Office shall report, to the Joint Legislative Oversight Committee for Education, the Fiscal Research Division of the General Assembly, and the Office of State Budget and Management starting in December 1, 2022, and annually thereafter. The initial report due December 1, 2022 shall include the planned uses of the funds set out in subsection (a) of this section by institution, and expected outcomes of the increased investments. Annual reports due in subsequent years shall include outcomes achieved using this funding, including changes in course completion rates and other measures of student achievement.

ANNUAL REPORT ON FACULTY TURNOVER BY SUBJECT, COURSE AND COLLEGE

SECTION 6.2. Report. – The Community Colleges System Office shall report annually, starting on January 15, 2023, to the Joint Legislative Oversight Committee for Education, the Fiscal Research Division of the General Assembly, and the Office of State Budget and Management on the turnover rates of permanent faculty, broken down by:

- (1) Subject area;
- (2) Type of qualification taught (e.g. degree, apprenticeship, High School Equivalency, etc.);
- (3) The employing community college; and
- (4) The combination of the items listed in (1) to (3) of this section.

As part of the same report, the System Office shall report on turnover rates of concern among non-faculty staff employed by the System Office or community colleges, including information on any geographical disparities in the underlying data.

DATA SYSTEM IMPROVEMENTS PLAN

SECTION 6.3. Report. – The Community College System Office shall report by January 31, 2023 to the Fiscal Research Division of the General Assembly and to the Office of State Budget and Management on options for improving data collection on the outcomes achieved by community colleges, including but not limited to:

- (1) An assessment of the outcomes data that should be collected to support community colleges to achieve their objectives, including, if relevant, by reference to data collected in other states;
- (2) An analysis of the strengths and weaknesses of the current systems for data collection;
- (3) Options for improving or replacing the current systems;
- (4) An assessment of the resources, including funding, information technology and staffing, required for each option; and
- (5) Recommended next steps, including plan outline, costs, and time line.

GROWING THE HEALTH CARE WORKFORCE

SECTION 6.4.(a) Establishment of the Fund. – Of the funds appropriated to the Community Colleges System Office by this act for the 2022-2023 fiscal year, the System Office shall use fifteen million dollars (\$15,000,000) to establish the Fund for Growing the Health Care Workforce (Fund). Any unexpended funds remaining in the Fund at the end of the fiscal year shall not revert to the General Fund but shall remain available for the purposes set forth in this section through June 30, 2025. The Fund shall be used to assist community colleges in starting or expanding programs that will grow the health care workforce, including through providing greater facility capacity for trainees; increasing the numbers of health faculty and staff; and providing student support, equipment and lab space.

SECTION 6.4.(b) Report. – The System Office shall submit an initial report to the Joint Legislative Education Oversight Committee by December 1, 2023, and an annual report thereafter for each year the System Office provides funds to community colleges from the Fund on the programs receiving the funds, which shall include at least the following information:

- (1) The community colleges that received funds, the amount of funds, and the types of programs started.
- (2) The use of funds by community colleges receiving awards, including costs associated with student instruction, faculty salaries, instructional supplies, related instructional equipment, and accreditation costs.
- (3) Evaluation of the success of the new community college programs receiving funds.

EXPANSION OF ADULT LEARNER PILOT PROGRAMS

SECTION 6.5.(a) Section 6.10 of S.L. 2021-180 reads as rewritten:

"SECTION 6.10.(a) Of the funds appropriated by this act to the Community Colleges System Office for the ~~2021-2022-2021-2023~~ fiscal year, biennium, the System Office shall allocate funds to expand ~~five pilot~~ initiatives at community colleges targeting adult learners to return to higher education to gain new skills, advance in the workplace, and fulfill their goals of completing a degree or credential. The pilot programs include the NC Reconnect program and other programs that focus on at least the following categories of adult learners:

- (1) Students who are age 25 years or older.
- (2) Students with varying education levels, including no high school diploma or equivalent or some community college credentials or postsecondary degree.
- (3) Students who have started postsecondary programs but dropped out before completion in the last five years.
- (4) Nontraditional students, including part-time students, parents, or students with limited scheduling options due to work or other responsibilities.

The funds may be used to expand the pilots to other community college campuses and at the existing community college pilot sites for marketing and outreach, as well as for enrollment of students into the programs, particularly for students who have dropped out of postsecondary degree or credential programs prior to completion.

"**SECTION 6.10.(b)** By March 1, 2023, and annually thereafter, the System Office shall report to the Joint Legislative Education Oversight Committee, the Senate Appropriations Committee on Education/Higher Education, the House Appropriations Committee on Education, and the Fiscal Research Division on the results of the expansion of ~~the pilot adult learner~~ programs, including the number of students enrolled into degree and credential programs, the number of students completing a degree or credentialing program, and legislative recommendations for further expansion and the estimated cost of the programs."

PART VII. PUBLIC INSTRUCTION

FUNDS FOR CHILDREN WITH DISABILITIES

SECTION 7.1. Section 7.1 of S.L. 2021-180 reads as rewritten:

"**SECTION 7.1.** The State Board of Education shall allocate additional funds for children with disabilities on the basis of four thousand six hundred dollars (\$4,600) per child for the 2022-2023 fiscal year and five thousand fifty dollars (\$5,050) per child for the 2022-2023 fiscal years--year. Each local school administrative unit shall receive funds for the ~~lesser of (i) all children who are identified as children with disabilities or (ii) thirteen percent (13%) of its 2021-22 allocated average daily membership in the local school administrative unit. total number of~~ children who are identified as children with disabilities in the local school administrative unit. The dollar amounts allocated under this section for children with disabilities shall also be adjusted in accordance with legislative salary increments, retirement rate adjustments, and health benefit adjustments for personnel who serve children with disabilities."

DISADVANTAGED STUDENT SUPPLEMENTAL FUNDING (DSSF)/AT-RISK STUDENT SERVICES/ALTERNATIVE SCHOOLS

SECTION 7.2. Section 7.5 of S.L. 2021-180 reads as rewritten:

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

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

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

...

"**SECTION 7.5.(d)** For the 2022-23 fiscal year the State Board of Education shall transfer the At-Risk Student Services/Alternative Schools allotment into the DSSF allotment and allocate these funds to local school administrative units under a formula that:

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

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

FUNDS FOR LIMITED ENGLISH PROFICIENCY

SECTION 7.3. The State Board of Education shall allocate funds for services to students with limited proficiency in the English language to local school administrative units and to charter schools based only on the three-year weighted headcount of students in the units or charter school with limited English proficiency.

STUDENT MEAL REDUCED-PRICE LUNCH COPAYS

SECTION 7.4. If the funds appropriated in this Act to pay reduced-price school meals copays are insufficient to provide school lunches at no cost to students qualifying for reduced-price meals, the Department of Public Instruction may use any excess funds available to the Department.

BUDGET FLEXIBILITY FOR LOCAL BOARDS OF EDUCATION

SECTION 7.5.(a) G.S. 115C-105.25(b) reads as rewritten:

"§ 115C-105.25. Budget flexibility.

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

...

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

...

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

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

...

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

...

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

...

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

SECTION 7.5.(b) Section 4(b) of S.L. 2018-2 is repealed.

TEACHER PREPARATION RESIDENCY PILOT GRANT PROGRAM

SECTION 7.6.(a) Purpose. – The State Board of Education shall establish a grant program to assist local school administrative units in the development of teacher preparation residency pilot programs. Teacher preparation residency programs provide the necessary preparation and induction supports to teacher preparation candidates pursuing a continuing professional license. Teacher preparation residency programs eligible to receive grant funding through this program shall include, at a minimum, the following components:

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

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

SECTION 7.6.(b) Request for Proposal. – By October 1, 2022, the State Board of Education shall issue a Request for Proposal (RFP) for the grant program. Local boards of education shall submit their proposals by January 15, 2023. The RFP shall require that proposals include the following information at a minimum:

- (1) Description of the proposal, including the number of teacher preparation candidates to be served;
- (2) Evidence-based research that supports the proposal;
- (3) Implementation plan; and
- (4) Plans for financial sustainability once grant money is no longer available.

SECTION 7.6.(c) Grant Awards. – By April 15, 2023, the State Board of Education shall review the proposals submitted by local boards of education and shall select up to ten local school administrative units for grant awards. The State Board of Education may make grant awards for up to three years. A local school administrative unit may not receive more than five hundred thousand dollars (\$500,000) in a single fiscal year from this grant program.

SECTION 7.6.(d) Evaluation and Reporting. – Of the funds appropriated by this act, the State Board of Education may use up to three hundred thousand dollars (\$300,000) to contract with an independent research organization to evaluate the impact of this grant program. The independent research organization shall report the results of this evaluation to the Joint Legislative Education Oversight Committee, the Fiscal Research Division of the General Assembly, and the Office of State Budget and Management by September 1, 2025. The Department of Public Instruction shall report annually on the implementation of this grant program beginning on March 1, 2024.

SECTION 7.6.(e) Carryforward. – Funds unspent in the 2022-2023 fiscal year shall not revert and shall be carried forward to implement this section.

EDUCATOR WAGE COMPARABILITY STUDY

SECTION 7.7. The State Board of Education shall conduct a wage comparability study to determine competitive pay for North Carolina teachers in comparison to salaries in similar professions in North Carolina. The study shall focus on, but not be limited to, the following areas:

- (1) Compare North Carolina teacher salaries to salaries for professions in North Carolina that require similar education and credentials as teachers;
- (2) Identify the level of compensation needed to provide a competitive salary to similar professions in North Carolina;

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

The State Board of Education shall report on the findings of this study to the Joint Legislative Education Oversight Committee, the Fiscal Research Division, and the Office of State Budget and Management by March 1, 2023. Of the funds appropriated in this act to the Department of Public Instruction, up to two hundred thousand dollars (\$200,000) may be used towards conducting this study.

EDUCATOR LICENSURE AND COMPENSATION REFORM PLAN

SECTION 7.8. The State Board of Education shall continue to develop a plan for implementing a teacher licensure and compensation reform model designed to restore respect for the teaching profession; build a more diverse, quality teaching force; increase instructional capabilities of teachers; and entice more young professionals, midcareer professionals, and out-of-state individuals into the teaching profession. The plan shall include, but not be limited to, the following components:

- (1) Offer early, inclusive, and clear pathways into the profession;
- (2) Reward excellence and advancement among teachers; and
- (3) Encourage retention in the profession; and
- (4) Build a more diverse teaching workforce.

The State Board of Education shall submit details on the plan and what statutory or other legislative changes are needed to implement the plan to the Joint Legislative Education Oversight Committee, the Fiscal Research Division, and the Office of State Budget and Management by February 1, 2023. Of the funds appropriated in this act to the Department of Public Instruction, up to fifty thousand dollars (\$50,000) may be used to support the development of this plan.

EDUCATOR PREPARATION PROGRAM CAPACITY STUDY

SECTION 7.9. The State Board of Education, in consultation with the University of North Carolina System, shall conduct a study to identify the resources and structures that educator preparation programs in the State's public institutions of higher education need in order to:

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

The State Board of Education shall report on the findings of this study to the Joint Legislative Education Oversight Committee, the Fiscal Research Division, and the Office of State Budget and Management by March 1, 2023. Of the funds appropriated in this act to the Department of Public Instruction, up to twenty-five thousand dollars (\$25,000) may be used towards conducting this study.

STUDY ON CONSOLIDATING AND COORDINATING TEACHER RECRUITMENT AND RETENTION EFFORTS

SECTION 7.10. The State Board of Education shall develop a plan to implement and fund a statewide system or entity to coordinate, enhance, and evaluate efforts to recruit, place, and retain teacher candidates and beginning teachers between institutions of higher education and school districts. This study shall focus on, but not be limited to, how best to consolidate and/or coordinate statewide teacher recruitment and retention efforts. The State Board of Education shall submit details on the plan and what statutory or other legislative changes are needed to implement the plan to the Joint Legislative Education Oversight Committee, the Fiscal

Research Division, and the Office of State Budget and Management by March 1, 2023. Of the funds appropriated in this act to the Department of Public Instruction, up to twenty-five thousand dollars (\$25,000) may be used to support the development of this plan.

NATIONAL BOARD CERTIFICATION FEE SUPPORT

SECTION 7.11.(a) Of the funds appropriated to the Department of Public Instruction by this act, the Department shall transfer the sum of one million three hundred thousand dollars (\$1,300,000) to the State Education Assistance Authority to pay the application fees for first time candidates applying for certification by the National Board for Professional Teaching Standards. Funds shall be available beginning with the 2022-2023 school year.

SECTION 7.11.(b) G.S. 115C-296.2 reads as rewritten:

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

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

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

- (1) Have completed three full years of teaching in a North Carolina public school; and
- (2) Have (i) not previously received State funds for participating in any certification area in the NBPTS program, (ii) repaid any State funds previously received for the NBPTS certification process, or (iii) received a waiver of repayment from the State Board of Education.

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

...."

INCREASE DRIVER'S EDUCATION AVAILABILITY

SECTION 7.12. G.S. 115C-215(g) reads as rewritten:

"(g) The Department of Public Instruction shall have a full-time director and other professional, administrative, technical, and clerical personnel as may be necessary for the statewide administration of the driver education program. Of the funds appropriated to the Department each fiscal year pursuant to subsection (f) of this section, the Department may use ~~two percent (2%) of up to six percent (6%) of~~ those funds for the direct costs for the statewide administration of the program, including any necessary positions."

WIDEN TEACHER ASSISTANT REIMBURSEMENT ACCESS

SECTION 7.13.(a) Section 8.29(b) of S.L. 2016-94, as amended by Section 7.20 of S.L. 2017-57, Section 6(m) of S.L. 2017-189, and Section 7.21 of S.L. 2018-5, reads as rewritten:

"SECTION 8.29.(b) Selection of applicants. – Each local board of education participating in the ~~pilot program may select up to five teacher assistants to receive an award~~ apply for competitive grants of up to four thousand six hundred dollars (\$4,600) per academic year for a period of up to four years to be used towards the cost of tuition and fees for a teacher assistant to attend an educator preparation program at an institution of higher education. Priority for awards shall be given to Tier 1 and 2 local school administrative units or a teacher assistant who received a tuition assistance award for the previous academic year and who is making satisfactory

academic progress towards achieving teacher licensure. The local board of education shall set criteria for the application and selection of teacher assistants to receive tuition assistance awards that includes at least the following."

SECTION 7.13.(b) When developing the base budget, as defined by G.S. 143C-1-1, for the 2023-2025 fiscal biennium, the Director of the Budget shall include the total net appropriation for this program, eight hundred seventy-five thousand eight hundred fifteen dollars (\$875,815).

ALLOW USE OF SCHOOL PSYCHOLOGIST ALLOTMENT FOR OTHER QUALIFIED MENTAL HEALTH SUPPORT STAFF

SECTION 7.14. G.S. 115C-316.5 reads as rewritten:

"§ 115C-316.5. School psychologists allotment.

To the extent funds are made available, the State Board of Education shall establish a funding allotment for school psychologist positions. The State Board is authorized to adopt rules for the allocation of school psychologist positions pursuant to this allotment. Rules adopted by the State Board pursuant to this section shall include, at a minimum, the following requirements:

- (1) School psychologist positions are allocated on the basis of average daily membership.
- (2) Each local school administrative unit receives sufficient funding for at least one school psychologist position in accordance with G.S. 115C-47(67). If a local school administrative unit is unable to fill the school psychologist position, with justification, after posting for one calendar year, the funds may be used for other qualified mental health support staff as defined by the Department of Public Instruction.

SCHOOL SAFETY GRANTS

SECTION 7.15. Section 7.19 of S.L. 2021-180 reads as rewritten:

"SECTION 7.19.(a) Definitions. – For the purposes of this section, the following definitions shall apply:

- (1) Community partner. – A public or private entity, including, but not limited to, a nonprofit corporation or a local management entity/managed care organization (LME/MCO), that partners with a public school unit to provide services or pay for the provision of services for the unit.
- (2) School health support personnel. – School psychologists, school counselors, school nurses, and school social workers.

"SECTION 7.19.(b) Program; Purpose. – ~~For the 2021-2023 fiscal biennium, the~~ The Superintendent of Public Instruction shall establish the ~~2021-2023~~ School Safety Grants Program (Program). The purpose of the Program shall be to improve safety in public school units by providing grants ~~in each fiscal year of the 2021-2023 fiscal biennium~~ for (i) services for students in crisis, (ii) school safety training, and (iii) safety equipment in schools.

"SECTION 7.19.(c) Grant Applications. – A public school unit may submit an application to the Superintendent of Public Instruction for one or more grants pursuant to this ~~section in each year of the 2021-2023 fiscal biennium~~ section. The application shall include an assessment, to be performed in conjunction with a local law enforcement agency, of the need for improving school safety within the public school unit that would receive the funding or services. The application shall identify current and ongoing needs and estimated costs associated with those needs.

"SECTION 7.19.(c1) ADM Grants. – Of the funds appropriated to the Department of Public Instruction by this act for the ADM-based grants provided in this section, each LEA shall receive a base allocation of ten thousand dollars (\$10,000) per year. The remainder of the funds

appropriated for this program shall be divided proportionally to LEAs based on their proportion of total State-allotted ADM for the previous academic year.

...."

EDUCATION ENROLLMENT RESERVE

SECTION 7.16. Of the funds available in the Education Enrollment Reserve, during the 2022-2023 fiscal year, the Department of Public Instruction may request additional funds to address unanticipated needs in the State Public School Fund related to changes in average daily membership and/or average teacher salary.

MAINTAIN AMERICAN RESCUE PLAN ACT INVESTMENTS

SECTION 7.17. When developing the base budget, as defined by G.S. 143C-1-1, for the 2023-2025 fiscal biennium, the Director of the Budget shall continue the following American Rescue Plan (ARP) Act investments by including General Fund amounts for the purposes specified below within the Department of Public Instruction:

- (1) National Board Certification: six hundred thousand dollars (\$600,000).
- (2) Professional Development for Teachers: twenty million dollars (\$20,000,000).
- (3) NC State Board of Education's District and Regional Support Model: nine million dollars (\$9,000,000).

CONTINUE NCCAT SUPPORT

SECTION 7.18. The one million four hundred eleven thousand two hundred fifty-six dollars (\$1,411,256) appropriated to the North Carolina Center for the Advancement of Teaching (NCCAT) on a nonrecurring basis in the 2021-2022 fiscal year shall be made recurring beginning in the 2022-2023 fiscal year. NCCAT may establish up to 13 positions with these funds.

PART VII-A. COMPENSATION OF PUBLIC SCHOOL EMPLOYEES

TEACHER SALARY SCHEDULE

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

2022-2023 Teacher Monthly Salary Schedule

Years of Experience	"A" Teachers
0	\$3,660
1	\$3,760
2	\$3,860
3	\$3,960
4	\$4,060
5	\$4,125
6	\$4,215
7	\$4,350
8	\$4,450
9	\$4,550
10	\$4,650
11	\$4,750
12	\$4,850
13	\$4,950
14	\$5,100
15	\$5,200

1	16	\$5,295
2	17-18	\$5,375
3	19-20	\$5,400
4	21-22	\$5,425
5	23-24	\$5,450
6	25-26	\$5,475
7	27-28	\$5,590
8	29-30	\$5,650.

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

- (1) Licensed teachers who have NBPTS certification shall receive a salary supplement each month of twelve percent (12%) of their monthly salary on the "A" salary schedule.
- (2) Licensed teachers who are classified as "M" teachers shall receive a salary supplement each month of ten percent (10%) of their monthly salary on the "A" salary schedule.
- (3) Licensed teachers with licensure based on academic preparation at the six-year degree level shall receive a salary supplement of one hundred twenty-six dollars (\$126.00) per month in addition to the supplement provided to them as "M" teachers.
- (4) Licensed teachers with licensure based on academic preparation at the doctoral degree level shall receive a salary supplement of two hundred fifty-three dollars (\$253.00) per month in addition to the supplement provided to them as "M" teachers.
- (5) Certified school nurses shall receive a salary supplement each month of ten percent (10%) of their monthly salary on the "A" salary schedule.
- (6) School counselors who are licensed as counselors at the master's degree level or higher shall receive a salary supplement each month of one hundred dollars (\$100.00).

SECTION 7A.1.(c) For school psychologists, school speech pathologists who are licensed as speech pathologists at the master's degree level or higher, and school audiologists who are licensed as audiologists at the master's degree level or higher, the following shall apply:

- (1) The first step of the salary schedule shall be equivalent to the sixth step of the "A" salary schedule.
- (2) These employees shall receive the following salary supplements each month:
 - a. Ten percent (10%) of their monthly salary, excluding the supplement provided pursuant to sub-subdivision b. of this subdivision.
 - b. Three hundred fifty dollars (\$350.00).
- (3) These employees 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.
- (4) The twenty-sixth step of the salary schedule shall be seven and one-half percent (7.5%) higher than the salary received by these same employees on the twenty-fifth step of the salary schedule.

SECTION 7A.1.(d) 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.(e) A teacher compensated in accordance with this salary schedule for the 2022-2023 school year shall receive an amount equal to the greater of the following:

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

- (2) For teachers who were eligible for longevity for the 2013-2014 school year, the sum of the following:
- a. The 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.(f) As used in this section, the term "teacher" shall also include instructional support personnel.

SECTION 7A.1.(h) Subsection (h) of Section 7A.1 of S.L. 2021-180 is repealed.

RESTORE MASTERS PAY

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

- (1) Section 8.22 of S.L. 2013-360.
- (2) Section 8.3 of S.L. 2014-100.

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

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

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

- (1) Certified school nurses and instructional support personnel in positions for which a master's degree is required for licensure.
- (2) Teachers and instructional support personnel who were paid on the "M" salary schedule or received that salary supplement prior to the 2014-2015 school year.
- (3) Teachers and instructional support personnel who (i) complete a degree at the master's, six-year, or doctoral degree level for which they completed at least one course prior to August 1, 2013, and (ii) would have qualified for the salary supplement pursuant to State Board of Education policy, TCPA006, as it was in effect on June 30, 2013.
- (4) Teachers who do not qualify under subdivisions (1), (2), and (3) of this section but who spend at least seventy percent (70%) of their time as follows:
 - a. For teachers, in classroom instruction related to their graduate academic preparation in their field or subject area within their area of licensure. Most of the teachers' remaining time shall be spent in one or more of the following:
 1. Mentoring teachers.
 2. Performing demonstration lessons for teachers.
 3. Writing curricula.
 4. Developing and leading staff development programs for teachers.
 - b. For instructional support personnel, performing work within the employee's area of graduate academic preparation.

(b) Beginning with the 2022-2023 school year and in subsequent school years, for teachers who are paid on the "M" salary schedule under subdivision (4) of subsection (a) of this act, determination of whether teachers shall be paid on the "M" salary schedule or receive a salary

supplement for academic preparation shall take place on an annual basis. Teachers may be moved off the "M" salary schedule or discontinue receiving salary supplements if they are not meeting the requirements of subdivision (4) of subsection (a) of this act in that year.

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

SUPPLEMENTAL FUNDS FOR TEACHER COMPENSATION

SECTION 7A.3.(a) Section 7A.12.(b) of S.L. 2021-180 reads as rewritten:

"...

(5) Effective tax rate factor. – For each eligible county, the effective tax rate for that county divided by the median effective tax rate in the State.

(6) Eligible county. ~~A county that meets the following criteria:~~

a. ~~For the 2021-2022 fiscal year, has an adjusted market value of taxable real property of less than forty billion dollars (\$40,000,000,000).~~

b. ~~For the 2022-2023 fiscal year, has an adjusted market value of taxable real property of less than fortyone billion four hundred million dollars (\$41,400,000,000). Any North Carolina county.~~

(7) Eligible local school administrative unit. – A local school administrative unit located in whole or in part in an eligible county.

...."

SECTION 7A.3.(b) Section 7A.12.(c) of S.L. 2021-180 reads as rewritten:

"SECTION 7A.12.(c) Allocation of Funds. – The State Board of Education shall allocate funds for salary supplements to eligible local school administrative units according to the following procedure:

...

(4) Allocation and funding cap. – The State Board shall allocate the amount determined pursuant to subdivision (3) of this subsection, up to a maximum of ~~four thousand two hundred fifty dollars (\$4,250)~~ five thousand dollars (\$5,000) per State-funded teacher, to each eligible local school administrative unit for each applicable fiscal year."

BONUSES FOR TEACHERS AND SCHOOL-BASED ADMINISTRATORS

SECTION 7A.4.(a) The Department of Public Instruction shall administer a bonus of five hundred dollars (\$500.00) to every teacher and school-based administrator regardless of funding source and who, as of October 31, 2022, is employed as a teacher or school-based administrator in a qualifying public school unit and has been continuously employed by a public school unit since September 1, 2022. This bonus shall be paid in November 2022 and may be paid together with the bonus provided in Section 38.2 of this act.

SECTION 7A.4.(b) The Department of Public Instruction shall administer a bonus of five hundred dollars (\$500.00) to every teacher and school-based administrator regardless of funding source and who, as of March 31, 2023, is employed as a teacher or school-based administrator in a qualifying public school unit and has been continuously employed by a public school unit since November 1, 2022. This bonus shall be paid in April 2023 and may be paid together with the bonus provided in Section 38.2 of this act.

SECTION 7A.4.(c) As used in this section, the following definitions shall apply:

(1) Teacher. – Teachers and instructional support personnel.

(2) School-based Administrator. – Assistant principals and principals

(3) Qualifying public school unit. – Any of the following:

a. A local school administrative unit.

- b. A charter school.
- c. A regional school.
- d. An innovative school.
- e. A laboratory school under Article 29A of Chapter 116 of the General Statutes.

SECTION 7A.4.(d) The bonuses awarded pursuant to this section shall be in addition to any regular wage or other bonus the teacher or school-based administrator receives or is scheduled to receive.

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

SECTION 7A.4.(f) For charter schools, regional schools, innovative schools, and laboratory schools, the Department of Public Instruction shall allocate funds for the bonuses provided pursuant to this section on the basis of the funded average daily membership of each school.

PRINCIPAL SALARY SCHEDULE

SECTION 7A.5.(a) The following annual salary schedule for principals shall apply for the 2022-2023 fiscal year, beginning July 1, 2022:

2022-2023 Principal Annual Salary Schedule

Avg. Daily Membership	Base	Met Growth	Exceeded Growth
0-200	\$73,319	\$80,652	\$87,984
201-400	\$76,985	\$84,684	\$92,382
401-700	\$80,652	\$88,717	\$96,782
701-1,000	\$84,917	\$92,749	\$101,180
1,001-1,600	\$87,984	\$96,782	\$105,581
1,601+	\$91,649	\$100,815	\$109,979

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

- (1) A principal shall be paid according to the Exceeded Growth column of the schedule if the school growth scores show the school or schools exceeded expected growth in at least two of the prior three school years.
- (2) A principal shall be paid according to the Met Growth column of the schedule if any of the following apply:
 - a. The school growth scores show the school or schools met expected growth in at least two of the prior three school years.
 - b. The school growth scores show the school or schools met expected growth in at least one of the prior three school years and exceeded expected growth in one of the prior three school years.
 - c. The principal supervised a school in at least two of the prior three school years that was not eligible to receive a school growth score.
- (3) A principal shall be paid according to the Base column if either of the following applies:
 - 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.5.(b) For purposes of determining the average daily membership of a principal's school, the following amounts shall be used during the following time periods:

- (1) Between July 1, 2022, and December 31, 2022, the average daily membership for the school from the 2020-2021 school year. If the school did not have an average daily membership in the 2020-2021 school year, the projected average daily membership for the school for the 2022-2023 school year.
- (2) Between January 1, 2023, and June 30, 2023, the average daily membership for the school for the 2022-2023 school year.

SECTION 7A.5.(c) For purposes of determining the school growth scores for each school the principal supervised in at least two of the prior three school years, school growth scores from the three most recent available school years, up to the 2018-2019 school year, shall be used.

SECTION 7A.5.(d) 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.5.(e) A principal compensated in accordance with this section for the 2022-2023 fiscal year shall receive an amount equal to the greater of the following:

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

ASSISTANT PRINCIPAL SALARIES

SECTION 7A.6.(a) For the 2022-23 fiscal year, beginning July 1, 2022, assistant principals shall receive a monthly salary based on the salary schedule for teachers who are classified as "A" teachers plus nineteen percent (19%). An assistant principal shall be placed on the step on the salary schedule that reflects the total number of years of experience as a certified employee of the public schools. For purposes of this section, an administrator with a oneyear provisional assistant principal's certificate shall be considered equivalent to an assistant principal.

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

SECTION 7A.6.(c) Participants in an approved full-time master's in school administration program shall receive up to a 10-month stipend during the internship period of the master's program. The stipend shall be at the beginning salary of an assistant principal or, for a teacher who becomes an intern, at least as much as that person would earn as a teacher on the teacher salary schedule. The North Carolina Principal Fellows and Transforming Principal Preparation Program or the school of education where the intern participates in a full-time

master's in school administration program shall supply the Department of Public Instruction with certification of eligible full-time interns.

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

SECTION 7A.6.(e) An assistant principal compensated in accordance with this section for the 2022-2023 fiscal year shall receive an amount equal to the greater of the following:

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

CENTRAL OFFICE SALARIES

SECTION 7A.7.(a) For the 2022-2023 fiscal year, beginning July 1, 2022, the annual salary for superintendents, assistant superintendents, associate superintendents, directors/coordinators, supervisors, and finance officers, whose salaries are supported from State funds, shall be increased by five percent (5.0%).

SECTION 7A.7.(b) The monthly salary maximums that follow apply to assistant superintendents, associate superintendents, directors/coordinators, supervisors, and finance officers for the 2022-2023 fiscal year, beginning July 1, 2022:

2022-2023 Fiscal Year

Maximum

School Administrator I	\$7,137
School Administrator II	\$7,562
School Administrator III	\$8,014
School Administrator IV	\$8,327
School Administrator V	\$8,658
School Administrator VI	\$9,173
School Administrator VII	\$9,538.

