

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2021

FILED SENATE
Apr 6, 2021
S.B. 622
PRINCIPAL CLERK

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SENATE BILL DRS45257-MLxfa-101C

Short Title: 2021 Governor's Budget. (Public)

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

Referred to:

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

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 2021."

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 for the budgets of the State departments, institutions, and agencies, and for other purposes as enumerated, are made for each year of the 2021-2023 fiscal biennium, according to the following schedule:

Current Operations – General Fund	FY 2021-2022	FY 2022-2023
EDUCATION		
Community College System	1,432,724,578	1,420,069,224
Public Instruction	11,131,752,838	11,651,562,774
Appalachian State University	\$149,908,008	\$149,908,008



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1	East Carolina University		
2	Academic Affairs	\$237,020,776	\$237,023,882
3	Health Affairs	\$78,885,988	\$78,885,988
4	Elizabeth City State University	\$37,428,716	\$37,428,716
5	Fayetteville State	\$56,759,060	\$56,759,060
6	NC A&T State University	\$100,216,469	\$102,732,073
7	NC Central University	\$90,190,962	\$88,690,962
8	NC State University		
9	Academic Affairs	\$430,077,583	\$430,138,733
10	Agricultural Extension	\$41,475,407	\$41,475,407
11	Agricultural Research	\$55,527,028	\$55,527,028
12	UNC-Asheville	\$41,742,078	\$41,742,078
13	UNC-Chapel Hill		
14	Academic Affairs	\$282,468,198	\$282,468,198
15	Health Affairs	\$202,537,781	\$202,537,781
16	AHEC	\$54,548,874	\$54,548,874
17	UNC-Charlotte	\$260,161,673	\$260,161,673
18	UNC-Greensboro	\$181,883,221	\$181,883,221
19	UNC-Pembroke	\$79,821,812	\$79,820,733
20	UNC-School of the Arts	\$34,894,255	\$34,894,255
21	UNC-Wilmington	\$147,888,777	\$147,888,777
22	Western Carolina University	\$133,841,637	\$133,879,328
23	Winston-Salem State University	\$67,004,094	\$66,504,094
24	General Administration	\$44,758,667	\$44,758,667
25	University Institutional Programs	\$402,786,427	\$558,475,983
26	Related Educational Programs	\$125,640,501	\$133,443,751
27	NC School of Science and Math	\$26,924,672	\$26,924,672
28	Aid to Private Institutions	\$167,349,756	\$185,849,756
29	Total – University of North Carolina	\$3,531,742,420	\$3,714,351,698
30			
31	HEALTH AND HUMAN SERVICES		
32	Department of Health and Human Services		
33	Aging and Adult Services	57,796,400	57,879,301
34	Central Management and Support	208,424,991	208,958,534
35	Child Development and Early Education	251,368,114	276,612,732
36	Health Benefits	4,069,530,904	4,628,434,153
37	Health Services Regulation	23,319,672	24,034,219
38	Mental Hlth/Dev. Disabl./Subs. Abuse Serv.	835,855,328	844,608,700
39	Public Health	171,399,274	175,060,760
40	Services for the Blind, Deaf and Hard of Hearing	9,016,973	9,126,300
41	Social Services	212,985,919	213,940,500
42	Vocational Rehabilitation	42,410,103	41,892,928
43	Total Health and Human Services	5,882,107,678	6,480,548,127
44			
45	AGRICULTURE, NATURAL, AND ECONOMIC RESOURCES		
46	Agriculture and Consumer Services	152,533,429	149,937,142
47			
48	Department of Commerce		
49	Commerce	14,590,436	15,150,890
50	General State Aid	19,155,810	19,155,810
51	Economic Development	147,175,700	170,175,700

1			
2	Environmental Quality	145,238,498	133,487,536
3			
4	Labor	23,992,455	24,506,693
5			
6	Department of Natural and Cultural Resources		
7	Natural and Cultural Resources	215,857,072	214,932,002
8	Roanoke Island	590,328	590,328
9			
10	Wildlife Resources Commission	13,701,079	14,002,646
11			
12	JUSTICE AND PUBLIC SAFETY		
13	Judicial Department	653,859,151	668,876,476
14			
15	Judicial Department – Indigent Defense Services	142,021,396	152,581,619
16			
17	Department of Justice	63,471,445	61,889,725
18			
19	Department of Public Safety	2,450,167,703	2,475,798,251
20			
21	GENERAL GOVERNMENT		
22			
23	Department of Administration	75,423,383	63,108,394
24			
25	Office of Administrative Hearings	7,350,101	7,507,187
26			
27	State Board of Elections	10,801,670	10,329,678
28			
29	Office of State Auditor	16,543,955	16,935,699
30			
31	Office of State Controller	30,081,779	31,592,208
32			
33	General Assembly	82,023,510	81,736,245
34			
35	Office of the Governor	6,764,054	6,897,892
36			
37	Office of State Budget and Management		
38	Office of State Budget and Management	11,029,977	11,216,556
39	OSBM – Reserve for Special Appropriations	2,000,000	2,000,000
40			
41	Housing Finance Agency	18,320,000	18,320,000
42			
43	Office of State Human Resource	12,374,712	13,296,573
44			
45	Department of Insurance		
46	Insurance	46,999,830	47,868,084
47	Insurance – Industrial Commission	9,173,603	9,316,257
48			
49	Office of Lieutenant Governor	1,060,186	1,083,866
50			
51	Department of Military and Veterans Affairs	15,208,815	14,369,044

Department of Revenue	115,674,781	116,964,109
Department of Secretary of State	18,611,994	18,484,540
Department of State Treasurer		
Treasurer	5,465,106	5,502,186
Treasurer – Retirement for Fire and		
Rescue Squad Workers	32,370,423	32,720,423
Information Technology	61,308,332	61,711,145
RESERVES, DEBT, AND OTHER BUDGETS		
General Debt Service	686,250,070	693,199,242
Federal Debt Service	1,616,380	1,616,380
Statewide Reserves		
OSHR Minimum of Market Adjustment	3,500,000	3,500,000
Reserve for Salary Adjustments	6,450,000	6,450,000
Contingent and Emergency Reserve	2,000,000	2,000,000
Workers Compensation Settlement Reserve	5,000,000	5,000,000
IT Rate Reserve	1,720,000	1,720,000
State Capital Infrastructure Fund	15,000,000	15,000,000

Total Net Appropriation **27,320,804,677** **28,667,062,349**

SECTION 2.1.(b) For purposes of this act and the Committee Report described in Section 42.2 of this act, the requirements set forth in this section represent the total amount of funds, including agency receipts, appropriated to an agency, department, or institution.

GENERAL FUND AVAILABILITY

SECTION 2.2.(a) The General Fund availability derived from State tax revenue, nontax revenue, and other adjustments used in developing the budget for each year of the 2021-2023 fiscal biennium is as follows:

	FY 2021-2022	FY 2022-2023
Unappropriated Balance	457,272,694	1,740,186,752
Anticipated Reversions	400,000,000	-
Projected Over Collections	4,136,300,000	-
Total, Prior Year End Fund Balance	4,993,572,694	1,740,186,752
Statutory Earmark	(575,200,000)	-
Educator Bonuses in May 2021	(447,408,350)	-
Beginning Unreserved Fund Balance	3,970,964,344	1,740,186,752
Tax Revenues		
Personal Income	\$14,456,300,000	\$14,954,600,000
Sales and Use	\$8,890,500,000	\$9,222,200,000
Corporate Income	\$867,500,000	\$912,300,000
Franchise	\$733,400,000	\$745,400,000

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1	Insurance	\$792,900,000	\$955,300,000
2	Alcoholic Beverage	\$446,700,000	\$465,800,000
3	Tobacco Products	\$253,600,000	\$252,400,000
4	Other Tax Revenue	\$144,600,000	\$145,400,000
5	Subtotal, Tax Revenues	\$26,585,500,000	\$27,653,400,000
6			
7	Non-tax Revenues		
8	Judicial Fees	\$190,400,000	\$218,400,000
9	Investment Income	\$29,300,000	\$33,200,000
10	Disproportionate Share	\$115,400,000	\$122,500,000
11	Master Settlement Agreement	\$127,000,000	\$123,600,000
12	Insurance	\$91,100,000	\$92,400,000
13	Other Non-tax Revenues	\$211,900,000	\$218,000,000
14	Subtotal, Non-tax Revenue	\$765,100,000	\$808,100,000
15			
16	Total, Net Revenues	27,350,600,000	28,461,500,000
17			
18	Adjustments to Tax Revenues: 2021 Session		
19	Earned Income Tax Credit	(146,500,000)	(121,200,000)
20	Child and Dependent Care Tax Credit	(219,000,000)	(87,100,000)
21	Subtotal, Adjustments to Tax Revenue	(365,500,000)	(208,300,000)
22			
23	Savings and Contingencies		
24	Additional Transfer to the Savings Reserve	(524,800,000)	—
25	Medicaid Contingency Fund	(150,000,000)	—
26	Medicaid Transformation Reserve	(64,000,000)	(160,000,000)
27	Retiree Health Benefits Fund (OPEB Liability)	(150,000,000)	—
28	Subtotal, Savings and Contingencies	(888,800,000)	(160,000,000)
29			
30	Infrastructure and Resiliency Reserves		
31	Capital Improvements Projects Reserve		
32	Plan and Design Bond Projects	(106,063,500)	—
33	UNC System Repairs and Renovations	(143,555,000)	—
34	UNC System Renovation & Modernization	—	(462,170,000)
35	State Agency Recommendations	(173,941,234)	—
36	State Agency Repairs and Renovations	(75,000,000)	(75,000,000)
37	Repairs and Renovations – Energy Efficiency Projects	(50,000,000)	(50,000,000)
38	Energy and Environment Reserve	(225,000,000)	(175,000,000)
39	Information Technology Reserve	(169,925,950)	(157,911,556)
40	State Emergency Response and Disaster Relief Fund	(100,000,000)	—
41	Subtotal, Infrastructure and Resiliency	(1,043,485,684)	(920,081,556)
42			
43	Other Adjustments to Availability		
44	Disproportionate Share Transfer	33,400,000	33,400,000
45	Adjustment to Transfer from Department of Insurance	3,292,412	4,160,666
46	Adjustment to Transfer from State Treasurer	520,450	557,530
47	Subtotal, Other Adjustments	(37,212,862)	(38,118,196)
48			
49	Total, Adjustments and Reservations	(2,260,572,822)	(1,250,263,360)
50			
51	Revised Total Net General Fund Availability	29,060,991,522	28,951,423,485

Less General Fund Net Appropriations	(27,320,804,677)	(28,667,062,349)
Unappropriated Balance Remaining	1,740,186,845	284,361,136

SECTION 2.2.(b) Notwithstanding G.S. 143C-4-2, the State Controller shall transfer a total of five hundred twenty-four million eight hundred thousand dollars (\$524,800,000) from the unreserved fund balance to the Savings Reserve on June 30, 2021. This transfer is not an "appropriation made by law," as that phrase is used in Section 7(1) of Article V of the North Carolina Constitution. This subsection becomes effective June 30, 2021.

SECTION 2.2.(c) The State Controller shall reserve to the Medicaid Transformation Reserve from funds available in the General Fund the sum of sixty-four million dollars (\$64,000,000) in nonrecurring funds for the 2021-2022 fiscal year and the sum of one hundred sixty million dollars (\$160,000,000) in nonrecurring funds for the 2022-2023 fiscal year. Funds reserved in the Medicaid Transformation Reserve 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.

SECTION 2.2.(d) The State Controller shall transfer from the Medicaid Transformation Reserve in the General Fund to the Medicaid Transformation Fund, established under Section 12H.29 of S.L. 2015-241, the sum of two hundred seventy-five million two hundred fifty-one thousand three hundred two dollars (\$275,251,302) for the 2021-2022 fiscal year and the sum of one hundred sixty-three million two hundred thirty-two thousand three hundred twenty-three dollars (\$163,232,323) for the 2022-2023 fiscal year.

SECTION 2.2.(e) The State Controller shall reserve to the Medicaid Contingency Reserve from funds available in the General Fund the sum of one hundred fifty million dollars (\$150,000,000) in nonrecurring funds for the 2021-2022 fiscal year. Funds reserved in the Medicaid Contingency Reserve 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.

SECTION 2.2.(f) The State Controller shall transfer the sum of one hundred fifty million dollars (\$150,000,000) from the unreserved fund balance in the General Fund to the Retiree Healthcare Reserve (OPEB Liability). This section becomes effective June 30, 2021.

SECTION 2.2.(g) Notwithstanding the provisions of G.S. 143C-4-3(a), the State Controller shall transfer one hundred twenty-five million dollars (\$125,000,000) from the unreserved fund balance to the Repairs and Renovations Reserve on June 30, 2021 and one hundred twenty-five million dollars (\$125,000,000) from the unreserved fund balance to the Repairs and Renovations Reserve on June 30, 2022. This subsection becomes effective June 30, 2021. Funds transferred under this section to the Repairs and Renovations Reserve are appropriated for the 2021-2022 fiscal year and the 2022-2023 fiscal year.

SECTION 2.2.(h) The State Controller shall transfer the sum of four hundred twenty-three million five hundred fifty-nine thousand seven hundred thirty-four dollars (\$423,559,734) from the unreserved fund balance in the General Fund to the Project Reserve Account on June 30, 2021 and the sum of four hundred sixty-two million one hundred seventy thousand dollars (\$462,170,000) from the unreserved fund balance in the General Fund to the Project Reserve Account on June 30, 2022. This section becomes effective June 30, 2021. Funds transferred under this section to Project Reserve are appropriated for the 2021-2022 fiscal year and the 2022-2023 fiscal year and shall be used in accordance with Section 39.2 of this act.