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

SECTION 7A.7.(c) The monthly salary maximums that follow apply to superintendents for the 2022-2023 fiscal year, beginning July 1, 2022:

2022-2023 Fiscal Year

Maximum

Superintendent I	\$10,110
Superintendent II	\$10,713
Superintendent III	\$11,356
Superintendent IV	\$12,038

Superintendent V \$12,763.

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

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

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

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

NONCERTIFIED PERSONNEL SALARIES

SECTION 7A.8.(a) For the 2022-2023 fiscal year, beginning July 1, 2022, the annual salary for noncertified public school employees whose salaries are supported from State funds shall be increased as follows:

- (1) For permanent, fulltime employees on a 12-month contract, by the greater of the following:
 - a. Five percent (5.0%).
 - b. An amount necessary to increase the minimum hourly compensation rate of the employee to fifteen dollars (\$15.00) per hour.
- (2) For the following employees, by an equitable amount based on the amounts specified in subdivision (1) of this subsection:
 - a. Permanent, fulltime employees on a contract for fewer than 12 months.
 - b. Permanent, part-time employees.
 - c. Temporary and permanent hourly employees.

PART VIII. THE UNIVERSITY OF NORTH CAROLINA SYSTEM

EDUCATION HEALTH CARE WORKFORCE

SECTION 8.1.(a) Establishment of the Fund. – Of the funds appropriated to the Board of Governors of the University of North Carolina by this act for the 2022-2023 fiscal year, the Board shall use fifteen million dollars (\$15,000,000) to establish the Fund for Growing the Health Care Workforce (Fund). Any unexpended funds remaining in the Fund at the end of the fiscal year shall not revert to the General Fund but shall remain available for the purposes set forth in this section through June 30, 2025. The Fund shall be used to assist constituent institutions of the University of North Carolina in starting or expanding programs that will grow the health care workforce, including through providing greater facility capacity for trainees; increasing the numbers of health faculty and staff; and providing student support, equipment and lab space.

SECTION 8.1.(b) Report. – The Board shall submit an initial report to the Joint Legislative Education Oversight Committee by December 1, 2023, and an annual report

thereafter for each year the Board provides funds, on the programs receiving the funds, which shall include at least the following information:

- (1) The constituent institutions that received funds, the amount of funds, and the types of programs started.
- (2) The use of funds by each constituent institution receiving awards, including costs associated with student instruction, faculty salaries, instructional supplies, related instructional equipment, and accreditation costs.
- (3) Evaluation of the success of the new programs receiving funds.

PART VIII-A. UNIVERSITY/STATE EDUCATION ASSISTANCE AUTHORITY

OPPORTUNITY SCHOLARSHIPS ACCOUNTABILITY

SECTION 8A.1.(d) G.S. 115C-112.6 is amended by adding a new subsection to read:

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

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

SECTION 8A.1.(e) G.S. 115C-12.8(b) is amended by adding a new subdivision to read:

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

SECTION 8A.1.(f) G.S. 115C-562.2 is amended by adding a new subsection to read:

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

SECTION 8A.1.(g) G.S. 115C-562.5 reads as rewritten:

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

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

- (1) Provide to the Authority documentation for required tuition and fees charged to the student by the nonpublic school.
- (2) Provide to the Authority a criminal background check conducted for the staff member with the highest decision-making authority, as defined by the bylaws, articles of incorporation, or other governing document, to ensure that person has not been convicted of any crime listed in G.S. 115C-332.
- (3) Provide to the parent or guardian of an eligible student, whose tuition and fees are paid in whole or in part with a scholarship grant, an annual written

1 explanation of the student's progress, including the student's scores on
2 standardized achievement tests.

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

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

- 23 (6) Contract with a certified public accountant to perform a financial review,
24 consistent with generally accepted accounting principles, for each school year
25 in which the school accepts students receiving more than ~~three hundred~~
26 ~~thousand dollars (\$300,000)~~ one hundred thousand (\$100,000) in scholarship
27 grants awarded under this Part.

28 (b) A nonpublic school that accepts students receiving scholarship grants shall not require
29 any additional fees based on the status of the student as a scholarship grant recipient.

30 (c) A nonpublic school enrolling more than 25 students whose tuition and fees are paid
31 in whole or in part with a scholarship grant shall report to the Authority on the aggregate
32 standardized test on individual student standardized test performance data performance of
33 eligible students-students under subsection (4) of this section. Aggregate test performance data
34 reported to the Authority which does not contain personally identifiable student data shall be a
35 public record under Chapter 132 of the General Statutes. Test performance data may be shared
36 with public or private institutions of higher education located in North Carolina and shall be
37 provided to an independent research organization selected by the Authority for research purposes
38 as permitted by the Federal Education Rights and Privacy Act, 20 U.S.C. § 1232g."
39

40 TEACHING FELLOWS EXPANSION

41 **SECTION 8A.2.(a)** G.S. 116-209.60 reads as rewritten:

42 "§ 116-209.60. Definitions.

43 The following definitions apply in this Part:

- 44 (1) Commission. – The North Carolina Teaching Fellows Commission.
45 (2) Director. – The Director of the North Carolina Teaching Fellows Program.
46 (3) Forgivable loan. – A forgivable loan made under the Program.
47 (4) Program. – The North Carolina Teaching Fellows Program.
48 (5) Public school. – An elementary or secondary school located in North Carolina
49 that is governed by a local board of education, charter school board of
50 directors, regional school board of directors, or University of North Carolina
51 laboratory school board of trustees.

(6) ~~STEM. — Science, technology, engineering, and mathematics.~~

(7) Trust Fund. — The North Carolina Teaching Fellows Program Trust Fund."

SECTION 8A.2.(b) G.S. 116-209.62 reads as rewritten:

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

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

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

...

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

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

(1) Grade point averages.

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

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

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

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

- (1) ~~Demonstrates high rates of educator effectiveness on value-added models and teacher evaluations, including using performance-based, subject specific assessment and support systems, such as edTPA or other metrics of evaluating candidate effectiveness that have predictive validity.~~
- (2) ~~Demonstrates measurable impact of prior graduates on student learning, including impact of graduates teaching in STEM or special education licensure areas.~~
- (3) ~~Demonstrates high rates of graduates passing exams required for teacher licensure.~~
- (4) ~~Provides curricular and co-curricular enhancements in leadership, facilitates learning for diverse learners, and promotes community engagement, classroom management, and reflection and assessment.~~
- (5) ~~Requires at least a minor concentration of study in the subject area that the candidate may teach.~~
- (6) ~~Provides early and frequent internship or practical experiences, including the opportunity for participants to perform practicums in diverse school environments.~~
- (7) ~~Is approved by the State Board of Education as an educator preparation program.~~
- (g) Awards of Forgivable Loans. – The Program shall provide forgivable loans to selected students to be used at the ~~up to eight~~ selected institutions for completion of a program leading to initial teacher licensure as follows:
- ...
- (h) ~~Identification of STEM and Special Education Licensure Areas. – The Superintendent of Public Instruction shall identify and provide to the Commission and the Authority a list of STEM and special education licensure areas and shall annually provide to the Commission the number of available positions in each licensure area relative to the number of current and anticipated teachers in that area of licensure. The Commission shall make the list of STEM and special education licensure areas readily available to applicants.~~
- ...
- (j) Annual Report. – The Commission, in coordination with the Authority, the Department of Public Instruction, and the ~~selected-participating~~ educator education programs participating in the Program shall report no later than January 1, 2019, and annually thereafter, to the Joint Legislative Education Oversight Committee regarding the following:
- (1) Forgivable loans awarded from the Trust Fund, including the following:
- Demographic information regarding recipients.
 - Number of recipients by institution of higher education and program.
 - Information on number of recipients by anticipated ~~STEM and special education~~ licensure area.
- (2) Placement and repayment rates, including the following:
- Number of graduates who have been employed in a ~~STEM or special education~~ North Carolina public school by licensure area within two years of program completion.
 - Number of graduates who accepted employment at a low-performing school identified under G.S. 115C-105.37 as part of their years of service.
 - Number of graduates who have elected to do loan repayment and their years of service, if any, prior to beginning loan repayment.
 - Number of graduates employed in a ~~STEM or special education~~ by licensure area who have received an overall rating of at least

accomplished and have met expected growth on applicable standards of the teacher evaluation instrument.

- e. Aggregate information on student growth and proficiency in courses taught by graduates who have fulfilled service ~~requirements through employment in a STEM or special education licensure area requirements.~~

(2a) Mentoring and coaching support through the North Carolina New Teacher Support Program, including the following:

- a. Number of forgivable loan recipients who received mentoring and coaching support when employed at a low-performing school identified under G.S. 115C-105.37.
- b. Number of forgivable loan recipients who received mentoring and coaching support when employed at a school not identified as low-performing under G.S. 115C-105.37.
- (3) Selected school outcomes by program, including the following:
- a. Turnover rate for forgivable loan graduates, including the turnover rate for graduates who also received mentoring and coaching support through the North Carolina New Teacher Support Program.
- b. Aggregate information on student growth and proficiency as provided annually by the State Board of Education to the Commission in courses taught by forgivable loan graduates.
- c. Fulfillment rate of forgivable loan graduates."

SECTION 8A.2.(c) G.S.116-209.63(b) reads as rewritten:

"(b) Forgiveness. – The Authority shall forgive the loan and any interest accrued on the loan if, within 10 years after graduation from a program leading to teacher licensure, exclusive of any authorized deferment for extenuating circumstances, the recipient serves as a ~~teacher in a STEM or special education licensure area, as provided in G.S. 116-209.62(h), teacher~~ for every year the teacher was awarded the forgivable loan, in any combination of the following:

- (1) One year at a North Carolina public school identified as low-performing under G.S. 115C-105.37 at the time the teacher accepts employment at the school or, if the teacher changes employment during this period, at another school identified as low-performing.
- (2) Two years at a North Carolina public school not identified as low-performing under G.S. 115C-105.37."

STUDENT SUPPORT SCHOLARS

SECTION 8A.3.(a) There is established a revolving fund known as the "Student Support Scholars Fund". The purpose of the Fund is to provide forgivable scholarship loans to qualified individuals who are pursuing a college or masters degree to become licensed school nurses or other student services personnel, such as social workers, school psychologists, school counselors, as defined in G.S. 115C-270.1. The State Education Assistance Authority shall administer the Fund.

SECTION 8A.3.(b) The State Education Assistance Authority, in consultation with the State Board of Education, shall develop criteria for awarding forgivable scholarship loans from the Fund. These criteria shall include:

- (1) Measures of academic performance including grade point averages, scores on standardized tests, class rank, and recommendations of guidance counselors and principals.
- (2) North Carolina residency. – For purposes of this section, residency shall be determined by the same standard as residency for tuition purposes pursuant to G.S. 116-143.1.

- (3) The geographic areas in which the demand for school nurses and student services personnel is greatest.
- (4) To the extent practical, an equal number of scholarships shall be awarded in each of the State's Congressional Districts.
- (5) Any additional criteria that the State Education Assistance Authority considers necessary to administer the Fund effectively, including the following:
 - a. Consideration of the appropriate numbers of minority applicants and applicants from diverse socioeconomic backgrounds to receive scholarships pursuant to this section.
 - b. Consideration of the commitment an individual applying to receive funds demonstrates to the profession of school nursing or student support services.

SECTION 8A.3.(c) The State Education Assistance Authority shall establish the terms and conditions for the forgivable scholarship loans consistent with the following:

- (1) The loan amount shall be not more than four thousand one hundred twenty-five dollars (\$4,125) per academic semester for a maximum of eight semesters for applicants who are pursuing a college or masters degree to become a licensed school nurse or student services personnel.
- (2) All scholarship loans shall be evidenced by notes made payable to the Authority that bear interest at a rate not to exceed seven percent (7%) per year as set by the Authority, beginning September 1 after graduation, or immediately after termination of the scholarship loan, whichever is earlier.
- (3) A scholarship loan shall be terminated upon the recipient's withdrawing from school or a finding by the Authority that the recipient fails to meet the standards set by the Authority. All terminated scholarships shall be regarded as vacant and subject to being awarded to other eligible persons.
- (4) The Authority shall forgive the loan and any interest accrued on the loan in any combination of the following if, within ten years after graduation from a program leading to corresponding licensure, exclusive of any authorized deferment for extenuating circumstances, the recipient serves as a school nurse or student services personnel:
 - a. Two loan years forgiven for every one year at a North Carolina public school identified as low-performing under G.S. 115C-105.37 at the time the school nurse or student services personnel accepts employment at the school or, if the school nurse or student services personnel changes employment during this period, at another school identified as low-performing.
 - b. One loan year forgiven for every one year at a North Carolina public school not identified as low-performing under G.S. 115C-105.37.

The Authority shall also forgive the loan if it finds that it is impossible for the recipient to work for up to eight years, within 10 years after completion of the program leading to corresponding licensure, at a North Carolina public school because of the death or permanent disability of the recipient. If the recipient repays the forgivable loan by cash payments, all indebtedness shall be repaid within ten years after completion of the program leading to corresponding licensure supported by the forgivable loan. If the recipient completes a program leading to corresponding licensure, payment of principal and interest shall begin no later than the first day of September after the completion of the program. Should a recipient present extenuating circumstances, the Authority

may extend the period to repay the loan in cash to no more than a total of 12 years.

(5) The Authority may forgive or reduce any loan payment if the Authority considers that extenuating circumstances exist that would make working as a school nurse or student services personnel or repayment impossible.

(6) The Authority shall ensure that all repayments, including the accrued interest, are placed in the Fund.

SECTION 8A.3.(d) The State Education Assistance Authority, in consultation with the State Board of Education, shall adopt rules to implement this program.

SECTION 8A.3.(e) Administration. – The Authority may use up to three percent (3%) of the funds allocated by this section for administrative expenses.

SECTION 8A.3.(f) This section becomes effective July 1, 2023, and applies to forgivable scholarship loans awarded on or after that date.

PART IX. HEALTH AND HUMAN SERVICES

PART IX-A. AGING AND ADULT SERVICES

STATE-COUNTY ASSISTANCE PROGRAM CHANGES

SECTION 9A.1.(a) Section 9A.3A of S.L. 2021-180 is repealed.

SECTION 9A.1.(b) Part 3 of Article 2 of Chapter 108A of the General Statutes, as amended by Section 9A.3 of S.L. 2021-180, reads as rewritten:

"Part 3. State-County Special Assistance.

"§ 108A-40. Authorization of State-County Special Assistance Program.

The Department is authorized to establish and supervise a State-County Special Assistance Program. ~~This program is to be administered by county~~ County departments of social services shall administer this program under rules and regulations of the Social Services Commission.

"§ 108A-41. ~~(See Editor's note)~~ Eligibility.

(a) ~~Assistance shall be granted~~ The Department shall grant assistance under this Part to all persons residing in adult care homes—homes, special care units, and in-home living arrangements for care found to be essential in accordance with the rules and regulations adopted by the Social Services Commission and prescribed by G.S. 108A-42(b). As used in this Part, the term "adult care home" includes a supervised living facility for adults with intellectual and developmental disabilities licensed under Article 2 of Chapter 122C of the General Statutes.

(b) ~~Assistance shall be granted~~ The Department shall grant assistance to any person described in subsection (a) of this section who meets all of the following criteria:

(1) Meets one of the following:

a. Is 65 years of age or older.

b. Is between the ages of 18 and 65, and is permanently and totally disabled or is legally blind pursuant to G.S. 111-11.

(1a) Needs placement in an adult care home or special care unit and either resides in an adult care home or special care unit or would seek placement in an adult care home or special care unit if not for the State-County Special Assistance Program.

(2) ~~(Effective until contingency met—see Editor's note)~~ Has insufficient income or other resources to provide a reasonable subsistence compatible with decency and health as determined by the rules and regulations of the Social Services Commission; and Commission. The following income limits are applicable for determining financial eligibility for State-County Special Assistance:

- a. The total countable monthly income for individuals residing in adult care home facilities or in-home living arrangements without a diagnosis of Alzheimer's disease or dementia shall not exceed the basic rate established in subsection (a) of G.S. 108A-42.1 plus a personal needs allowance in an amount determined by the General Assembly.
- b. The total countable monthly income for individuals residing in special care units or in-home living arrangements with a diagnosis of Alzheimer's disease or dementia shall not exceed the enhanced rate established in subsection (b) of G.S. 108A-42.1 plus a personal needs allowance in an amount determined by the General Assembly.
- (2) ~~(For contingent effective date, see Editor's note) Has both (i) income at or below one hundred percent (100%) of the federal poverty level guidelines published by the United States Department of Health and Human Services and (ii) insufficient income or other resources to provide a reasonable subsistence compatible with decency and health as determined by the rules and regulations of the Social Services Commission.~~
- (3) Is one of the following:
- a. A resident of North Carolina for at least 90 days immediately prior to receiving this assistance.
- b. Repealed by Session Laws 2014-100, s. 12D.1(c), effective November 1, 2014.
- c. A person discharged from a State facility who was a patient in the facility as a result of an interstate mental health compact that requires the State to continue treating the person within the State. As used in this sub-subdivision the term State facility is a facility listed under G.S. 122C-181.
- (c) When determining whether a person has insufficient resources to provide a reasonable subsistence compatible with decency and health, there shall be excluded from consideration the person's primary place of residence and the land on which it is situated, and in addition there shall be excluded real property contiguous with the person's primary place of residence in which the property tax value is less than twelve thousand dollars (\$12,000).
- (d) The county shall also have the option of granting assistance to Certain Disabled persons as defined in the rules and regulations adopted by the Social Services Commission. Nothing in this Part should be interpreted so as to preclude any individual county from operating any program of financial assistance using only county funds.

...

"§ 108A-42.1. State-County – Special Assistance Program payment rates.

(a) Basic Rate. – The maximum monthly rate for State-County Special Assistance recipients residing in adult care homes or in-home living arrangements without a diagnosis of Alzheimer's disease or dementia shall be one thousand one hundred eighty-two dollars (\$1,182) per month per resident. This rate shall be adjusted on January 1, 2024, and each January 1 thereafter, using the federally approved Social Security cost-of-living adjustment effective for the applicable year.

(b) Enhanced Rate. – The maximum monthly rate for State-County Special Assistance recipients residing in special care units or in-home living arrangements with a diagnosis of Alzheimer's disease or dementia shall be one thousand five hundred fifteen dollars (\$1,515) per month per resident. This rate shall be adjusted on January 1, 2024, and each January 1 thereafter, using the federally approved Social Security cost-of-living adjustment effective for the applicable year.

...

"§ 108A-47.1. Special Assistance in-home payments.

(a) The Department of Health and Human Services may use funds from the existing State-County Special Assistance budget to provide Special Assistance payments to eligible individuals 18 years of age or older in inhome living arrangements. ~~The standard monthly payment to individuals enrolled in the Special Assistance inhome program shall be one hundred percent (100%) of the monthly payment the individual would receive if the individual resided in an adult care home and qualified for Special Assistance, except if a lesser payment amount is appropriate for the individual as determined by the local case manager. The Department shall implement Special Assistance inhome eligibility policies and procedures to assure that inhome program participants are those individuals who need and, but for the inhome program, would seek placement in an adult care home facility. The Department's policies and procedures shall include the use of a functional assessment.~~

(b) All county departments of social services shall participate in the State-County Special Assistance inhome program by making Special Assistance inhome slots available to individuals who meet the eligibility requirements established by the Department pursuant to subsection (a) of this section. ~~By February 15, 2013, the Department shall establish a formula to determine the need for additional State-County Special Assistance inhome slots for each county. Beginning July 1, 2014, and each July 1 thereafter, the Department shall review and revise the formula as necessary.~~

...."

SECTION 9A.1.(c) G.S. 143B-139.5 reads as rewritten:

"§ 143B-139.5. Department of Health and Human Services; adult care State/county share of costs for State-County Special Assistance programs.

State funds available to the Department of Health and Human Services shall pay fifty percent (50%), and the counties shall pay fifty percent (50%) of the authorized rates for care in adult care homes including area mental health agency-operated or contracted-group ~~homes.~~ homes, special care units, and in-home living arrangements. The Department shall use the State's appropriation to the State-County Special Assistance program for this ~~program, for the State-County Special Assistance inhome program, program~~ and for rental assistance. Each county shall use county funds budgeted for the State-County- Special Assistance program for this ~~program, for the State-County Special Assistance inhome program, program~~ and for rental assistance."

SECTION 9A.1.(d) Subsections (b), (c), and (e) of this section become effective once the SSA and CMS have approved applications submitted by the Department of Health and Human Services pursuant to enact program changes. The Secretary of the Department of Health and Human Services shall report to the Revisor of Statutes when both the SSA and CMS approvals are obtained and the date of the approval. Subsections (b), (c), and (e) of this section shall not become effective if the SSA or CMS disapproves the applications submitted by the Department of Health and Human Services. This subsection is effective when it becomes law.

SECTION 9A.1.(e) The Department of Health and Human Services shall use savings arising from the enhanced FMAP for home and community-based services available to the State under section 9817(a) of ARPA to fund the following:

- (1) NC Medicaid program costs associated with beneficiaries residing in an inhome living arrangement who are eligible for the State-County Special Assistance Program due to the changes to the program required by this section.

The Department of Health and Human Services shall continue to fund the State share of the monthly State-County Special Assistance payments associated with individuals residing in an inhome living arrangement who are eligible for the State-County Special Assistance Program due to the changes to the program required by this section utilizing funds appropriated in this act from the General Fund to the Department of Health and Human Services, Division of Social Services in the amount of five million three hundred ninety-seven thousand (\$5,397,000).

SECTION 9A.1.(f) Section 9A.1 and Section 9A.2(b) of S.L. 2021-180 are repealed on the date subsections (b), (c), and (e) of this section become effective. This subsection is effective when it becomes law.

PART IX-B. CENTRAL MANAGEMENT AND SUPPORT

REORGANIZATION OF CERTAIN CHILD AND FAMILY WELL-BEING PROGRAMS

SECTION 9B.1. The Department of Health and Human Services shall work with the Office of State Budget and Management and the Office of the State Controller to transfer existing programs and services defined by the Department to the new division effective July 1, 2022. The Division of Child and Family Well-Being shall administer and operate all functions, powers, duties, obligations, and services related to the transferred programs and services. The Department has the authority to realign and apportion allowable funds and federal block grant funds for relevant purposes and programs.

PART I-X-C. CHILD DEVELOPMENT AND EARLY EDUCATION

STATEWIDE FLOOR CHILD CARE SUBSIDY

SECTION 9C.1. Section 9C.4(c) of S.L. 2021-180 reads as rewritten:

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

- (1) Religious sponsored child care facilities operating pursuant to G.S. 110-106 and licensed child care centers and homes that meet the minimum licensing standards that are participating in the subsidized child care program shall be paid the one-star county market rate or the rate they charge privately paying parents, whichever is lower, unless prohibited by subsection (f) of this section.
- (2) ~~Licensed child care centers and homes with two or more stars shall receive the market rate for that rated license level for that age group or the rate they charge privately paying parents, whichever is lower, unless prohibited by subsection (g) of this section.~~ Licensed child care centers and homes with three or more stars shall receive the market rate for that rated license level for that age group or the rate they charge privately paying parents, whichever is lower. Licensed child care centers and homes with three or more stars and serving children ages birth through five years shall receive the statewide floor rate, an average of rates across the state by age and star level, when the county market rate is lower than the statewide floor, unless prohibited by subsection (g) of this section.
- (3) No payments shall be made for transportation services charged by child care facilities.
- (4) Payments for subsidized child care services for postsecondary education shall be limited to a maximum of 20 months of enrollment. This shall not be determined before a family's annual recertification period.
- (5) The Department of Health and Human Services shall implement necessary rule changes to restructure services, including, but not limited to, targeting benefits to employment."

PART IX-D. HEALTH BENEFITS

MEDICAID EXPANSION/CLOSING THE COVERAGE GAP

SECTION 9D.1.(a) Section 3 of S.L. 2013-5 is repealed.

SECTION 9D.1.(b) The department shall cover individuals that meet the requirements of 42 U.S.C. 1396a(a)(10)(A)(i)(VIII) September 1, 2022, or the date necessary state plan amendments have received federal approval, whichever is later.

SECTION 9D.1(c) G.S. 108A-25 reads as rewritten:

"§ 108A-25. Creation of programs; assumption by federally recognized tribe of programs.

...

(b2) Notwithstanding any other law to the contrary, upon election by the Secretary, county departments of social services shall accept Medicaid eligibility determinations made by the federally facilitated Health Benefit Exchange."

SECTION 9D.1.(d) G.S. 108A-54 reads as rewritten:

"§ 108A-54. Authorization of Medical Assistance Program; administration.

...

(d) The Department of Health and Human Services shall ensure that the North Carolina Families Accessing Services through Technology (NC FAST) information technology system can provide Medicaid eligibility determinations for the federally facilitated Health Benefit Exchange that will operate in North Carolina ~~and shall provide such determinations for the Exchange.~~ Carolina. Notwithstanding any other law to the contrary, as determined by the Secretary, the Department may accept Medicaid eligibility determinations made by the federally facilitated Health Benefit Exchange utilizing the eligibility categories, resource limits, and income thresholds for the Medicaid and NC Health Choice programs set by the General Assembly in accordance with subsection (f) of this section."

SECTION 9D.1.(e) Effective September 1, 2022, Chapter 108A of the General Statutes is amended by adding a new Article to read:

"Article 9.

"Medicaid Coverage Gap Non-Federal Share Financing Methodology.

"§ 108A-151.1. Medicaid Coverage Gap Non-Federal Share Financing Methodology.

The Department shall fund the non-federal share of expenditures for Medicaid beneficiaries eligible under the Coverage Gap using the following revenue sources in the order specified below.

- (1) Hospital assessment revenue collected pursuant to G.S. 108A-145 for beneficiaries eligible under the Coverage Gap.
- (2) Intergovernmental transfers from public providers related to costs for beneficiaries eligible under the Coverage Gap.
- (3) Gross premium tax revenue collected by the Department of Revenue from prepaid health plans pursuant to G.S. 105 Article 8B for beneficiaries eligible under the Coverage Gap, which shall be remitted to the Department of Health and Human Services.
- (4) Receipts from a Medicaid Coverage Gap Assessment collected from hospitals that is equal to the non-federal share of expenditures for covering Medicaid beneficiaries eligible under the Coverage Gap less receipts collected under (a), (b), and (c)."

SECTION 9D.1.(f) The Division of Health Benefits of the Department of Health and Human Services shall consult with stakeholders and propose modifications to G.S. 108A-145 and 108A-146 to account for hospital financing changes related to the addition of the Medicaid Coverage Gap population and other enhanced hospital reimbursements under managed care that promote increased access to care (subject to federal authorities and limitations). Changes may include:

- (1) Adjustments to maintain historical allocation of contributions between private hospitals and public hospitals, accounting for assessments and intergovernmental transfers.

- (2) Increases to inpatient and outpatient hospital financing percentages defined in G.S. 108A-145.3.
- (3) Parameters for the new Coverage Gap Assessment, including allocation across hospitals.

SECTION 9D.1.(g) The department shall administer health care services to members consistent with Section 4 of S.L. 2015-245, as amended.

MODIFY ACCOUNTING FOR MEDICAID RECEIVABLES AS NONTAX REVENUE

SECTION 9D.2. Section 9D.6(b) of S.L. 2021-180 reads as rewritten:

"SECTION 9D.6.(b) For the 2021-2022 fiscal year, the Department of Health and Human Services shall deposit from its revenues one hundred forty-six million seven hundred five thousand five hundred eighty-four dollars (\$146,705,584) with the Department of State Treasurer to be accounted for as nontax revenue. For the 2022-2023 fiscal year, the Department of Health and Human Services shall deposit from its revenues ~~one hundred fifty-three million eight hundred five thousand five hundred eighty-four dollars (\$153,805,584)~~ one hundred sixty one million five hundred thousand dollars (\$161,500,000) with the Department of State Treasurer to be accounted for as nontax revenue. These deposits shall represent the return of advanced General Fund appropriations, nonfederal revenue, fund balances, or other resources from State-owned and State-operated hospitals that are used to provide indigent and nonindigent care services. The return from State-owned and State-operated hospitals to the Department of Health and Human Services shall be made from nonfederal resources in the following manner:

- (1) The University of North Carolina Hospitals at Chapel Hill shall make the following deposits:
- a. For the 2021-2022 fiscal year, the amount of thirty-one million three hundred five thousand five hundred eighty-four dollars (\$31,305,584).
- b. For the 2022-2023 fiscal year, the amount of ~~thirty-one million three hundred five thousand five hundred eighty-four dollars (\$31,305,584)~~ thirty-one million three hundred sixty-five thousand three hundred five dollars (\$31,365,305).

...."

MODIFY USE OF MEDICAID TRANSFORMATION FUND FOR MEDICAID TRANSFORMATION NEEDS

SECTION 9D.3. Section 9D.16 of S.L. 2021-180 reads as rewritten:

"SECTION 9D.16.(b) Non-Claims Run Out Medicaid Transformation Needs. – Subject to the fulfillment of conditions specified in subsection (c) of this section, the sum of one hundred thirty-three million seventy-eight thousand dollars (\$133,078,000) in nonrecurring funds for the 2021-2022 fiscal year and the sum of ~~one hundred nineteen million four thousand dollars (\$119,004,000)~~ two hundred twenty nine million three hundred seventy seven thousand ninety-four dollars (\$229,377,094) in nonrecurring funds for the 2022-2023 fiscal year from the Medicaid Transformation Fund may be transferred to DHB for the sole purpose of providing the State share for qualifying needs directly related to Medicaid transformation, as required by S.L. 2015-245, as amended. Funds may be transferred to DHB as qualifying needs arise during the 2021-2023 fiscal biennium and need not be transferred in one lump sum.

...

"SECTION 9D.16.(c) Requests for Transfer of Funds for Qualifying Need. – A request by DHB for the transfer of funds pursuant to subsection (b) of this section shall be made to OSBM and shall include the amount requested and the specific qualifying need for which the funds are to be used. None of the funds identified in subsection (b) of this section shall be transferred to DHB until OSBM verifies the following information:

- (1) The amount requested is to be used for a qualifying need in the 2021-2023 fiscal biennium.
- (2) The amount requested provides a State share that will not result in total requirements that exceed ~~eight hundred million dollars (\$800,000,000)~~ one billion two hundred million dollars (\$1,200,000,000) in nonrecurring funds for the 2021-2023 fiscal biennium."

MODIFY PHPS/REIMBURSEMENT OF PRESCRIPTION DRUGS AT PHARMACIST'S COST

SECTION 9D.4. Section 9D.19A of S.L. 2021-180 reads as rewritten:

"SECTION 9D.19A.(a) ~~Notwithstanding~~ Effective November 18, 2021, notwithstanding G.S. 108D-65(6)b., for the prepaid health plan capitated contracts required under Article 4 of Chapter 108D of the General Statutes, the reimbursement for the ingredient cost for ~~prescription~~ covered outpatient drugs and the prescription professional drug dispensing fee shall be set at one hundred percent (100%) of the Medicaid pharmacy fee-for-service reimbursement, pursuant to the Centers for Medicare and Medicaid Services' National Drug Acquisition Cost and the cost of the dispensing study conducted on behalf of the North Carolina Department of Health and Human Services, Division of Health Benefits. reimbursement methodologies in Attachment 4.19-B, Section 12 of the State Plan under Title XIX of the Social Security Act Medical Assistance Program as filed with, and approved by, the Centers for Medicare and Medicaid Services. The National Average Drug Acquisition Cost (NADAC), when applicable and as allowed under the State Plan, plus a professional dispensing fee based on the cost of dispensing study conducted on behalf of the North Carolina Department of Health and Human Services, Division of Health Benefits, will serve as the primary method utilized for reimbursement for retail community pharmacy claims not dispensed utilizing covered outpatient drugs acquired through the 340B drug discount program established under 42 U.S. Code § 256b. All claims utilizing drugs acquired through the 340B drug discount program will be reimbursed in accordance with the approved State Plan.

"SECTION 9D.19A.(b) This section is effective when it becomes law and expires June 30, ~~2023-2026.~~"

ALLOW A CARETAKER RELATIVE TO RETAIN MEDICAID ELIGIBILITY WHILE A CHILD IS TEMPORARILY SERVED BY THE FOSTER CARE SYSTEM

SECTION 9D.5. Section 9A of S.L. 2015-245, as amended by Section 2(e1) of S.L. 2016-121 and Section 9D.14 of S.L. 2021-180, reads as rewritten:

"SECTION 9A. Eligibility for Parents or Caretaker Relatives of Children in Foster Care. – DHHS is directed to seek approval from CMS through either the 1115 waiver required by subdivision (1) of Section 5 of this act or another federal authority to allow a parent or caretaker relative, as defined in 42 C.F.R. 435.4, to retain Medicaid eligibility when (i) the parent or caretaker relative has lost custody of a child pursuant to Subchapter I of Chapter 7B of the General Statutes, (ii) the child is being served temporarily by the foster care system, regardless of the type of out-of-home placement, and (iii) ~~the parent is making reasonable efforts to comply with a court ordered plan of reunification, as determined by DHHS. a court of competent jurisdiction has not found that aggravated circumstances exist in accordance with G.S. 7B-901(c) or has not made findings that a plan of reunification would be unsuccessful or would be inconsistent with the child's health or safety in accordance with G.S. 7B-906.1(d).~~"

ALLOW CARETAKER RELATIVES UNINTERRUPTED ACCESS TO MEDICAL SERVICES

SECTION 9D.6. G.S.108A-54.3A reads as rewritten:

"§ 108A-54.3A. Eligibility categories and income thresholds.

...
 (2a) A parent or caretaker relative, as defined in 42 C.F.R. § 435.4, who has qualified under subdivisions (1) and (2) of this section shall retain eligibility for Medicaid under this section so long as all of the following criteria are met:

- a. The parent or caretaker relative has lost legal custody of a child pursuant to Subchapter I of Chapter 7B of the General Statutes.
- b. A child of the parent or caretaker relative is temporarily in the legal custody of State-sponsored foster care or temporarily receiving foster care assistance under Title IV-E of the Social Security Act.
- c. ~~The parent is making reasonable efforts to comply with a court ordered plan of reunification, as determined by the Department. A court of competent jurisdiction has not found that aggravated circumstances exist in accordance with G.S. 7B-901(c) or has not made findings that a plan of reunification would be unsuccessful or would be inconsistent with the child's health or safety in accordance with G.S. 7B-906.1(d).~~
- d. The parent or caretaker relative continues to meet the family income requirements under subdivision (1) or (2) of this section."

CHOICE IN ACCREDITATION FOR LME/MCOS OPERATING BH IDD TAILORED PLANS

SECTION 9D.7. Section 9D.17 of S.L. 2021-180 is repealed.

MODIFY LME/MCO INTERGOVERNMENTAL TRANSFERS

SECTION 9D.8. Section 9D.7 of S.L. 2021-180 reads as rewritten:

"SECTION 9D.7.(a) 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 2021-2022 fiscal year and in an aggregate amount of eighteen million twenty-eight thousand two hundred seventeen dollars (\$18,028,217) for the 2022-23 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:

	2021-2022	2022-2023
Alliance Behavioral Healthcare	\$2,858,418	
	\$2,856,834	<u>\$4,558,852</u>
Cardinal Innovations Healthcare	\$4,751,262	\$4,645,652
Eastpointe	\$1,664,172	
	\$1,663,249	<u>\$1,637,614</u>
Partners Health Management	\$2,637,754	
	\$2,749,261	<u>\$3,413,647</u>
Sandhills Center	\$1,879,510	
	\$1,878,469	<u>\$2,473,081</u>
Trillium Health Resources	\$2,656,332	
	\$2,654,860	<u>\$2,967,117</u>
Vaya Health	\$1,580,769	
	\$1,579,892	<u>\$2,977,906"</u>

MODIFY COPAYMENTS FOR MEDICAID SERVICES

SECTION 9D.9. Section 9D.10 of S.L. 2021-180 reads as rewritten:

"SECTION 9D.10.(a) Beginning July 1, 2022, the copayments for Medicaid services subject to a copayment by the State Plan shall be increased to four dollars (\$4.00). This section does not apply to services ~~provided under sections 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."

INCREASE PRIVATE DUTY NURSING RATES

SECTION 9D.10. Section 9D.15B of S.L. 2021-180 reads as rewritten:

"SECTION 9D.15B. ~~Beginning January 1, 2022, the~~ The Department of Health and Human Services, Division of Health Benefits, shall increase to eleven dollars and twenty-five cents (\$11.25) per 15 minutes the rate paid for private duty nursing services pursuant to Medicaid Clinical Coverage Policies 3G1: Private Duty Nursing for Beneficiaries Age 21 and Older and Older, 3G2: Private Duty Nursing for Beneficiaries Under 21 Years of Age, and 3K-1: Community Alternatives Program for Children (CAP/C), as soon as practicable after receiving approval from CMS."

MODIFY STUDY DIRECT CARE WORKERS SERVING INDIVIDUALS IN THE INNOVATIONS WAIVER PROGRAM AND DEVELOP A PLAN FOR ANY RECOMMENDED INCREASE IN THOSE WORKERS' WAGES

SECTION 9D.11. Section 9D.15C of S.L. 2021-180 reads as rewritten:

"SECTION 9D.15C. No later than March 1, 2022, and annually thereafter for the next five years, the Department of Health and Human Services, Division of Health Benefits (DHB), shall submit a report to the Joint Legislative Oversight Committee on Medicaid and NC Health Choice that contains all of the following information regarding direct care workers who serve Medicaid beneficiaries receiving services through the North Carolina Innovations waiver program:

- (1) Statewide data on the number of these licensed and non-licensed direct care workers by worker classification.
- (2) Identification of providers that employ these direct care workers.
- (3) The weekly average number of hours worked by individuals serving in these positions.
- (4) The average and range of wages paid to these workers.
- (5) The average length of employment of these workers by any one provider.
- (6) An assessment of whether the wages of licensed direct care workers, non-licensed direct care workers, or both need to be increased. If DHB determines that there is a need for an increase in wages, then DHB shall develop a plan, or update to a previously submitted plan as applicable, for such increase.

Providers who employ direct care workers to provide Innovations Waiver services shall take part in the Staff Stability Survey conducted by The Division of Mental Health, Developmental Disabilities, and Substance Abuse Services of the Department."

MODIFY REQUIRE LME/MCOS TO PAY FOR BEHAVIORAL HEALTH SERVICES PROVIDED TO BENEFICIARIES AWAITING HOSPITAL DISCHARGE

SECTION 9D.12. Section 9D.22(f) of S.L. 2021-180 reads as rewritten:

"SECTION 9D.22.(f) CMS Approval. – The Department of Health and Human Services, Division of Health Benefits, shall submit to the Centers for Medicare and Medicaid Services (CMS) any State Plan amendments necessary to establish the new Medicaid coverage required by this section. The new Medicaid covered services and rates shall be implemented July 1, ~~2022~~ 2023. If approval from CMS is not granted by July 1, ~~2022~~ 2023, DHB shall ~~retroactively~~ implement services and rates upon approval from ~~CMS to July 1, 2022~~ CMS. The new Medicaid covered services and rates shall only be implemented to the extent allowable by CMS."

**ALLOW MEDICAID ELIGIBILITY DETERMINATIONS MADE BY THE
FEDERALLY FACILITATED HEALTH BENEFIT EXCHANGE**

SECTION 9D.13.(a) G.S. 108A-25 reads as rewritten:

"§ 108A-25. Creation of programs; assumption by federally recognized tribe of programs.

...

(b) The program of medical assistance is established as a program of public assistance and shall be administered by the Department of Health and Human Services in accordance with G.S. 108A-54. Medicaid eligibility administration may be delegated to the county departments of social services under rules adopted by the Department of Health and Human Services. Notwithstanding any other law to the contrary, upon election by the Secretary, county departments of social services shall accept Medicaid eligibility determinations made by the federally facilitated Health Benefit Exchange.

...."

SECTION 9D.13.(b) G.S. 108A-54 reads as rewritten:

"§ 108A-54. Authorization of Medical Assistance Program; administration.

...

(d) The Department of Health and Human Services shall ensure that the North Carolina Families Accessing Services through Technology (NC FAST) information technology system can provide Medicaid eligibility determinations for the federally facilitated Health Benefit Exchange that will operate in North Carolina ~~and shall provide such determinations for the Exchange.~~ Carolina. Notwithstanding any other law to the contrary, as determined by the Secretary, the Department may accept Medicaid eligibility determinations made by the federally facilitated Health Benefit Exchange utilizing the eligibility categories, resource limits, and income thresholds for the Medicaid and NC Health Choice programs set by the General Assembly in accordance with subsection (f) of this section.

SECTION 9D.13.(c) G.S. 108A-55 reads as rewritten:

"§ 108A-55.3. Verification of State residency required for medical assistance.

...

(b) An applicant may meet the requirements of subsection (a) of this section by providing ~~at least two~~ one of the following documents:

...

(c) For applicants, including those who are homeless or migrant laborers, who declare under penalty of perjury that they do not have ~~two~~ one of the verifying documents in subsection (b) of this section, any other evidence that verifies residence may be considered. However, except for applicants of emergency Medicaid, a declaration, affidavit, or other statement from the applicant or another person that the applicant meets the requirements of G.S. 108A-24(6) is insufficient in the absence of other credible evidence. For applicants of emergency Medicaid, a declaration, affidavit, or other statement from the applicant's employer, clergy, or other person with personal knowledge of the applicant's intent to live in North Carolina permanently or for an indefinite period of time or that the applicant is residing in North Carolina to seek employment or with a job commitment satisfies the requirements of this subsection.

...."

PART IX-E. HEALTH SERVICE REGULATION

ADULT CARE HOME ACCREDITATION

SECTION 9E.1.(a) Section 9E.6 of S.L. 2021-180 reads as rewritten:

"SECTION 9E.6.(d) Pilot Accrediting Body Reporting. – As a condition of participating in the pilot program authorized by this section, the Pilot Program Accrediting Body must agree to submit the following reports to the Sheps Center:

- (1) Monthly survey schedules which document the surveys that were completed for the previous month and those scheduled for the current month and the following ~~month-month~~, at least 30 days in advance of the survey."

SECTION 9E.1.(b) Subdivision (2) of Section 9E.6(k) of S.L. 2021-180 is repealed.

MODIFIED ADULT CARE HOME INFECTION PREVENTION REQUIREMENTS

SECTION 9E.2.(a) G.S. 131D-4.4A(b)(4), as amended by Section 9E.7 of S.L. 2021-180 and Section 3.2(a) of S.L. 2021-189, reads as rewritten:

"§ 131D-4.4A. Adult care home infection prevention requirements.

- (4) Designate one on-site staff member for each noncontiguous facility who is knowledgeable about the federal Centers for Disease Control and Prevention guidelines on infection control to direct the facility's infection control activities and ensure that all adult care home staff is trained in the facility's written infection prevention and control policies and procedures developed pursuant to subdivision (b)(1) of this section within 30 days after hire and annually thereafter. ~~Any nonsupervisory staff member designated to direct the facility's infection control activities shall complete the infection control course developed by the Department pursuant to G.S. 131D-4.5C."~~

SECTION 9E.2.(b) G.S. 131D-4.5C, as amended by Section 3.2(b) of S.L. 2021-189, reads as rewritten:

"§ 131D-4.5C. Adult care home supervisors; infection control training requirements.

(a) The Department ~~shall develop~~, shall, in consultation with associations representing adult care home providers, ~~model~~ approve template infection prevention and control policies and procedures that are consistent with accepted national standards and address the factors identified in G.S. 131D-4.4A(b)(1). The Department shall make these ~~model~~ template infection prevention and control policies and procedures available to adult care homes on the Department's internet website.

(b) The Department shall ~~develop~~ approve a mandatory, annual course for adult care home ~~supervisors staff on implementation of the model~~ basic infection prevention and control policies and procedures ~~developed by the Department in accordance with subsection (a) of this section in adult care home settings.~~ Each supervisor that successfully completes the mandatory infection control course shall receive credit, in an amount determined by the Department, toward the continuing education requirements for adult care home supervisors established by the Commission pursuant to G.S. 131D-4.5."

SECTION 9E.2.(c) Section 3.2(c) of S.L. 2021-189 reads as rewritten:

"SECTION 3.2.(c) By January 1, ~~2022~~, 2023, the Department of Health and Human Services shall do the following:

- (1) ~~Develop~~ Approve and post to its internet website the ~~model~~ template infection prevention and control policies and procedures required by G.S. 131D-4.5C(a), as enacted by subsection (b) of this section.
- (2) ~~Develop~~ Approve the mandatory, annual course for adult care home ~~supervisors staff~~ required by G.S. 131D-4.5C(b), as enacted by subsection (b) of this section."

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

MODIFY USE OF OPIOID SETTLEMENT FUNDS

SECTION 9F.1. Section 9F.1 of S.L. 2021-180 reads as rewritten:

"SECTION 9F.1.(a) The Opioid Abatement Reserve (Reserve) is established in the General Fund to maintain funds received by the State as a beneficiary of the final consent judgment

1 resolving the case, *State of North Carolina, ex rel. Joshua H. Stein, Plaintiff v. McKinsey and*
2 *Company, Inc.*, in the General Court of Justice, Superior Court Division, Wake County and any
3 other funds received by the State as a result of a settlement, as defined in G.S. 114-2.4A, relating
4 to claims regarding the manufacturing, marketing, distribution, dispensing, or sale of
5 ~~opioids~~opioids, or as a beneficiary of a confirmation order by a bankruptcy court relating to
6 claims regarding the manufacturing, marketing, distribution, dispensing, or sale of opioids.

7 Monies in the Reserve shall be made available to (i) cover the costs incurred by the State in
8 investigating and pursuing these claims and (ii) abate and remediate the harms caused to North
9 Carolina and its citizens by the opioid epidemic. Funds from the Reserve may be allocated or
10 expended only by an act of appropriation by the General Assembly.

11 The Opioid Abatement Fund (Fund) is created in the Department of Health and Human
12 Services (Department) as a special fund consisting of all interest and investment earnings
13 received on monies in the Fund. The State Controller shall transfer from the Reserve to the Fund
14 the sum of fifteen million seven hundred thirty-five thousand four hundred ninety-six dollars
15 (\$15,735,496) for the 2021-2022 fiscal year and the sum of ~~eight hundred twelve thousand two~~
16 ~~hundred fifty dollars (\$812,250)~~ fifteen million five hundred ninety-three thousand four hundred
17 eight dollars (\$15,593,408) for the 2022-2023 fiscal year. These funds are appropriated to the
18 Department to be used and allocated as set forth in subsection (b) of this section.

19 "SECTION 9F.1.(b) During the 2021-2023 fiscal biennium, the funds appropriated by
20 subsection (a) of this section shall be used to respond to the negative impacts of the opioid
21 epidemic within the State of North Carolina, as follows:

22 (1) \$400,000 each fiscal year directly to the University of North Carolina Injury
23 Prevention Research Center (IPRC) to expand and operate the Community
24 Opioid Resources Engine for North Carolina (NC-CORE), a state-of-the-art
25 nerve center for North Carolina's opioid settlements, with funds directly
26 supporting (1) the development and display of high-quality resources and data
27 to assist counties and municipalities in maximizing the long-term positive
28 impact of opioid settlement funds, (2) the development and operation of
29 information portals enabling counties and municipalities to transmit required
30 reports and data in a timely and efficient manner, and (3) the expansion of
31 user-friendly, public-facing dashboards to ensure a high level of transparency
32 and accountability in the use of opioid settlement funds flowing to North
33 Carolina counties and municipalities.

34 (2) \$375,000 each year directly to the North Carolina Association of County
35 Commissioners (NCACC) to facilitate local and regional strategic planning to
36 maximize the long-term positive impact of opioid settlement funds, triage
37 requests for technical assistance, and deliver technical assistance to counties
38 to maximize the long-term positive impact of opioid settlement funds and
39 satisfy all requirements of the Memorandum of Agreement governing the use
40 of opioid settlement funds by counties and municipalities in North Carolina.

41 (3) Remaining funds shall be used as follows:

42 a. To support local and regional planning efforts aimed at maximizing
43 the long term positive impact of opioid settlement funds, especially in
44 rural areas that may otherwise lack the resources to support such
45 planning and coordination efforts.

46 b. To expand employment and transportation supports through
47 innovative pilot programs in industries in North Carolina that suffered
48 the greatest job losses during the COVID-19 pandemic and are most
49 relied upon by individuals recovering from opioid use disorders to
50 reenter the workforce, such as the food service industry, the hotel and

lodging industry, and the entertainment industry. These funds may be used to support all of the following:

~~a.1.~~ Employment support services for individuals in recovery from opioid use disorder, such as job application support and placement with partnering employers, with emphasis on supporting innovative pilot programs to develop a more robust workforce in rural areas of the State.

~~b.2.~~ Training and development funding to encourage a consortium of public and private employers, workforce development boards, and vocational services providers to develop workplace recovery friendly ecosystems.

~~e.3.~~ Transportation support services to enable individuals recovering from opioid use disorder to travel to their places of treatment and their places of employment.

~~(2)c.~~ To support individuals with opioid use disorder who are involved in the criminal justice system through programs and initiatives designed to accomplish any one or more of the following:

~~a.1.~~ Establishment or expansion of existing prearrest and postarrest diversion programs. This includes prearrest diversion, postarrest diversion, and court-based diversion through treatment or recovery courts.

~~b.2.~~ Establishment, expansion, or sustainment of medication-assisted treatment programs that provide to individuals who are incarcerated any medication approved by the United States Food and Drug Administration for opioid use disorder. Programs authorized under this sub-subdivision that are funded in whole or in part by the Opioid Abatement Fund shall be made available to individuals who were already participating in a medication-assisted treatment program prior to being incarcerated, as well as to individuals who initiate medication-assisted treatment during their incarceration to address an opioid use disorder.

~~e.3.~~ Creation or expansion of reentry programs to connect individuals exiting incarceration with harm reduction, treatment, and recovery supports.

~~(3)d.~~ To expand evidence-based treatment supports and to improve connections to ~~eare, comprehensive, community-based care services for opioid use disorder,~~ especially for individuals ~~hospitalized for surviving an~~ overdose who are uninsured or underinsured, through the following activities or initiatives:

~~a.1.~~ ~~Evidence-based~~ Evidence-based addiction treatment, including ~~medication-assisted medication-assisted~~ treatment provided by inpatient or outpatient opioid treatment programs.

~~b.2.~~ Expanded access to cost-effective, low-cost, or no-cost medication-assisted treatment in community-based settings.

~~e.3.~~ Expanded care management and linkage to care services, including the use of peer support specialists and care navigators in local health departments, detention facilities, local departments of social services, and community-based settings. Any funding provided pursuant to this sub-subdivision shall be used to provide care management and

- linkage to care services involving outreach to, engagement with, and coordination for individuals to assist them with accessing comprehensive opioid use disorder ~~treatment services.~~
- (4)e. To develop evidence-based supportive housing services, such as Housing First, that are inclusive of individuals with substance use disorders. Qualifying services that may be funded under this subdivision include the following:
- a.1. Providing a move-in deposit, rental or utility assistance, or all of these for individuals with substance use disorders who are in recovery or transitioning from residential treatment or incarceration.
- b.2. Providing community training sessions on tenancy rights and responsibilities.
- c.3. Establishing relationships with landlords to encourage the elimination of preconditions for housing and to reduce potential incidences of evictions due to substance misuse.
- d.4. Providing other housing-related supports such as tents, sleeping bags, or other supplies for outdoor living.
- e.5. Funding or otherwise supporting recovery supported housing that accepts individuals who are utilizing any medication approved by the United States Food and Drug Administration for the treatment of opioid use disorder.
- f. To expand community-based, peer, and collegiate recovery programs providing recovery support services to individuals who have achieved or are aiming to achieve recovery from opioid use disorders.
- g. To expand workforce development activities aimed at increasing the number of practitioners available to treat opioid and other substance use disorders. These activities include, but are not limited to:
1. Addiction medicine fellowships;
2. Scholarships for students studying addiction and committed to practicing the treatment of opioid use disorder upon completion of study; and
3. Support for universities, colleges, and healthcare practitioner training programs to embed addiction training into the general curriculum in fields of primary care, nursing, healthcare administration, social work, counseling, psychology, medicine, and other affiliated healthcare disciplines."

PROTECT OPIOID PAYMENTS TO NORTH CAROLINA AND ITS SUBDIVISIONS

SECTION 9F.2.(a) Definitions. – The following definitions shall apply in this section:

- (1) Released Claim. – Any claim defined as Released Claims in the Settlement Agreements.
- (2) Released Entity. – Any entity defined as Released Entities in the Settlement Agreements, including Johnson & Johnson, Janssen Pharmaceuticals, Inc., Ortho-McNeil-Janssen Pharmaceuticals, Inc., Janssen Pharmaceutica, Inc., McKesson Corporation, Cardinal Health, Inc., and AmerisourceBergen Corporation.
- (3) Settlement Agreements. – The national opioid settlement agreement announced July 21, 2021 with McKesson Corporation, Cardinal Health, Inc.,

and AmerisourceBergen Corporation and the national opioid settlement agreement announced July 21, 2021 with Johnson & Johnson, Janssen Pharmaceuticals, Inc., Ortho-McNeil-Janssen Pharmaceuticals, Inc., and Janssen Pharmaceutica, Inc.

(4) State. – The State of North Carolina and includes every public office, public officer or official (elected or appointed), institution, board, commission, bureau, council, department, authority or other unit of government of the State.

(5) Unit of Local Government. – Every public office, public officer or official (elected or appointed), institution, board, commission, bureau, council, department, authority or other unit of government of any county, unit, special district or other political subdivision of government, including but not limited to a county; city; consolidated city-county; local school administrative unit; community college; area mental health, developmental disabilities, and substance abuse authority; nonprofit corporation or association operating or leasing a public hospital; public health authority; water or sewer authority; metropolitan sewerage district; sanitary district; county water and sewer district; metropolitan water district; metropolitan water and sewerage district; airport authority; airport board or commission; regional natural gas district; regional transportation authority; regional public transportation authority; ferry transportation authority; a special district created under Article 43 of Chapter 105 of the General Statutes; or any other local or regional authority, district, board, commission, or administrative unit.

SECTION 9F.2.(b) Findings. – The General Assembly makes the following findings:

(1) The opioid epidemic has taken the lives of more than 16,500 North Carolinians, caused immeasurable suffering and harm, and imposed substantial costs on the State, counties, municipalities, healthcare and social service providers, residents, and others.

(2) The epidemic was fueled by misconduct on the part of the settling opioid defendants and other companies engaged in the manufacture, marketing, promotion, distribution, or dispensing of prescription opioid medications.

(3) The State—through its Attorney General—engaged in investigations, litigation and settlement discussions involving defendants, and seventy-six counties and eight municipalities—through their counsel filed lawsuits against defendants before September 1, 2021, seeking to hold the settling defendants accountable for the damage caused by their misconduct.

(4) On July 21, 2021, a national coalition of states and political subdivisions announced agreements with the settling opioid defendants to resolve legal claims against those companies stemming from actions that fueled the opioid epidemic. The settlements are contingent on the participation of a critical mass of states and political subdivisions. The State has formally notified all defendants of its intent to join the Settlement Agreements. All 100 counties and 45 municipalities in North Carolina formally joined the agreements by January 3, 2022.

(5) The agreements provide for payments totaling twenty-six billion dollars (\$26,000,000,000) over 18 years, with more than twenty-three billion nine hundred million dollars (\$23,900,000,000) available to fund state and local efforts to address the epidemic nationwide. North Carolina's share of the settlements will be distributed among the State and Units of Local

- 1 Government pursuant to a Memorandum of Agreement, to which the State and
2 more than 130 Units of Local Government had agreed by January 1, 2022.
- 3 (6) North Carolina's share of the national settlement funds is approximately seven
4 hundred fifty million dollars (\$750,000,000) over 18 years. North Carolina
5 and its Units of Local Government can secure their entitlement to that amount
6 if, but only if, opioid litigation in North Carolina asserting Released Claims
7 against Released Entities in North Carolina comes to an end with no new
8 claims.
- 9 (7) Newly filed Released Claims against Released Entities would frustrate the
10 purposes of the Settlement Agreements, would put North Carolina's share of
11 the proceeds at risk, and would harm the people of North Carolina, all Units
12 of Local Government, and the State.

13 **SECTION 9F.2.(c)** It is the intent of this section to prevent the assertion of such
14 newly filed claims by the State and its subdivisions and instrumentalities, and thereby to help
15 secure, on behalf of North Carolina's Units of Local Government, the State, and the people of
16 North Carolina, the full share to which the State, its Units of Local Government, and its people
17 are otherwise entitled under the Settlement Agreements.

18 **SECTION 9F.2.(d)** Except as expressly set forth in this subsection, on or after the
19 effective date of this section, neither a Unit of Local Government nor the State may assert any
20 Released Claims against any Released Entity. Notwithstanding the foregoing, the State, as
21 expressly contemplated in the Settlement Agreements, may initiate a civil action asserting
22 Released Claims against Released Entities for the purpose of obtaining a consent order that
23 effectuates the Settlement Agreements, including the release of such claims. Nothing herein shall
24 be construed to apply to Released Claims against Released Entities that were included in any
25 lawsuits filed by a Unit of Local Government prior to September 1, 2021.

26 **SECTION 9F.2.(e)** This section preserves all remedies the State or any Unit of Local
27 Government may have under the Settlement Agreements. Nothing in this section shall be
28 construed to limit or otherwise affect such remedies.

29 **SECTION 9F.2.(f)** This section shall have no effect if the Settlement Agreements
30 are not entered as consent orders by the Superior Court of Wake County by December 31, 2022.

31 **SECTION 9F.2.(g)** This section is effective when it becomes law.
32

33 JUSTICE-INVOLVED PILOT PROGRAM

34 **SECTION 9F.3.(a)** Pilot Program. – Of the funds appropriated in this act to the
35 Department of Health and Human Services, Division of Mental Health, Developmental
36 Disabilities, and Substance Abuse Services (DMH/DD/SAS), the sum of eight million dollars
37 (\$8,000,000) in nonrecurring funds for the 2022-2023 fiscal year shall be used to fund two pilot
38 programs which are county-based. Using data which identifies counties with the highest
39 incarceration rates, DMH/DD/SAS will fund a pilot program in each of two counties to provide
40 comprehensive justice and behavioral health intersection programs, including early diversion,
41 treatment during incarceration, and re-entry services.

42 **SECTION 9F.3.(b)** The pilot programs shall be awarded competitively to the
43 organizations with the best approach to implementing the Certified Community Behavioral
44 Health Clinic (CCBHC) model, which promotes full integration of behavioral and physical health
45 care to those with serious mental illness.
46

47 CLARIFYING THE AUTHORITY OF THE DEPARTMENT OF HEALTH AND 48 HUMAN SERVICES TO APPROVE OPIOID TREATMENT PROGRAM 49 MEDICATION UNITS AND OPIOID TREATMENT PROGRAM MOBILE UNITS

50 **SECTION 9F.4.(a)** G.S.122C-3 reads as rewritten:
51 "§ 122C-3. Definitions.

...

(23b) Mobile unit. – A motor vehicle, lawfully used on public streets, roads, or highways with more than three wheels in contact with the ground, from which behavioral health services are provided at a permanent or non-permanent location(s).

...

(25a) Opioid treatment program. – A program or practitioner with a current and valid registration under 21 U.S.C. § 823(g)(1) that is engaged in dispensing opioid agonist medication for the treatment of individuals with opioid use disorders and which has been approved by the State Opioid Treatment Authority within the Department of Health and Human Services and licensed as an opioid treatment facility by the Division of Health Service Regulation.

(25b) Opioid treatment program medication unit. – A unit established as part of an opioid treatment program, but at a geographically separate location where the assessment or treatment is not the primary purpose of the site, from which licensed practitioners dispense or administer an opioid agonist treatment medication or collect samples for drug testing or analysis. Notwithstanding any other provision of law, an opioid treatment program medication unit may be established under the license of an opioid treatment program facility.