SECTION 2.2.(i) There is established an Energy and Environment Reserve which shall make funds available for expenditure only upon an act of appropriation by the General Assembly. The State Controller shall transfer the sum of two hundred twenty-five million dollars (\$225,000,000) from the unreserved fund balance in the General Fund to the Energy and Environment Reserve on June 30, 2021 and the sum of five million dollars (\$225,000,000) from the unreserved fund balance in the General Fund to the Energy and Environment Reserve on June

30, 2022. This section becomes effective June 30, 2021. Funds transferred under this section to Energy and Environment Reserve are appropriated for the 2021-2022 fiscal year and the 2022-2023 fiscal year and shall be used in accordance with this act.

SECTION 2.2.(j) There is established an Information Technology Reserve which shall make funds available for information technology project expenditure only upon an act of appropriation by the General Assembly. The State Controller shall transfer the sum of one hundred sixty-nine million nine hundred twenty-five thousand nine hundred fifty dollars (\$169,925,950) from the unreserved fund balance in the General Fund to the Information Technology Reserve on June 30, 2021 and the sum of one hundred fifty-seven million nine hundred eleven thousand five hundred fifty-six dollars (\$157,911,556) from the unreserved fund balance in the General Fund to the Information Technology Reserve on June 30, 2022. This section becomes effective June 30, 2021. Funds transferred under this section to Information Technology Reserve are appropriated for the 2021-2022 fiscal year and the 2022-2023 fiscal year and shall be used in accordance with this act.

SECTION 2.2.(k) Notwithstanding G.S. 143C-4-2, the State Controller shall transfer a total of one hundred million dollars (\$100,000,000) from the unreserved fund balance to the State Emergency Response and Disaster Relief Fund in the General Fund on June 30, 2021. This subsection becomes effective June 30, 2021.

PART III. HIGHWAY FUND AND HIGHWAY TRUST FUND

CURRENT OPERATIONS AND EXPANSION/HIGHWAY FUND

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

Current Operations – Highway Fund	FY 2021-2022	FY 2022-2023
Department of Transportation		
Administration	\$107,682,978	\$107,913,734
Division of Highways		
Administration	37,778,665	37,640,003
Construction	77,543,078	77,543,078
Maintenance	1,572,796,129	1,540,046,777
Governor's Highway Safety Program	305,546	305,546
OSHA Program	358,030	358,030
State Aid to Municipalities	143,102,801	143,102,801
Intermodal Divisions		
Ferry	59,975,639	57,475,639
Public Transportation, Bicycle, and Pedestrian	117,655,897	102,655,897
Aviation	128,470,275	130,170,275
Rail	64,613,338	54,613,338
Division of Motor Vehicles	152,540,570	152,541,027
Compensation, Benefits, Reserves, Transfers, and Other	57,934,195	71,280,349
Capital Improvements	10,742,859	15,453,506

Total Highway Trust Fund Appropriations	2,531,500,000	2,491,100,000
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HIGHWAY FUND AVAILABILITY

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
Motor Fuels Tax	\$1,643,400,000	\$1,594,000,000
Highway Short Term Lease	10,000,000	10,000,000
Licenses and Fees	871,600,000	878,900,000
Investment Income	1,500,000	1,500,000
NCRR Dividend Payment	0	0
Aviation Fuel Tax	5,000,000	6,700,000
Total Highway Fund Availability	\$2,531,500,000	\$2,491,100,000

HIGHWAY TRUST FUND APPROPRIATIONS

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

Current Operations – Highway Trust Fund	FY 2021-2022	FY 2022-2023
Program Administration	\$40,220,546	\$40,220,546
Bonds	93,042,400	93,047,650
Turnpike Authority	49,033,392	49,033,392
State Ports Authority	45,000,000	45,000,000
FHWA State Match	5,104,440	5,104,440
Strategic Prioritization Funding Plan for Transportation Investments	1,251,599,222	1,400,393,972
Transfer to Visitor Center	400,000	400,000
Total Highway Trust Fund Appropriations	\$1,484,400,000	\$1,633,200,000

HIGHWAY TRUST FUND AVAILABILITY

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
Highway Use Tax	\$910,000,000	\$934,300,000
Motor Fuels Tax	411,900,000	532,500,000
Fees	161,000,000	164,900,000
Investment Income	1,500,000	1,500,000
Total Highway Trust Fund Availability	\$1,484,400,000	\$1,633,200,000

PART IV. OTHER AVAILABILITY AND APPROPRIATIONS

CASH BALANCES AND OTHER APPROPRIATIONS

SECTION 4.1.(a) Cash balances, federal funds, departmental receipts, grants, and gifts from the General Fund, revenue funds, enterprise funds, and internal service funds are appropriated for the 2021-2023 fiscal biennium as follows:

(1) For all budget codes listed in the Governor's Recommended Budget for the 2021-2023 fiscal biennium, dated March 2021, and in the Budget Support Document, fund balances and receipts are appropriated up to the amounts specified, as adjusted by the General Assembly, for the 2021-2022 fiscal year and the 2022-2023 fiscal year. Funds may be expended only for the programs, purposes, objects, and line items or as otherwise authorized by the General Assembly. Expansion budget funds listed in those documents are appropriated only as otherwise provided in this act.

(2) Notwithstanding the provisions of subdivision (1) of this subsection:

a. Any receipts that are required to be used to pay debt service requirements for various outstanding bond issues and certificates of participation are appropriated up to the actual amounts received for the 2021-2022 fiscal year and the 2022-2023 fiscal year and shall be used only to pay debt service requirements.

b. Other funds, cash balances, and receipts of funds that meet the definition issued by the Governmental Accounting Standards Board of a trust or agency fund are appropriated for and in the amounts required to meet the legal requirements of the trust agreement for the 2021-2022 fiscal year and the 2022-2023 fiscal year.

SECTION 4.1.(b) Receipts collected in a fiscal year in excess of the amounts appropriated by this section shall remain unexpended and unencumbered until appropriated by the General Assembly, unless the expenditure of over-realized receipts in the fiscal year in which the receipts were collected is authorized by the State Budget Act. Over-realized receipts are appropriated in the amounts necessary to implement this subsection.

SECTION 4.1.(c) Notwithstanding subsections (a) and (b) of this section, there is appropriated from the Reserve for Reimbursements to Local Governments and Shared Tax Revenues for each fiscal year an amount equal to the amount of the distributions required by law to be made from that reserve for that fiscal year.

OTHER RECEIPTS FROM PENDING GRANT AWARDS

SECTION 4.2.(a) Notwithstanding G.S. 143C64, State agencies may, with approval of the Director of the Budget, spend funds received from grants awarded subsequent to the enactment of this act for grant awards that are for less than two million five hundred thousand dollars (\$2,500,000), do not require State matching funds, and will not be used for a capital project. State agencies shall report to the Joint Legislative Commission on Governmental Operations within 30 days of receipt of such funds.

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

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

SECTION 4.2.(c) Notwithstanding the provisions of this section, no State agency may accept a grant not anticipated in this act if acceptance of the grant would obligate the State

to make future expenditures relating to the program receiving the grant or would otherwise result in a financial obligation as a consequence of accepting the grant funds.

EDUCATION LOTTERY FUNDS/CHANGES TO REVENUE ALLOCATIONS

SECTION 4.3.(a) The appropriations 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
Smart Start	20,000,000	20,000,000
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

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

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

INDIAN GAMING EDUCATION REVENUE FUND APPROPRIATION

SECTION 4.4. Notwithstanding G.S. 143C-9-7, there is allocated from the Indian Gaming Education Revenue Fund to the Department of Public Instruction, Textbooks, and Digital Resources Allotment, the sum of ten million dollars (\$10,000,000) in each year of the 2021-2023 biennium.

CIVIL PENALTY AND FORFEITURE FUND

SECTION 4.5.(a) Allocations are made from the Civil Penalty and Forfeiture Fund for the fiscal biennium ending June 30, 2023, as follows:

	FY 2021-2022	FY 2022-2023
School Technology Fund	\$18,000,000	\$18,000,000
Drivers Education	27,393,768	27,393,768
State Public School Fund	147,041,640	147,041,640
Total Appropriation	\$192,435,408	\$192,435,408

SECTION 4.5.(b) Excess receipts realized in the Civil Penalty and Forfeiture Fund in each year of the 2021-2023 fiscal biennium shall be allocated to the School Technology Fund.

PART V. GENERAL PROVISIONS

ESTABLISHING OR INCREASING FEES

SECTION 5.1.(a) Notwithstanding G.S. 123.1, an agency is not required to consult with the Joint Legislative Commission on Governmental Operations prior to establishing or increasing a fee to the level authorized or anticipated in this act.

SECTION 5.1.(b) Notwithstanding G.S. 150B21.1A(a), an agency may adopt an emergency rule in accordance with G.S. 150B21.1A to establish or increase a fee as authorized

by this act if the adoption of a rule would otherwise be required under Article 2A of Chapter 150B of the General Statutes.

CONTINGENCY AND EMERGENCY FUND LIMITATION AND TRANSFER

SECTION 5.2. Limitation. – For the 2021-2023 fiscal biennium, and notwithstanding the provisions of G.S. 143C-4-4(b), funds appropriated to the Contingency and Emergency Fund may be used only for expenditures required (i) by a court or Industrial Commission order, (ii) by the State Treasurer to pay death benefits as authorized under Article 12A of Chapter 143 of the General Statutes, (iii) by the Office of the Governor for crime rewards in accordance with G.S. 15-53 and G.S. 15-53.1, (iv) by the Industrial Commission for supplemental awards of compensation, or (v) by the Department of Justice for legal fees.

CAP STATE FUNDED PORTION OF NONPROFIT SALARIES

SECTION 5.3. No more than one hundred twenty thousand dollars (\$120,000) in State funds, including any interest earnings accruing from those funds, may be used for the annual salary of any individual employee of a nonprofit organization.

PROCUREMENT SIMPLIFICATION AND INCREASED ACCOUNTABILITY

SECTION 5.4.(a) G.S. 116.31.10 reads as rewritten:

"§ 11631.10. Powers of Board regarding certain purchasing contracts.

(a) Notwithstanding G.S. 14353.1 or G.S. 14353(a)(2), the expenditure benchmark for the President of The University of North Carolina or a special responsibility constituent institution with regard to competitive bid procedures and the bid value benchmark shall be an amount not greater than ~~five hundred thousand dollars (\$500,000).~~ one million dollars (\$1,000,000). The Board shall set the benchmark for the President and each institution from time to time. In setting the benchmark for the President or an institution in accordance with this section, the Board shall consider the overall capabilities including staff resources, purchasing compliance reviews, and audit reports of the President's administrative staff or the institution. The Board shall also consult with the Director of the Division of Purchase and Contract and the Director of the Budget prior to setting the benchmark.

(b) ~~If the President or a constituent institution has an expenditure benchmark greater than two hundred fifty thousand dollars (\$250,000), the President or constituent institution shall comply with this subsection for any purchase greater than the President's or institution's benchmark set by the Board but not greater than five hundred thousand dollars (\$500,000). The President or institution shall submit to the Division of Purchase and Contract for that Division's approval or other action deemed necessary by the Division a copy of all offers received and the President's or institution's recommendation of award or other action. Notice of the Division's decision shall be sent to the President or the institution. The President or institution shall then proceed with the award of contract or other action recommended by the Division.~~

SECTION 5.4.(b) G.S. 115D58.14(c) reads as rewritten:

"§ 115D58.14. Purchasing flexibility.

(c) The State Board of Community Colleges, in consultation with the Department of Administration, shall review the purchasing process for community colleges and may increase or decrease the purchasing/delegation benchmark for each community college based on the college's overall capabilities, including staff resources, purchasing compliance reviews, and audit reports. The State Board may, in its discretion, reduce a community college's purchasing/delegation benchmark at anytime. The State Board shall not increase a community college's purchasing/delegation benchmark by more than fifteen percent (15%) in any calendar year without the concurrence of the Department of Administration within 60 days of submission. The maximum purchasing/delegation benchmark for a community college shall be ~~one hundred thousand dollars (\$100,000).~~ is two hundred thousand dollars (\$200,000)."

1 **SECTION 5.4.(c)** G.S. 143-53.1 reads as rewritten:

2 "**§ 143-53.1. Setting of benchmarks and Small Purchase Thresholds; increase by Secretary.**

3 (a) On and after July 1, 2014, the procedures prescribed by G.S. 143-52 with respect to
4 competitive bids and the bid value benchmark authorized by G.S. 143-53(a)(2) with respect to
5 rule making by the Secretary of Administration for competitive bidding shall promote
6 compliance with the principles of procurement efficiency, transparency, and fair competition to
7 obtain the State's business. For State departments, institutions, and agencies, except the President
8 of The University of North Carolina or a special responsibility constituent institution of The
9 University of North Carolina and community colleges, the benchmark shall not be greater than
10 ~~one hundred thousand dollars (\$100,000).~~ two hundred thousand dollars (\$200,000). For the
11 President of The University of North Carolina or a special responsibility constituent institution
12 of The University of North Carolina, the benchmark prescribed in this section is as provided in
13 G.S. 116-31.10. For community colleges, the benchmark prescribed in this section is as provided
14 in G.S. 115D-58.14.

15 (b) Expired pursuant to Session Laws 2009-475, s. 16, effective June 30, 2012.