(25c) Opioid treatment program mobile unit. – A mobile unit established as a mobile component of an opioid treatment program which operates at geographically separate, permanent or non-permanent locations where the assessment or treatment is not the primary purpose of the site, from which licensed practitioners dispense or administer an opioid agonist treatment medication or collect samples for drug testing or analysis. Notwithstanding any other provision of law, an opioid treatment program mobile unit may be established under the license of an opioid treatment program facility."

SECTION 9F.4.(b) Article 2 of Chapter 122C of the General Statutes is amended by adding a new section to read:

"§ 122C-50.1 Approval of opioid treatment program medication units and opioid program mobile units

(a) Opioid treatment programs shall apply for and obtain approval by the State Opioid Treatment Authority prior to seeking amended licensure by the Division of Health Service Regulation to establish and operate an opioid treatment program medication unit or an opioid treatment program mobile unit.

(b) The State Opioid Treatment Authority shall approve or deny applications by opioid treatment programs to establish opioid treatment program medication units or opioid treatment program mobile units based upon consideration of the following criteria and any additional criteria or standards established in rules adopted by the Commission regarding opioid treatment programs:

- (1) Capacity, qualifications, and experience of the applicant to provide treatment and operate an opioid treatment program medication unit in compliance with applicable federal and State laws, regulations, and accepted clinical standards of practice;
- (2) History of adverse regulatory actions involving the applicant in North Carolina or another state;
- (3) History of suspension or revocation of, or other adverse regulatory action against, professional licenses or narcotic licenses of persons proposed to be employed in the opioid treatment program medication unit, whether in North Carolina or in another state; and

(4) How the applicant's proposed opioid treatment program medication unit would increase access to treatment.

(c) The Secretary shall issue an amended license to an opioid treatment program if the Secretary finds that the opioid treatment program complies with this Article, the rules of the Commission and Secretary, and all applicable federal laws and regulations, including without limitation, 42 CFR Part 8 and 21 CFR Parts 1300, 1301, and 1304.

(d) The Commission may adopt rules governing the Department's consideration of applications to establish new opioid treatment program medication units and new opioid treatment program mobile units.

(e) Nothing in this section abrogates State law and requirements regarding licensure of opioid treatment programs by the Secretary and the Division of Health Service Regulation."

PART IX-G. PUBLIC HEALTH

INCREASE TRANSPORTATION RATE FOR DEATH INVESTIGATIONS AND AUTOPSIES

SECTION 9G.1.(a) Of the funds appropriated to the Department of Health and Human Services, Division of Public Health, Office of the Chief Medical Examiner, the sum of nine hundred seventy-five thousand (\$975,000) in recurring funds shall be used to increase the current base contract rate paid by the Department to transport bodies for death investigations or autopsies to two hundred sixty-five dollars (\$265.00) for the first 40 miles and then one dollar (\$1.00) per mile after the first 40 miles.

SECTION 9G.1.(b) This section becomes effective January 1, 2023.

INCREASE EQUITABLE ACCESS TO VITAL RECORDS

SECTION 9G.2. Of the funds appropriated in this act to the Department of Health and Human Services, Division of Public Health, the sum of two hundred eighty thousand (\$280,000) in recurring funds shall be used to fund a program to increase equitable access to vital records. As part of this program, the State Registrar shall have authority to develop and implement a policy to waive vital records fees established in G.S. 130A-93.1(a) and 130A-118(d) and implementing rules for low- and no-income persons.

MATERNAL MORTALITY REVIEW COMMITTEE

SECTION 9G.3. G.S. 130A-33.60 reads as rewritten:

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

...

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

...."

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

PART IX-I. SOCIAL SERVICES

LOW INCOME ENERGY ASSISTANCE PROGRAM

SECTION 9I.1. G.S. 108A-25.4 reads as rewritten:

"§ 108A-25.4. Use of payments under the Low-Income Energy Assistance Program and Crisis Intervention Program.

(a) The Low-Income Energy Assistance Program Plan developed by the Department of Health and Human Services (Department) and submitted to the U.S. Department of Health and Human Services shall focus the annual energy assistance payments on the elderly population age 60 and above with income up to ~~one hundred thirty percent (130%)~~ one hundred fifty percent (150%) of the federal poverty level and disabled persons receiving services through the Division of Aging and Adult Services. The energy assistance payment shall be paid directly to the service provider by the county department of social services. The Plan for Crisis Intervention Program (CIP) shall provide assistance for vulnerable populations who meet income eligibility criteria established by the Department. The CIP payment shall be paid directly to the service provider by the county department of social services and shall not exceed ~~six hundred dollars (\$600.00)~~ one thousand dollars (\$1,000) per household in a fiscal year.

(b) The Department shall submit the Plan for each program to the U.S. Department of Health and Human Services no later than September 1 of each year and implement the Plan no later than October 1 of each year."

PART IX-J. VOCATIONAL REHABILITATION SERVICES [RESERVED]

PART IX-K. DHHS BLOCK GRANTS

CERTAIN DHHS FEDERAL BLOCK GRANT TECHNICAL CORRECTIONS

SECTION 9K.1.(a) Section 9L.1(a) of S.L. 2021-180, as amended by Section 3.4(b) of S.L. 2021-189, reads as rewritten:

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

TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF) FUNDS	FY 2021-2022	FY 2022-2023
---	---------------------	---------------------

...

Transfers to Other Block Grants

Division of Child Development and Early Education

19. Transfer to the Child Care and Development Fund	21,773,001	21,773,001
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Division of Social Services

20. Transfer to Social Services Block Grant for Child Protective Services – Training	285,612	285,612
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21. Transfer to Social Services Block Grant for Child Protective Services	5,040,000	5,040,000
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22. Transfer to Social Services Block Grant for County Departments of Social Services for Children's Services	13,097,783	13,097,783 <u>7,244,120</u>
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23. Transfer to Social Services Block		
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1	Grant – Foster Care Services	3,422,219	<u>3,422,219</u>
2			<u>3,393,513</u>
3			
4	24. Transfer to Social Services Block	1,582,000	1,582,000
5	Grant – Child Advocacy Centers		
6			
7	TOTAL TEMPORARY ASSISTANCE FOR		
8	NEEDY FAMILIES (TANF) FUNDS	\$317,588,628	<u>\$317,509,312</u>
9			<u>\$311,626,943</u>
10			
11	...		
12			
13	SOCIAL SERVICES BLOCK GRANT		
14			
15	Local Program Expenditures		
16			
17	Divisions of Social Services and Aging and Adult Services		
18			
19	01. County Departments of Social Services	\$19,905,849	<u>\$19,905,849</u>
20			<u>\$25,759,512</u>
21			
22	02. County Departments of Social Services		
23	(Nonrecurring)	1,300,000	1,300,000
24			
25	03. County Departments of Social Services		
26	(Transfer From TANF)	\$13,097,783	<u>\$13,097,783</u>
27			<u>\$7,244,120</u>
28			
29	...		
30			
31	TOTAL SOCIAL SERVICES BLOCK GRANT	\$76,963,495	\$76,963,495
32			
33	LOW-INCOME ENERGY ASSISTANCE BLOCK GRANT		
34			
35	Local Program Expenditures		
36			
37	Division of Social Services		
38			
39	01. Low-Income Energy Assistance		
40	Program (LIEAP)	\$49,717,611	<u>\$49,415,982</u>
41	<u>\$52,070,456</u>		
42			
43	02. Crisis Intervention Program (CIP)	32,980,981	<u>32,764,751</u>
44	<u>34,706,245</u>		
45			
46	Local Administration		
47			
48	Division of Social Services		
49			
50	03. County DSS Administration	6,769,114	<u>6,724,735</u>
51	<u>7,096,485</u>		

Transfers to Other State Agencies**Department of Environmental Quality**

10. Weatherization Program	8,751,347	8,693,972 <u>10,506,077</u>
11. Heating Air Repair and Replacement Program (HARRP)	5,830,717	5,792,490 <u>6,420,718</u>
12. Local Residential Energy Efficiency Service Providers – Weatherization	527,190	523,733 <u>629,413</u>
13. Local Residential Energy Efficiency Service Providers – HARRP	284,682	282,816 <u>349,383</u>
14. DEQ – Weatherization Administration	527,190	523,733 <u>679,413</u>
15. DEQ – HARRP Administration	284,682	282,816 <u>424,383</u>

...

**TOTAL LOW-INCOME ENERGY
ASSISTANCE BLOCK GRANT**

\$108,205,156 **\$108,047,943**
\$115,925,488

...

MENTAL HEALTH SERVICES BLOCK GRANT**Local Program Expenditures**

01. Mental Health Services – Child	\$5,460,328	\$4,432,011 <u>\$5,250,000</u>
02. Mental Health Services – Adult/Child	26,858,142	17,126,399 <u>22,298,284</u>
03. Mental Health Services – First Psychotic Symptom Treatment	4,205,369	2,615,497 <u>5,416,756</u>

DHHS Administration**Division of Mental Health, Developmental Disabilities, and Substance Abuse Services**

1	04. Crisis Services	1,569,298	<u>1,307,749</u>
2			<u>2,877,047</u>
3			
4	05. Administration	323,120	<u>323,120</u>
5			<u>332,351</u>
6			
7	06. Adult/Child Mental Health Services	350,150	350,150
8			
9	TOTAL MENTAL HEALTH SERVICES		
10	BLOCK GRANT	\$38,766,407	\$26,154,926
11			<u>\$36,524,587</u>

SUBSTANCE ABUSE PREVENTION AND TREATMENT BLOCK GRANT**Local Program Expenditures****Division of Mental Health, Developmental Disabilities, and Substance Abuse Services**

19	01. Substance Abuse – IV Drug	\$2,550,915	\$2,550,915
20			
21	02. Substance Abuse Prevention	16,594,705	<u>10,999,983</u>
22			<u>20,245,92</u>
23	<u>7</u>		
24			
25	03. Substance Abuse Services – Treatment for		
26	Children/Adults		
27	(First Step Farm of WNC, Inc. \$100,000)	60,846,746	<u>38,467,860</u>
28			<u>53,266,722</u>
29			
30	04. Crisis Solutions Initiatives – Collegiate		
31	Wellness/Addiction Recovery	1,085,000	<u>1,085,000</u>
32			<u>1,545,205</u>
33			
34	05. Crisis Solutions Initiatives – Community		
35	Paramedic Mobile Crisis Management	20,000	<u>20,000</u>
36			<u>40,000</u>

...

DHHS Administration**Division of Mental Health, Developmental Disabilities, and Substance Abuse Services**

43	07. Administration	1,320,452	1,320,452
44			
45	08. Controlled Substance Reporting System		
46	Enhancement	427,655	<u>427,655</u>
47			<u>433,518</u>
48			
49	09. Veterans Initiatives	250,000	<u>250,000</u>
50			<u>288,963</u>

TOTAL SUBSTANCE ABUSE PREVENTION**AND TREATMENT BLOCK GRANT****\$84,695,473****\$56,721,865****\$81,291,702****COMMUNITY SERVICES BLOCK GRANT**

01. Community Action Agencies

\$22,158,403

\$20,916,673

\$24,537,507**TOTAL COMMUNITY SERVICES
BLOCK GRANT****\$22,925,759****\$22,925,759****\$26,546,593****MODIFY SOCIAL SERVICES BLOCK GRANT****SECTION 9K.1.(b)** Section 9L.1(l) of S.L. 2021-180 reads as rewritten:

"SECTION 9L.1.(l) The sum of nineteen million nine hundred five thousand eight hundred forty-nine dollars (\$19,905,849) for ~~each year of the 2021-2023 fiscal biennium~~ the 2021-2022 fiscal year and the sum of twenty-five million seven hundred fifty-nine thousand five hundred twelve dollars (\$25,759,512) for the 2022-2023 fiscal year and the sum of one million three hundred thousand dollars (\$1,300,000) in nonrecurring funds for each year of the 2021-2023 fiscal biennium appropriated in this act in the Social Services Block Grant to the Department of Health and Human Services, Division of Social Services, and the sum of thirteen million ninety-seven thousand seven hundred eighty-three dollars (\$13,097,783) ~~for each year of the 2021-2023 fiscal biennium~~ for the 2021-2022 fiscal year and the sum of seven million two hundred forty-four thousand one hundred twenty dollars (\$7,244,120) for the 2022-2023 fiscal year transferred from funds appropriated in the TANF Block Grant shall be used for county Block Grants. The Division shall certify these funds in the appropriate State-level services based on prior year actual expenditures. The Division has the authority to realign the authorized budget for these funds, as well as State Social Services Block Grant funds, among the State-level services based on current year actual expenditures."

MODIFY LOW-INCOME ENERGY ASSISTANCE BLOCK GRANT**SECTION 9K.1.(c)** Section 9L.1(v) of S.L. 2021-180 reads as rewritten:

"SECTION 9L.1.(v) The sum of forty-nine million seven hundred seventeen thousand six hundred eleven dollars (\$49,717,611) for the 2021-2022 fiscal year and the sum of ~~forty-nine million four hundred fifteen thousand nine hundred eighty-two dollars (\$49,415,982)~~ fifty-two million seventy thousand four hundred fifty-six dollars (\$52,070,456) for the 2022-2023 fiscal year appropriated in this act in the Low-Income Energy Assistance Block Grant to the Department of Health and Human Services, Division of Social Services, shall be used for Energy Assistance Payments for the households of (i) elderly persons age 60 and above with income up to ~~one hundred thirty percent (130%)~~ one hundred fifty percent (150%) of the federal poverty level and (ii) disabled persons eligible for services funded through the Division of Aging and Adult Services.

MODIFY MENTAL HEALTH SERVICES BLOCK GRANT**SECTION 9K.1.(d)** Section 9L.1(z) of S.L. 2021-180 reads as rewritten:

"SECTION 9L.1.(z) The sum of four million two hundred five thousand three hundred sixty-nine dollars (\$4,205,369) for the 2021-2022 fiscal year and the sum of ~~two million six hundred fifteen thousand four hundred ninety-seven dollars (\$2,615,497)~~ five million four hundred sixteen thousand seven hundred fifty-six dollars (\$5,416,756) for the 2022-2023 fiscal year appropriated in this act in the Mental Health Services Block Grant to the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, is allocated for Mental Health Services – First Psychotic Symptom Treatment."

AGRICULTURE, NATURAL AND ECONOMIC RESOURCES

PART X. AGRICULTURE AND CONSUMER SERVICES [RESERVED]

PART XI. COMMERCE

NC SITE DEVELOPMENT GRANTS

SECTION 11.1.(a) Fund. – The North Carolina Site Development Grants Fund (Fund) is established as a special fund in the Department of Commerce (Department). The Department shall be responsible for administering the program.

SECTION 11.1.(b) Purpose. – The Department of Commerce shall establish a competitive grant program to support the development of major sites, megasites, as well as sites in distressed communities to ensure the State's ongoing competitiveness for major manufacturing opportunities, including but not limited to the aerospace, automotive, clean energy, food processing, and life science industries. The purpose of this program is to:

- (1) Identify and evaluate up to ten Major Sites and Megasites for preferred development and marketing.
- (2) Enable local governments or a partnership of local governments to acquire a newly identified or existing major site or megasite.
- (3) Support local governments or a partnership of local governments install or upgrade public infrastructure, including but not limited to, publicly owned water, gas, and sewer systems, transportation infrastructure, and the electrical utility lines necessary to meet the needs of prospective employers for major sites, megasites, and sites in distressed communities.
- (4) Support local governments or a partnership of local governments fund on-site preparation including clearing, grading, or other related expenses for major sites and megasites.
- (5) Facilitate coordination between the North Carolina Department of Commerce and the North Carolina Department of Environmental Quality to expedite any environmental needs related to timely site development.

SECTION 11.1.(c) Definitions. – The following definitions apply in this section:

- (1) Government Partnership – may refer to as a nonprofit in partnership with a local government or governments or a group of local governments. Government Partnerships may not include for-profit entities.
- (2) Major Site. – A 500-999 contiguous acre parcel of property that is viable for industrial development.
- (3) Megasite. – A 1000 or more contiguous acre parcel of property that is viable for industrial development.
- (4) Site in Distressed Community. – A 250 or more contiguous acre parcel of property that is viable for industrial development, the majority of which is located within one of the 80 most distressed counties, as designated by G.S. 143B-437.08.

SECTION 11.1.(d) Allocation of Funds. – For the 2022-2023 fiscal year, the Department of Commerce shall allocate monies in the Fund on the following basis:

- (1) One million dollars (\$1,000,000) shall be used to engage a national site selection and/or engineering firm through a competitive bid process to evaluate sites and determine ten major and megasites that will be the most competitive for advanced manufacturing site selection searches. It is expected these sites will pursue state site certification. In addition, the ten sites deemed most competitive will receive preferred marketing by the Economic Development Partnership of North Carolina and preferred status for acquisition, public infrastructure, and on-site preparation grants from the Fund.
- (2) Fifty million dollars (\$50,000,000) shall be allocated for grants to local governments or a partnership of local governments for the acquisition of a newly identified or existing major or megasite for up to 85% of the property's purchase price. The State's funding commitment for property acquisition will be at the discretion of the Secretary of Commerce and dependent on total development needs for each site, the level of participation by the local government, and prior investment in site development by the local government or government partnership. For the State to participate, the site must be optioned by a local government or government partnership and the acquisition that state funds support will be for the entire site. In addition, all basic due diligence must be complete, including but not limited to boundary surveys, title searches, State Historic Perseveration Office reviews, and wetlands delineation. If the State acquires such a site, the site cannot transfer to another entity without the approval of the Secretary of Commerce.
- (3) Fifty million dollars (\$50,000,000) shall be allocated for grants to local governments or a partnership of local governments with publicly owned sites to construct or improve public infrastructure to those sites. These funds may also be used for on-site preparation for publicly owned major sites or megasites including clearing, grading or other related expenses that may be necessary to meet the needs of prospective major employers.
- (4) Ten million dollars (\$10,000,000) shall be allocated to for grants to local governments or a partnership of local governments to identify, evaluate, and complete the certification process for sites in distressed communities. Funds may also be used to make improvements to public infrastructure to sites in distressed communities, including but not limited to publicly owned water, gas, and sewer systems, transportation infrastructure, and electrical utility lines.

SECTION 11.1.(e) Matching Funds. – The Department requires grantees of acquisition funding for a newly identified or existing major site or megasite to provide 15% of the total property's purchase price.

SECTION 11.1.(f) Administrative Expenses. – Of the funds appropriated to the Fund, the Department may use up to 3% to administer the Fund.

SECTION 11.1.(g) Agreements Required. – Funds may be disbursed from the Fund only in accordance with agreements entered into between the Department and a local government or a government partnership.

SECTION 11.1.(h) Reporting. – Grant recipients shall file an annual report to the Department of Commerce on or before April 1 of each year. The annual report prepared by the grantee will document total funds received, allocations made, and total unallocated grant funds. The Department of Commerce shall prepare and file on or before May 1 of each year with 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 Office of State Budget and Management, and the Fiscal Research Division a consolidated report for the preceding fiscal year concerning the allocation of grants authorized by this section. A portion of the annual report prepared by the Department of Commerce will document all allocations made from the fund for each fiscal year, the total funds received, and allocations made and the total unallocated funds in the program.

SECTION 11.1.(i) Program Guidelines. – The Department shall develop guidelines related to the administration of this program. At least 20 days before the effective date of any guidelines or nontechnical amendments to the guidelines, the Department shall publish the proposed guidelines on the Department's website and provide notice to persons who have requested notice of proposed guidelines. In addition, the Department must accept oral and written comments on the proposed guidelines, and shall in its discretion consider such comments before finalizing the guidelines, during the 15 business days beginning on the first day that the Department has completed these notifications. Guidelines adopted under this section shall not be subject to the requirements of Article 2A of Chapter 150B of the North Carolina General Statutes.

RURAL WORKS PILOT

SECTION 11.2.(a) Purpose. – The North Carolina Business Committee for Education (NCBCE) shall establish the three-year pilot program "Rural Works," in ten Tier 1 and Tier 2 counties as designated by G.S. 143B 437.08, to create a youth work-based learning program housed jointly between local community colleges and Public School Units (PSUs). The pilot will create a program modeled on the "Surry-Yadkin Works" program within each community and will provide work-based learning opportunities for middle and high schools students, including, but not limited to, internships, pre-apprenticeships, and other career awareness activities with local employers. The goals of the pilot program are to:

- (1) Increase the number of students engaging in work-based learning.
- (2) Increase the number of high school students participating in internships and pre-apprenticeships in high-demand fields, including advanced manufacturing, construction, hospitality, clean energy, early childhood education, information technology, cybersecurity, nursing, and the public sector.
- (3) Increase the number of students of under-represented identities, including but not limited to, students with disabilities, low-income students, first-generation college students, and students of color, in career and technical education as well as work-based learning opportunities.
- (4) Build and strengthen partnerships between local employers, community colleges, and PSUs.

SECTION 11.2.(b) Eligibility. – For grant award consideration, applicant counties shall:

- (1) Form a partnership, for the purposes of the pilot, that includes some or all of the following: local leadership of the community college, K12 leadership, and local officials.
- (2) Provide funding for the third year of the pilot.
- (3) Hire an employee through either the local community college or a PSU to serve as the workforce development specialist (WDS).

SECTION 11.2.(c) Use of Funds. – Program funded activities shall include, but are not limited to:

- (1) Supporting a WDS in each community for two years, based on the commitment from the local partnership to provide funding for the third year.

- (2) Growing work-based learning opportunities in high-demand sectors by supporting participating employers and subsidizing pay for students participating in internships, pre-apprenticeships, and apprenticeships.
- (3) Providing technical assistance in conjunction with "Surry Yadkin Works."
- (4) Employing time-limited positions for programming and data collection and analysis.
- (5) Allocating a minimum of two million dollars (\$2,000,000) to expand clean energy work-based learning opportunities for youth that build on the Clean Energy Youth Apprenticeship Program currently hosted by North Carolina Agricultural and Technical State University.
- (6) Awarding funds which may be spent over a three year period from the initial distribution date.

SECTION 11.2.(d) Request for Proposal – By October 1, 2022, NCBCE, in collaboration with the North Carolina Community College System (NCCCS), and the North Carolina Department of Public Instruction (DPI), shall issue a Request for Proposal (RFP) for the grant program. Applicant counties shall submit their proposals by December 1, 2022. The RFP shall require that proposals include the following information at a minimum:

- (1) Description of industries present in the applicant's geographic region and plan to engage local employers in youth work-based learning.
- (2) Evidence of current partnership between local community college and PSUs.
- (3) Willingness to fund the third year of the "Rural Works" pilot program.
- (4) Data from myFutureNC indicating gaps in postsecondary attainment and labor force participation and how a participation in this program will support county improvements to postsecondary attainment and labor force participation.

SECTION 11.2.(e) Selection. – NCBCE, NCCCS, DPI, and representatives from Surry-Yakin Works will select piloting up to ten counties based on their interest, evidence of existing local partnerships, and low levels of postsecondary attainment and labor force participation.

SECTION 11.2.(f) Reporting Requirements. – Beginning July 1, 2023, NCBCE shall report each fiscal year on the funds appropriated to for the purposes of this section to the Joint Legislative Education Oversight Committee, the Senate Appropriations Committee on Education and Higher Education, the House Appropriations Committee on Education, and the Fiscal Research Division of the General Assembly on the use of the time-limited positions, the use of funds to provide technical assistance, the use of funds to grow work-based learning opportunities in high-demand sectors, and the results of the pilot program.

SECTION 11.2.(g) Evaluation. – Of the funds appropriated by this act, the NCBCE may use up to three hundred thousand dollars (\$300,000) to contract with an independent research organization to evaluate the impact of this pilot program. The independent research organization shall report the results of this evaluation to the Joint Legislative Education Oversight Committee, the Fiscal Research Division of the General Assembly, and the Office of State Budget and Management by December 1, 2025.

SECTION 11.2.(h) Carryforward. – Funds unspent in each fiscal year shall not revert and shall be carried forward to implement this section.

SECTION 11.2.(i) Administration. – NCBCE may use up to five percent (5%) of the funds credited to this program to support planning, travel, and program administrative functions.

ASSISTING NC SMALL MANUFACTURERS WITH WORKFORCE CHALLENGES THROUGH TECHNOLOGY

SECTION 11.3.(a) Purpose – The NC State University Industry Expansion Solutions (IES) shall establish the "Assisting NC Small Manufacturers with Workforce

Challenges through Technology" program to provide North Carolina's smaller manufacturers access to the assistance needed for considering advanced manufacturing technology as an approach to solving workforce challenges.

SECTION 11.2.(b) Eligibility. – To be viable for the complete set of services offered by the program, a manufacturer shall have one or more of the following characteristics:

- (1) Employ less than 500 employees.
- (2) Be operationally reliant on production workers to produce its products.
- (3) Experiencing challenges to meet staffing needs of current production process.
- (4) Express interest in expanding operations to reduce reliance on imported supplies or sub-assemblies.
- (5) Demonstrate the desire and financial ability to invest in operational efficiency.

SECTION 11.3.(b) Uses of Funds – Program funds may be used to support small and medium sized manufacturers solve workforce challenges with education, technology assessments, as well as by providing advisory services. Specific strategies to help manufacturers include, but are not limited to, hosting webinars on organizational development and advanced technology as well as process improvement approaches that support advanced technology deployment, offering hands-on training and simulation enhancing efficiency through the deployment of technology (e.g., operating collaborative robots), and providing independent advice from external advisors for adequate consideration of important strategic investments such as technology adoption.

SECTION 11.3.(c) Carryforward. – Funds appropriated for the purposes of this section shall not revert until June 30, 2025.

SECTION 11.3.(d) Performance Metrics – Measures to evaluate the impact of this program include, but are not limited to, the number of:

- (1) Unique small and medium sized manufacturers engaged;
- (2) Small and medium sized manufacturers' employees educated;
- (3) Webinars provided;
- (4) Technology assessments performed;
- (5) Companies advised.

SECTION 11.3.(e) Administration – Up to one hundred fifty thousand dollars (\$150,000) of the funds credited to this program may be to support planning and program administrative functions.

CLEAN ENERGY INNOVATION AND RESEARCH GRANTS

SECTION 11.4. G.S. 143B-437.9 is amended by adding a new Part to read:

"Part 2BA. Clean Energy Innovation and Research Fund.

"§ 143B-437.9. NC Clean Energy Innovation and Research (CLEIR) Fund and grant program.

(a) Fund. – The NC Clean Energy Innovation and Research Fund is established as a special revenue fund in the Department of Commerce, and the Office of Science, Technology and Innovation in the Department shall be responsible for administering the Fund.

(b) Purposes. – Moneys in the NC Clean Energy Innovation and Research Fund shall be allocated pursuant to this subsection. The Department of Commerce shall make grants from the Fund to private businesses with less than 100 employees, nonprofit organizations, local governments, and State agencies to encourage the expansion of small-to-medium sized businesses to help grow the State's clean energy economy. Moneys in the NC Clean Energy Innovation and Research Fund shall be used for clean energy and energy efficiency research, development, and innovations, and to encourage innovation, entrepreneurship, and the development and expansion of small business in this sector. The priority areas are:

- (1) To encourage the development of renewable energy, energy efficient, and environmentally sustainable clean technologies and products in the State,

including but not limited to research, development, commercialization, production, distribution, retail infrastructure, deployment, and consumer purchase of such technologies and products in North Carolina, as well as to enhance workforce related development.

(2) To attract, develop, and leverage private-sector investments and entrepreneurship, mentoring, accelerator, and network activities in renewable energy, energy efficient, and environmentally conscious technologies, products, and businesses, as well as to enhance related workforce development.

(c) Cap and Matching Funds. – The Department of Commerce, Office of Science, Technology and Innovation may set a cap on grants made from the NC Clean Energy Innovation and Research Fund and may require applicants to provide matching funds for a grant from the Fund.

(d) Administrative Expenses. – Of the moneys appropriated to the Fund, the Department may use up to one hundred thousand dollars (\$100,000) or five percent (5%) annually, whichever is greater, to administer the Fund."

ECONOMIC DEVELOPMENT PROJECT APPROPRIATION

SECTION 11.5.(a) Provided the Economic Investment Committee awards a Job Development Investment Grant for a qualifying project in Chatham County to an electric vehicle manufacturer, there is appropriated from the Economic Development Project Reserve to the Department of Commerce (Department) for the 2022-2023 fiscal year the sum of four hundred fifty million dollars (\$450,000,000) in nonrecurring funds. As used in this section a qualifying project is a project for which the agreement requires that the manufacturer invest at least three billion dollars (\$3,000,000,000) in private funds and create at least 6,000 eligible positions, as defined in G.S. 143B-437.51. The funds allocated in this subsection shall be used as follows:

- (1) One hundred twenty-five million dollars (\$125,000,000) to reimburse the manufacturer for costs incurred by the manufacturer for site work, roadwork, and wetlands mitigation associated with such works needed at the project site.
- (2) Two hundred million dollars (\$200,000,000) to be transferred to the Department of Transportation for public roadwork and associated wetlands mitigation needed to support the project. Once the manufacturer has created 3,875 eligible positions as defined in G.S. 143B-437.51 the Department will transfer an additional fifty million dollars (\$50,000,000) to the Department of Transportation for additional public roadwork improvements and associated wetlands mitigation needed to support of the project. Notwithstanding any other provision of law, the Department of Transportation is authorized to utilize Progressive Design Build, Construction Management General Contractor, or any other procurement methodology to contract for the delivery of the improvements authorized by this part.
- (3) Seventy-five million dollars (\$75,000,000) to be provided to the City of Sanford for water and sewer infrastructure improvements needed to support the project.