16 (c) The small purchase threshold is hereby set at one hundred thousand dollars
17 (\$100,000) for all State departments, institutions, and agencies. The small purchase threshold
18 will increase by fifty percent (50%) to one hundred and fifty thousand dollars (\$150,000) if the
19 procurement is with a certified historically underutilized business. The small purchase threshold
20 shall be indexed every five years by the Office of State Budget and Management."

21 22 **REPEAL STATE CAPITAL AND INFRASTRUCTURE FUND**

23 **SECTION 5.5.** Section 36.12 of S.L. 2017-57, as amended by Section 36.8 of S.L.
24 2018-5, is repealed.

25 26 **OVERSIGHT OF STATE FINANCIAL ASSISTANCE TO NON-STATE ENTITIES**

27 **SECTION 5.6.** G.S. 143C-6-23 reads as rewritten:

28 "**§ 143C-6-23. State grant funds: administration; oversight and reporting requirements.**

29 (a) Definitions. – The following definitions apply in this section:

30 (1) ~~Grant or grant funds. — State funds disbursed as a grant by a State agency;~~
31 ~~however, the terms do not include any payment made by the Medicaid~~
32 ~~program, the State Health Plan for Teachers and State Employees, or other~~
33 ~~similar medical programs.~~

34 (1a) Contractor. — An entity subject to the contractor requirements, as well as any
35 entity that would be subject to the contractor requirements but for a specific
36 statute or rule exempting that entity from the contractor requirements.

37 (1b) Contractor requirements. — Article 3, 3C, 3D, 3E, 3G, or 8 of Chapter 143 of
38 the General Statutes and related Administrative Code Rules.

39 (2) ~~Grantee. — A non-State entity that receives State funds as a grant from a State~~
40 ~~agency but does not include any non-State entity subject to the audit and other~~
41 ~~reporting requirements of the Local Government Commission.~~

42 (3) Encumbrance. — A financial obligation created by a purchase order, contract,
43 salary commitment, unearned or prepaid collections for services provided, or
44 other legally binding agreement. A financial obligation is not an encumbrance
45 for purposes of this section unless it (i) is in writing and has been signed by a
46 person or entity who has authority to legally bind the grantee or subgrantee
47 recipient or subrecipient to spend the funds or (ii) was created by the provision
48 of goods or services to the grantee or subgrantee recipient or subrecipient by
49 a third party under circumstances that create a legally binding obligation to
50 pay for the goods or services.

- 1 (3a) Recipient. – A non-State entity that receives State financial assistance directly
2 from a State agency to carry out part of a State program.
- 3 (3b) State financial assistance. – State funds disbursed as a grant, cooperative
4 agreement, noncash contribution, food commodity, or direct appropriation to
5 a recipient or subrecipient, as defined in this subsection.
- 6 (4) ~~Subgrantee. – A non-State entity that receives State funds as a grant from a~~
7 ~~grantee or from another subgrantee but does not include any non-State entity~~
8 ~~subject to the audit and other reporting requirements of the Local Government~~
9 ~~Commission.~~
- 10 (4a) Subrecipient. – A non-State entity that receives State financial assistance from
11 a recipient to carry out part of a State program, but does not include an
12 individual who is a beneficiary of a State program.

13 (b) Conflict of Interest Policy. – Every ~~grantee-recipient~~ shall file with the State agency
14 disbursing funds to the ~~grantee-a recipient~~ copy of that ~~grantee's-recipient's~~ policy addressing
15 conflicts of interest that may arise involving the ~~grantee's-recipient's~~ management employees and
16 the members of its board of directors or other governing body. The policy shall address situations
17 in which any of these individuals may directly or indirectly benefit, except as the ~~grantee's~~
18 ~~recipient's~~ employees or members of its board or other governing body, from the ~~grantee's~~
19 ~~recipient's~~ disbursing of State funds, and shall include actions to be taken by the ~~grantee-recipient~~
20 or the individual, or both, to avoid conflicts of interest and the appearance of impropriety. The
21 policy shall be filed before the disbursing State agency may disburse the ~~grant funds.~~State
22 financial assistance.

23 (c) No Overdue Tax Debts. – Every ~~grantee-recipient~~ shall file with the State agency or
24 department disbursing funds to the ~~grantee-recipient~~ a written statement completed by that
25 ~~grantee's-recipient's~~ board of directors or other governing body stating that the ~~grantee-recipient~~
26 does not have any overdue tax debts, as defined by G.S. 105-243.1, at the federal, State, or local
27 level. The written statement shall be made under oath and shall be filed before the disbursing
28 State agency or department may disburse the ~~grant funds.~~State financial assistance. A person
29 who makes a false statement in violation of this subsection is guilty of a criminal offense
30 punishable as provided by G.S. 143C-10-1.

31 (d) ~~Office of State Budget~~ Office of State Budget and Management Rules Must Require
32 Uniform Administration of State Grants. – The Office of State Budget and Management shall
33 adopt rules to ensure the uniform administration of State grants by all grantor State agencies and
34 ~~grantees-recipients~~ or subgrantees-subrecipients. The Office of State Budget and Management
35 shall consult with the Office of the State Auditor and the Attorney General in establishing the
36 rules required by this subsection. The rules shall establish policies and procedures for
37 disbursements of State ~~grants-financial assistance~~ and for State agency oversight, monitoring,
38 and evaluation of ~~grantees-recipients~~ and subgrantees-subrecipients. The policies and procedures
39 shall:

- 40 (1) Ensure that the purpose and reporting requirements of each grant are specified
41 to the ~~grantee-recipient.~~
- 42 (2) Ensure that ~~grantees-recipients~~ specify the purpose and reporting requirements
43 for grants made to ~~subgrantees-subrecipients.~~
- 44 (3) ~~Ensure that State funds are spent in accordance with the purposes for which~~
45 ~~they were granted.~~
- 46 (4) ~~Hold the grantees and subgrantees accountable for the legal and appropriate~~
47 ~~expenditure of grant funds.~~
- 48 (5) ~~Provide for adequate oversight and monitoring to prevent the misuse of grant~~
49 ~~funds. These policies shall require~~ Require each grantee-recipient and
50 ~~subgrantee-subrecipient~~ to ensure that, for accounting purposes, State funds

- and interest earned on those funds remain separate and apart from other funds in the possession or control of the ~~grantee-recipient~~ or ~~subgrantee-subrecipient~~.
- (6) Establish ~~mandatory minimum~~ periodic reporting requirements for ~~grantees recipients and subgrantees, subrecipients~~, including methods of reporting, to provide separate accounting of all State funds, a separate accounting of funds used for administration, and other financial and program performance information. ~~The mandatory periodic reporting requirements shall require grantees and subgrantees to file with the State Auditor copies of reports and statements that are filed with State agencies pursuant to this subsection. Compliance with the mandatory periodic reporting requirements of this subdivision shall not require grantees and subgrantees to file with the State Auditor the information described in subsections (b) and (c) of this section.~~
- (7) Require ~~grantees-recipient~~ and ~~subgrantees-subrecipients~~ to maintain reports, records, and other information to properly account for the expenditure of all ~~grant funds~~ State financial assistance and to make such reports, records, and other information available to the ~~grantor-awarding~~ State agency for oversight, monitoring, and evaluation purposes.
- (8) ~~Require grantees and subgrantees to ensure that work papers in the possession of their auditors are available to the State Auditor for the purposes set out in subsection (i) of this section.~~
- (9) ~~Require grantees to be responsible for managing and monitoring each project, program, or activity supported by grant funds and each subgrantee project, program, or activity supported by grant funds.~~
- (9a) Require a State agency that oversees a program that receives State financial assistance to develop a monitoring plan for that program and to submit the plan and any additional information regarding the plan to the Office of State Budget and Management.
- (10) Provide procedures for the suspension of further disbursements or use of ~~grant funds~~ State financial assistance for noncompliance with these ~~rules-policies and procedures~~ or other inappropriate use of the ~~funds~~ State financial assistance.
- (11) Provide procedures for use in appropriate circumstances for reinstatement of disbursements that have been suspended for noncompliance with these rules or other inappropriate use of ~~grant funds~~ State financial assistance.
- (12) Provide procedures for the recovery and return to the ~~grantor-awarding~~ State agency of unexpended ~~grant funds~~ State financial assistance from a ~~grantee recipient or subgrantee-subrecipient~~ (i) in accordance with subsection (f1) of this section or (ii) in the event that the ~~grantee-recipient~~ or ~~subgrantee-subrecipient~~ is unable to fulfill the purposes of the ~~grant~~ State financial assistance for a reason not set forth in that subsection.
- (d1) ~~Required Grant Terms.~~ Terms for State Financial Assistance. – The terms of each ~~grant-agreement governing the use of the State financial assistance~~ shall include all of the following, which shall be deemed a part of the ~~grant-award~~ of State financial assistance:
- (1) The limitation contained in G.S. 143C-6-8 concerning the availability of appropriated funds.
- (2) The relevant provisions of any legislation authorizing or governing the administration of the ~~grant~~ State financial assistance.
- (3) The terms of this section.
- (e) Rules Are Subject to the Administrative Procedure Act. – Notwithstanding the provisions of G.S. 150B-2(8a)b. rules adopted pursuant to subsection (d) of this section are subject to the provisions of Chapter 150B of the General Statutes.

(f) ~~Suspension and Recovery of Funds to Grant Recipients for Noncompliance. – The Office of State Budget and Management, after consultation with the administering State agency, shall have the power to suspend disbursement of grant funds to grantees or subgrantees, to prevent further use of grant funds already disbursed, and to recover grant funds already disbursed for noncompliance with rules adopted pursuant to subsection (d) of this section. If the grant funds are a pass-through of funds granted by an agency of the United States, then the Office of State Budget and Management must consult with the granting agency of the United States and the State agency that is the recipient of the pass-through funds prior to taking the actions authorized by this subsection. When a recipient or subrecipient is noncompliant with this Part or the policies and procedures adopted pursuant to subsection (d) of this section, or when a recipient or subrecipient is unable to fulfill the obligations or purposes of the State financial assistance, has inappropriately used State financial assistance, or is noncompliant with relevant reporting or other requirements, the Office of State Budget and Management may require State agencies to take the actions authorized in this subsection. If the State financial assistance is a pass-through of funds awarded by an agency of the United States, then the Office of State Budget and Management must consult with the awarding agency of the United States and the State agency that is the recipient of the pass-through funds prior to taking the actions authorized by this subsection. The Office of State Budget and Management is authorized to take all of the following actions with respect to a noncompliant recipient or a subrecipient:~~

- ~~(1) Suspend disbursement of all State financial assistance.~~
- ~~(2) Prevent further use of State financial assistance already disbursed.~~
- ~~(3) Recover State financial assistance already disbursed.~~

(f1) ~~Return of Grant Funds. State Financial Assistance. – Except as otherwise required by federal law, a grantee-recipient or subgrantee-subrecipient shall return to the State all affected grant funds and interest earned on those funds if any of the following occurs:~~

- ~~(1) The funds are in the possession or control of a grantee-recipient and subrecipient and are not expended, made subject to an encumbrance, or disbursed to a subgrantee-subrecipient by August 31 immediately following the fiscal year in which the funds are appropriated by the General Assembly, or a different period set forth in the terms of the applicable appropriation or federal grant.~~
- ~~(2) The funds remain unexpended at the time that the grantee-recipient or subgrantee-subrecipient dissolves, ceases operations, or otherwise indicates that it does not intend to spend the funds.~~
- ~~(3) The Office of State Budget and Management seeks to recover the funds pursuant to subsection (f) of this section.~~

(f2) ~~Use of Returned Grant Funds. State Financial Assistance. – Encumbered funds returned to the State pursuant to subsection (f1) of this section by a grantee-recipient or subgrantee-subrecipient shall upon appropriation by the General Assembly be spent in accordance with the terms of the encumbrance. All other funds returned to the State by a grantee-recipient or subgrantee-subrecipient pursuant to subsection (f1) of this section shall be credited to the fund from which they were appropriated and shall remain unexpended and unencumbered until appropriated by the General Assembly. Nothing in this section shall be construed to authorize an expenditure pursuant to an unlawful encumbrance or in a manner that would violate the terms of the appropriation of the grant funds at issue.~~

(g) ~~Audit Oversight. – The State Auditor has audit oversight, with respect to grant funds State financial assistance received by the grantee or subgrantee, recipient or subrecipient pursuant to Article 5A of Chapter 147 of the General Statutes, of every grantee or subgrantee that receives, uses, or expends grant funds. State financial assistance. A grantee or subgrantee-recipient or subrecipient must, upon request, furnish to the State Auditor for audit all books, records, and other information necessary for the State Auditor to account fully for the use and expenditure of~~

~~grant funds~~ State financial assistance received by the ~~grantee or subgrantee~~ recipient or subrecipient. The ~~grantee or subgrantee~~ recipient or subrecipient must furnish any additional financial or budgetary information requested by the State Auditor, including audit work papers in the possession of any auditor of a ~~grantee or subgrantee~~ recipient or subrecipient directly related to the use and expenditure of ~~grant funds~~ State financial assistance.

(h) ~~Report on Grant Recipients That Failed to Comply.~~ Not later than May 1, 2007, and by May 1 of every succeeding year, the ~~Noncompliance Reports.~~ – The Office of State Budget and Management shall ~~report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division on~~ maintain a list that is publicly available of all ~~grantees or subgrantees~~ recipients and subrecipients that ~~failed~~ are suspended from receiving or disbursing State financial assistance for failure to comply with this section ~~with respect to grant funds received in the prior fiscal year.~~section.

(i) ~~State Agencies to Submit Grant List to Auditor.~~ No later than October 1 of each year, each State agency shall submit a list to the State Auditor, in the format prescribed by the State Auditor, of every grantee to which the agency disbursed grant funds in the prior fiscal year. The list shall include the amount disbursed to each grantee and other information as required by the State Auditor to comply with the requirements of this section.

(j) ~~Use of Interest Earned on Grant Funds.~~ State Financial Assistance. – Except as otherwise required by federal law or the terms of a federal grant, interest earned on grant funds after receipt of the funds by a ~~grantee or subgrantee~~ recipient or subrecipient shall be credited to the ~~grantee or subgrantee~~ recipient or subrecipient and shall be used for the same purposes for which the ~~grant or subgrant~~ State financial assistance was made.

(k) ~~Reporting by Grantees and Subgrantees~~ Recipient or Subrecipient That Cease Operations. – A ~~grantee or subgrantee~~ recipient or subrecipient that intends to dissolve or cease operations shall report that decision in writing to the Office of State Budget and Management and to the Fiscal Research Division at least 30 days prior to taking that action.

(l) The reporting and audit requirements of this section do not apply to any of the following:

- (1) Awards to non-State entities subject to the audit and other reporting requirements of the Local Government Commission.
- (2) Tuition assistance to students.
- (3) Public assistance payments from federal entitlement programs to or on behalf of enrolled individuals.
- (4) State funds disbursed to a contractor, as defined in this section."

2021 DISASTER RECOVERY

SECTION 5.7.(a) State Emergency Response and Disaster Relief Fund. – The State Controller shall transfer the sum of one hundred million dollars (\$100,000,000) in nonrecurring funds for the 2021-2022 fiscal year from the Savings Reserve in the General Fund to the State Emergency Response and Disaster Relief Fund and those funds are allocated as follows:

- (1) \$50,000,000 to the Department of Public Safety, Division of Emergency Management to provide State match for federal disaster assistance programs related to Hurricane Florence, Hurricane Dorian, Hurricane Isaias, and other recent natural disasters.
- (2) \$10,000,000 to the Department of Public Safety, Office of Recovery and Resiliency to provide flexible local government grants to assist distressed communities impacted by Hurricane Dorian. Grants may be used for repairs, staff support and technical assistance, cash flow assistance, and other related activities.
- (3) \$40,000,000 to the Office of State Budget and 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.

SECTION 5.7.(b) Applicability. – Subdivision (3) of Section 5.7.(a) 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 5.7.(c) Implementation. – The following actions and policies shall be taken to implement subsection 5.7.(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 5.7.(d) 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 5.7.(e) No Reversion of Funds. – Funds described in subsection 5.7.(a)(3) 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 5.7.(f) 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.

DIRECTED GRANTS EXTENSION

SECTION 5.8. Extension of Term for Administration of Directed Grants. – Subdivision (4) of Section 3.1(b) of S.L. 2019-224, reads as rewritten:

"(4) Notwithstanding any provision of G.S. 143C 1 2(b) to the contrary, nonrecurring funds appropriated in this act as directed grants shall not revert until June 30, 2024."

PART VI. COMMUNITY COLLEGES**NC GETTING READY FOR OPPORTUNITIES IN THE WORKFORCE (NC GROW) COMPLETION INCENTIVE**

SECTION 6.1.(a) There is established the North Carolina Getting Ready for Opportunities in the Workforce (NC GROW) Completion Incentive Program to be administered by the North Carolina State Education Assistance Authority (SEAA) in collaboration with the State Board of Community Colleges. Of funds appropriated in this act for the NC GROW Completion Incentive Program, one thousand (\$1,000) dollars shall be awarded to students that successfully graduate from eligible programs of study.

SECTION 6.1.(b) The State Board of Community Colleges, in collaboration with the Department of Commerce, shall determine the eligible programs of study for the NC GROW Completion Incentives. The eligible programs of study shall include programs in Architecture and Construction, Health Sciences, Information Technology, Electrical Line Worker, and Manufacturing programs, and may include other programs to meet local workforce needs.

SECTION 6.1.(c) The North Carolina Community College System shall contract with SEAA to administer awards under the NC GROW Completion Incentive Program. SEAA is authorized to administer this program consistent with the manner in which it administers grants to community college students qualifying for the Scholarships for Needy Students under Article 35A of Chapter 115C of the General Statutes and the Need-Based Assistance Program under G.S. 115D-40.1, so that no qualifying North Carolina student incurs costs of tuition and selected fees to attend a community college. Of the funds appropriated in fiscal year 2021-2022, up to five hundred thousand dollars (\$500,000) may be used for program administration and outreach to encourage students to pursue coursework in the selected programs of study.

SECTION 6.1.(d) The State Board of Community Colleges shall establish criteria for initial and continuing eligibility to participate in the NC GROW Scholarship Program. At a minimum, the criteria shall require an eligible student to:

- (1) Be a legal resident of North Carolina for tuition purposes.
- (2) Be enrolled in and graduate from an eligible program of study in areas of high, in-demand training.

SECTION 6.1.(e) The North Carolina Community College System and SEAA shall report annually on:

- (1) The number of students receiving awards.
- (2) The enrollment (by headcount and FTE) in each selected program of study.
- (3) The number of graduates produced in each selected program of study.

NC JOB READY (WORKFORCE) – NC GROW FINANCIAL AID FOR STUDENTS SEEKING INDUSTRY CREDENTIALS

SECTION 6.2.(a) There is established the North Carolina Getting Ready for Opportunities in the Workforce (NC GROW) Financial Aid for Students Seeking Industry Credentials Program to be administered by the State Board of Community Colleges.

SECTION 6.2.(b) The State Board of Community Colleges, in collaboration with the Department of Commerce, shall determine the eligible programs of study for the NC GROW

Financial Aid for Students Seeking Industry Credentials Program. The eligible programs of study shall include programs in Architecture and Construction, Health Sciences, Information Technology, Electrical Line Worker, and Manufacturing programs, and may include other programs to meet local workforce needs.

SECTION 6.2.(c) Of funds appropriated in this act for the NC GROW Financial Aid for Students Seeking Industry Credentials Program, the State Board of Community Colleges shall determine the allocation of awards to students pursuing short-term, noncredit State and industry workforce credentials. The State Board of Community Colleges, in collaboration with the Department of Commerce, shall determine the eligible programs of study for this financial assistance. The eligible programs of study shall include programs in Architecture and Construction, Health Sciences, Information Technology, Electrical Line Worker, and Manufacturing programs, and may include other programs to meet local workforce needs. These funds shall be used to assist students with any education related costs incurred while in pursuit of these credentials.

SECTION 6.2.(d) For fiscal year 2021-22, from funds appropriated for the NC GROW Financial Aid for Students Seeking Industry Credentials Program, up to five hundred thousand (\$500,000) dollars may be used may be used to administer this program and the NC GROW Scholarships program administered by SEAA, as well as for outreach to encourage students to pursue coursework in the selected programs of study. For the 2022-23 fiscal year on, from funds appropriated for the NC GROW Financial Aid for Students Seeking Industry Credentials Program, up to five hundred thousand (\$500,000) dollars may be used to administer this program and to market the financial assistance to prospective recipients.

ENROLLMENT GROWTH AND BUDGET STABILIZATION

SECTION 6.3.(a) When calculating the enrollment growth budget request for the 2022-2023 fiscal year, for any colleges whose 2020-2021 FTE is a decline from 2019-2020 FTE, the North Carolina Community College System Office shall use the 2019-2020 FTE instead of the 2020-2021 FTE in the calculation of the 2-year average used for determining budget FTE.

SECTION 6.3.(b) The appropriation in this act of Budget Stabilization funds for the North Carolina Community College System shall remain available for expenditure through June 30, 2023.

PART VII. PUBLIC INSTRUCTION

FUNDS FOR CHILDREN WITH DISABILITIES

SECTION 7.1. The State Board of Education shall allocate additional funds for children with disabilities on the basis of four thousand five hundred forty-nine dollars and eighty-eight cents (\$4,549.88) per child for fiscal year 2021-2022 and four thousand seven hundred four dollars and twenty-eight cents (\$4,704.28) per child for fiscal year 2022-2023. Each local school administrative unit shall receive funds for the 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.

FUNDS FOR ACADEMICALLY GIFTED CHILDREN

SECTION 7.2. The State Board of Education shall allocate additional funds for academically or intellectually gifted children on the basis of one thousand three hundred sixty-four dollars and seventy-eight cents (\$1,3464.78) per child for fiscal years 2021-2022 and 2022-2023. A local school administrative unit shall receive funds for a maximum of four percent (4%) of its 2021-2022 allocated average daily membership, regardless of the number of children

identified as academically or intellectually gifted in the unit. The dollar amounts allocated under this section for academically or intellectually gifted children shall also be adjusted in accordance with legislative salary increments, retirement rate adjustments, and health benefit adjustments for personnel who serve academically or intellectually gifted children.

SUPPLEMENTAL FUNDING IN LOW-WEALTH COUNTIES

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

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

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

- (7) County-adjusted property tax base per square mile. – The county-adjusted property tax base divided by the number of square miles of land area in the county.
- (8) County wealth as a percentage of State average wealth. – Computed as follows:
- a. Compute the percentage that the county per capita income is of the State per capita income and weight the resulting percentage by a factor of five-tenths.
 - b. Compute the percentage that the anticipated total county revenue availability per student is of the anticipated State average revenue availability per student and weight the resulting percentage by a factor of four-tenths.
 - c. Compute the percentage that the county-adjusted property tax base per square mile is of the State-adjusted property tax base per square mile and weight the resulting percentage by a factor of one-tenth.
 - d. Add the three weighted percentages to derive the county wealth as a percentage of the State average wealth.
- (9) Effective county tax rate. – The actual county tax rate multiplied by a weighted average of the three most recent annual sales assessment ratio studies.
- (10) Effective State average tax rate. – The average of effective county tax rates for all counties.
- (11) Local current expense funds. – The most recent county current expense appropriations to public schools, as reported by local boards of education in the audit report filed with the Secretary of the Local Government Commission pursuant to G.S. 115C-447.
- (12) Per capita income. – The average for the most recent three years for which data are available of the per capita income according to the most recent report of the United States Department of Commerce, Bureau of Economic Analysis, including any reported modifications for prior years as outlined in the most recent report.
- (13) Sales assessment ratio studies. – Sales assessment ratio studies performed by the Department of Revenue under G.S. 105-289(h).
- (14) State average adjusted property tax base per square mile. – The sum of the county-adjusted property tax bases for all counties divided by the number of square miles of land area in the State.
- (15) State average current expense appropriations per student. – The most recent State total of county current expense appropriations to public schools, as reported by local boards of education in the audit report filed with the Secretary of the Local Government Commission pursuant to G.S. 115C-447.
- (16) Supplant. – To decrease local per student current expense appropriations from one fiscal year to the next fiscal year.
- (17) Weighted average of the three most recent annual sales assessment ratio studies. – The weighted average of the three most recent annual sales assessment ratio studies in the most recent years for which county current expense appropriations and adjusted property tax valuations are available. If real property in a county has been revalued one year prior to the most recent sales assessment ratio study, a weighted average of the two most recent sales assessment ratios shall be used. If property has been revalued the year of the most recent sales assessment ratio study, the sales assessment ratio for the year of revaluation shall be used.

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

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

18 **SECTION 7.3.(e)** Formula for Distribution of Supplemental Funding Pursuant to
19 this Section Only. – The formula in this section is solely a basis for distribution of supplemental
20 funding for low-wealth counties. It is the intent of the General Assembly to incrementally
21 increase appropriations for low-wealth allotment to provide eligible counties supplemental
22 funding equal to 110 percent of the statewide local revenue per student by fiscal year 2027-2028.
23 The State Board of Education shall adjust the formula to ensure each local school administrative
24 unit receives a pro rata share of the additional funds appropriated for the low-wealth allotment
25 in this act for supplemental funding.

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

40 **SECTION 7.3.(g)** Nonsupplant Requirement. – A county in which a local school
41 administrative unit receives funds under this section shall use the funds to supplement local
42 current expense funds and shall not supplant local current expense funds. For the 2021-2023
43 fiscal biennium, the State Board of Education shall not allocate funds under this section to a
44 county found to have used these funds to supplant local per student current expense funds. The
45 State Board of Education shall make a finding that a county has used these funds to supplant
46 local current expense funds in the prior year, or the year for which the most recent data are
47 available, if all of the following criteria apply:

- 48 (1) The current expense appropriations per student of the county for the current
49 year is less than ninety-five percent (95%) of the average of local current
50 expense appropriations per student for the three prior fiscal years.

- (2) The county cannot show (i) that it has remedied the deficiency in funding or (ii) that extraordinary circumstances caused the county to supplant local current expense funds with funds allocated under this section.

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

SECTION 7.3.(h) Counties Containing a Base of the Armed Forces. – Notwithstanding any other provision of this section, for the 2021-2023 fiscal biennium, counties containing a base of the Armed Forces of the United States that have an average daily membership of more than 17,000 students shall receive whichever is the higher amount in each fiscal year as follows: either the amount of supplemental funding the county received as a low-wealth county in the 2012-2013 fiscal year or the amount of supplemental funding the county is eligible to receive as a low-wealth county pursuant to the formula for distribution of supplemental funding under the other provisions of this section.

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

SECTION 7.3.(j) Reports. – For the 2021-2023 fiscal biennium, the State Board of Education shall report to the Fiscal Research Division prior to May 15 of each year if it determines that counties have supplanted funds.