SECTION 11.5.(b) The Department shall enter into an agreement with the manufacturer identified in subsection (a) of this section. The agreement is binding and constitutes a continuing contractual obligation of the State and the manufacturer benefitted by the funds allocated for improving the project site. The agreement must (i) include all of the performance criteria, remedies, and other safeguards required by the Department to secure the State's benefit derived from improvements to the project site funded by this section, (ii) require the manufacturer to repay a proportionate amount of any reimbursement paid to the manufacturer under subsection (a) of this section for any failure by the manufacturer to meet and maintain the applicable

performance criteria on which the reimbursement paid was based, and (iii) be secured by an assignable, recordable option to the State recorded as first priority against the project site. In the event the option is exercised on all or a portion of the project site by the State or the State's assignee, the Department may utilize any unspent funds allocated in subsection (a) to provide a grant to a unit of local government to support acquisition of the project site. With the State's participation, the project site cannot transfer to another entity without the approval of the Secretary of Commerce.

PART XII. ENVIRONMENTAL QUALITY

STORMWATER FEE CHANGES

SECTION 12.1. G.S. 143-215.3D. reads as rewritten:

"§ 143-215.3D. Fee schedule for water quality permits.

(a) Annual fees for discharge and nondischarge permits under G.S. 143-215.1. –

(1) Major Individual NPDES Permits. – The annual fee for an individual permit for a point source discharge of 1,000,000 or more gallons per day, a publicly owned treatment works (POTW) that administers a POTW pretreatment program, as defined in 40 Code of Federal Regulations § 403.3 (1 July 1996 Edition), or an industrial waste treatment works that has a high toxic pollutant potential is three thousand four hundred forty dollars (\$3,440).

...

(10) Stormwater Permits. – The annual fee:

a. For an industrial NPDES individual permit is one thousand dollars (\$1,000.00).

b. For an industrial NPDES general permit is one hundred twenty dollars (\$120.00).

c. For an NPDES MS4 major permit is four thousand, two hundred dollars (\$4,200.00).

d. For an NPDES MS4 minor permit is one thousand dollars (\$1,000.00).

e. For an NPDES no exposure certification, two hundred dollars (\$200.00) only in the first year.

(b) Application fee for new discharge and nondischarge permits. – An application for a new permit of the type set out in subsection (a) of this section shall be accompanied by an initial application fee equal to the annual fee for that permit. If a permit is issued, the application fee shall be applied as the annual fee for the first year that the permit is in effect. If the application is denied, the application fee shall not be refunded.

...

(e) Other fees under this Article. –

(1) Sewer System Extension Permits. – The application fee for a permit for the construction of a new sewer system or for the extension of an existing sewer system is four hundred eighty dollars (\$480.00).

(2) State Stormwater Permits. – The application fee for a permit regulating stormwater runoff under G.S. 143-214.7 and ~~G.S. 143-215.1~~ is ~~five hundred five dollars (\$505.00).~~ G.S. 143-215.1:

a. For a new development project with Stormwater Control Measures is one thousand five hundred dollars (\$1,500).

b. For a renewal or transfer of a state stormwater permit is one thousand dollars (\$1,000).

c. For a combination renewal and transfer together of a state stormwater permit is one thousand five hundred dollars (\$1,500)."

DAM SAFETY FEE AMENDMENT

SECTION 12.2. G.S. 143-215.28A reads as rewritten:

"§ 143-215.28A. Application fees.

(a) ~~In accordance with G.S. 143-215.3(a)(1a), the Commission may establish a fee schedule for processing applications for approvals of construction or removal of dams issued under this Part. In establishing the fee schedule, the Commission shall consider the administrative and personnel costs incurred by the Department for processing the applications and for related compliance activities. The total amount of fees collected in any fiscal year may not exceed one third of the total personnel and administrative costs incurred by the Department for processing the applications and for related compliance activities in the prior fiscal year. An approval fee may not exceed the larger of two hundred dollars (\$200.00) or two percent (2%) of the actual cost of construction or removal of the applicable dam. The fee for notification of a professionally supervised dam removal under G.S. 143-215.27(c)(1) shall be five hundred dollars (\$500.00) and shall be paid to the Department. The Provisions of G.S. 143-215.3(a)(1b) do not apply to these fees.~~ A nonrefundable application processing and compliance fee, in the amount of two and one quarter (2.25%) percent of the actual cost of construction, alteration, repair, or removal of the applicable dam shall be paid for the processing of applications for approvals of construction, repair, or removal of dams issued under this Part. An initial fee of two hundred twenty five dollars (\$225) or one half of the processing and compliance fee based on the engineer's estimated cost of the construction, alteration, repair, or removal of a dam, whichever amount is greater, shall be submitted with the application and the remainder of the processing and compliance fee based on the actual cost of construction, alteration, repair, or removal of the applicable dam shall be paid when the as-built plans are submitted to the Director. The maximum fee shall not exceed one hundred twenty-five thousand dollars (\$125,000) for the construction, alteration, repair or removal of a dam.

...

(c) Each application for construction, alteration, repair or removal of a dam shall be deemed incomplete and shall not be reviewed until the initial application processing and compliance fee is paid. In addition, if the Department's review of the initial application in accordance with applicable statutes and rules identifies deficiencies, an additional flat fee of two hundred twenty-five dollars (\$225) shall be paid with each resubmittal of all or parts of the application until the information requested by the Department has been satisfactorily addressed.

(d) Final approval to impound shall not be granted until the owner's certification and the accompanying documentation are filed in accordance with Paragraph (e) of this Part, and the balance of the processing fee has been paid.

(e) The application processing and compliance fee for the construction, alteration, repair or removal of a dam shall be based on the cost of construction, alteration, repair or removal of the applicable dam. In no case, however, shall the application and compliance fee be more than one hundred twenty-five thousand dollars (\$125,000).

(1) The cost of construction, alteration, repair or removal of a dam shall include all labor and materials costs associated with the construction, alteration, repair or removal of the dam and appurtenances.

(2) The cost of construction, alteration, repair or removal of a dam shall not include the costs associated with acquisition of land or right of way, design, quality control, electrical generating machinery, or constructing a roadway across the dam.

(f) Immediately upon completion of construction, alteration, repair or removal of a dam, the owner shall file with the Director a certification, on a form prescribed by the Department, and accompanying documentation, which shows actual cost incurred by the owner for construction alteration, repair or removal of the applicable dam.

- (1) The owner's certification and accompanying documentation shall be filed with the as-built plans and the engineer's certification.
- (2) If the Director finds that the owner's certification and accompanying documentation contain inaccurate cost information, the Director shall either withhold final impoundment approval, or revoke final impoundment approval, until the owner provides the accurate documentation and that documentation has been verified by the Department."

COAL ASH MANAGEMENT ACT

SECTION 12.3. G.S. 62-302.1 reads as rewritten:

"§ 62-302.1. Regulatory fee for combustion residuals surface impoundments.

...

(b) Rate. – The combustion residuals surface impoundment fee shall be ~~twenty-two thousandths of one percent (0.022%)~~ three-hundredths of one percent (0.03%) of the North Carolina jurisdictional revenues of each public utility with a coal combustion residuals surface impoundment. For the purposes of this section, the term "North Carolina jurisdictional revenues" has the same meaning as in G.S. 62-302."

DIVISION OF WATER RESOURCES (DWR) PERMITTING FEE UPDATES

SECTION 12.4. G.S. 143-215.3D reads as rewritten:

"§ 143-215.3D. Fee schedule for water quality permits.

(a) Annual fees for discharge and nondischarge permits under G.S. 143-215.1. –

- (1) Major Individual NPDES Permits. – The annual fee for an individual permit for a point source discharge of 1,000,000 or more gallons per day, a publicly owned treatment works (POTW) that administers a POTW pretreatment program, as defined in 40 Code of Federal Regulations § 403.3 (1 July 1996 Edition), or an industrial waste treatment works that has a high toxic pollutant potential is ~~three thousand four hundred forty dollars (\$3,440).~~ four thousand six hundred twenty-five dollars (\$4,625).
- (2) Minor Individual NPDES Permits. – The annual fee for an individual permit for a point source discharge other than a point source discharge to which subdivision (1) of this subsection applies is ~~eight hundred sixty dollars (\$860.00).~~ one thousand one hundred fifty dollars (\$1,150).
- (3) Single-Family Residence. – The annual fee for a certificate of coverage under a general permit for a point source discharge or an individual nondischarge permit from a single-family residence is sixty dollars (\$60.00).
- (4) Stormwater and Wastewater Discharge General Permits. – The annual fee for a certificate of coverage under a general permit for a point source discharge of stormwater or wastewater is one hundred dollars (\$100.00).
- (5) Recycle Systems. – The annual fee for an individual permit for a recycle system nondischarge permit is three hundred sixty dollars (\$360.00).
- (6) Major Nondischarge Permits. – The annual fee for an individual permit for a nondischarge of 10,000 or more gallons per day or requiring 300 or more acres of land is ~~one thousand three hundred ten dollars (\$1,310).~~ one thousand seven hundred sixty dollars (\$1,760).
- (7) Minor Nondischarge Permits. – The annual fee for an individual permit for a nondischarge of less than 10,000 gallons per day or requiring less than 300 acres of land is ~~eight hundred ten dollars (\$810.00).~~ one thousand ninety dollars (\$1,090.00).
- (8) Animal Waste Management Systems. – The annual fee for animal waste management systems is as set out in G.S. 143-215.10G.

(9) Authorizations to Construct – The application fee for Authorizations to Construct for wastewater treatment plant expansions, upgrades, replacements, or repairs is one thousand dollars (\$1,000).

(b) Application fee for new discharge and nondischarge permits. – An application for a new permit of the type set out in subsection (a) of this section shall be accompanied by an initial application fee equal to the annual fee for that permit. If a permit is issued, the application fee shall be applied as the annual fee for the first year that the permit is in effect. If the application is denied, the application fee shall not be refunded.

...

(e) Other fees under this Article. –

(1) Sewer System Extension Permits. – The application fee for a permit for the construction of a new sewer system or for the extension of an existing sewer system or for a separate application for a variance request is four hundred eighty dollars (\$480.00), six hundred sixty (\$660.00).

(2) State Stormwater Permits. – The application fee for a permit regulating stormwater runoff under G.S. 143-214.7 and G.S. 143-215.1 is five hundred five dollars (\$505.00).

(3) Major Water Quality Certifications. – The fee for a water quality certification involving one acre or more of wetland fill or 150 feet or more of stream impact is five hundred seventy dollars (\$570.00), seven hundred sixty-seven dollars (\$767.00).

(4) Minor Water Quality Certifications. – The fee for a water quality certification involving less than one acre of wetland fill or less than 150 feet of stream impact is two hundred forty dollars (\$240.00), three hundred twenty-three dollars (\$323)."

EXPRESS PERMITTING

SECTION 12.5.(a) G.S. 143B-279.13 is amended to add a new subsection to read:

"§ 143B-279.13. Express permit and certification reviews.

(a) The Department of Environmental Quality shall develop an express review program to provide express permit and certification reviews in all of its regional offices. Participation in the express review program is voluntary, and the program is expected to become supported by the fees determined pursuant to subsection (b) of this section. The Department of Environmental Quality shall determine the project applications to review under the express review program from those who request to participate in the program. The express review program may be applied to any one or all of the permits, approvals, or certifications in the following programs: the erosion and sedimentation control program, the coastal management program, and the water quality programs, including water quality certifications and stormwater management. The express review program shall focus on the following permits or certifications:

(1) Stormwater permits under Part 1 of Article 21 of Chapter 143 of the General Statutes.

(2) Stream origination certifications under Article 21 of Chapter 143 of the General Statutes.

(3) Water quality certification under Article 21 of Chapter 143 of the General Statutes.

(4) Erosion and sedimentation control permits under Article 4 of Chapter 113A of the General Statutes.

(5) Permits under the Coastal Area Management Act (CAMA), Part 4 of Article 7 of Chapter 113A of the General Statutes.

(a1) The Department of Environmental Quality shall have the authority to create additional express permitting options in other programs not enumerated in (a) where it deems there to be a

1 need or where it determines an express permitting option would create greater efficiencies for
2 the permitting process."

3 **SECTION 12.5.(b)** G.S. 143B-279.13 reads as rewritten:

4 **"§ 143B-279.13. Express permit and certification reviews.**

5 ...

6 (b) The Department of Environmental Quality may determine the fees for express
7 application review under the express review program. Notwithstanding G.S. 143-215.3D, the
8 maximum permit application fee to be charged under subsection (a) of this section for the express
9 review of a project application ~~requiring all of the permits under subdivisions (1) through (5) of~~
10 ~~subsection (a) of this section~~ shall not exceed five thousand five hundred dollars (\$5,500).
11 ~~(\$5,500) per permit, approval or certification. Notwithstanding G.S. 143-215.3D, the maximum~~
12 ~~permit application fee to be charged for the express review of a project application requiring all~~
13 ~~of the permits under subdivisions (1) through (4) of subsection (a) of this section shall not exceed~~
14 ~~four thousand five hundred dollars (\$4,500). Notwithstanding G.S. 143-215.3D, the maximum~~
15 ~~permit application fee charged for the express review of a project application for any other~~
16 ~~combination of permits under subdivisions (1) through (5) of subsection (a) of this section shall~~
17 ~~not exceed four thousand dollars (\$4,000). Express review of a project application involving~~
18 ~~additional permits or certifications issued by the Department of Environmental Quality other than~~
19 ~~those under subdivisions (1) through (5) of subsection (a) of this section may be allowed by the~~
20 ~~Department, and, notwithstanding G.S. 143-215.3D or any other statute or rule that sets a permit~~
21 ~~fee, the~~ The maximum per permit application fee charged for the express review of a project
22 application under subsection (a1) of this section shall not exceed four thousand dollars (\$4,000),
23 plus one hundred fifty percent (150%) of the fee that would otherwise apply by statute or rule for
24 that particular permit-permit, approval or certification. Additional fees, not to exceed fifty percent
25 (50%) of the original permit application fee under this section, may be charged for subsequent
26 reviews due to the insufficiency of the permit applications. The Department of Environmental
27 Quality may establish the procedure by which the amount of the fees under this subsection is
28 determined, and the fees and procedures are not rules under G.S. 150B-2(8a) for the express
29 review program under this section."

30 **DIVISION OF WASTE MANAGEMENT (DWM) FEE UPDATES**

31 **SECTION 12.6.(a)** G.S. 143-215.94C is amended to add a new subsection to read:

32 **"§ 143-215.94C. Commercial leaking petroleum underground storage tank cleanup fees.**

33 ...

34 (g) An owner or operator who submits a pre-construction or post-construction application
35 for installing or replacing an underground storage tank system or an underground storage tank
36 pipng system regulated pursuant to GS 143-215.94T to the Department shall pay an application
37 fee of five hundred dollars (\$500.00) to the Department."

38 **SECTION 12.6.(b)** G.S. 130A-295.8 reads as rewritten:

39 **"§ 130A-295.8. Fees applicable to permits for solid waste management facilities.**

40 ...

41 (d1) A permitted solid waste management facility shall pay an annual permit fee on or
42 before August 1 of each year according to the following schedule:

43 ...

44 (13) Treatment and Processing Facility – ~~\$500.~~\$750.

45 (14) Tire Monofill – \$1,000.

46 (15) Incinerator accepting less than 200 tons/day of solid waste – \$500.

47 (16) Large Compost Facility – ~~\$500.~~\$800.

48 (17) Land Clearing and Inert Debris Landfill – ~~\$500.~~\$900.

49 (18) Post-Closure Tire Monofill – \$500.

50 (19) Incinerator accepting more than 200 tons/day of solid waste – \$1,000.

(20) Small Compost Facility – \$300.

(d2) Upon submission of an application for a new permit, an applicant shall pay an application fee in the amount of ~~ten percent (10%)~~ twenty-five percent (25%) of the annual permit fee imposed for that type of solid waste management facility as identified in subdivisions (1) through ~~(17)~~ (20) of subsection (d1) of this section.

(d3) Upon submission of an application for a permit modification to a solid waste management facility identified in subdivisions (1) through (12) of subsection (d1) of this section, an applicant shall pay an application fee in the amount of five hundred dollars (\$500.00).

(d4) When an environmental justice review is required to be conducted in accordance with G.S. 130A-294(a)(4)c.9. for an application for a new permit, the permit application fee required by subsection (d2) of this section shall be increased by one thousand dollars (\$1,000).

(d5) If a solid waste management facility identified in subdivisions (4), (7), (10), or (18) of subsection (d1) of this section is required by the Department to conduct assessment and corrective action activities, the annual permit fee imposed for that type of solid waste management facility shall be increased by seven hundred fifty dollars (\$750.00) during each year that the facility is conducting assessment and corrective action activities, until released from the requirement by the Department.

(d6) Upon submission of an application for approval from the Department for the land application of solid waste for beneficial use, an applicant shall pay an application fee in the amount of one hundred dollars (\$100.00) for a one-time approval, and five hundred dollars (\$500.00) for an approval that is valid for five years of land application activity."

SECTION 12.6.(c) G.S. 130A-291.1 reads as rewritten:

"§ 130A-291.1. Septage management program; permit fees.

...

(e) A septage management firm that operates one pumper truck shall pay an annual fee of ~~five hundred fifty dollars (\$550.00)~~ eight hundred dollars (\$800) to the Department. A septage management firm that operates two pumper trucks shall pay an annual fee of nine hundred fifty hundred dollars (\$950.00) to the Department. A septage management firm that operates two three or more pumper trucks shall pay an annual fee of eight hundred dollars (\$800.00) one thousand five hundred dollars (\$1,500) to the Department.

(e1) An individual who operates a septage storage, treatment or disposal facility but who does not engage in the business of pumping, transporting, or disposing of septage shall pay an annual fee of ~~two hundred dollars (\$200)~~ five hundred dollars (\$500)."

SECTION 12.6.(d) G.S. 130A-294.1 reads as rewritten:

"§ 130A-294.1. Fees applicable to generators and transporters of hazardous waste, and to hazardous waste storage, treatment, and disposal facilities.

...

(f) A person who generates 100 kilograms or more of hazardous waste in any calendar month during the year beginning 1 July and ending 30 June but less than 1000 kilograms of hazardous waste in each calendar month during that year shall pay an annual fee of ~~one hundred seventy five dollars (\$175.00)~~ three hundred dollars (\$300)."

DRY CLEANING SOLVENT CLEAN UP FUND CHANGES

SECTION 12.7.(a) G.S. 143-215.104C(d) reads as rewritten:

"§ 143-215.104C. (Expires January 1, 2032—see notes) Dry-Cleaning Solvent Cleanup Fund.

(d) Up to ~~one percent (1%)~~ three percent (3%) of the amount of the Fund balance may be used by the Department in each fiscal year for investigation of inactive hazardous substance disposal sites that the Department reasonably believes to be contaminated by dry-cleaning solvent. If the contamination is determined to originate from a dry-cleaning facility, a potentially responsible party may petition for certification of the facility or abandoned facility

1 site. Acceptance of a petition shall be conditioned upon the written acceptance by the petitioner
2 of responsibility for the costs of investigation incurred by the Department pursuant to this
3 subsection. Costs of investigation that are recovered pursuant to this subsection shall not exceed,
4 and shall be credited toward, the financial responsibility of the petitioner pursuant to
5 G.S. 143-215.104F(f). If a potentially responsible party does not petition for certification of the
6 facility or abandoned facility site, the Commission may request the Attorney General to
7 commence a civil action to secure reimbursement of costs incurred under this subsection."

8 **SECTION 12.7.(b)** G.S. 143-215.104P. reads as rewritten:

9 **"§ 143-279.104P. (Expires January 1, 2032 – see notes) Enforcement procedures; civil**
10 **penalties.**

11 (a) The Secretary may assess a civil penalty of not more than ten thousand dollars
12 (\$10,000) or, if the violation involves a hazardous waste, ~~as defined in G.S. 130-290~~, of not more
13 ~~than twenty-five thousand dollars (\$25,000)~~ thirty-two thousand five hundred dollars (\$32,500)
14 against any person who:

15 ...

16 (b) If any action or failure to act for which a penalty may be assessed under subsection
17 (a) of this section is continuous, the Secretary may assess a penalty not to exceed ten thousand
18 dollars (\$10,000) per day or, if the violation involves a hazardous waste, ~~as defined in G.S. 130-~~
19 ~~290, not exceed twenty-five thousand dollars (\$25,000)~~ not to exceed thirty-two thousand five
20 hundred dollars (\$32,500) per day. A penalty for a continuous violation shall not exceed two
21 hundred thousand dollars (\$200,000) for each period of 30 days during which the violation
22 continues."

23 24 **LOCAL GRANTS FOR ENERGY EFFICIENT SCHOOLS**

25 **SECTION 12.8.(a)** Fund Creation and Purpose. – The Local Grants for Energy
26 Efficient Schools is established as a special fund within the Department of Environmental
27 Quality's State Energy Office. The purpose of the fund is to provide grants to K-12 school
28 districts and community colleges to implement energy efficiency and clean energy projects that
29 provide a healthier, safer, and more cost-effective learning environment. Funds may also be used
30 to support the Department Environmental Quality's Utility Savings Initiative per G.S. 143-64.12.

31 **SECTION 12.8.(b)** Uses of Funds. – Funds may be used to support projects at
32 schools, including but not limited to, energy efficiency assessments and improvements, planning
33 and installation of renewable energy projects (e.g., solar PV, rooftop solar, battery storage, and
34 microgrids); purchase and maintenance of zero-emission school buses; purchase, planning and
35 installation of infrastructure for zero-emission buses improved procurement practices; clean
36 energy financing strategies; and matches for grants to include utility rebates and federal
37 infrastructure funding.

38 **SECTION 12.8.(c)** Basis of Distribution. – Funds will be distributed through an
39 application process which may include the following eligibility criteria:

- 40 (1) The economic, health, social, and environmental benefits to be provided by
41 the projects;
- 42 (2) The viability of the proposed project;
- 43 (3) Regional benefits of the project to an underserved area;
- 44 (4) The financial resources of the school district;
- 45 (5) The cost savings/energy burden relief provided; and
- 46 (6) Ability to leverage funds from federal, private, and other sources.

47 **SECTION 12.8.(d)** Planning and Administration. – The Department of
48 Environmental Quality may use up to three percent (3%) of the revenues credited to the Fund in
49 each fiscal year for support temporary staff, time limited positions planning, technical assistance,
50 and program administrative functions.
51

CLEAN ENERGY ACCESS AND ENERGY EFFICIENCY SUPPLEMENT

SECTION 12.9. G.S. 143B-344 is amended to add a new section to read:

"§ 143B-344.51. Clean Energy Access and Energy Efficiency Supplement

(a) Use of Funds – The Clean Energy Access and Energy Efficiency Supplement Fund is established as a special fund within the Department of Environmental Quality's State Energy Office. Funds may be used through equity focused program policies to implement energy efficiency measures, weatherize homes with energy efficient improvements, install systems to improve indoor air quality, provide access to community solar, electric vehicle charging, and other renewable energy systems, and provide high efficiency lighting, appliances, heating, and cooling systems. The funds may also be used for roof repairs, foundation improvements, other major structural changes needed to qualify to receive weatherization services, and any other project that reduces energy burden to low-income households. Additional partner organizations may be utilized by the program to expedite widespread, equitable distribution to eligible recipients.

(b) Basis of Distribution – Funds for the Clean Energy Access and Energy Efficiency Supplement will be distributed through an application process that could include the following eligibility criteria:

(1) Client eligibility based on last available Weatherization State Plan;

(2) The viability of the proposed project;

(3) The cost savings/energy burden relief provided.

(c) The Department may utilize up to three percent (3%) in each fiscal year of the revenues credited to the Fund, for support temporary staff, time limited positions planning, technical assistance, and program administrative functions."

PART XIII. LABOR**DISPOSITION OF FEES**

SECTION 13.1.(a) G.S. 95-108 reads as rewritten:

"§ 95-108. Disposition of fees.

All fees collected by the Department of Labor pursuant to G.S. 95-69.11, 95-110.5, 95-111.4 and 95-120 shall be deposited with the State Treasurer and shall be used exclusively for inspection and certification purposes. All fees collected pursuant to this section that have not yet been expended or encumbered at the end of each fiscal year shall not revert but shall remain available for expenditure in the subsequent fiscal year."

OCCUPATIONAL SAFETY AND HEALTH PENALTY INCREASES

SECTION 13.2.(a) G.S. 95-138 reads as rewritten:

"§ 95-138. Civil penalties.

(a) The Commissioner, upon recommendation of the Director, or the North Carolina Occupational Safety and Health Review Commission in the case of an appeal, shall have the authority to assess penalties against any employer who violates the requirements of this Article, or any standard, rule, or order adopted under this Article, as follows:

(1) A minimum penalty of ~~five thousand dollars (\$5,000)~~ ten thousand three hundred sixty dollars (\$10,360) to a maximum penalty of ~~seventy thousand dollars (\$70,000)~~ one hundred forty-five thousand twenty-seven dollars (\$145,027) may be assessed for each willful or repeat violation.

(2) A penalty of up to ~~seven thousand dollars (\$7,000)~~ fourteen thousand five hundred two dollars (\$14,502) shall be assessed for each serious violation, except that a penalty of up to ~~fourteen thousand dollars (\$14,000)~~ twenty-nine thousand four dollars (\$29,004) shall be assessed for each serious violation that involves injury to an employee under 18 years of age.

- (2a) A penalty of up to ~~seven thousand dollars (\$7,000)~~ fourteen thousand five hundred two dollars (\$14,502) may be assessed for each violation that is adjudged not to be of a serious nature.
- (3) A penalty of up to ~~seven thousand dollars (\$7,000)~~ fourteen thousand five hundred two dollars (\$14,502) may be assessed against an employer who fails to correct and abate a violation, within the period allowed for its correction and abatement, which period shall not begin to run until the date of the final Order of the Commission in the case of any appeal proceedings in this Article initiated by the employer in good faith and not solely for the delay of avoidance of penalties. The assessment shall be made to apply to each day during which the failure or violation continues.
- (4) A penalty of up to ~~seven thousand dollars (\$7,000)~~ fourteen thousand five hundred two dollars (\$14,502) shall be assessed for violating the posting requirements, as required under the provisions of this Article.
- (5) Effective January 1, 2023, the Commissioner shall adjust each minimum and maximum civil penalties in this section by the percentage increase of the preceding calendar year's United States Consumer Price Index for All Urban Consumers (CPI-U), as published by the United States Department of Labor (USDOL). This adjustment shall be made no later than March 15 of each calendar year. The civil penalty adjustment is required for the Occupational Safety and Health Act of North Carolina to be as effective as the Federal Occupational Safety and Health Act of 1970. The federal adjusted civil penalties, adopted under 29 CFR 1903, which is incorporated by reference into the North Carolina Department of Labor standards pursuant to N.C. Gen. Stat. § 95-131, will continue to be adjusted annually."

PART XIV. NATURAL AND CULTURAL RESOURCES

DNCR EXHIBITS SPECIAL FUND

SECTION 14.1.(a) Chapter 143B, Article 2 of the General Statutes is amended by adding a new section to read:

"§ 143B-53.11. Department of Natural and Cultural Resources Exhibits Special Fund.

(a) Fund Creation and Purpose. – The Department of Natural and Cultural Resources Exhibit Special Fund is created as a special, interest-bearing fund within the Department of Natural and Cultural Resources for exhibit updates at historic sites, parks, museums, aquariums, and other exhibits operated by the Department.

(b) Source of Funds. – The Fund shall consist of appropriations designated for exhibits transferred from Department of Natural and Cultural Resources General Fund and all receipts from donations, gifts, devises, and grants restricted for exhibits. The Secretary may approve the use of monies in the Fund for updates to online content, virtual engagement, tour scripts, lesson plans, and to add, refurbish, and update exhibits. The funds are hereby appropriated for these purposes.

(b) Reports. – The Department of Natural and Cultural Resources shall submit a report by September 30 of each year to the Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources, the chairs of the House of Representatives Appropriations Committee on Agriculture and Natural and Economic Resources, the chairs of the Senate Appropriations Committee on Natural and Economic Resources, and the Fiscal Research Division. This report shall include the source and amount of all funds credited to the Fund and the purpose and amount of all expenditures from the Fund during the prior fiscal year."

HISTORY ORGANIZATION GRANT PROGRAM

1 **SECTION 14.2.(a)** G.S. 121-11 is amended by adding a new section to read:

2 **"§ 121-11.1. History Organization Grant Program**

3 (a) Grant Program. – The North Carolina Historical Commission shall administer the
4 History Organization Grant Program as a competitive grant program. Pursuant to this section, the
5 North Carolina Historical Commission shall adopt criteria and recommend approval of grants
6 funded through the Historical Organization Grant Program.

7 (b) Eligibility. – Pursuant to G.S. 121-11, the North Carolina Historical Commission
8 shall adopt criteria and recommend approval of grants funded through the Historical
9 Organization Grant Program. Grants shall only be made to an institution that is either (i) a
10 nonprofit organization that is exempt from federal income taxes pursuant to section 501(c)(3) of
11 the Internal Revenue Code of (ii) operated by a governmental entity. Grants shall only be to an
12 institution whose governing body has adopted a mission statement that includes language that
13 shows the institution has a concentration on cultural or historical education.

14 (c) Administrative Expenses. – Of the funds appropriated to the History Organization
15 Grant Program each year, no more than the greater of one hundred thousand dollars (\$100,000)
16 or four percent (4%) of the funds appropriated to the History Organization Grant Program in each
17 fiscal year may be used for administrative expenses."

18
19 **SCIENCE MUSEUM GRANT PROGRAM**

20 **SECTION 14.3(a)** G.S. 143B-135.227 reads as rewritten:

21 **"§ 143B-135.227. North Carolina Science Museums Grant Program.**

22 (f) ~~Administrative Expenses. – The Department may create one new position to~~
23 ~~administer the program using no more than fifty thousand dollars (\$50,000) of funds appropriated~~
24 ~~to the North Carolina Science Museums Grant Program in each fiscal year. Of the funds~~
25 appropriated to the Science Museum Grant Program each year, no more than the greater of one
26 hundred thousand dollars (\$100,000) or four percent (4%) may be used by the Department for
27 operating expenses associated with administering the program. In addition to administering the
28 Grant Program, this position any positions created with these funds shall also (i) serve as a liaison
29 liaisons between grant applicants or recipients and the Museum to answer questions and assist
30 with grant applications; (ii) foster collaboration between the Museum and grant recipients with
31 respect to education program development and the loaning of exhibits from the Museum or
32 between grantee institutions; and (iii) undertake other duties in support of the Grant Program at
33 the discretion of the Director of the Museum."