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

SMALL COUNTY SCHOOL SYSTEM SUPPLEMENTAL FUNDING

SECTION 7.4.(a) Allotment Schedule for the 2021-2023 Fiscal Biennium. – Except as otherwise provided in subsection (d) of this section, each eligible county school administrative unit shall receive a dollar allotment according to the following schedule:

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

SECTION 7.4.(b) Phase-Out Provision for the 2021-2022 Fiscal Year. – If a local school administrative unit becomes ineligible for funding under the schedule in subsection (a) of this section in the 2021-2022 fiscal year, funding for that unit shall be phased out over a five-year period. Funding for such local school administrative units shall be reduced in equal increments in each of the five years after the unit becomes ineligible. Funding shall be eliminated in the fifth fiscal year after the local school administrative unit becomes ineligible.

Allotments for eligible local school administrative units under this subsection shall not be reduced by more than twenty percent (20%) of the amount received in fiscal year 2020-2021 in any fiscal year. A local school administrative unit shall not become ineligible for funding if either the highest of the first two months' total projected average daily membership for

the current year or the higher of the first two months' total prior year average daily membership would otherwise have made the unit eligible for funds under the schedule in subsection (a) of this section.

SECTION 7.4.(c) Phase-Out Provision for the 2022-2023 Fiscal Year. – If a local school administrative unit becomes ineligible for funding under the schedule in subsection (a) of this section in the 2022-2023 fiscal year, funding for that unit shall be phased out over a five-year period. Funding for such local school administrative units shall be reduced in equal increments in each of the five years after the unit becomes ineligible. Funding shall be eliminated in the fifth fiscal year after the local administrative unit becomes ineligible.

Allotments for eligible local school administrative units under this subsection shall not be reduced by more than twenty percent (20%) of the amount received in fiscal year 2021-2022 in any fiscal year. A local school administrative unit shall not become ineligible for funding if either the highest of the first two months' total projected average daily membership for the current year or the higher of the first two months' total prior year average daily membership would otherwise have made the unit eligible for funds under the schedule in subsection (a) of this section.

SECTION 7.4.(d) Nonsupplant Requirement for the 2021-2023 Fiscal Biennium. – A county in which a local school administrative unit receives funds under this section shall use the funds to supplement local current expense funds and shall not supplant local current expense funds. For the 2021-2023 fiscal biennium, the State Board of Education shall not allocate funds under this section to a county found to have used these funds to supplant local per student current expense funds. The State Board of Education shall make a finding that a county has used these funds to supplant local current expense funds in the prior year or the year for which the most recent data are available, if all of the following criteria apply:

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

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

SECTION 7.4.(e) Reports. – For the 2021-2023 fiscal biennium, the State Board of Education shall report to the Fiscal Research Division prior to May 15 of each fiscal year if it determines that counties have supplanted funds.

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

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

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

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

(1) For counties with wealth greater than ninety percent (90%) of the statewide average, a ratio of 1:19.9.

(2) For counties with wealth not less than eighty percent (80%) and not greater than ninety percent (90%) of the statewide average, a ratio of 1:19.4.

(3) For counties with wealth less than eighty percent (80%) of the statewide average, a ratio of 1:19.1.

(4) For local school administrative units that received DSSF funds in fiscal year 2005-2006, a ratio of 1:16. These local school administrative units shall receive no less than the DSSF amount allotted in fiscal year 2006-2007.

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

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

SECTION 7.5.(d) For the 2022-2023 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 decrease in combined funding.

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

FUNDS FOR LIMITED ENGLISH PROFICIENCY

SECTION 7.6. 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 on the three-year weighted headcount of students in the units or charter school with limited English proficiency.

UNIFORM EDUCATION REPORTING SYSTEM (UERS) FUNDS

SECTION 7.7.(a) Funds appropriated for the Uniform Education Reporting System (UERS) for fiscal year 2020-2021 shall not revert at the end of the fiscal year but shall remain available until expended.

SECTION 7.7.(b) Funds appropriated in this act for the Uniform Education Reporting System (UERS) for the 2021-2023 fiscal biennium shall not revert at the end of each fiscal year but shall remain available until expended.

1 **EDUCATION AND WORKFORCE INNOVATION PROGRAM GRANTS**
2 **COMBINATION**

3 **SECTION 7.8.(a)** G.S. 115C-64.15 reads as rewritten:

4 **"§ 115C-64.15. North Carolina Education and Workforce Innovation Commission.**

5 ...

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

11 The Education and Workforce Innovation Program shall administer the Education Workforce
12 Innovation Fund Grant Program, as established under G.S. 115C-64.16, and the Career and
13 Technical Education Grade Expansion Program, as established under G.S. 115C-64.17, and shall
14 make awards of grants under the Program.

15 Both grants will be combined under one Education and Workforce Innovation Commission
16 Grant Program to both foster innovation in education that will lead to more students graduating
17 career and college ready and to prioritize the inclusion of students in sixth and seventh grade
18 through grant awards provided to selected local school administrative units.

19 The Education and Workforce Innovation Commission will have \$3.17 million (recurring)
20 beginning in Fiscal Year 2021-22 and for subsequent fiscal years in grant funds due to combining
21 the two grants which the Commission oversees.

22 The Commission shall divide the grant funds to accommodate both grants based on the state's
23 needs at the time of grant approval.

24"

25 **SECTION 7.8.(b)** G.S. 115C-64.16 reads as rewritten:

26 **"§ 115C-64.16. North Carolina Education and Workforce Innovation Program.**

27 (a) Program Establishment. – There is established the Education and Workforce
28 Innovation Program (Program) to foster innovation in education that will lead to more students
29 graduating career and college ready. Funds appropriated to the Program shall be used to award
30 competitive grants to an individual school, a local school administrative unit, or a regional
31 partnership of more than one local school administrative unit to advance comprehensive,
32 high-quality education that equips teachers and other hired personnel with the knowledge and
33 skill required to succeed with all students. Before receiving a grant, applicants must meet all of
34 the following conditions:

35 ...

36 (c) Consideration of Factors in Awarding of Grants. – All applications must include
37 information on at least the following in order to be considered for a grant:

38 ...

39 (9) Provide a description of the funds that will be used and a proposed budget for
40 five years each of the grant years.

41 (10) Describe the source of matching funds required in subsection (d) of this
42 section.

43 (11) Establish a strategy to achieve meaningful analysis of program outcomes due
44 to the receipt of grant funds under this section.

45 (d) Matching Private and Local Funds. – All grant applicants must match fifty percent
46 (50%) of all State dollars. Matching funds shall not include other State funds. Matching funds
47 may include in-kind contributions.

48 (e) Grants. – Any grants awarded by the Commission may be spent over a five-year
49 period from the initial award. Grants may be awarded for new or existing projects. Grant funds
50 shall not revert at the end of the fiscal year.

51"

STUDENT MEAL DEBT REPORT AND REDUCED LUNCH CO-PAYS

SECTION 7.9.(a) Section 2.3(a) of S.L. 2020-80 reads as rewritten:

"SECTION 2.3.(a) No later than October 15, ~~2021~~, 2023, the State Board of Education shall report to the Joint Legislative Education Oversight Committee on unpaid meal charges in local school administrative units. At a minimum, the report shall include the following information:

- (1) The percentage of students of all grade levels in each local school administrative unit who (i) qualify for and participate in reduced-price meals and (ii) do not carry an unpaid meal charge.
- (2) The total amount of debt carried by each local school administrative unit related to unpaid meal charges.
- (3) Summaries of approaches adopted by each local school administrative unit regarding unpaid meal charges.
- (4) Options for a statewide policy on the uniform administration of unpaid meal charges in local school administrative units. Every option shall ensure that students are not prevented from receiving nutritious meals because of an unpaid meal charges.

SECTION 7.9.(b) Section 2.3(b) of S.L. 2020-80 reads as rewritten:

"SECTION 2.3.(b) For the ~~2020-2021-2021-2022~~ fiscal year, the Department of Public Instruction shall transfer the sum of three million nine hundred thousand dollars (\$3,900,000) in nonrecurring funds from the cash balance in the School Bus Replacement Fund (Budget Code: 73510; Fund Code: 7200) to the State Public School Fund (Budget Code: 13510; Fund Code: 1830). Funds transferred pursuant to this section are hereby appropriated to provide school lunches at no cost to students of all grade levels qualifying for reduced-price meals in all schools participating in the National School Lunch Program in the ~~2020-2021-2021-2022~~ school year. If these funds are insufficient to provide school lunches at no cost to students qualifying for reduced-price meals, the Department of Public Instruction shall also use any excess funds appropriated for the National School Breakfast Program for the purposes of this subsection."

SECTION 7.9.(c) G.S. 115C-450(a) reads as rewritten:

"§ 115C-450. School food services.

(a) ~~School food-nutrition services shall be included in the budget of each local school administrative-public school unit and the State Board of Education shall provide for school food nutrition services in the uniform budget format required by G.S. 115C-426.~~

(b) ~~No local school administrative-public school unit shall assess indirect costs to a child school nutrition program unless the program has a minimum of one-three months' operating balance. One month's operating balance shall be derived from net cash resources divided by one month's operating costs. "Net cash resources" means all monies, as determined in accordance with the State agency's established accounting system, that are available to or have accrued to a school food authority's nonprofit child nutrition account at any given time, less cash payables and other liabilities. When calculating the average month's operating balance, the Department of Public Instruction shall use the complete and final figures obtained from the annual financial report from each child nutrition program's operation. An average month's operating balance shall be calculated and published by the Department of Public Instruction for each child nutrition program and shall be equal to the average of the three prior fiscal years' monthly operating balances. The three month calculation shall be determined by the School Nutrition Division within the Department of Public Instruction based on the yearly financial report submitted in the School Nutrition Technology System. The calculation shall be derived by dividing the net cash resources of the program by the average monthly operating cost. If complete and final financial reports for a given year are not yet available for a child nutrition program, the Department of Public Instruction may use projected figures but shall update the published average operating balance once complete and final financial reports become available. As used in this subsection,~~

the term "indirect costs" is as defined in ~~the United States Office of Budget and Management Circular A-87, as revised, 2 CFR 200 with the cost principles found in Subpart E –Cost Principles,~~ and the term "net cash resources" is as defined in 7 C.F.R. § 210.2."

TEACHER BONUSES

SECTION 7.10. Section 2(b) of S.L. 2020-45 reads as rewritten:

"**SECTION 2.(a)** No later than October 31, 2020, the Department of Public Instruction shall administer a one-time, lump sum bonus of three hundred fifty dollars (\$350.00) to every teacher who, as of October 1, 2020, is employed as a teacher in a qualifying public school unit.

"**SECTION 2.(b)** As used in this section, the following definitions shall apply:

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

(2) 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.

f. A residential school."

BUDGET FLEXIBILITY FOR LOCAL BOARDS OF EDUCATION

SECTION 7.11.(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 7.11.(b) Section 4(b) of S.L. 2018-2 is repealed.

DEVELOPING A REPRESENTATIVE AND INCLUSIVE VISION FOR EDUCATION (DRIVE) GRANT PROGRAM

SECTION 7.12.(a) Purpose. – The State Board of Education, in consultation with the Office of the Governor, the University of North Carolina System, and the North Carolina Community College System, shall establish a grant program to support strategic partnerships committed to increasing the pipeline of educators of color across the state. As an extension of the recommendations and strategies presented by Governor Cooper's DRIVE Task Force on January 1, 2021, this grant program provides funds for local school administrative units, institutions of higher education, and community organizations to implement innovative initiatives that support the recruitment, preparation, support, and retention of racially, ethnically, and linguistically diverse educators.

The purpose of this program shall be to the following:

- (1) Increase the diversity of the educator workforce across the state through novel recruitment efforts.
- (2) Strengthen the pipeline of aspiring teachers of color across the state through traditional and alternative certification pathways.
- (3) Provide mechanisms to support and retain educators of color currently serving in K-12 public schools.
- (4) Promote collaboration between districts, institutions of higher education, and community/non-profit organizations to diversify the educator workforce.

For grant award consideration, applicants must:

- (1) Include a partnership between at least two of the following entities: K-12 districts, Historically Black Colleges and Universities, Minority-serving Institutions, educator preparation programs, alternative certification programs, public and private colleges and universities, community colleges, and community or nonprofit organizations.
- (2) Propose strategies that address one or more of the following components of the educator development continuum as highlighted by the DRIVE Task Force's 2021 Report to the Governor: recruitment, placement and induction, and support and retention of educators of color.

Grants activities may include, but are not limited to:

- (1) Strengthen existing high school dual enrollment programs to offer education-based college credit or honors courses as streamlined pathways for future careers in education.
- (2) Implement targeted district-level and community-based recruitment programs for aspiring educators of color interested in traditional and alternative educator preparation programs.
- (3) Utilize and leverage existing financial aid programs that include scholarships, loan forgiveness, and tuition reimbursement that reduce the disproportionate financial burden incurred by aspiring candidates of color.
- (4) Increase preparation and support for pre-service educators of color through paid clinical learning experiences, with a commitment to teaching in North Carolina public schools.
- (5) Offer support for job placement and licensure for candidates of color after completing their educator preparation program.
- (6) Provide induction and mentoring programs that address the needs of educators of color that include sustaining networking and professional learning communities or affinity groups.
- (7) Encourage and financially support educators of color interested in joining national professional organizations or attending national conferences.