34
35 **REPEAL AQUARIUMS' SATELLITE AREAS STATUTE**

36 **SECTION 14.4(a)** G.S. 143B-135.190 is repealed.

37
38 **ADOPT-A-TRAIL GRANTS**

39 **SECTION 14.5.(a)** The funds appropriated in this act to the Department of Natural
40 and Cultural Resources to reestablish funding for the Adopt-a-Trail program shall be used to
41 provide grants to local and regional organizations for the following:

- 42 (1) Trail planning and development
43 (2) Trail construction and maintenance
44 (3) Trail signage and accessibility
45 (4) Trail blazing, litter control, resource protection, and other trail development
46 and maintenance activities.

47 **SECTION 14.5.(b)** The department shall follow existing guidelines and procedures
48 for the Adopt-a-Trail program, established in G.S. 143-135.112, to administer and disburse these
49 funds.

50
51 **PEATLAND AND POCOSINS CONSERVATION AND INVENTORY**

SECTION 14.6.(a) The Department of Natural and Cultural Resources may use up to five percent (5%) of the funds appropriated for Peatland and Pocosins Conservation and Inventory to administer the program.

PART XV. ADMINISTRATIVE OFFICE OF THE COURTS [RESERVED]

PART XVI. INDIGENT DEFENSE SERVICES

PUBLIC DEFENDER DISTRICTS 2 AND 5

SECTION 16.1. G.S. 7A-498.7(a) reads as rewritten:

"(a) The following counties of the State are organized into the defender districts listed below, and in each of those defender districts an office of public defender is established:

Defender District	Counties
1	Camden, Chowan, Currituck, Dare, Gates, Pasquotank, Perquimans
2	<u>Beaufort, Hyde, Martin</u> <u>Tyrell, Washington</u>
3A	Pitt
3B	Craven, Pamlico, Carteret,
5	<u>New Hanover</u> <u>New Hanover, Pender</u>
10	Wake
12	Cumberland
14	Durham
15B	Orange, Chatham
16A	Scotland, Hoke
16B	Robeson
18	Guilford
21	Forsyth
26	Mecklenburg
27A	Gaston
27B	Cleveland, Lincoln
28	Buncombe
29A	McDowell, Rutherford
29B	Henderson, Polk, Transylvania

After notice to, and consultation with, the affected district bar, senior resident superior court judge, and chief district court judge, the Commission on Indigent Defense Services may recommend to the General Assembly that a district or regional public defender office be established. A legislative act is required in order to establish a new office or to abolish an existing office."

PART XVII. JUSTICE [RESERVED]

PART XVIII. PUBLIC SAFETY

CREATE THE DEPARTMENT OF CORRECTION AND REHABILITATION

SECTION 18.1. Notwithstanding S.L. 2021-180, throughout the General Statutes, the Revisor of Statutes shall replace a reference to the Department of Adult Correction with a reference to the Department of Correction and Rehabilitation.

FLEXIBILITY TO CERTIFY DEPARTMENT OF CORRECTION AND REHABILITATION ITEMS IN NEW BUDGET STRUCTURE

SECTION 18.2. The Department of Public Safety shall work with the Office of State Budget and Management and the Office of the State Controller to establish the certified budget for the new Department of Correction and Rehabilitation effective July 1, 2022. The Department of Correction and Rehabilitation shall administer and operate all functions, powers, duties, obligations, and services related to the newly certified budget, including all programs and services, effective January 1, 2023.

CONTRABAND INTERDICTION AT STATE PRISONS

SECTION 18.3. Section 19C.11(a) of S.L.2021-180 reads as rewritten:

"SECTION 19C.11.(a) Prior to using the funds appropriated in this act to the Department of Public Safety for prison technology and equipment upgrades, the Department of Public Safety shall issue a request for proposals that meets the following requirements:

- (1) Either the products or services offered by a participating vendor are capable of each of the following:
 - a. Tracking all phones and other wireless devices within a State prison.
 - b. Blocking the introduction of and use of contraband phones and other wireless devices into and within a State prison.
 - c. Broadcasting a secure, private long-term evolution (LTE) network.
 - d. Creating a virtual bank account for each inmate that allows approved friends or family members to send or receive money to and from the account.
 - e. Providing a single sign-on management platform.
- (2) The vendor shall:
 - a. Be able to deploy the products and services it offers within two months of award of the funds.
 - b. Have at least five years of experience performing similar work.
- (3) No funds awarded by the vendor may be used for lobbying the North Carolina General Assembly."

MAKE WARDENS MANAGERIALLY EXEMPT

SECTION 18.4. G.S. 126-5 is amended by adding a new subsection to read:

"§ 126-5. Employees subject to chapter; exemptions

...

(c17) Except as to the policies, rules, and plans established by the Commission pursuant to G.S. 126-4(1), 126-4(2), 126-4(3), 126-4(4), 126-4(5), 126-4(6), 126-7, 126-14.3, and except as to the provisions of G.S. 126-14.2, G.S. 126-34.02(b)(1) and (2), and Articles 6 and 7 of this Chapter, this Chapter does not apply to the warden of each adult corrections facility. Employees in these positions shall be public servants under G.S. 138A-3(70) and shall file Statements of Economic Interest under G.S. 138A-22. Employees in these positions shall receive the protections of former G.S. 126-5(e) if they were hired before the date of its repeal and have the minimum cumulative service to qualify under that subsection.

...."

EXTEND JUVENILE JURISDICTION ADVISORY COMMITTEE

SECTION 18.5. S.L. 2017-57, Section 16D.4(rr) reads as rewritten:

"SECTION 16D.4.(rr) By March 1, 2018, the Advisory Committee shall submit an interim report to the General Assembly with copies to the Joint Legislative Oversight Committee on Justice and Public Safety and to the Appropriations Committees on Justice and Public Safety of both houses containing (i) the specific plan and the cost estimates for capital, operating, and

staffing costs for implementation of this section, including legislative, administrative, and funding recommendations necessary to implement the increase in juvenile jurisdiction to include 16- and 17-year-old persons and (ii) cost estimates for capital, operating, and staffing costs if the implementation of this section was staggered based on age. The interim report shall also include its findings and recommendations as to whether the extension of jurisdiction in delinquency matters and proceedings should include juveniles who commit the following offenses:

- (1) Habitual misdemeanor assault (G.S. 14-33.2).
- (2) Crime against nature (G.S. 14-177).
- (3) Obscene literature and exhibitions (G.S. 14-190.1).
- (4) Third degree sexual exploitation of a minor (G.S. 14-190.17A).
- (5) Solicitation of a child by computer to commit an unlawful sex act (G.S. 14-202.3).
- (6) Stalking when court order in effect (G.S. 14-277.3A).
- (7) The Class A1 offense of misdemeanor assault on a law enforcement officer.
- (8) Assault inflicting serious bodily injury; strangulation (G.S. 14-32.4).
- (9) Fraudulently setting fire to dwelling houses (G.S. 14-65).
- (10) Any offense requiring registration as a sex offender pursuant to Article 27A of Chapter 14 of the General Statutes.
- (11) Any other offense the Committee deems appropriate for exclusion.

The Advisory Committee shall submit additional interim reports with updates on the planning steps completed towards implementation, including any legislative, administrative, and funding recommendations, annually by January 15 of each year.

The Advisory Committee shall submit a final report on the implementation of this section and its findings and recommendations, including legislative, administrative, and funding recommendations, by January 15, ~~2023~~, 2025, to the General Assembly and the Governor. The Advisory Committee shall terminate on February 1, ~~2023~~, 2025, or upon the filing of its final report, whichever occurs earlier."

EXTEND USE OF SECURITY SERVICES AT ROCKINGHAM YDC

SECTION 18.6. S.L. 2020-3, Section 4.15(c), as amended by Section 2 of S.L. 2020-15 and Section 19D.2 of S.L. 2021-180, reads as rewritten:

"SECTION 4.15(c) This section is effective when it becomes law and expires upon the earlier of ~~August 1, 2023~~, January 1, 2024, or the date of completion of the Youth Development Center in Rockingham County."

GENERAL GOVERNMENT SPECIAL PROVISIONS

PART XIX. ADMINISTRATION [RESERVED]

PART XX. ADMINISTRATIVE HEARINGS [RESERVED]

PART XXI. AUDITOR [RESERVED]

PART XXII. BUDGET AND MANAGEMENT

EXPAND SCOPE OF EVALUATION GRANTS

SECTION 22.1. Section 23.1 of S.L. 2021-180 reads as rewritten:

"SECTION 23.1. Of the funds appropriated in this act to the Office of State Budget and Management (OSBM), the sum of five hundred thousand dollars (\$500,000) in ~~nonrecurring~~ recurring funds in each year of the 2021-2023 fiscal biennium shall be used to provide grants to State agencies to do the following: (i) in partnership with research institutions, conduct research

or data analysis projects that will directly inform the agencies' policy and program decisions and (ii) pursuant to contract with an outside entity or in conjunction with OSBM, evaluate how well the agencies' programs are achieving their intended outcomes. OSBM shall develop guidelines and procedures for the administration and distribution of these funds to State agencies through a competitive process and shall, by ~~June 30, 2022, and June 30, 2023, the end of each fiscal year,~~ submit reports on the administration and use of the funds to the Joint Legislative Oversight Committee on General Government and the Fiscal Research Division. Each report shall include all of the following for both research projects and evaluation projects for each fiscal year:

...."

BROADEN RESULTS FIRST REPORT

SECTION 22.2. Section 26.3(c) of S.L. 2017-57 reads as rewritten:

"SECTION 26.3.(c) The Office of State Budget and Management shall file an ~~interim annual~~ report by October 1 of each year with the Joint Legislative Commission on Governmental Operations, the Joint Legislative Oversight Committee on General Government, and the Joint Legislative Program Evaluation Oversight Committee ~~by April 8, 2018, on progress in implementing the cost-benefit analysis model and an annual report by October 1 of each year.~~ the Office of State Budget and Management's efforts to support evidence-based policymaking, including the Results First initiative. The reports may include recommendations for legislation."

PART XXIII. BUDGET AND MANAGEMENT – SPECIAL APPROPRIATIONS [RESERVED]

PART XXIV. CONTROLLER [RESERVED]

PART XXV. ELECTIONS [RESERVED]

PART XXVI. GENERAL ASSEMBLY [RESERVED]

PART XXVII. GOVERNOR [RESERVED]

PART XXVIII. HOUSING FINANCE AGENCY

SUPPLEMENTAL DOWN PAYMENT ASSISTANCE

SECTION 28.1.(a) Fund Creation and Purpose. – The Supplemental Down Payment Assistance Fund is created within the North Carolina Housing Finance Agency to supplement the existing North Carolina 1st Home Advantage Down Payment Program.

SECTION 28.1.(b) Basis of Distribution. – Funds will be distributed to first-time homebuyers through an application process. Applicants shall receive standard assistance of eight-thousand dollars (\$8,000) or enhanced assistance of fifteen-thousand dollars (\$15,000) based on the criteria below.

- (1) Standard Assistance: The applicant shall meet the criteria for the existing North Carolina 1st Home Advantage Down Payment Program. The applicant can be at or below one hundred percent (100%) of area median income or at a limit that the North Carolina Housing Finance Agency sets, whichever is greater.
- (2) Enhanced Assistance: The applicant is an educator or protector and also qualifies for the standard assistance level.
- (3) Educators and protectors are defined as:
 - a. Educator: Public school teachers.

- b. Protector: Sworn Law Enforcement, Correctional Officers, Career Firefighters, and Emergency medical services personnel per G.S. 1-131E-155.

PART XXIX. INSURANCE [RESERVED]

PART XXX. INSURANCE – INDUSTRIAL COMMISSION [RESERVED]

PART XXXI. LIEUTENANT GOVERNOR [RESERVED]

PART XXXII. MILITARY AND VETERANS AFFAIRS

CLARIFICATION OF VETERANS DEFINITIONS

SECTION 32.1. G.S. 143B-14 reads as rewritten:

"§ 143B-1213. Definitions.

Except where provided otherwise, the following definitions apply in this Chapter:

- (1) Department. – The Department of Military and Veterans Affairs.
- (2) Secretary. – The Secretary of Military and Veterans Affairs.
- (3) Veteran. – One of the following, as applicable.
 - a. For qualifying as a voting member of the State Board of Veterans Affairs and as the State Director of Veterans Affairs, a person who served honorably during a period of war as defined in Title 38, United States Code.
 - b. For entitlement to the services of the Department of Military and Veterans Affairs, a person who may be entitled to any benefits or rights under the laws of the United States by reason of service in the Armed Forces of the United ~~States~~ States under the U.S. Department of Defense (Army, Marine Corps, Navy, Air Force, Space Force, National Guard) and the U.S. Department of Homeland Security (Coast Guard), and the reserve components thereof.
 - c. For this Chapter, unless otherwise stated "Armed Forces of the United States" means the Armed Forces of the United States under the United States Department of Defense (Army, Marine Corps, Navy, Air Force, Space Force, National Guard) and the United States Department of Homeland Security (Coast Guard), the reserve components thereof."

MILITARY & VETERANS AFFAIRS COMMUNITY GRANTS PROGRAM

SECTION 32.2.(a) Fund Creation and Purpose. – The Community Grants Program Special Fund is created as a special fund within the Department of Military and Veterans Affairs. The fund shall be used to award approved grants to public or private entities, as approved by the Secretary of Military and Veterans' Affairs. The purpose of the Community Grants Program is to:

- (1) Support Community Engagement between public or private sector entities and the Veterans' population in North Carolina.
- (2) Support establishment and/or enhancement of Veterans' programs provided by public or private sector entities within the scope of education, entrepreneurship, military to civilian transition services, housing and homelessness, healthcare, and employment.
- (3) Support Veterans' advocacy initiatives within the public or private sector.
- (4) Support any other innovative programs that a public or private sector entity develops, provided it is approved by the Department.

1 **SECTION 32.2.(b)** Source of Funds. – The Fund shall consist of appropriations
2 designated for this purpose transformed from Department of Military and Veterans Affairs
3 General Fund and all receipts from donations, gifts, devises, and grants restricted for this purpose.
4 The Secretary may approve the use of monies in the Fund for updates to online content, virtual
5 engagement, tour scripts, lesson plans, and to add, refurbish, and update exhibits. Receipts to this
6 fund are hereby appropriated for these purposes.

7 **SECTION 32.2.(c)** Use of Funds. – The Department may provide grants to entities
8 that provide specific services to Veterans and/or their families that meet the program purpose
9 outlined in subsection (a) of this section. A public or private sector entity is eligible for a grant
10 under this Program if it meets one of the following conditions:

11 (1) The entity provides a service directly to Veterans and/or their families.

12 (2) The entity advocates for Veterans and/or their families.

13 **SECTION 32.2.(d)** Administration. – The Department of Military and Veterans'
14 Affairs may use up to one hundred thousand dollars (\$100,000) of the funds allocated in this
15 subsection for the administration and promotion of the grant program.

16 **SECTION 32.2.(e)** Reports. – The Department shall submit a report by September
17 30 of each year to the Joint Legislative Oversight Committee on General Government, the chairs
18 of the House of Representatives Appropriations Committee on General Government, the chairs
19 of the Senate Appropriations Committee on General Government, and the Fiscal Research
20 Division. The report shall include the source and amount of all funds credited to the Fund and
21 the purpose and amount of all expenditures and grants provided from the Fund during the prior
22 fiscal year.

23 24 **NORTH CAROLINA VETERANS CEMETARY TRUST FUND**

25 **SECTION 32.3.(a)** S.L. 2020-78 reads as rewritten:

26 **"SECTION 17.4.(a)** There is established the North Carolina Veterans Cemeteries Trust
27 Fund (hereinafter "Fund"), a special fund within the Department of Military and Veterans Affairs.
28 The Fund shall be maintained as a special fund and shall be administered by the Department to
29 ~~carry out the provisions of this section for the operations and maintenance of State veterans~~
30 ~~cemeteries.~~ Interest accruing from the monies in the Fund shall be credited to the Fund. The Fund
31 shall consist of the following sources of funding:

32 (1) All interest and investment earnings received on monies in the Fund.

33 (1a) Funds or monies received by the Department, the receipt of which does not
34 exclude any other source of revenue, from the United States, any federal
35 agency or institution, or any other source whether as a federal aid, grant,
36 appropriation, gift, contribution, devise, or individual reimbursement, for the
37 support of veterans cemeteries.

38 (2) Any other funds, as directed by the General Assembly.

39 **"SECTION 17.4.(b)** ~~The funds in the Fund shall be allowed to accumulate until they have~~
40 ~~generated sufficient interest earnings to maintain the State's veterans' cemeteries once they have~~
41 ~~reached full capacity. The interest earnings in the Fund shall be used to maintain existing~~
42 ~~veterans' cemeteries once they have reached full capacity, but the principal shall not be spent.~~
43 The interest earnings in the Fund shall not be used to open new veterans' cemeteries. The
44 ~~Veterans Affairs Commission~~ Secretary of the Department of Veterans Affairs shall have sole
45 authority to approve the use of the Fund for the purposes authorized in this subsection, and they
46 shall, in exercising that authority, act without direction from or supervision of the
47 Secretary.
48 subsection."

49 **PART XXXIII. REVENUE**

50 51 **911 SERVICE CHARGE**

1 **SECTION 33.1.** G.S. 143B-1414(c) reads as rewritten:

2 **"§ 143B-1414. Service charge for prepaid wireless telecommunications service; seller**
3 **collects 911 service charge on each retail transaction occurring in this State;**
4 **remittances to Department of Revenue and transfer to 911 Fund.**

5 ...

6 (c) Administration. – Administration, auditing, requests for review, making returns,
7 collection of tax debts, promulgation of rules and regulations by the Secretary of Revenue,
8 additional taxes and liens, assessments, refunds, and penalty provisions of Article 9 of Chapter
9 105 of the General Statutes apply to the collection of the 911 service charge for prepaid wireless
10 telecommunications service. An audit of the collection of the 911 service charge for prepaid
11 wireless telecommunications service shall only be conducted in connection with an audit of the
12 taxes imposed by Article 5 of Chapter 105 of the General Statutes. Underpayments shall be
13 subject to the same interest rate as imposed for taxes under G.S. 105-241.21. Overpayments shall
14 be subject to the same interest rate as imposed for taxes under G.S. 105-241.21(c)(2). Excessive
15 and erroneous collections of the service charge will be subject to G.S. 105-164.11. The
16 Department of Revenue shall establish procedures for a seller of prepaid wireless
17 telecommunications service to document that a sale is not a retail transaction, and the procedures
18 established shall substantially coincide with the procedures for documenting a sale for resale
19 transaction under G.S. 105-164.28. The Secretary of Revenue may retain the costs of collection
20 from the remittances received under subsection (b) of this section, ~~not to exceed five hundred~~
21 ~~thousand dollars (\$500,000)~~ not to exceed seven hundred fifty thousand dollars (\$750,000) a year
22 of the total 911 service charges for prepaid wireless telecommunications service remitted to the
23 Department. Within 45 days of the end of each month in which 911 service charges for prepaid
24 wireless telecommunications service are remitted to the Department, the Secretary of Revenue
25 shall transfer the total 911 service charges remitted to the Department less the costs of collection
26 to the 911 Fund established under G.S. 143B-1404."

27 **DOCUMENT MANAGEMENT SYSTEM**

28 **SECTION 33.2.** Section 6.6 of S.L. 2020-58 reads as rewritten:

29 **"SECTION 6.6.** Of the funds generated in the 2020-21 fiscal year by the Department of
30 Revenue's collection assistance fee, imposed under G.S. 105-243.1, the Department may use up
31 to five hundred thousand dollars (\$500,000) to implement Section 8.1 of S.L. 2019-246.
32 Additional funds of up to five hundred thousand dollars (\$500,000) needed by the Department
33 for this purpose may be drawn from the funds previously allocated to the Department in S.L.
34 2017-57 from the collection assistance fee for the Collections Case Management system for any
35 additional project costs required to fully implement Section 8.1 of S.L 2019-246."
36

37 **ALLOW FUNDS TO BE USED FOR SAFETY AND SECURITY AT REMOTE** 38 **LOCATIONS**

39 **SECTION 33.3.** Notwithstanding G.S. 143C-8-13, any funds available to the
40 Department of Revenue may be used for safety and security upgrades at the Department's remote
41 locations, which are leased and not State-owned.
42

43 **PART XXXIV. SECRETARY OF STATE [RESERVED]**

44 **PART XXXV. TREASURER [RESERVED]**

45 **PART XXXVI. GENERAL GOVERNMENT [RESERVED]**

46 **PART XXXVII. INFORMATION TECHNOLOGY**

REVISIONS TO BASE BUDGET DEFINITION

SECTION 37.1. G.S. 143C-1-1(d)(1c) reads as rewritten:

- "(1c) Base Budget. – That part of the recommended State budget that provides the baseline for the next biennium. The base budget for each State agency shall be the authorized budget for that agency with adjustments only for the following:
- a. Annualization of programs and positions.
 - b. Reductions to adjust for items funded with nonrecurring funds during the prior fiscal biennium.
 - c. Increases to adjust for nonrecurring reductions during the prior fiscal biennium.
 - d. Adjustments for federal payroll tax changes.
 - e. Rate increases in accordance with the terms of existing leases of real property.
 - f. Adjustments to receipt projections, made in accordance with G.S. 143C-3-5(b)(2)c.
 - g. Reconciliation of intragovernmental and intergovernmental transfers that require no net General Fund increase.
 - h. Adjustments for statutory appropriations and other adjustments as directed by the General Assembly.
 - i. Reconciliation of salary related employer contributions, longevity, and special separation allowance under Article 12D of Chapter 143 of the General Statutes.
 - j. Adjustments to accommodate the forecasted impact of routine Department of Information Technology Internal Service Fund rate changes for the biennium, excluding significant service expansions or IT projects, as required in G.S. 143B-1333."

INTERNAL SERVICE FUND RATE ADJUSTMENTS

SECTION 37.2. G.S. 143B-1333 reads as rewritten:

"§ 143B-1333. Internal Service Fund.

(a) The Internal Service Fund is established within the Department as a fund to provide goods and services to State agencies on a cost-recovery basis. The Department shall establish fees for subscriptions and chargebacks for consumption-based services. The Information Technology Strategic Sourcing Office shall be funded through a combination of administrative fees as part of the IT Supplemental Staffing contract, as well as fees charged to agencies using their services.

(a1) IT Rates. – The State CIO shall establish and annually update consistent, fully transparent, easily understandable fees and rates that reflect industry standards for any good or service for which an agency is charged. These fees and rates shall be prepared and submitted to the Office of State Budget and Management and the Fiscal Research Division on the date agreed upon by the State Budget Director and the Department's Chief Financial Officer. In even numbered years, the State CIO shall establish and present rates for both fiscal years of the biennium. The rates shall be approved by the Office of State Budget and Management. The Office of State Budget and Management shall ~~ensure that State agencies have the opportunity to adjust their budgets based on any rate or fee changes prior to submission of those budget recommendations to the General Assembly.~~ adjust agency base budgets for the forecasted biennial impact of routine rate changes. In odd numbered years, the State CIO may propose reasonable mid-biennium rate adjustments. The Office of State Budget and Management may approve such adjustments and make corresponding adjustments to agency base budgets. State agencies shall provide the Office of State Budget and Management and the Department of

Information Technology with reasonable estimates of IT goods and services consumption and with estimated funding sources to be used to cover the cost of these goods and services. The approved Information Technology Internal Service Fund budget and budget associated rates rates and base budget changes shall be included in the Governor's biennial budget recommendations to the General Assembly.

...."

PART XXXVIII. SALARIES AND BENEFITS

ELIGIBLE STATE-FUNDED EMPLOYEES AWARDED LEGISLATIVE SALARY INCREASES/EFFECTIVE JULY 1, 2021, AND JULY 1, 2022

SECTION 38.1.(a) Subsection (a1) of Section 39.1 of S.L. 2021-180 reads as rewritten:

"**SECTION 39.1.(a1)** Effective July 1, 2022, except as provided by subsection (b) of this section, a person (i) whose salary is set by this Part, pursuant to the North Carolina Human Resources Act, or as otherwise authorized in this act and (ii) who is employed in a State funded position on June 30, 2022, is awarded:

- (1) A legislative salary increase in the amount of ~~two and one-half~~ five percent ~~(2.5%)-(5.0%)~~ of annual salary in the 2022-2023 fiscal year.
- (2) Any salary adjustment otherwise allowed or provided by law."

SECTION 38.1(b) In addition to the compensation increase provided in subsection (a) of this section, a person (i) whose salary is set by this Part, pursuant to the North Carolina Human Resources Act, or as otherwise authorized in this act and (ii) who is employed in a State funded position on June 30, 2022 shall receive an additional legislative salary increase in the amount of two and one half percent (2.5%) in the 2022-2023 fiscal year if they meet at least one of the following eligibility criteria:

- (1) The employee is employed as a law enforcement officer.
- (2) The employee is employed as a healthcare professional.

RETENTION BONUSES AWARDED FOR FISCAL YEAR

SECTION 38.2.(a) Any person (i) whose salary is set by this act in Part 7A or this Part, pursuant to the North Carolina Human Resources Act, or as otherwise authorized in this act and (ii) who is continuously employed by the State or a public school unit from July 1, 2022 to October 31, 2022 shall be awarded a retention bonus for the 2022-23 fiscal year in the amount of seven hundred fifty dollars (\$750.00), payable during the month of November 2022. For otherwise eligible local education employees, eligibility for the bonus shall be measured beginning not on July 1, 2022, but on the first day when staff report for the 2022-2023 school year.

SECTION 38.2.(b) Any person (i) whose salary is set by this act in Part 7A or this Part, pursuant to the North Carolina Human Resources Act, or as otherwise authorized in this act and (ii) who is continuously employed by the State or a public school unit from November 1, 2022, to March 31, 2023, shall be awarded an additional retention bonus for the 2022-23 fiscal year in the amount of seven hundred fifty dollars (\$750.00), payable during the month of April 2023.

SECTION 38.2.(c) Employers of State employees and local education employees shall provide an additional retention bonus of two hundred fifty dollars (\$250.00) to all permanent full-time State employees and local education employees who are continuously employed by the State or a public school unit from July 1, 2022, to October 31, 2022, and who meet at least one of the following eligibility criteria for the additional bonus:

- (1) The employee earns an annual salary that does not exceed seventy-five thousand dollars (\$75,000).

(2) The employee is employed as a law enforcement officer.

(3) The employee is an employee in the Division of Adult Correction and Juvenile Justice of the Department of Public Safety with job duties requiring frequent in-person contact.

(4) The employee is employed in a position at a 24-hour residential or treatment facility operated by the Department of Health and Human Services.

SECTION 38.2.(d) Employers of State employees and local education employees shall provide an additional retention bonus of two hundred fifty dollars (\$250.00) to all permanent full-time State employees and local education employees who are employed by the State or a public school unit from November 1, 2022, to March 31, 2023, and who meet at least one of the following eligibility criteria for the additional bonus:

(1) The employee earns an annual salary that does not exceed seventy-five thousand dollars (\$75,000).

(2) The employee is employed as a law enforcement officer.

(3) The employee is an employee in the Division of Adult Correction and Juvenile Justice of the Department of Public Safety with job duties requiring frequent in-person contact.

(4) The employee is employed in a position at a 24-hour residential or treatment facility operated by the Department of Health and Human Services.

SECTION 38.2.(e) For purposes of Section 38.2 of this Act only:

(1) "Continuously employed by the State or a public school unit" means either (i) being employed for the entire listed time by one or more State, University, or Community College employers, without a break in service of at least one business day if the employee transfers between one or more such employers, or (ii) being employed by one or more public school units for the entire listed time.

(2) "State, university, or community college employer" means State agencies, boards, commissions, institutions, or bureaus, the University of North Carolina System Office, the University of North Carolina Health Care System, institutions established under Chapter 116 of the General Statutes, the North Carolina Community Colleges System Office, or community colleges established under Chapter 115D of the General Statutes. For avoidance of doubt, "State, university, or community college employer" shall not include independent entities such as the Golden LEAF Foundation or any nonprofit corporation that assists the Department of Commerce under G.S. 143B-431.01.

SECTION 38.2.(f) Notwithstanding Subsection (d) of Section 39.18 of SL 2021-180, any funds appropriated for retention bonuses in excess of the amounts required to implement the bonuses shall revert and not be credited to the Pay Plan Reserve.

SECTION 38.2.(g) Notwithstanding G.S. 135-1(7a), the compensation bonuses awarded by this section are not compensation under Article 1 of Chapter 135 of the General Statutes, the Teachers' and State Employees' Retirement System.

SECTION 38.2.(h) The compensation bonuses awarded by this section are not part of annual salary and shall be paid out separately. The compensation bonus shall be awarded to eligible permanent employees without regard to an employee's placement within the salary range, including employees at the top of the salary range. The compensation bonus shall be adjusted pro rata for otherwise eligible part-time employees.