SECTION 7.12.(b) Request for Proposal. – By October 1, 2021, the State Board of Education shall issue a Request for Proposal (RFP) for the grant program. Applicants shall submit

their proposals by December 1, 2021. The RFP shall require that proposals include the following information at a minimum:

- (1) Description of the proposal;
- (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 7.12.(c) Selection. – By February 1, 2022, a selection committee will select up to five grantees, making the effort to ensure that there is representation across the State as reflected by rural and urban districts, institutions of higher education, and community-based partners. Any grants awarded may be spent over a five-year period from the initial award. Grants may be awarded for new or existing projects.

SECTION 7.12.(d) Reporting Requirements. – No later than September 1 of each year, grant recipients shall submit to the State Board of Education an annual report for the preceding grant year that describes the implementation of the program. This report must include qualitative and quantitative data to demonstrate program effectiveness.

SECTION 7.12.(e) Evaluation and Reporting. – Of the funds appropriated by this act, the State Board of Education may use up to \$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, 2023. The State Board of Education shall report annually on the implementation of this grant program beginning on January 1, 2023.

SECTION 7.12.(f) Carryforward. – Funds unspent in the 2021-2022 and 2022-2023 fiscal years shall not revert and shall be carried forward to implement this section.

TEACHER PREPARATION RESIDENCY PILOT GRANT PROGRAM

SECTION 7.13.(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 7.13.(b) Request for Proposal. – By October 1, 2021, 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, 2022. 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.

1 **SECTION 7.13.(c)** Grant Awards. – By April 15, 2022, the State Board of Education
2 shall review the proposals submitted by local boards of education and shall select up to 10 local
3 school administrative units for grant awards. The State Board of Education may make grant
4 awards for up to three years. A local school administrative unit may not receive more than five
5 hundred thousand dollars (\$500,000) in a single fiscal year from this grant program.

6 **SECTION 7.13.(d)** Evaluation and Reporting. – Of the funds appropriated by this
7 act, the State Board of Education may use up to three hundred thousand dollars (\$300,000) to
8 contract with an independent research organization to evaluate the impact of this grant program.
9 The independent research organization shall report the results of this evaluation to the Joint
10 Legislative Education Oversight Committee, the Fiscal Research Division of the General
11 Assembly, and the Office of State Budget and Management by September 1, 2025. The
12 Department of Public Instruction shall report annually on the implementation of this grant
13 program beginning on March 1, 2023.

14 **SECTION 7.13.(e)** Carryforward. – Funds unspent in the 2022-2023 fiscal year shall
15 not revert and shall be carried forward to implement this section.

16
17 **RECRUITMENT BONUS PILOT PROGRAM FOR TEACHERS IN LOW WEALTH,
18 LOW PERFORMING OR HIGH NEEDS SCHOOLS**

19 **SECTION 7.14.(a)** Purpose. – The State Board of Education shall establish a grant
20 program to assist local school administrative units in providing multi-year recruitment bonuses
21 to certified teachers who commit to teach multiple years in a low-performing or high-needs
22 school. Bonuses awarded as part of this grant program shall include, but are not limited to, the
23 following components:

- 24 (1) Awarded over multiple years with a requirement that teachers remain in the
25 school over multiple years to receive the bonus;
26 (2) Awarded to certified teachers who commit to teach in a school identified as
27 low-performing, as defined in G.S. 115C-105.37, a school identified as
28 continually low-performing as defined in G.S. 115C-105.37A, or a school
29 where 75 percent or greater of students qualify for free or reduced-price lunch
30 under the National School Lunch Program.

31 **SECTION 7.14.(b)** Request for Proposal. – By September 1, 2021, and on that date
32 in subsequent years, the State Board of Education shall issue a Request for Proposal (RFP) for
33 the grant program. Local boards of education shall submit their proposals by December 1, 2021.
34 The RFP shall require that proposals include the following information at a minimum:

- 35 (1) Description of the proposal, including details on targeted schools for the bonuses
36 and how the bonus program will be structured;
37 (2) Evidence-based research that supports the proposal;
38 (3) Implementation plan; and
39 (4) Plans for financial sustainability once grant money is no longer available.

40 **SECTION 7.14.(c)** Grant Awards. – By February 15, 2022, the State Board of
41 Education shall review the proposals submitted by local boards of education and shall select up
42 to 10 local school administrative units for grant awards. The State Board of Education may make
43 grant awards for up to three years. A local school administrative unit may not receive more than
44 five hundred thousand dollars (\$500,000) in a single fiscal year from this grant program.

45 **SECTION 7.14.(d)** Evaluation and Reporting. – Of the funds appropriated by this
46 act, the State Board of Education may use up to three hundred thousand dollars (\$300,000) to
47 contract with an independent research organization to evaluate the impact of this grant program.
48 The independent research organization shall report the results of this evaluation to the Joint
49 Legislative Education Oversight Committee, the Fiscal Research Division of the General
50 Assembly, and the Office of State Budget and Management by September 1, 2024. The

Department of Public Instruction shall report annually on the implementation of this grant program beginning on March 1, 2022.

SECTION 7.14.(e) Carryforward. – Funds unspent in the 2021-2022 and 2022-2023 fiscal years shall not revert and shall be carried forward to implement this section.

EDUCATOR WAGE COMPARABILITY STUDY

SECTION 7.15. 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, 2022. Of the funds appropriated in this act to the Department of Public Instruction, up to \$200,000 may be used towards conducting this study.

EDUCATOR LICENSURE AND COMPENSATION REFORM PLAN

SECTION 7.16. The State Board of Education shall 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, mid-career 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.

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, 2022. Of the funds appropriated in this act to the Department of Public Instruction, up to \$50,000 may be used to support the development of this plan.

EDUCATOR PREPARATION PROGRAM CAPACITY STUDY

SECTION 7.17. 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, 2022. Of the funds appropriated in this act to the Department of Public Instruction, up to \$25,000 may be used towards conducting this study.

**STUDY ON CONSOLIDATING AND COORDINATING TEACHER RECRUITMENT
AND RETENTION EFFORTS**

SECTION 7.18. 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 \$25,000 may be used to support the development of this plan.

DUAL ENROLLMENT COURSE ALIGNMENT STUDY

SECTION 7.19. The State Board of Education, in consultation with the University of North Carolina System and the North Carolina Community College System, shall conduct a study of all dual enrollment courses offered as part of the Career and College Promise Program that satisfy basic high school graduation requirements to ensure that the content and skills taught in those courses is aligned to the content and skills outlined in the Standard Course of Study for the requisite courses that meet graduation requirements. The study shall identify if dual enrollment courses are or are not aligned with the Standard Course of Study and, if not aligned, what content or skills are not aligned. 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, 2022. Of the funds appropriated in this act to the Department of Public Instruction, up to \$25,000 may be used towards conducting this study.

**STUDY ON BARRIERS OF ACCESS TO HIGH SCHOOL COURSES LEADING TO
COLLEGE CREDIT**

SECTION 7.20. The State Board of Education, in collaboration with the Office of State Budget and Management, shall conduct a study examining the barriers and supports impacting all students' ability to complete high school courses leading to college credit, an associate degree, or a career-ready credential, including an examination of access, equity, resources, fees, and personnel. 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, 2022. Of the funds appropriated in this act to the Department of Public Instruction, up to \$25,000 may be used towards conducting this study.

NATIONAL BOARD CERTIFICATION FEE SUPPORT

SECTION 7.21.(a) Of the funds appropriated to the Department of Public Instruction by this act, the Department shall transfer the sum of one million nine hundred thousand dollars (\$1,900,000) each year of the biennium 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 2021-2022 school year.

SECTION 7.21.(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

1 this goal, the State shall support the efforts of teachers to achieve national certification by
2 providing approved paid leave time for teachers participating in the process, ~~lending teachers~~
3 ~~paying~~ the participation fee, and paying a significant salary differential to teachers who attain
4 national certification from the National Board for Professional Teaching Standards (NBPTS).

5 ...

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

9 (1) Have completed three full years of teaching in a North Carolina public school;
10 and

11 (2) Have (i) not previously received State funds for participating in any
12 certification area in the NBPTS program, (ii) repaid any State funds
13 previously received for the NBPTS certification process, or (iii) received a
14 waiver of repayment from the State Board of Education.

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

17"

18 19 **TEACHER ASSISTANTS**

20 **SECTION 7.22.** It is the intent of the General Assembly to incrementally increase
21 funding for the Teacher Assistants allotment and to simplify the formula for allotting funding in
22 order to provide funding for one teacher assistant for every 27 kindergarten through third grade
23 students by fiscal year 2027-2028. Teacher Assistant funding shall be allotted to a local school
24 administrative unit based on a teacher assistant-to-kindergarten -through third grade student ratio
25 of 1:40 in fiscal year 2021-2022 and a teacher assistant-to-kindergarten through third grade
26 student ratio of 1:39 in fiscal year 2022-2023.

27 28 **REVISE NCVPS FUNDING**

29 **SECTION 7.23.** Of the funds appropriated in this act to the Department of Public
30 Instruction, the State Board of Education shall use the sum of one and half million dollars
31 (\$1,500,000) in the 2021-2022 fiscal year and three million dollars (\$3,000,000) in the 2022-2023
32 fiscal year to offset the costs for local administrative units and charter schools to participate in
33 North Carolina Virtual Public Schools.

34 35 **EDUCATOR PROFESSIONAL DEVELOPMENT ALLOTMENT**

36 **SECTION 7.24.** The State Board of Education shall establish an Educator
37 Professional Development Allotment. Of the funds appropriated in this act to the Department of
38 Public Instruction, the sum of ten million dollars (\$10,000,000) in the 2021-2022 fiscal year and
39 the sum of twenty million dollars (\$20,000,000) in the 2022-2023 fiscal year shall be used to
40 fund the Educator Professional Development Allotment. Funds shall be used by local
41 administrative units and charter schools for educator professional development, to implement
42 literacy training, and for mentoring programs for beginning educators. Funds shall be allotted to
43 local administrative units based on average daily membership. The Department shall determine
44 an appropriate minimum allotment.

45 46 **PART VII-A. COMPENSATION OF PUBLIC SCHOOL EMPLOYEES**

47 48 **TEACHER SALARY SCHEDULE**

49 **SECTION 7A.1.(a)** The following monthly teacher salary schedule shall apply for
50 the 2021-2022 fiscal year to licensed personnel of the public schools who are classified as
51 teachers. The salary schedule is based on years of teaching experience.

2021-2022 Teacher Monthly Salary Schedule

Years of Experience	"A" Teachers
0	3,600
1	3,720
2	3,835
3	3,950
4	4,050
5	4,150
6	4,250
7	4,350
8	4,450
9	4,550
10	4,650
11	4,750
12	4,850
13	4,950
14	5,050
15	5,150
16-17	5,200
18-19	5,250
20-21	5,300
22-23	5,350
24-25	5,400
26-27	5,450
28-29	5,500
30+	5,550.

SECTION 7A.1.(b) 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	3,700
1	3,820
2	3,935
3	4,050
4	4,150
5	4,250
6	4,350
7	4,450
8	4,550
9	4,650
10	4,750
11	4,850
12	4,950
13	5,050
14	5,150
15	5,250
16-17	5,350
18-19	5,425
20-21	5,500
22-23	5,550

1	24-25	5,600
2	26-27	5,650
3	28-29	5,700
4	30+	5,750.

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

- (1) Licensed teachers who have NBPTS certification shall receive a salary supplement each month of twelve percent (12%) of their monthly salary on the "A" salary schedule.
- (2) Licensed teachers who are classified as "M" teachers shall receive a salary supplement each month of ten percent (10%) of their monthly salary on the "A" salary schedule.
- (3) Licensed teachers with licensure based on academic preparation at the six-year degree level shall receive a salary supplement of one hundred twenty-six dollars (\$126.00) per month in addition to the supplement provided to them as "M" teachers.
- (4) Licensed teachers with licensure based on academic preparation at the doctoral degree level shall receive a salary supplement of two hundred fifty-three dollars (\$253.00) per month in addition to the supplement provided to them as "M" teachers.
- (5) Certified school nurses shall receive a salary supplement each month of ten percent (10%) of their monthly salary on the "A" salary schedule.
- (6) Certified school counselors shall receive a salary supplement of eighty dollars (\$80.00) per month.
- (7) School psychologists shall receive a salary supplement of five hundred (\$500.00) per month.

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

SECTION 7A.1.(e) The twenty-sixth step of the salary schedule for (i) school psychologists, (ii) school speech pathologists who are licensed as speech pathologists at the master's degree level or higher, and (iii) school audiologists who are licensed as audiologists at the master's degree level or higher shall be seven and one-half percent (7.5%) higher than the salary received by these same employees on the twenty-fifth step of the salary schedule.

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

SECTION 7A.1.(g) A teacher compensated in accordance with this salary schedule for the 2020-2021 and 2021-2022 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.(h) As used in this section, the term "teacher" shall also include instructional support personnel.

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 8 following teachers and instructional support personnel shall be paid on the "M" salary schedule 9 or receive a salary supplement for academic preparation at the six-year degree level or at the 10 doctoral degree level for the ~~2014-2015~~ 2021-2022 school year and subsequent school year:

- (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, TCP-A-006, 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 2021-2022 fiscal year and in subsequent fiscal 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.

ELIMINATE REQUIREMENT THAT TEACHERS PAY FOR SUBSTITUTES

SECTION 7A.3. G.S. 115C-302.1 reads as rewritten:

"§ 115C-302.1. Salary.

...

(d) Personal Leave. – Teachers earn personal leave at the rate of .20 days for each full month of employment not to exceed two days per year. Personal leave may be accumulated without any applicable maximum until June 30 of each year. A teacher may carry forward to July 1 a maximum of five days of personal leave; the remainder of the teacher's personal leave shall be converted to sick leave on June 30. At the time of retirement, a teacher may also convert accumulated personal leave to sick leave for creditable service towards retirement.

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

PRINCIPAL SALARY SCHEDULE

SECTION 7A.4.(a) The following annual salary schedule for principals shall apply for the 2021-2022 fiscal year, beginning July 1, 2021.

2021-2022 Principal Annual Salary Schedule

Avg. Daily Membership	Base	Met Growth	Exceeded Growth
0-200	\$71,531	\$78,685	\$85,838
201-400	\$75,108	\$82,618	\$90,129
401-700	\$78,685	\$86,554	\$94,422
701-1,000	\$82,261	\$90,487	\$98,714
1,001-1,600	\$85,838	\$94,421	\$103,005
1,601+	\$89,414	\$98,356	\$107,296.

SECTION 7A.4.(b) 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	75,108	82,619	90,129
201-400	78,863	86,749	94,635
401-700	82,619	90,881	99,143
701-1000	86,374	95,011	103,649
1001-1600	90,129	99,142	108,155
1601+	93,884	103,273	112,661.

SECTION 7A.4.(c) A principal's placement on the salary schedule shall be determined according to the average daily membership of the school supervised by the principal, as described in subsection (b) of this section, and the school growth scores, calculated pursuant to G.S. 115C-83.15(c), for each school the principal supervised in at least two of the prior three school years, as described in subsection (c) of this section, regardless of a break in service, and

provided the principal supervised each school as a principal for at least a majority of the school year, as follows:

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

SECTION 7A.4.(d) For purposes of determining the average daily membership of a principal's school in the 2021-2022 and 2022-2023 school year, placement on the schedule related to average daily membership shall be based on the average daily membership for the school from the 2019-2020 school year. If the school did not have an average daily membership in the 2019-2020 school year, the average daily membership for the school for the 2020-2021 school year shall be used. 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 2021-2022 or 2022 school year shall be used.

SECTION 7A.4.(e) For purposes of determining the school growth scores for each principal in the 2021-2022 and 2022-2023 school years, placement on the schedule related to school growth scores shall be based on the placement of the principal in the 2020-2021 school year.

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

SECTION 7A.4.(g) A principal compensated in accordance with this section for the 2021-2022 fiscal year shall receive an amount equal to the greater of the following:

- (1) The applicable amount determined pursuant to subsections (a) through (d) of this section.
- (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.

PRINCIPAL BONUSES

SECTION 7A.5.(a) No later than October 31, 2021, the Department of Public Instruction shall administer a one-time, lump sum bonus to any qualifying principal that is equal to the amount that qualifying principal received pursuant to Section 2.4 of S.L. 2019-247.

As used in this section, the term "qualifying principal" shall refer to a principal who meets all of the following criteria:

(1) Received a bonus in the 2019-2020 fiscal year pursuant to Section 2.4 of S.L. 2019-247.

(2) Is employed as a principal in a public school as of October 1, 2021.

SECTION 7A.5.(b) The Department of Public Instruction shall administer a bonus in the 2022-2023 fiscal year to any principal who supervised a school as a principal for a majority of the previous school year if that school was in the top fifty percent (50%) of school growth in the State during the previous school year, calculated by the State Board pursuant to G.S. 115C-83.15(c), as follows:

2022-2023 Principal Bonus Schedule

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

A principal shall receive no more than one bonus pursuant to this subsection. The bonus shall be paid at the highest amount for which the principal qualifies.

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

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

SECTION 7A.5.(e) The bonus awarded pursuant subsection (a) to this section does not apply to principals no longer employed as a principal due to resignation, dismissal, reduction in force, death, or retirement or whose last workday is prior to October 1, 2021.

SECTION 7A.5.(f) The bonus awarded pursuant subsection (b) to this section does not apply to principals no longer employed as a principal due to resignation, dismissal, reduction in force, death, or retirement or whose last workday is prior to October 1, 2022.

SECTION 7A.5.(g) It is the intent of the General Assembly that funds provided pursuant to this section will supplement principal compensation and not supplant local funds.

SECTION 7A.5.(h) The bonus provided pursuant to subsection (a) of this section shall be paid no later than October 31, 2021, to qualifying principals employed as of October 1, 2021.

SECTION 7A.5.(i) The bonus provided pursuant to subsection (b) of this section shall be paid no later than October 31, 2022, to qualifying principals employed as of October 1, 2022.

ASSISTANT PRINCIPAL SALARIES

SECTION 7A.6.(a) For the 2021-2023 fiscal biennium, assistant principals shall receive a monthly salary based on the relevant salary schedule for teachers shown in Section 7A.1(a) and 7A.1(b) 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

1 administrator with a one-year provisional assistant principal's certificate shall be considered
2 equivalent to an assistant principal.

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

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

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

20 **SECTION 7A.6.(e)** An assistant principal compensated in accordance with this
21 section for the 2021-2023 fiscal biennium shall receive an amount equal to the greater of the
22 following:

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

36 37 **CENTRAL OFFICE SALARIES**

38 **SECTION 7A.7.(a)** For the 2021-2022 fiscal year, beginning July 1, 2021, the
39 annual salary for superintendents, assistant superintendents, associate superintendents,
40 directors/coordinators, supervisors, and finance officers, whose salaries are supported from State
41 funds, shall be increased by five percent (5%).

42 **SECTION 7A.7.(b)** It is the intent of the General Assembly to increase the annual
43 salary for superintendents, assistant superintendents, associate superintendents,
44 directors/coordinators, supervisors, and finance officers, whose salaries are supported from State
45 funds, in the 2022-2023 fiscal year, beginning July 1, 2022, by two and one-half percent (2.5%).

46 **SECTION 7A.7.(c)** The monthly salary maximums that follow apply to assistant
47 superintendents, associate superintendents, directors/coordinators, supervisors, and finance
48 officers for the 2021-22 fiscal year, beginning July 1, 2021:

	2021-2022 Fiscal Year
	Maximum
49 School Administrator I	\$6,936

1	School Administrator II	\$7,377
2	School Administrator III	\$7,818
3	School Administrator IV	\$8,124
4	School Administrator V	\$8,447
5	School Administrator VI	\$8,666
6	School Administrator VII	\$9,305.

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

12 **SECTION 7A.7.(d)** The monthly salary maximums that follow apply to public
13 school superintendents for the 2021-22 fiscal year, beginning July 1, 2021:

2021-2022 Fiscal Year

Maximum

15		
16	Superintendent I	\$9,864
17	Superintendent II	\$10,452
18	Superintendent III	\$11,079
19	Superintendent IV	\$11,744
20	Superintendent V	\$12,452.

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

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

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

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

40 **SECTION 7A.7.(h)** It is the intent of the General Assembly that the monthly salary
41 maximums that follow shall apply to assistant superintendents, associate superintendents,
42 directors/coordinators, supervisors, and finance officers for the 2022-23 fiscal year, beginning
43 July 1, 2022:

2022-2023 Fiscal Year

Maximum

45		
46	School Administrator I	\$7,137
47	School Administrator II	\$7,562
48	School Administrator III	\$8,014
49	School Administrator IV	\$8,327
50	School Administrator V	\$8,658
51	School Administrator VI	\$8,882

School Administrator VII \$9,538.
SECTION 7A.7.(i) It is the intent of the General Assembly that the monthly salary maximums that follow shall apply to public school superintendents for the 2022-23 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.

NONCERTIFIED PERSONNEL SALARIES

SECTION 7A.8.(a) For the 2021-2022 fiscal year, beginning July 1, 2021, the annual salary for noncertified public school employees whose salaries are supported from State funds shall be increased as follows:

- (1) For permanent, full-time employees on a 12-month contract, by five percent (5%).
- (2) For the following employees, by a prorated and equitable amount based on the amount specified in subdivision (1) of this subsection:
 - a. Permanent, full-time employees on a contract for fewer than 12 months.
 - b. Permanent, part-time employees.
 - c. Temporary and permanent hourly employees.

SECTION 7A.8.(b) It is the intent of the General Assembly to increase the annual salary for noncertified public school employees whose salaries are supported from State funds in the 2022-23 fiscal year, beginning July 1, 2022, as follows:

- (1) For permanent, full-time employees on a 12-month contract, by two and one half percent (2.5%).
- (2) For the following employees, by a prorated and equitable amount based on the amount specified in subdivision (1) of this subsection:
 - a. Permanent, full-time employees on a contract for fewer than 12 months.
 - b. Permanent, part-time employees.
 - c. Temporary and permanent hourly employees.

\$15 PER HOUR FOR NONCERTIFIED PERSONNEL SALARIES

SECTION 7A.9.(a) The hourly rate of the minimum salary for all noncertified public school employees shall be at least fifteen dollars (\$15.00) per hour. The State Board of Education shall increase the minimum of all salary grades and ranges it maintains for noncertified public school employees, as necessary, to achieve a minimum hourly rate of at least fifteen dollars (\$15.00) per hour.

SECTION 7A.9.(b) Funds provided to local school administrative units pursuant to this act may be used to supplement the salaries of noncertified public school employees whose salaries are supported from non-State funds to meet the minimum hourly rate of at least fifteen dollars (\$15.00) per hour required by subsection (a) of this section. These funds shall not be used to supplant State or non-State funds already provided for salaries of noncertified public school employees.

PART VIII. THE UNIVERSITY OF NORTH CAROLINA SYSTEM

UNC/ESCHEATS FUND FOR STUDENT FINANCIAL AID PROGRAMS

SECTION 8.1.(a) The funds appropriated by this act from the Escheat Fund for the 2021-2023 fiscal biennium for student financial aid shall be allocated in accordance with G.S. 116B-7. Notwithstanding any other provision of Chapter 116B of the General Statutes, if the interest income generated from the Escheat Fund is less than the amounts referenced in this act, the difference may be taken from the Escheat Fund principal to reach the appropriations referenced in this act; however, under no circumstances shall the Escheat Fund principal be reduced below the sum required in G.S. 116B-6(f). If any funds appropriated from the Escheat Fund by this act for student financial aid remain uncommitted aid as of the end of a fiscal year, the funds shall be returned to the Escheat Fund, but only to the extent the funds exceed the amount of the Escheat Fund income for that fiscal year.

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

UNC CARRYFORWARD

SECTION 8.2. G.S. 116-30.3 reads as rewritten:

"§ 116-30.3. Reversions.

(a) Of the General Fund current operations appropriations credit balance remaining at the end of each fiscal year in each of the budget codes listed in this subsection, any amount of the General Fund appropriation for that budget code for that fiscal year (i) may be carried forward to the next fiscal year in that budget code, (ii) is appropriated in that budget code, and (iii) may be used for any of the purposes set out in subsection (f) of this section. However, the amount carried forward in each budget code under this subsection shall not exceed ~~two and one-half percent (2.5%)~~ five percent (5.0%) of the General Fund appropriation in that budget code. The Director of the Budget, under the authority set forth in G.S. 143C-6-2, shall establish the General Fund current operations credit balance remaining in each budget code.

...

(f) Funds carried forward pursuant to subsection (a) of this section ~~shall~~ may be used for ~~projects that are eligible to receive funds under G.S. 143C-8-13(a). Expenditures authorized by this subsection~~ one-time expenditures, provided, however, that the expenditures shall not impose additional financial obligations on the State and shall not be used to support positions."

**EDUCATOR PREPARATION/RECRUITMENT/EFFECTIVENESS REPORT
CONSOLIDATION**

SECTION 8.3.(a) Report on Number of School Administrators. – G.S. 116-74.21(c) is repealed.

SECTION 8.3.(b) Future Teachers of North Carolina Report. – G.S. 116-41.32 is repealed.

SECTION 8.3.(c) G.S. 116-11 reads as rewritten:

"§ 116-11. Powers and duties generally.

...

(12d) The Board of Governors shall provide a comprehensive annual report on ~~teacher-educator~~ education efforts at The University of North Carolina. The report shall include information about ~~teacher-educator~~ education and ~~recruitment, 2+2 initiatives, distance education programs focused on teacher education, and professional development programs for teachers and school~~

~~administrators, recruitment. The teacher-educator education report shall be due on April-October 15 of each year to the Joint Legislative Education Oversight Committee and Committee. The Board shall provide a copy of the report to the State Board of Education."~~

ELIMINATE STATE AGENCY REPORTING ON CAPITAL PROJECTS

SECTION 8.4. Section 36.7(b) of S.L. 2017-57, as amended by Section 24(a) of S.L. 2018-142, is repealed.

ELIMINATE REPORT ON UNC SYSTEM PRESIDENT'S STRATEGIC INITIATIVE RESERVE FUNDS FOR SPECIAL PROJECTS

SECTION 8.5. The University of North Carolina System Office shall not be required to submit an annual report to the Joint Legislative Education Oversight Committee on the use of funds from the University of North Carolina President's Strategic Initiative Reserve, but shall make this information available upon request to the Fiscal Research Division of the General Assembly.

ELIMINATE UNC ENROLLMENT GROWTH PROJECTION REPORT

SECTION 8.6. G.S. 116-30.7 is repealed.