COUNCIL OF STATE

SECTION 38.3. Subsection (b1) of Section 39.3 of S.L. 2021-180 reads as rewritten:

"SECTION 39.3.(b1) Effective July 1, 2022, the annual salaries for members of the Council of State, payable monthly, are set as follows:

Council of State	Annual Salary
Lieutenant Governor	\$143,619 147,122
Attorney General	143,619 147,122
Secretary of State	143,619 147,122
State Treasurer	143,619 147,122
State Auditor	143,619 147,122
Superintendent of Public Instruction	143,619 147,122
Agriculture Commissioner	143,619 147,122
Insurance Commissioner	143,619 147,122
Labor Commissioner	143,619 147,122"

CERTAIN EXECUTIVE BRANCH OFFICIALS

SECTION 38.4. Subsection (a1) of Section 39.4 of S.L. 2021-180 reads as rewritten:

"SECTION 39.4.(a1) Effective July 1, 2022, the annual salaries, payable monthly, for the following executive branch officials for the 2022-2023 fiscal year are as follows:

Executive Branch Officials	Annual Salary
Chairman, Alcoholic Beverage Control Commission	\$128,966 132,112
State Controller	179,580 183,960
Commissioner of Banks	144,745 148,275
Chair, Board of Review, Division of Employment Security	141,979 145,442
Members, Board of Review, Division of Employment Security	140,244 143,664
Chairman, Parole Commission	141,979 145,442
Full-Time Members of the Parole Commission	131,273 134,476
Chairman, Utilities Commission	160,942 164,868
Members of the Utilities Commission	144,745 148,275
Executive Director, North Carolina Agricultural Finance Authority	125,593 128,657"

JUDICIAL BRANCH

SECTION 38.5.(a) Subsection (a1) of Section 39.5 of S.L. 2021-180 reads as rewritten:

"SECTION 39.5.(a1) Effective July 1, 2022, the annual salaries, payable monthly, for the following judicial branch officials for the 2022-2023 fiscal year are as follows:

Judicial Branch Officials	Annual Salary
Chief Justice, Supreme Court	\$168,980 173,102
Associate Justice, Supreme Court	164,595 168,610
Chief Judge, Court of Appeals	161,992 165,943
Judge, Court of Appeals	157,787 161,636
Judge, Senior Regular Resident Superior Court	153,530 157,274
Judge, Superior Court	149,275 152,916
Chief Judge, District Court	135,659 138,968
Judge, District Court	131,403 134,608
Chief Administrative Law Judge	132,529 135,762
District Attorney	144,355 147,876
Assistant Administrative Officer of the Courts	139,011 142,402
Public Defender	144,355 147,876

Director of Indigent Defense Services 148,781~~152,410~~"

SECTION 38.5.(b) Subsection (b1) of Section 39.5 of S.L. 2021-180 reads as rewritten:

"SECTION 39.5.(b1) The district attorney or public defender of a judicial district, with the approval of the Administrative Officer of the Courts or the Commission on Indigent Defense Services, respectively, shall set the salaries of assistant district attorneys or assistant public defenders, respectively, in that district such that the average salaries of assistant district attorneys or assistant public defenders in that district, for the 2022-2023 fiscal year, do not exceed ~~eighty six thousand seven hundred seventy four dollars (\$86,74)~~ eighty-eight thousand eight hundred ninety-one dollars (\$88,891) and the minimum salary of any assistant district attorney or assistant public defender is at least ~~forty-six thousand five hundred seventy-three dollars (\$46,573)~~, forty-seven thousand seven hundred nine dollars (\$47,709), effective July 1, 2022."

CLERKS OF SUPERIOR COURT

SECTION 38.6. Subsection (a1) of Section 39.6 of S.L. 2021-180 reads as rewritten:

"SECTION 39.6.(a1) Effective July 1, 2022, G.S. 7A-101(a), as amended by subsection (a) of this section, reads as rewritten:

(a) The clerk of superior court is a full time employee of the State and shall receive an annual salary, payable in equal monthly installments, based on the number of State funded assistant and deputy clerks of court as determined by the Administrative Office of Court's workload formula, according to the following schedule:

Assistants and Deputies	Annual Salary
0-19	\$99,809 <u>107,419</u>
20-29	110,316 <u>118,728</u>
30-49	120,822 <u>130,035</u>
50-99	131,328 <u>141,342</u>
100 and above	133,955 <u>144,169</u>

If the number of State funded assistant and deputy clerks of court as determined by the Administrative Office of Court's workload formula changes, 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 that new number, except that the salary of an incumbent clerk shall not be decreased by any change in that number during the clerk's continuance in office."

ASSISTANT AND DEPUTY CLERKS OF SUPERIOR COURT

SECTION 38.7. Subsection (a1) of Section 39.7 of S.L. 2021-180 reads as rewritten:

"SECTION 39.7.(a1) Effective July 1, 2022, G.S. 7A-102(c1), as amended by subsection (a) of this section, reads as rewritten:

(c1) A full-time assistant clerk or a full-time deputy clerk, and up to one full-time deputy clerk serving as head bookkeeper per county, shall be paid an annual salary subject to the following minimum and maximum rates:

Assistant Clerks and Head Bookkeeper	Annual Salary
Minimum	\$35,650 <u>36,519</u>
Maximum	65,864 <u>69,157</u>
Deputy Clerks	Annual Salary
Minimum	\$31,980 <u>32,760</u>
Maximum	51,728 <u>54,314</u> "

MAGISTRATES

SECTION 38.8. Subsection (a1) of Section 39.8 of S.L. 2021-180 reads as rewritten:
"SECTION 39.8.(a1) Effective July 1, 2022, G.S. 7A-171.1(a)(1), as amended by subsection (a) of this section, reads as rewritten:

(a) The Administrative Officer of the Courts, after consultation with the chief district judge and pursuant to the following provisions, shall set an annual salary for each magistrate:

- (1) A full-time magistrate shall be paid the annual salary indicated in the table set out in this subdivision. A full-time magistrate is a magistrate who is assigned to work an average of not less than 40 hours a week during the term of office. The Administrative Officer of the Courts shall designate whether a magistrate is full-time. Initial appointment shall be at the entry rate. A magistrate's salary shall increase to the next step every two years on the anniversary of the date the magistrate was originally appointed for increases to Steps 1 through 3, and every four years on the anniversary of the date the magistrate was originally appointed for increases to Steps 4 through 6.

Table of Salaries of Full-Time Magistrates

Step Level	Annual Salary
Entry Rate	<u>\$41,590</u> 43,670
Step 1	<u>\$44,660</u> 46,893
Step 2	<u>\$47,972</u> 50,371
Step 3	<u>\$51,478</u> 54,052
Step 4	<u>\$55,680</u> 58,464
Step 5	<u>\$60,740</u> 63,777
Step 6	<u>\$66,412</u> 69,733"

LEGISLATIVE EMPLOYEES

SECTION 38.9. Subsection (a1) of Section 39.9 of S.L. 2021-180 reads as rewritten:
"SECTION 39.9.(a1) Effective July 1, 2022, the annual salaries of the Legislative Services Officer and of nonelected employees of the General Assembly in effect on June 30, 2022, shall be legislatively increased by ~~two and one-half percent (2.5%)~~ five percent (5%)."

GENERAL ASSEMBLY PRINCIPAL CLERKS

SECTION 38.10. Subsection (b) of Section 39.10 of S.L. 2021-180 reads as rewritten:

"SECTION 39.10.(b) Effective July 1, 2022, G.S. 120-37(c), as amended by subsection (a) of this section, reads as rewritten:

(c) The principal clerks shall be full-time officers. Each principal clerk shall be entitled to other benefits available to permanent legislative employees and shall be paid an annual salary of ~~one hundred nineteen thousand six hundred fifty dollars (\$119,650)~~ one hundred twenty-five thousand six hundred thirty-three dollars (\$125,633), payable monthly. Each principal clerk shall also receive such additional compensation as approved by the Speaker of the House of Representatives or the President Pro Tempore of the Senate, respectively, for additional employment duties beyond those provided by the rules of their House. The Legislative Services Commission shall review the salary of the principal clerks prior to submission of the proposed operating budget of the General Assembly to the Governor and shall make appropriate recommendations for changes in those salaries. Any changes enacted by the General Assembly shall be by amendment to this paragraph."

SERGEANTS-AT-ARMS/READING CLERKS

SECTION 38.11. Subsection (b) of Section 39.11 of S.L. 2021-180 reads as rewritten:

"SECTION 39.11.(b) Effective July 1, 2022, G.S. 120-37(b), as amended by subsection (a) of this section, reads as rewritten:

(b) The sergeant at arms and the reading clerk in each house shall be paid a salary of ~~four hundred seventy-two dollars (\$472.00)~~ four hundred ninety-five dollars (\$495.00) per week plus subsistence at the same daily rate provided for members of the General Assembly, plus mileage at the rate provided for members of the General Assembly for one round trip only from their homes to Raleigh and return. The sergeants at arms shall serve during sessions of the General Assembly and at such time prior to the convening of, and subsequent to adjournment or recess of, sessions as may be authorized by the Legislative Services Commission. The reading clerks shall serve during sessions only."

COMMUNITY COLLEGES

SECTION 38.12.(a) Subsection (a) of Section 39.12 of S.L. 2021-180 reads as rewritten:

"SECTION 39.12.(a) Community college personnel shall receive the following legislative salary increases:

- (1) Effective July 1, 2021, the State Board of Community Colleges shall provide community college faculty and non-faculty personnel with an across-the-board salary increase in the amount of two and one-half percent (2.5%).
- (2) Effective July 1, 2022, the State Board of Community Colleges shall provide community college faculty and non-faculty personnel with an across-the-board salary increase in the amount of ~~two and one-half percent (2.5%)~~ five percent (5.0%)."

SECTION 38.12.(b) Subsection (b1) of Section 39.12 of S.L. 2021-180 reads as rewritten:

"SECTION 39.12.(b1) The minimum salaries for nine-month, full-time curriculum community college faculty for the 2022-2023 fiscal year are as follows:

Education Level	Minimum Salary 2022-2023
Vocational Diploma/Certificate or Less	<u>\$39,484</u> <u>40,447</u>
Associate Degree or Equivalent	<u>40,032</u> <u>41,008</u>
Bachelor's Degree	<u>42,415</u> <u>43,449</u>
Master's Degree or Education Specialist	<u>44,528</u> <u>45,614</u>
Doctoral Degree	<u>47,574</u> <u>48,735</u> "

THE UNIVERSITY OF NORTH CAROLINA

SECTION 38.13. Section 39.13 of S.L. 2021-180 reads as rewritten:

"SECTION 39.13. The University of North Carolina shall receive the following legislative salary increases:

- (1) Effective July 1, 2021, the Board of Governors of The University of North Carolina shall provide SHRA employees, EHRA employees, and teachers employed by the North Carolina School of Science and Mathematics with an across-the-board salary increase in the amount of two and one half percent (2.5%).
- (2) Effective July 1, 2022, the Board of Governors of The University of North Carolina shall provide SHRA employees, EHRA employees, and teachers employed by the North Carolina School of Science and Mathematics with an

across-the-board salary increase in the amount of ~~two and one-half percent (2.5%)~~; five percent (5.0%)."

CORRECTIONAL OFFICER SALARY SCHEDULE

SECTION 38.14. Subsection (b) of Section 39.14 of S.L. 2021-180 reads as rewritten:

"**SECTION 39.14.(b)** The following annual salary schedule applies under subsection (a) of this section for the 2021-2023 fiscal biennium, effective for each year on July 1, 2021, and July 1, 2022, respectively:

FY 2021-22

Experience	COI	COII	COIII
0	\$33,130	\$34,220	\$36,598
1	\$35,449	\$36,615	\$39,160
2	\$37,576	\$38,812	\$41,510
3	\$39,455	\$40,753	\$43,586
4	\$41,033	\$42,383	\$45,329
5	\$42,264	\$43,654	\$46,689
6+	\$43,109	\$44,527	\$47,623

FY 2022-23

Experience	COI	COII	COIII	COI	COII	COIII
0	\$33,958	\$35,076	\$37,513	\$34,787	\$35,931	\$38,428
1	\$36,335	\$37,530	\$40,139	\$37,221	\$38,446	\$41,118
2	\$38,515	\$39,782	\$42,548	\$39,455	\$40,753	\$43,586
3	\$40,441	\$41,772	\$44,676	\$41,428	\$42,791	\$45,765
4	\$42,059	\$43,443	\$46,462	\$43,085	\$44,502	\$47,595
5	\$43,321	\$44,745	\$47,856	\$44,377	\$45,837	\$49,023
6+	\$44,187	\$45,640	\$48,814	\$45,264	\$46,753	
	\$50,004"					

STATE LAW ENFORCEMENT OFFICER SALARY SCHEDULE

SECTION 38.15. Subsection (b) of Section 39.15 of S.L. 2021-180 reads as rewritten:

"**SECTION 39.15.(b)** The following annual salary schedule applies under subsection (a) of this section for the 2021-2023 fiscal biennium, effective July 1, 2021, and July 1, 2022, for each respective fiscal year:

Years of Experience	FY 2021-22	FY 2022-23
0	47,384	48,569
1	50,464	51,726
2	53,744	55,088
3	57,237	58,669
4	60,957	62,482
5	64,919	66,543
6+	69,139	70,868

PROBATION AND PAROLE OFFICER SALARY SCHEDULE

SECTION 38.16. Subsection (b) of Section 39.15A of S.L. 2021-180 reads as rewritten:

"SECTION 39.15A.(b) The following annual salary schedule applies under subsection (a) of this section for the 2021-2023 fiscal biennium, effective July 1, 2021, and July 1, 2022, for each respective fiscal year:

Years of Experience	FY 2021-22	FY 2022-23
0	40,000	41,000 43,000
1	42,600	43,665 45,795
2	45,369	46,503 48,772
3	48,318	49,526 51,942
4	51,549	52,745 55,415
5	54,804	56,513 58,914
6+	58,366	59,824 62,743"

LABOR MARKET RETENTION AND ADJUSTMENT FUNDS

SECTION 38.17.(a) The funds appropriated for the Salaries to Market Range Minimum Reserve in this act shall be used only to provide salary adjustments to appropriated positions where position pay is below the minimum of the pay grade salary range. These salary adjustments shall be made by the Office of State Human Resources based on analysis of the difference between the previous grades and ranges and the new grades and ranges implemented to reflect the current labor market. If the Salaries to Market Range Minimum Reserve is insufficient to bring pay to the minimum for any appropriated positions, funds appropriated for Labor Market Retention and Adjustment Fund under subsection (b) of this section shall be used for this purpose.

SECTION 38.17.(b) The funds appropriated to Labor Market Retention and Adjustment Reserves in this act shall be used to provide salary adjustments to existing positions using allowable human resource practices, such as in-range adjustments, salary range revisions, geographic site differentials, and reclassifications, as follows:

- (1) To address recruitment and retention of hard-to-staff, high turnover positions.
- (2) To address salaries relative to market rates.
- (3) To promote pay equity, including but not limited to gender and racial equity.
- (4) To address salary compression.
- (5) To provide adjustments for employees with qualifications, including specialized skills, certifications, education, or experience that significantly exceed minimum qualifications.
- (6) To make any other adjustments related to an increase in job duties or responsibilities or labor market changes.

Adjustments must be documented through data collection and analysis according to accepted human resource professional practices and standards. Further, funds may only be used for salary adjustments for the stated purposes that comply with the laws and adopted policies of the appropriate governing entity.

SECTION 38.17.(c) Agencies shall prioritize the use of their Labor Market Retention and Adjustments Reserves according for positions with high vacancy or high turnover rates and to resolve pay equity or salary compression issues.

SECTION 38.17.(d) By November 1, 2022, agencies shall report to the Office of State Human Resources and the Office of State Budget and Management on the use of Labor Market Retention and Adjustment Funds. The report shall include statistics about the use of the funds appropriated to agency Labor Market Retention and Adjustment Reserves in this act, including for each classification receiving the funds (i) the turnover rate and vacancy rate for the classification for the 2019-2020, 2020-2021, and 2021-2022 fiscal years, (ii) the classification's compa ratio before and after use of the funds, and (iii) any other factors the agency used in determining salary adjustments.

SECTION 38.17.(e) The Director of the Budget may increase expenditures of receipts to the amount necessary to fund salary adjustments for receipt-supported positions that fall below the minimum of the pay grade's salary range or as needed to reflect adjustments made pursuant to subsection (b) of this section.

TEMPORARY AND SEASONAL WORKERS LIVING WAGE RESERVE

SECTION 38.18.(a) Effective July 1, 2022, the Office of State Human Resources and the University of North Carolina Board of Governor shall increase the minimum rate for seasonal and temporary employees to an hourly compensation rate of fifteen dollars (\$15.00).

SECTION 38.18.(b) The Office of State Budget and Management shall allocate the Temporary and Seasonal Workers Living Wage Reserve of two million two hundred fifty thousand dollars (\$2,250,000) appropriated in this act as needed to establish a minimum rate for seasonal and temporary workers of fifteen dollars (\$15.00).

CONTRACTOR LIVING WAGE RESERVE

SECTION 38.19.(a) Notwithstanding any other provision of law, it is the intent of the State that all State contractors maintain a minimum hourly wage of fifteen dollars (\$15.00). All respondents submitting a bid for a State contract shall pay a minimum hourly wage of fifteen dollars (\$15.00).

SECTION 38.19.(b) The Office of State Budget and Management shall allocate the Contractor Living Wage Reserve of twenty-five million dollars (\$25,000,000) appropriated in this act as needed to reimburse the added cost of requiring state contractors to pay employees working on State contracts and paid with State funds a minimum hourly rate of fifteen dollars (\$15.00).

SECTION 38.19.(c) Amounts allocated to agencies from the Contractor Living Wage Reserve shall be incorporated into their base budgets on a recurring basis.

MITIGATE BONUS LEAVE

SECTION 38.20. During the 2022-2023 fiscal year, State agencies, departments, institutions, the North Carolina Community College System, and The University of North Carolina may offer State employees the opportunity to use or to cash in special bonus leave benefits that have accrued pursuant to Section 28.3A of S.L. 2002-126, Section 30.12B(a) of S.L. 2003-284, Section 29.14A of S.L. 2005-276, Section 35.10A of S.L. 2014-100, Section 35.25 of S.L. 2018-5, Section 5.1 of S.L. 2019-208, Section 3.14 of S.L. 2019-209, Section 5.1 of S.L. 2019-210, Section 6.1 of S.L. 2019-211, but only if all of the following requirements are met:

- (1) Employee participation in the program must be voluntary.
- (2) Special leave that is liquidated for cash payment to an employee must be valued at the amount based on the employee's current annual salary rate.
- (3) By September 1, 2023, a report on the demographic information shall be submitted to the respective agency head or employing agency and to the Fiscal Research Division.

SALARY-RELATED CONTRIBUTIONS

SECTION 38.21. Subsection (c) of Section 39.22 of S.L. 2021-180 reads as rewritten:

"SECTION 39.22.(c) Effective July 1, 2022, the State's employer contribution rates budgeted for retirement and related benefits as a percentage of covered salaries for the 2022-2023 fiscal year for teachers and State employees, State law enforcement officers (LEOs), the University and Community Colleges Optional Retirement Programs (ORPs), the Consolidated Judicial Retirement System (CJRS), and the Legislative Retirement System (LRS) are as set forth below:

	Teachers and State Employees	State LEOs	ORPs	CJRS	LRS
1 Retirement	17.07 17.80%	17.07 17.80%	6.84%	39.29 40.79%	24.27 25.65%
2 Disability	0.10%	0.10%	0.10%	0.00%	0.00%
3 Death	0.13%	0.13%	0.00%	0.00%	0.00%
4 Retiree Health	6.89%	6.89%	6.89%	6.89%	6.89%
5 NC 401(k)	0.00%	5.00%	0.00%	0.00%	0.00%

Total Contribution

Rate ~~24.19~~24.92% ~~29.19~~29.92% 13.83% ~~46.18~~47.68% ~~31.16~~32.54%

The rate for teachers and State employees and State law enforcement officers includes one one-hundredth percent (0.01%) for the Qualified Excess Benefit Arrangement."

ONE TIME COST OF LIVING SUPPLEMENTS FOR RETIREES OF THE TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM, THE CONSOLIDATED JUDICIAL RETIREMENT SYSTEM, AND THE LEGISLATIVE RETIREMENT SYSTEM

SECTION 38.22.(a) Subsection (a) of Section 39.23 of S.L. 2021-180 reads as rewritten:

"**SECTION 39.23.(a)** G.S. 135-5 is amended by adding new subsections to read:

(xxx) On or before December 31, 2021, a onetime cost of living supplement payment shall be made to or on account of beneficiaries who are living as of September 1, 2021, and whose retirement commenced on or before September 1, 2021. The payment shall be two percent (2%) of the beneficiary's annual retirement allowance payable as of September 1, 2021, and shall not be prorated for date of retirement commencement. If the beneficiary dies before the payment is made, then the payment shall be payable to the member's legal representative. No beneficiary shall be deemed to have acquired a vested right to any future supplemental payments.

~~(yyy)~~(zzz) After September 1, 2022, but on or before October 31, 2022, a one-time cost -of -living supplement payment shall be made to or on account of beneficiaries who are living as of September 1, 2022, and whose retirement commenced on or before September 1, 2022. The payment shall be ~~three percent (3%)~~ four percent (4%) of the beneficiary's annual retirement allowance payable as of September 1, 2022, and shall not be prorated for date of retirement commencement. If the beneficiary dies before the payment is made, then the payment shall be payable to the member's legal representative. No beneficiary shall be deemed to have acquired a vested right to any future supplemental payments."

SECTION 38.22.(b) Subsection (b) of Section 39.23 of S.L. 2021-180 reads as rewritten:

"**SECTION 39.23.(b)** G.S. 135-65 is amended by adding new subsections to read:

(ii) On or before December 31, 2021, a onetime cost of living supplement payment shall be made to or on account of beneficiaries who are living as of September 1, 2021, and whose retirement commenced on or before September 1, 2021. The payment shall be two percent (2%) of the beneficiary's annual retirement allowance payable as of September 1, 2021, and shall not be prorated for date of retirement commencement. If the beneficiary dies before the payment is made, then the payment shall be payable to the member's legal representative. No beneficiary shall be deemed to have acquired a vested right to any future supplemental payments.

~~(jj)~~(kk) After September 1, 2022, but on or before October 31, 2022, a onetime cost of living supplement payment shall be made to or on account of beneficiaries who are living as of September 1, 2022, and whose retirement commenced on or before September 1, 2022. The payment shall be ~~three-four percent (3%)-(4%)~~ of the beneficiary's annual retirement allowance payable as of September 1, 2022, and shall not be prorated for date of retirement commencement.

If the beneficiary dies before the payment is made, then the payment shall be payable to the member's legal representative. No beneficiary shall be deemed to have acquired a vested right to any future supplemental payments."

SECTION 38.22.(c) Subsection (c) of Section 39.23 of S.L. 2021-180 reads as rewritten:

"SECTION 39.23.(c) G.S. 120-4.22A is amended by adding new subsections to read:

(cc) In accordance with subsection (a) of this section, on or before December 31, 2021, a onetime cost of living supplement payment shall be made to or on account of beneficiaries who are living as of September 1, 2021, and whose retirement commenced on or before September 1, 2021. The payment shall be two percent (2%) of the beneficiary's annual retirement allowance payable as of September 1, 2021, and shall not be prorated for date of retirement commencement. If the beneficiary dies before the payment is made, then the payment shall be payable to the member's legal representative. No beneficiary shall be deemed to have acquired a vested right to any future supplemental payments.

~~(dd)(ee)~~ In accordance with subsection (a) of this section, after September 1, 2022, but on or before October 31, 2022, a onetime cost of living supplement payment shall be made to or on account of beneficiaries who are living as of September 1, 2022, and whose retirement commenced on or before September 1, 2022. The payment shall be ~~three percent (3%)~~ four percent (4%) of the beneficiary's annual retirement allowance payable as of September 1, 2022, and shall not be prorated for date of retirement commencement. If the beneficiary dies before the payment is made, then the payment shall be payable to the member's legal representative. No beneficiary shall be deemed to have acquired a vested right to any future supplemental payments."

SECTION 38.22.(d) G.S. 135-5 is amended by adding a new subsection to read:

"(yyy) From and after July 1, 2022, the retirement allowance to or on account of beneficiaries whose retirement commenced on or before July 1, 2022, shall be increased by one percent (1%) of the allowance payable on June 1, 2022, in accordance with G.S. 1355(o). Furthermore, from and after July 1, 2022, the retirement allowance to or on account of beneficiaries whose retirement commenced after July 1, 2021, but before June 30, 2022, shall be increased by a prorated amount of one percent (1%) of the allowance payable as determined by the Board Trustees based upon the number of months that retirement allowances was paid between July 1, and June 30, 2022."

SECTION 38.22.(e) G.S. 120-4.22A is amended by adding a new subsection to read:

"(jj) From and after July 1, 2022, the retirement allowance to or on account of beneficiaries whose retirement commenced on or before July 1, 2021, shall be increased by one percent (1%) of the allowance payable on June 1, 2022. Furthermore, from and after July 1, 2022, the retirement allowance payable to or on account of beneficiaries whose retirement commenced after July 1, 2021, but before June 30, 2022, shall be increased by a prorated amount of one percent (1%) of the allowance payable as determined by the Board of Trustees based upon the number of months that a retirement allowance was paid between July 1, 2021, and June 30, 2022."

SECTION 38.22.(f) G.S. 120-4.22A is amended by adding a new subsection to read:

"(dd) In accordance with subsection (a) of this section, from and after July 1, 2022, the retirement allowance to or on account of beneficiaries whose retirement commenced on or before January 1, 2022, shall be increased by one percent (1%) of the allowance payable on June 1, 2022. Furthermore, from and after July 1, 2022, the retirement allowance to or on account of beneficiaries whose retirement commenced after January 1, 2022, but before June 30, 2022, shall be increased by a prorated amount of one percent (1%) of the allowance payable as determined by the Board of Trustees based upon the number of months that a retirement allowance was paid between January 1, 2022, and June 30, 2022."

PART XXXIX. CAPITAL

GENERAL FUND CAPITAL APPROPRIATIONS/INTRODUCTION

SECTION 39.1. The appropriations made by the 2021 General Assembly for capital improvements are for constructing, repairing, or renovating State buildings, utilities, and other capital facilities, for acquiring sites for them where necessary, and for acquiring buildings and land for State government purposes.

CAPITAL APPROPRIATIONS/STATE CAPITAL AND INFRASTRUCTURE FUND

SECTION 39.2. The following amounts for capital improvements are appropriated from the State Capital and Infrastructure Fund for the Fiscal Year 2022-2023:

Capital Improvements – State Capital and Infrastructure Fund	2022-2023
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Department of Administration

Bath Building Demolition and Site Stabilization	\$6,932,000
New Revenue Building Foundation Repairs	\$209,000
Statewide POTS Engineering and Design	\$3,000,000

Department of Agriculture and Consumer Services

Piedmont Triad Farmers Market Restaurant	\$3,000,000
Standards Laboratory Renovation	\$6,000,000
Improvements to Raleigh State Farmers Market	\$13,000,000
Forest Service Maintenance Shop Replacement	\$4,000,000
Research Stations: Construction of Pesticide Facilities	\$1,750,000
Research Stations: Cherry Administrative Office	\$650,000
Griffith Forest Center – Central Warehouse	\$750,000

Department of Commerce

Wanchese Marine Park Building Addition	\$276,000
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Department of Health and Human Services

Black Mountain NMTC Raspberry Building	\$12,847,000
J. Iverson Riddle Cedar Cottage	\$10,313,000
Murdoch Briarwood Cottage	\$8,606,000
Cherry Hospital Maintenance Facility	\$5,405,000
J. Iverson Riddle Willow Cottage	\$10,313,000
Murdoch Arbor Cottage	\$8,606,000
O'Berry NMTC ELC-3 Building Renovation	\$9,475,000
Broughton Hospital New Maintenance Warehouse	\$16,635,000

Department of Justice

Administration Building – East	\$5,689,000
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Department of Natural and Cultural Resources

African American Monument at the State Capitol	\$4,000,000
Town Creek Indian Mound Visitor Center	\$2,000,000
Historic Sites: Visitor Center Planning	\$1,500,000
Charlotte Hawkins Brown State Historic Site	\$16,000,000
Fort Fisher Aquarium Renovation and Expansion	\$10,000,000
Oregon Inlet Lifesaving Station	\$600,000
Halifax State Historic Site Exhibits	\$2,000,000

1	NC Zoo Aviary	\$5,000,000
2	International Civil Rights Center and Museum	\$10,500,000
3		
4	Department of Public Safety	
5	State Highway Patrol Civil Defense Vehicle Storage	\$1,100,000
6	Cabarrus YDC Parking Lot	\$2,000,000
7	Facility Management Office Renovation	\$5,200,000
8	Capitol Surveillance Project: Phase One	\$1,612,000
9	Capitol surveillance Project: Phase Two	\$9,000,000
10	ACDP Arledge Building	\$6,352,000
11	Cabarrus YDC Modular Office	\$621,000
12	OSDT Training Facility Acquisition	\$9,906,700
13		
14	Department of Correction and Rehabilitation Gatehouses	\$5,967,200
15	State Highway Patrol Troop B	\$2,360,000
16	Emergency Management Badin Warehouse	\$3,731,000
17	Emergency Management Central Disaster Warehouse	\$19,648,349
18	State Highway Patrol Troop 1 Aviation Office	\$1,433,000
19	Eastern Correctional Institution	\$3,572,000
20	Bertie Correctional Institution	\$6,768,000
21	Neuse Correctional Institution	\$6,400,000
22	Nash Correctional Institution	\$7,797,000
23		
24	Department of Revenue	
25	Upgrade Existing Fire Protection Systems	\$2,300,000
26	Office of State Budget and Management Flexibility Funds	\$25,000,000
27		
28	University of North Carolina	2022-2023
29	Appalachian State	
30	Hickory Campus Phase One	\$15,000,000
31	East Carolina University	
32	Telehealth/Healthcare Digital Transformation	\$3,000,000
33	Fayetteville State University	
34	FSU Veterans Center	\$8,000,000
35	North Carolina Central University	
36	Electrical and Steam Distribution Phase One	\$8,000,000
37	NC State University	
38	National Institute for Innovation in Manufacturing Biopharmaceuticals	\$2,000,000
39	UNC Asheville	
40	Lipinsky Renovations	\$19,400,000
41	UNC Chapel Hill	
42	School of Data Science and Society	\$20,000,000
43	UNC Charlotte	
44	Surveillance Sequencing Hub	\$8,000,000
45	UNC Greensboro	
46	Roof Replacements	\$20,000,000
47	UNC Pembroke	
48	Education Building Renovation Phase One	\$10,000,000
49	UNC Wilmington	
50	Research Laboratories	\$7,500,000
51	Western Carolina University	

1	Engineering Laboratory Facilities	\$6,000,000
2	Winston Salem State University	
3	Steam and Electrical Infrastructure Repairs	\$6,000,000
4		
5	NC Arboretum Visitor Center Entrance and Parking	\$2,000,000
6	PBS NC Audio and Visual Production Systems	\$2,200,000
7	UNC Hospitals: Child and Adolescent Behavioral Planning	\$10,000,000
8	UNC – Flexible Funds	\$50,000,000
9		
10	Directed Grants	2022-2023
11	Dorothea Dix Park Conservancy	\$7,000,000
12		
13	Repairs and Renovations	
14	Clean Energy Repairs and Renovations	\$50,000,000
15		
16	TOTAL CAPITAL IMPROVEMENTS PROJECTS	2022-2023
17		\$553,924,249
18		

NON-GENERAL FUND CAPITAL IMPROVEMENT AUTHORIZATIONS

SECTION 39.3.(a) The General Assembly authorizes the following capital projects to be funded with receipts or from other Non-General Fund sources available to the appropriate department:

Name of Project	Funding Authorized FY 2022-23
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Department of Agriculture and Consumer Services

WNC State Fairgrounds Ticket Booth and Restrooms	\$750,000
Frasier Fir Genetic Research Building	\$375,000
NC State Fairgrounds Advance Planning	\$2,000,000
Butner Food Distribution Warehouse Addition	\$10,000,000
Raleigh Farmers Market Kitchen Annex	\$250,000
Steve Troxler Agricultural Sciences Center	\$400,000

Wildlife Resources Commission

Sykes Depot Greenhouse	\$250,000
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Department of Public Safety

ABC New Office and Warehouse Planning	\$4,700,000
ABC Warehouse Re-roofing	\$400,000
Nash Vocational Building	\$2,654,311

Department of Natural and Cultural Resources

Charlotte Hawkins Brown Visitor Center	\$278,763
NC Zoo Stingray Exhibit	\$1,500,000
Fort Fisher Aquarium Renovation and Expansion	\$4,200,000

**TOTAL AMOUNT OF NON-GENERAL FUND CAPITAL PROJECTS
AUTHORIZED**

\$27,758,047

**ALLOCATION OF NET PROCEEDS FROM WAKE COUNTY PROPERTY
DISPOSITIONS**

SECTION 39.5. Article 7 of Chapter 146 of the General Statutes is amended by adding a new section to read:

"§ 146-30.3. Application of Net Proceeds From Disposition of Property Allocated to the Department of Administration in Wake County.

(a) Limitation. – Notwithstanding G.S. 146-30 or any other provision of law, and subject to the limitations contained in any applicable deed, the net proceeds of any disposition of, use of, or activity on real property located in Wake County and allocated to the Department of Administration shall be used solely to repair and renovate real property located in Wake County and allocated to the Department of Administration. These funds shall only be used to fund projects listed in G.S. 143C-43(b), subject to the approval of the Director of the Budget.

(b) Definition of Net Proceeds. – For purposes of this section, the term "net proceeds" shall have the same meaning as in G.S. 146-30.

(c) Appropriation. – Net proceeds received on or after July 1, 2017, are hereby appropriated for the uses contained in G.S. 146-30.3(a).

(d) Report. – The Director of the Budget shall report annually on July 1 on projects funded under this subsection to the Joint Legislative Oversight Committee on Capital Improvements."

AUTHORIZE STATE AGENCIES TO UNDERTAKE SMALL REPAIRS AND RENOVATIONS PROJECTS WITH FUNDS AVAILABLE

SECTION 39.6. Article 1 of Chapter 143C of the General Statutes is amended by adding a new section to read:

"§ 143C-814. Small repairs and renovation projects with funds available.

(a) A State agency may undertake repairs and renovations projects so long as each project satisfies the following requirements:

(1) Total project costs do not exceed the informal project limit set by the State Building Commission.

(2) The project is one of the types set forth in G.S. 143C-43(b)(1) through (13).

a. General Funds shall be used only for the repair and renovation of General Fund supported facilities.

(3) The project is paid for with funds available to the agency.

(4) Funds from the General Fund are used only for the repair and renovation of General Fund supported facilities.

(b) Projects undertaken pursuant to this section shall be reported to the Fiscal Research Division on a quarterly basis. A report under this subsection shall include information about all the following for each project:

(1) The facility at which the project is being undertaken.

(2) The nature and scope of the project.

(3) The source of funds for the project.

(4) The category of projects set forth in G.S. 143C-43(b) that the project falls within."

PUBLIC SCHOOL CAPITAL

SECTION 39.7.(a) Public School Capital. – Five hundred million dollars (\$500,000,000) is allocated to the Department of Public Instruction for capital projects at public schools.

SECTION 39.8.(b) Purpose. – The purpose of these funds is to invest in the State's public school facilities for construction, repair, and renovation, in order to ensure that the citizens of North Carolina have access to high quality educational facilities.

SECTION 39.8.(c) Allocation Methodology. – The funds appropriated in Section 39.8.(a) shall be allocated as follows:

- (1) Five hundred thousand dollars (\$500,000) of funding shall be allocated to each public school unit in the State.
- (2) The remaining four hundred forty-two million and five hundred thousand dollars (\$442,500,000) of funds shall be allocated to public school units on the basis of average daily membership for Fiscal Year 2021-2022.

INCREASE DOLLAR THRESHOLD FOR INFORMAL BIDDING OF CAPITAL PROJECTS

SECTION 39.8. G.S. 143-131 reads as rewritten:

"§ 143-131. When counties, cities, towns and other subdivisions may let contracts on informal bids.

(a) All contracts for construction or repair work or for the purchase of apparatus, supplies, materials, or equipment, involving the expenditure of public money in the amount of ~~thirty thousand dollars (\$30,000)~~ one hundred thousand dollars (\$100,000) or more, but less than the limits prescribed in G.S. 143-129, made by any officer, department, board, local school administrative unit, or commission of any county, city, town, or other subdivision of this State shall be made after informal bids have been secured. All such contracts shall be awarded to the lowest responsible, responsive bidder, taking into consideration quality, performance, and the time specified in the bids for the performance of the contract. It shall be the duty of any officer, department, board, local school administrative unit, or commission entering into such contract to keep a record of all bids submitted, and such record shall not be subject to public inspection until the contract has been awarded.

(b) All public entities shall solicit minority participation in contracts for the erection, construction, alteration or repair of any building awarded pursuant to this section. The public entity shall maintain a record of contractors solicited and shall document efforts to recruit minority business participation in those contracts. Nothing in this section shall be construed to require formal advertisement of bids. All data, including the type of project, total dollar value of the project, dollar value of minority business participation on each project, and documentation of efforts to recruit minority participation shall be reported to the Department of Administration, Office for Historically Underutilized Business, upon the completion of the project. (1931, c. 338, s. 2; 1957, c. 862, s. 5; 1959, c. 406; 1963, c. 172; 1967, c. 860; 1971, c. 593; 1981, c. 719, s. 1; 1987 (Reg. Sess., 1988), c. 1108, s. 6; 1997-174, s. 5; 2001-496, s. 5.1; 2005-227, s. 2.)

(c) All public entities shall encourage and promote the use of historically underutilized businesses as defined in G.S. 143-128.4 for all contracts for construction or repair work or for the purchase of apparatus, supplies, materials, or equipment using public funds less than \$100,000 as described in G.S. 143-131(a). For contracts or purchases less than \$100,000, the public entity shall solicit at least one bid or proposal from a certified small historically underutilized business. If a historically underutilized business is not available, the public entity shall document that before proceeding with award to another business. This section may be waived if the work involved is an emergency repair requiring immediate action to safeguard the health, safety, or welfare of the public.

INCREASE DOLLAR THRESHOLD FOR BIDDING FOR PUBLIC CONTRACTS

SECTION 39.9. G.S. 143-129(a) reads as rewritten:

"§ 143-129. Procedure for letting of public contracts.

(a) Bidding Required. – No construction or repair work requiring the estimated expenditure of public money in an amount equal to or more than five hundred thousand dollars (\$500,000) or purchase of apparatus, supplies, materials, or equipment requiring an estimated expenditure of public money in an amount equal to or more than ~~ninety thousand dollars (\$90,000)~~ one hundred thousand dollars (\$100,000) may be performed, nor may any contract be awarded therefor, by any board or governing body of the State, or of any institution of the State

government, or of any political subdivision of the State, unless the provisions of this section are complied with; provided that The University of North Carolina and its constituent institutions may award contracts for construction or repair work that requires an estimated expenditure of less than five hundred thousand dollars (\$500,000) without complying with the provisions of this section."

INCREASE THE DOLLAR THRESHOLD FOR BOARD OF GOVERNORS CAPITAL PROJECTS

SECTION 39.10. G.S. 116-31.11(a) reads as rewritten:

"§ 116-31.11. Powers of Board regarding certain fee negotiations, contracts, and capital improvements.

(a) Notwithstanding G.S. 143-341(3) and G.S. 143-135.1, the Board shall, with respect to the design, construction, or renovation of buildings, utilities, and other property developments of The University of North Carolina requiring the estimated expenditure of public money of ~~two million dollars (\$2,000,000)~~ four million dollars (\$4,000,000) or less:

- (1) Conduct the fee negotiations for all design contracts and supervise the letting of all construction and design contracts.
- (2) Develop procedures governing the responsibilities of The University of North Carolina and its affiliated and constituent institutions to perform the duties of the Department of Administration and the Director or Office of State Construction under G.S. 133-1.1(d) and G.S. 143-341(3).
- (3) Develop procedures and reasonable limitations governing the use of open-end design agreements, subject to G.S. 143-64.34 and the approval of the State Building Commission.
- (4) Use existing plans and specifications for construction projects, where feasible. Prior to designing a project, the Board shall consult with the Department of Administration on the availability of existing plans and specifications and the feasibility of using them for a project."

PART XL. TRANSPORTATION

CASH FLOW HIGHWAY FUND AND HIGHWAY TRUST FUND APPROPRIATIONS

SECTION 40.1.(a) Subsections (b) and (c) of Section 41.1 of S.L. 2021-180 read as rewritten:

"SECTION 41.1.(b) The General Assembly authorizes and certifies anticipated revenues for the Highway Fund as follows:

For Fiscal Year 2023-2024	\$2,628.0 <u>\$2,811.7</u> million
For Fiscal Year 2024-2025	\$2,724.2 <u>\$2,938.4</u> million
For Fiscal Year 2025-2026	\$2,814.8 <u>\$2,975.4</u> million
For Fiscal Year 2026-2027	\$2,833.6 <u>\$3,008.3</u> million
For Fiscal Year 2027-2028	\$2,875.9 <u>\$3,039.1</u> million

"SECTION 41.1.(c) The General Assembly authorizes and certifies anticipated revenues for the Highway Trust Fund as follows:

For Fiscal Year 2023-2024	\$1,758.1 <u>\$1,857.0</u> million
For Fiscal Year 2024-2025	\$1,797.5 <u>\$1,906.0</u> million
For Fiscal Year 2025-2026	\$1,809.0 <u>\$1,985.4</u> million
For Fiscal Year 2026-2027	\$1,843.8 <u>\$2,044.7</u> million
For Fiscal Year 2027-2028	\$1,878.7 <u>\$2,094.4</u> million"

OSBM/CERTIFY FERRY FUND CODE

SECTION 40.2. Section 41.15A of S.L. 2021-180 reads as rewritten:

"SECTION 41.15A.(a) The Director of the Office of State Budget and Management (OSBM), in consultation with the Chief Financial Officer of the Department of Transportation, shall certify for Fund Code 7825 line item expenditure accounts in the major account groups per the State Budget Manual and the Office of the State Controller's Chart of Accounts as appropriated by the General Assembly.

"SECTION 41.15A.(b) Positions in Fund Code 7825 shall be budgeted to the Personal Services major account group and shall not be budgeted to agency receipts.

"SECTION 41.15A.(c) The requirements set out in subsections (a) and (b) of this section shall be implemented on or before June 30, 2023."

CREDIT RESERVE FOR THE HIGHWAY FUND

SECTION 40.3. G.S. 136-44.2.(f1) reads as rewritten:

"(f1) The credit reserve for the Highway Fund consists of the following:

- (1) The unreserved credit balance in the Highway Fund on the last day of the fiscal year to the extent the balances exceed the amount estimated for that date in the Current Operations Appropriations Act for the following fiscal year.
- (2) The unallotted and unencumbered balances on the last day of the fiscal year for the following:
 - a. Funds appropriated from the Highway Fund for the multimodal programs of the Department, consisting of funds for bicycle and pedestrian, ferry, railroad, aviation, and public transportation programs, excluding funds deposited in the Freight Rail & Rail Crossing Safety Improvement Fund.
 - b. Funds appropriated from the Highway Fund for the construction programs of the Department, consisting of funds for ~~secondary construction~~—access and public service roads, spot safety improvement, small urban construction, and economic development programs.
- (3) The unencumbered and unexpended balances on the last day of the fiscal year for the following:
 - a. Central and program administration.
 - b. Transfers to other State agencies or departments not used or returned.
- (4) The remaining balance for (i) any open project that has been inactive for two or more years after construction of the project has been completed or (ii) any project that is not obligated during the first two fiscal years in which funds are appropriated."

EXTEND AUTHORIZATION DATE FOR ISSUANCE OF BUILD NC BONDS

SECTION 40.4. Section 7 of S.L. 2018-16 reads as rewritten:

"SECTION 7. This act becomes effective January 1, 2019, and expires December 31, 2028-2032."

REALLOCATION OF UNSPENT DISASTER RELIEF FUNDS

SECTION 40.5. Section 1.7 of S.L. 2019-251 reads as rewritten:

"DISASTER RELIEF FUNDS

"SECTION 1.7. In addition to any other funds appropriated during the 2019-2020 fiscal year, there is appropriated from the General Fund to the Department of Transportation the sum of thirty-six million dollars (\$36,000,000) to be used as follows:

- (1) \$30,000,000 for current and future activities related to recovery from Hurricane Dorian such as debris removal and repair of highway infrastructure

1 damage. Any remaining funds not required for Hurricane Dorian expenses
2 shall be used to continue the Department's Resilience Program.

3 (2) \$2,000,000 for the Living Shoreline projects.

4 (3) \$2,000,000 to expand the Flood Inundation Mapping Alert Network for
5 Transportation.

6 (4) \$2,000,000 for a Flood Risk and Vulnerability Assessment on the Strategic
7 Highway Corridor System."
8

9 **FINANCIAL SUPPORT FOR BICYCLE AND PEDESTRIAN IMPROVEMENT**
10 **PROJECTS**

11 **SECTION 40.6.** G.S. 136-189.11(d)(3)c. is repealed.
12

13 **REVISE REVOCATION FOR FAILURE TO APPEAR OR PAY FINES AND**
14 **PENALTIES**

15 **SECTION 40.7.(a)** G.S. 20-24.1 reads as rewritten:

16 **"§ 20-24.1. Revocation for failure to appear or pay fine, penalty or costs for motor vehicle**
17 **offenses.**

18 (a) The Division must revoke the driver's license of a person upon receipt of notice from
19 a court that the person was charged with a motor vehicle offense and ~~he~~ the person did one of the
20 following:

21 (1) ~~failed~~ Failed to appear, after being notified to do so, when the case was called
22 for a trial ~~or hearing; or hearing.~~

23 (2) ~~failed~~ Failed to pay a fine, penalty, or court costs ordered by the court.
24 Revocation orders entered under the authority of this section are effective on
25 18 the sixtieth day after the order is mailed or personally delivered to the
26 person.

27 (3) Failed to pay a minimum of ten dollars (\$10.00) a month towards the judgment
28 pursuant to subsection (h) of this section as ordered by the court to satisfy any
29 outstanding penalty, fine, or costs.

30 (b) ~~A-Except as provided in subsection (g) of this section, a license revoked under this~~
31 ~~section remains revoked until the person whose license has been revoked; one of the following~~
32 occurs:

33 (1) The person disposes of the charge in the trial division in which ~~he~~ the person
34 failed to appear when the case was last called for trial or hearing; or hearing.

35 (2) The person demonstrates to the court that ~~he~~ the person the person is not the
36 person charged with the ~~offense; or offense.~~

37 (3) The person pays the penalty, fine, or costs ordered by the ~~court; or court.~~

38 (4) The person demonstrates to the court that ~~his~~ the person's failure to pay the
39 penalty, fine, or costs was not willful and that ~~he~~ the person is making a good
40 faith effort to pay or that the penalty, fine, or costs should be remitted.

41 (5) The court orders any outstanding penalty, fine, or costs be satisfied pursuant
42 to subsection (h) of this section.

43 Upon receipt of notice from the court that the person has satisfied the conditions of this
44 subsection applicable to his case, the Division must restore the person's license as provided in
45 subsection ~~(e)-(c)~~ of this section. In addition, if the person whose license is revoked is not a
46 resident of this State, the Division may notify the driver licensing agency in the person's state of
47 residence that the person's license to drive in this State has been revoked.

48 (b1) A defendant must be afforded an opportunity for a trial or a hearing within a
49 reasonable time of the defendant's appearance. Upon motion of a defendant, the court must order
50 that a hearing or a trial be heard within a reasonable time.

(c) If the person satisfies the conditions of subsection ~~(b)~~ of this section, that are applicable to ~~his-the person's~~ case before the effective date of the revocation order, the revocation order and any entries on ~~his-the person's~~ driving record relating to it shall be deleted and the person does not have to pay the restoration fee set by G.S. 20-7(i1). ~~For~~ Except as otherwise provided in subsection (g) of this section, for all other revocation orders issued pursuant to this section, G.S. 50-13.12 or G.S. 110-142.2, the person must pay the restoration fee and satisfy any other applicable requirements of this Article before the person may be relicensed.

(d) To facilitate the prompt return of licenses and to prevent unjustified charges of driving while license revoked, the clerk of court, upon request, must give the person a copy of the notice it sends to the Division to indicate that the person has complied with the conditions of subsection ~~(b)~~ (b) of this section, applicable to ~~his-the persons'~~ case. If the person complies with the condition before the effective date of the revocation, the notice must indicate that the person is eligible to drive if ~~he-the person~~ is otherwise validly licensed.

(e) As used in this section and in G.S. 20-24.2, the word offense includes crimes and infractions created by this Chapter.

(f) If a license is revoked under subdivision (2) of subsection (a) of this section, and for no other reason, the person subject to the order may apply to the court for a limited driving privilege valid for up to one year or until any fine, penalty, or court costs ordered by the court are paid. The court may grant the limited driving privilege in the same manner and under the terms and conditions prescribed in G.S. 20-16.1. A person is eligible to apply for a limited driving privilege under this subsection only if the person has not had a limited driving privilege granted under this subsection within the three years prior to application.

(g) Except for a revocation order entered under this section resulting from a charge of impaired driving, the Division shall lift a revocation for failure to appear pursuant to subdivision (1) of subsection (a) of this section 12 months after the effective date of revocation if the person 34 furnishes proof to the satisfaction of the Division that the person is maintaining financial responsibility as provided in G.S. 20-279.21. Any person whose drivers license was unencumbered pursuant to this subsection who drives any motor vehicle on the highways of the State without maintaining financial responsibility is guilty of failure to maintain financial responsibility pursuant to G.S. 20-313 and driving while license revoked pursuant to G.S. 20-28(a4).

(h) A person may petition the court to order the Division to lift the revocation on the condition that the person pay a minimum of ten dollars (\$10.00) a month towards the judgment which resulted in revocation, to the clerk of superior court in the county where the judgment was entered, every month until the judgment is paid in full. The court shall grant the petition if the person can show that the person has had no conviction for any traffic offense in the 12 months prior to the petition. If the person fails to make a payment of ten dollars (\$10.00) or more for a period of 60 days, the clerk shall notify the Division of the lapse. When notified, the Division shall revoke the person's drivers license in accordance with subsection (a) of this section."

SECTION 40.7.(b) G.S. 20-7(i1) reads as rewritten:

"(i1) Restoration Fee. – Any person whose drivers license has been revoked pursuant to the provisions of this Chapter, other than G.S. 20-17(a)(2) shall pay a restoration fee of sixty five dollars (\$65.00). A person whose drivers license has been revoked under G.S. 20-17(a)(2) shall pay a restoration fee of one hundred thirty dollars (\$130.00). The fee shall be paid to the Division prior to the issuance to such person of a new drivers license or the restoration of the drivers license. The restoration fee shall be paid to the Division in addition to any and all fees which may be provided by law. This restoration fee shall not be required from any licensee whose license was revoked or voluntarily surrendered for medical or health reasons whether or not a medical evaluation was conducted pursuant to this Chapter. The sixty five dollar (\$65.00) fee, and the first one hundred five dollars (\$105.00) of the one hundred thirty dollar (\$130.00) fee, shall be deposited in the Highway Fund. Twenty five dollars (\$25.00) of the one hundred thirty dollar

(§130.00) fee shall be used to fund a statewide chemical alcohol testing program administered by the Forensic Tests for Alcohol Branch of the Chronic Disease and Injury Section of the Department of Health and Human Services. Notwithstanding any other provision of law, a restoration fee assessed pursuant to this subsection may be waived by the Division when (i) the restoration fee remains unpaid for more than 10 years from the date of assessment and (ii) the person responsible for payment of the restoration fee has been issued a drivers license by the Division after the effective date of the revocation for which the restoration fee is owed. The Division may also allow the person to pay restoration fees and other service fees on a sliding scale adjusted to reflect the person's ability to pay on a finding by the Commissioner that the license holder has shown good cause for not being able to pay the full amount. The Office of State Budget and Management shall annually report to the General Assembly the amount of fees deposited in the General Fund and transferred to the Forensic Tests for Alcohol Branch of the Chronic Disease and Injury Section of the Department of Health and Human Services under this subsection."

SECTION 40.7.(c) This section becomes effective December 1, 2022, and applies to revocations and suspensions before, on, or after that date.

REVISE REVOCATION FOR MOVING OFFENSE COMMITTED WHILE LICENSE SUSPENDED OR REVOKED

SECTION 40.8.(a) G.S. 20-28.1 reads as rewritten:

"§ 20-28.1. Conviction of moving offense committed while driving during period of suspension or revocation of license.

(a) Upon receipt of notice of conviction of any person of a motor vehicle moving offense, such offense having been committed while such person's driving privilege was in a state of suspension or revocation, the Division shall revoke such person's driving privilege for an additional period of time as set forth in ~~subsection (b) hereof.~~ subsection (b) of this section. For purposes of this section a violation of G.S. 20-7(a), 20-24.1, or 20-28(a) or (a2) shall not be considered a "motor vehicle moving offense" unless the offense occurred in a commercial motor vehicle or the person held a commercial drivers license at the time of the offense. A violation of G.S. 20-313 is considered a "motor vehicle moving offense" for the purposes of this section.

(b) When a driving privilege is subject to revocation under this section, the additional period of revocation shall be as follows:

- (1) ~~A first such revocation shall be for one year;~~ For a first offense under this section, there is no additional period of revocation if (i) the offense which resulted in the underlying revocation has been resolved or (ii) the person is complying with a payment plan ordered by the court to satisfy any outstanding penalty, fine, or costs related to the offense which resulted in the underlying revocation.
- (2) ~~A second such revocation shall be for two years;~~ For a second offense under this section, the additional period of revocation is one year.
- (3) ~~A third or subsequent such revocation shall be permanent.~~ For a third and subsequent offense under this section, the additional period of revocation is two years, except that if the person committed the offense while the person's driving privilege was revoked or suspended for impaired driving, the revocation is permanent.

(c) A person whose license has been revoked under this section for one year may apply for a license after 90 days. A person whose license has been revoked under this section for two years may apply for a license after 12 months. A person whose license has been revoked under this section permanently may apply for a license after three years. Upon the filing of an application, the Division may, with or without a hearing, issue a new license upon satisfactory proof that the former licensee has not been convicted of a moving violation under this Chapter

or the laws of another state, or a violation of any provision of the alcoholic beverage laws of this State or another state, or a violation of any provision of the drug laws of this State or another state when any of these violations occurred during the revocation period. The Division may impose any restrictions or conditions on the new license that the Division considers appropriate for the balance of the revocation period. When the revocation period is permanent, the restrictions and conditions imposed by the Division may not exceed three years. A person that applies for a license under this subsection must furnish proof to the satisfaction of the Division that the person is maintaining financial responsibility as required by G.S. 20-279.21. Any person whose drivers license was issued pursuant to this subsection who drives any motor vehicle on the highways of the State without maintaining financial responsibility in violation of G.S. 20-313 is guilty of failure to maintain financial responsibility pursuant to G.S. 20-313 and driving while license revoked pursuant to G.S. 20-28(a4).

...."

SECTION 40.8.(b) This section becomes effective December 1, 2022, and applies to convictions entered before, on, or after that date.

SECTION 40.8.(c) G.S. 20-28 reads as rewritten:

"§ 20-28. Unlawful to drive while license revoked, after notification, or while disqualified.

(a) Driving While License Revoked. – Except as provided in subsections (a1) or (a2) of this section, any person whose drivers license has been revoked who drives any motor vehicle upon the highways of the State while the license is revoked is guilty of a Class 3 misdemeanor.

(a1) Driving While License Revoked for Impaired Driving. – Any person whose drivers license has been revoked for an impaired driving revocation as defined in G.S. 20-28.2(a) and who drives any motor vehicle upon the highways of the State is guilty of a Class 1 misdemeanor. Upon conviction, the person's license shall be revoked for an additional period of one year for the first offense, two years for the second offense, and permanently for a third or subsequent offense. If the person's license was originally revoked for an impaired driving revocation, the court may order as a condition of probation that the offender abstain from alcohol consumption and verify compliance by use of a continuous alcohol monitoring system, of a type approved by the Division of Adult Correction and Juvenile Justice of the Department of Public Safety, for a minimum period of 90 days. The restoree of a revoked driver's license who operates a motor vehicle upon the highways of the State without maintaining financial responsibility as provided by law shall be punished as for driving without a license.

(a2) Driving Without Reclaiming License. – A person convicted under subsection (a) or (a1) of this section shall be punished as if the person had been convicted of driving without a license under G.S. 20-35 if the person demonstrates to the court that either of the following is true:

(1) At the time of the offense, the person's license was revoked solely under G.S. 20-16.5 and one of the following applies:

a. The offense occurred more than 45 days after the effective date of a revocation order issued under G.S. 20-16.5(f) and the period of revocation was 45 days as provided under subdivision (3) of that subsection; or

b. The offense occurred more than 30 days after the effective date of the evocation order issued under any other provision of G.S. 20-16.5. 5
(2) At the time of the offense the person had met the requirements of G.S. 50-13.12, or G.S. 110-142.2 and was eligible for reinstatement of the person's drivers license privilege as provided therein.

In addition, a person punished under this subsection shall be treated for drivers license and insurance rating purposes as if the person had been convicted of driving without a license under G.S. 20-35, and the conviction report sent to the Division must indicate that the person is to be so treated.

(a3) Driving After Notification or Failure to Appear. – A person shall be guilty of a Class 1 misdemeanor if:

- (1) The person operates a motor vehicle upon a highway while that person's license is revoked for an impaired drivers license revocation after the Division has sent notification in accordance with G.S. 20-48; or
- (2) The person fails to appear for two years from the date of the charge after being charged with an implied-consent offense.

Upon conviction, the person's drivers license shall be revoked for an additional period of one year for the first offense, two years for the second offense, and permanently for a third or subsequent offense. The restoree of a revoked drivers license who operates a motor vehicle upon the highways of the State without maintaining financial responsibility as provided by law shall be punished as for driving without a license.

(a4) Driving After Restoration Without Insurance. – In addition to the penalty for violating G.S. 20-313, a person shall be guilty of a Class 1 misdemeanor if the person operates a motor vehicle upon a highway without maintaining financial responsibility as provided by law after the Division has restored the license pursuant to G.S. 20-24.1(g), as provided in G.S. 20-28.1(c).

...."

SECTION 40.8.(d) The Division of Motor Vehicles shall adopt rules to implement this section and provide a designation for the new offense of Driving After Restoration Without Insurance in the digital platform used by law enforcement.

SECTION 40.8.(e) Subsection (a) of this section becomes effective December 1, 2021, and applies to offenses committed on or after that date. The remainder of this section is effective when this act becomes law.

SECTION 40.8.(f) Section 7 of S.L. 2015-186, as amended by Section 86 of S.L. 2015-264, reads as rewritten:

"**SECTION 7.** This act becomes effective December 1, 2015, and applies to offenses committed ~~on or on, before, or after that date. Prosecutions for offenses committed before the effective date of this act are not abated or affected by this act, date,~~ and the statutes that would be applicable but for this act remain applicable to those prosecutions."

SECTION 40.8.(g) The Administrative Office of the Courts shall adopt rules to implement this act and adopt automation which will properly reflect the lifting of a revocation.

PART XLI. FINANCE [RESERVED]

PART XLII. MISCELLANEOUS

STATE BUDGET ACT APPLIES

SECTION 42.1. The provisions of the State Budget Act, Chapter 143C of the General Statutes, are reenacted and shall remain in full force and effect and are incorporated in this act by reference.

MOST TEXT APPLIES ONLY TO THE 2021-2023 FISCAL BIENNIUM

SECTION 42.2. Except for statutory changes or other provisions that clearly indicate an intention to have effects beyond the 2021-2023 fiscal biennium, the textual provisions of this act apply only to funds appropriated for, and activities occurring during, the 2021-2023 fiscal biennium.

EFFECT OF HEADINGS

SECTION 42.3. The headings to the Parts, Subparts, and sections of this act are a convenience to the reader and are for reference only. The headings do not expand, limit, or define the text of this act, except for effective dates referring to a Part or Subpart.

SEVERABILITY CLAUSE

SECTION 42.4. If any section or provision of this act is declared unconstitutional or invalid by the courts, it does not affect the validity of this act as a whole or any part other than the part so declared to be unconstitutional or invalid.

EFFECTIVE DATE

SECTION 42.5. Except as otherwise provided, this act is effective July 1, 2022.