COLLEGE ADVISING CORPS

SECTION 8.7.(a) Purpose of the College Advising Corps Program. – From the funds appropriated by this act for the 2021-2023 fiscal biennium to the Board of Governors of The University of North Carolina for the College Advising Corps program, the Board of Governors shall provide a directed grant to the National College Advising Corps, Inc. (CAC) to support an expansion of the placement of college advisers in North Carolina public schools through their program. CAC is a college access nonprofit organization with the mission to increase the number of underrepresented, low-income, or first-generation postsecondary degree or certificate students entering and completing their postsecondary education at community colleges and universities. In furthering this mission, CAC operates an innovative model of partnering with schools, communities, families, and postsecondary institutions, including providing for a two-year service opportunity to recent college graduates as near-peer college advisers working full-time in the public schools, with an emphasis on engaging college advisers who have similar backgrounds to the students the program seeks to serve. Near-peer college advisers perform various services for those students that are key components to the proven success of the program, including (i) attending postsecondary campus visits, fairs, and workshops with students, (ii) assisting with registering for college entrance exams, (iii) assisting with Free Application for Federal Student Aid (FAFSA) registrations and completions, (iv) identifying available scholarships, (v) assisting with postsecondary applications, and (vi) engaging with parents.

SECTION 8.7.(b) Matching Funds. – Funds made available to CAC pursuant to this section shall be matched by CAC on the basis of two dollars (\$2.00) in non-State funds for every one dollar (\$1.00) in State funds. Availability of these matching funds shall not revert, but shall continue to be available for the purposes set forth in this section.

SECTION 8.7.(c) Use of Funds. – CAC shall focus the first two years of the expansion of its program using the funds provided to it under this section by placing college advisers in counties designated as Tier 1 and Tier 2. In subsequent years, CAC shall use the funds provided to it to place college advisers in the remaining counties designated as Tier 3 in order to achieve placement of college advisers in all 100 counties of the State. In addition, CAC shall select at least three additional postsecondary institutions to partner with in order to increase the number of recent graduates working as near-peer college advisers to meet the needs of the program expansion. Once CAC has reached the goal of placement of college advisers in 100

counties, the funds provided to it for the program shall be used to continue the mission of the program to increase access for North Carolina public school students to postsecondary degree or certificate attainment at community colleges and universities.

SECTION 8.7.(d) Reporting Requirements. – CAC shall submit a report by June 1 of each year in which CAC spends State funds made available to it pursuant to this section to the Joint Legislative Education Oversight Committee, the Fiscal Research Division, and the Office of State Budget and Management on the progress of expanding the placement of college advisers, data on the effectiveness of the program in increasing access for students to postsecondary education, and the use of State funds.

PART VIII-A. UNIVERSITY/STATE EDUCATION ASSISTANCE AUTHORITY

MODIFY IN-STATE TUITION FOR CERTAIN VETERANS AND OTHER INDIVIDUALS

SECTION 8A.1. G.S. 116-143.3A reads as rewritten:

"§ 116-143.3A. Waiver of 12-month residency requirement for certain veterans and other individuals.

...

(b) ~~Waiver of 12-month residency requirement for certain veterans and other~~ Certain Individuals. – Any veteran, dependent of a veteran, or other individual who qualifies for admission to an institution of higher education as defined in G.S. 116-143.1(a)(3) is eligible to be charged the in-State tuition rate and applicable mandatory fees for enrollment, to the extent required by ~~Section 702 of the Veterans Access, Choice, and Accountability Act of 2014, as amended, 38 U.S.C. § 3679, the Veterans Health Care and Benefits Improvement Act of 2020,~~ without satisfying the 12-month residency requirement under G.S. 116-143.1, provided the individual meets all of the following criteria:

...

(3) ~~The individual's abode is North Carolina.~~

(4) ~~The individual provides the institution of higher education at which the individual intends to enroll a letter of intent to establish residence in North Carolina.~~

(5) ~~The individual meets the definition of a "covered individual" under 38 U.S.C. § 3679(c).~~

...

(d) ~~After the expiration of the three year period following discharge as described in 38 U.S.C. § 3679(c), any~~ Any enrolled individual who is eligible for in-State tuition under this section shall continue to be eligible for the in-State tuition rate so long as the covered individual remains continuously enrolled (other than during regularly scheduled breaks between courses, quarters, terms, or semesters) at that institution of higher education.

(e) The individual applying for the benefit of this section has the burden of proving entitlement to the benefit."

OPPORTUNITY SCHOLARSHIPS/ELIMINATE STATUTORY INCREASE

SECTION 8A.2.(a) G.S. 115C-562.1 reads as rewritten:

"§ 115C-562.1. Definitions.

The following definitions apply in this Part:

...

(3) Eligible students. – A student residing in North Carolina who has not yet received a high school diploma and who meets all of the following requirements:

- 1 a. ~~Meets one of the following criteria:~~Received a scholarship grant
2 ~~during the previous school year.~~
3 1. ~~Was a full-time student (i) assigned to and attending a public~~
4 ~~school pursuant to G.S. 115C-366 or (ii) enrolled in a~~
5 ~~Department of Defense Elementary and Secondary School,~~
6 ~~established pursuant to 10 U.S.C. § 2164 and located in North~~
7 ~~Carolina, during the previous semester.~~
8 2. ~~Received a scholarship grant during the previous school year.~~
9 3. ~~Is entering either kindergarten or the first grade.~~
10 4. ~~Is a child in foster care as defined in G.S. 131D-10.2(9).~~
11 5. ~~Is a child whose adoption decree was entered not more than~~
12 ~~one year prior to submission of the scholarship grant~~
13 ~~application.~~
14 6. ~~Is a child whose parent or legal guardian is on full-time duty~~
15 ~~status in the active uniformed service of the United States,~~
16 ~~including members of the National Guard and Reserve on~~
17 ~~active duty orders pursuant to 10 U.S.C. § 12301, et seq., and~~
18 ~~10 U.S.C. § 12401, et seq.~~
19 a1. Has not enrolled in a postsecondary institution in a matriculated status
20 eligible for enrollment for 12 hours of academic credit.
21 b. Resides in a household with an income level not in excess of one
22 hundred thirty-three percent (150%) of the amount required for the
23 student to qualify for the federal free or reduced-price lunch program.
24 The Authority shall not count any distribution from the estate of a
25 decedent in calculating the income level of the applicant's household
26 for the purposes of determining eligibility for a scholarship under this
27 sub-subdivision."

28 **SECTION 8A.2.(b)** G.S. 115C-562.8(b) is repealed.

29 **SECTION 8A.2.(c)** The State Education Assistance Authority shall not award
30 scholarship funds to new recipients pursuant to Part 2A of Article 39 of Subchapter X of Chapter
31 115C of the General Statutes after the 2020-2021 academic year.

32 **SECTION 8A.2.(d)** G.S. 115C-112.6 is amended by adding a new subsection to
33 read:

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

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

49 **SECTION 8A.2.(e)** G.S. 115C-112.8(b) is amended by adding a new subdivision to
50 read:

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

SECTION 8A.2.(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.2.(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 explanation of the student's progress, including the student's scores on standardized achievement tests.

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

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

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

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

(c) A nonpublic school enrolling more than 25 students whose tuition and fees are paid in whole or in part with a scholarship grant shall report to the Authority on the aggregate standardized test on individual student standardized test performance data performance of

eligible students under subsection (4) of this section. Aggregate test performance data reported to the Authority which does not contain personally identifiable student data shall be a public record under Chapter 132 of the General Statutes. Test performance data may be shared with public or private institutions of higher education located in North Carolina and shall be provided to an independent research organization selected by the Authority for research purposes as permitted by the Federal Education Rights and Privacy Act, 20 U.S.C. § 1232g.

...."

TEACHING FELLOWS EXPANSION

SECTION 8A.3.(a) G.S. 116-209.60 reads as rewritten:

"§ 116-209.60. Definitions.

The following definitions apply in this Part:

- (1) Commission. – The North Carolina Teaching Fellows Commission.
- (2) Director. – The Director of the North Carolina Teaching Fellows Program.
- (3) Forgivable loan. – A forgivable loan made under the Program.
- (4) Program. – The North Carolina Teaching Fellows Program.
- (5) Public school. – An elementary or secondary school located in North Carolina that is governed by a local board of education, charter school board of directors, regional school board of directors, or University of North Carolina 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.3.(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:
 - a. Demographic information regarding recipients.
 - b. Number of recipients by institution of higher education and program.
 - c. Information on number of recipients by anticipated ~~STEM and special~~ education licensure area.
- (2) Placement and repayment rates, including the following:
 - a. 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.
 - b. 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.
 - c. Number of graduates who have elected to do loan repayment and their years of service, if any, prior to beginning loan repayment.
 - d. 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.3.(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."

PART IX. HEALTH AND HUMAN SERVICES

PART IX-A. AGING AND ADULT SERVICES

STATE-COUNTY SPECIAL ASSISTANCE

SECTION 9A.1.(a) For each year of the 2021-2023 fiscal biennium, the maximum monthly rate for residents in adult care home facilities shall be one thousand one hundred eighty-two dollars (\$1,182) per month per resident.

SECTION 9A.1.(b) For each year of the 2021-2023 fiscal biennium, the maximum monthly rate for residents in Alzheimer's/Dementia special care units shall be one thousand five hundred fifteen dollars (\$1,515) per month per resident.

INCREASE IN STATE-COUNTY SPECIAL ASSISTANCE PERSONAL NEEDS ALLOWANCE

SECTION 9A.2.(a) Effective October 1, 2021, the Department of Health and Human Services, Division of Aging and Adult Services shall increase the personal needs allowance under the State-County Special Assistance program from forty-six dollars (\$46.00) per month per recipient to seventy dollars (\$70.00) per month per recipient.

SECTION 9A.2.(b) Effective January 1, 2022, the personal needs allowance will be indexed to the COLA issued by the Social Security Commission effective January 1st of the respective year; this increase will be offset by the reduction in the payment amount due to the increase in countable income.

SECTION 9A.2.(c) Effective October 1, 2021, and notwithstanding the increase in the personal needs allowance authorized by subsections (a) and (b) of this section or any other provision of law to the contrary, the following limits are applicable for determining financial eligibility for State-County Special Assistance:

- (1) The total countable monthly income for individuals residing in adult care home facilities shall not exceed one thousand two hundred twenty-eight dollars (\$1,228) per month.
- (2) The total countable monthly income for individuals residing in Alzheimer's/Dementia special care units shall not exceed one thousand five hundred sixty-one dollars (\$1,561) per month.

AUTHORIZATION FOR SECRETARY OF DHHS TO RAISE THE MAXIMUM NUMBER OF STATE-COUNTY SPECIAL ASSISTANCE IN-HOME PAYMENTS

SECTION 9A.3. Notwithstanding the provisions of G.S. 108A-47.1 or any other provision of law to the contrary, and within existing appropriations for State-County Special Assistance, the Secretary of the Department of Health and Human Services may waive the fifteen percent (15%) cap on the number of Special Assistance in-home payments, as the Secretary deems necessary.

ADULT PROTECTIVES SERVICES ESSENTIAL SERVICES FUND

SECTION 9A.4.(a) Effective July 1, 2021, the sum of two million dollars (\$2,000,000) in recurring funds is appropriated to establish the Adult Protective Services Essential Services Fund to the Department of Health and Human Services, Division of Aging and Adult Services to be used for the provision of protective services for adults for whom the need for protective services has been substantiated by the county department of social services.

The funds shall be used when no other funds or services are available to provide the services in the least restrictive setting.

SECTION 9A.4.(b) Essential Services are defined in Article 6, of Chapter 108A of the General Statutes. The words "essential services" shall refer to those social, medical, psychiatric, psychological, or legal services necessary to safeguard the disabled adult's rights and resources and to maintain the physical or mental well-being of the individual. These services shall include, but not be limited to, the provision of medical care for physical and mental health needs, assistance in personal hygiene, food, clothing, adequately heated and ventilated shelter, protection from health and safety hazards, protection from physical mistreatment, and protection from exploitation.

SECTION 9A.4.(c) Based on items in subsection (b) of this section, the Department of Health and Human Services, Division of Aging and Adult Services shall develop a detailed list of acceptable uses of the fund.

SECTION 9A.4.(d) Funds will be allocated to local departments of social services based on the following formula:

- (1) Percentage of substantiated cases.
- (2) Quartile Poverty Level rank.
- (3) Percentage of 60 plus population rank.

PART IX-B. CENTRAL MANAGEMENT AND SUPPORT

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

SECTION 9B.1.(a) Of the funds appropriated in this act to the Department of Health and Human Services, Division of Central Management and Support, the sum of twenty nine million fifty seven thousand three hundred and twenty nine dollars (\$29,057,329) in nonrecurring funds for the 2021-2022 fiscal year and thirty two million four hundred seventy eight thousand eight hundred and thirty four dollars (\$32,478,834) in nonrecurring funds for the 2022-2023 fiscal year shall be used to match federal funds to implement the augmentation and enhancement strategy of Child Welfare Services as recommended by PED and Gartner studies and modernize the Platform, Infrastructure, and Architecture components of the North Carolina Families Accessing Services through Technology (NC FAST) application. The Department shall report any changes in approved federal funding or federal match rates within 30 days after the change to the Joint Legislative Oversight Committee on Health and Human Services, the Joint Legislative Oversight Committee on Information Technology, and the Fiscal Research Division. Departmental receipts appropriated in this act in the sum of sixteen million eight hundred forty-two thousand five hundred and seventy-two dollars (\$16,842,572) for the 2021-2022 fiscal year and twenty four million nine hundred forty seven thousand and seventy dollars (\$24,947,070) for the 2022-2023 fiscal year shall be used to implement the components of the NC FAST project described in this subsection.

SECTION 9B.1.(b) Of the funds appropriated in this act to the Department of Health and Human Services, Division of Central Management and Support, the sum of twenty two million three hundred twenty six thousand nine hundred and fifty two dollars (\$22,326,952) in recurring funds for the 2021-2022 and 2022-2023 fiscal year and ten million six hundred five thousand nine hundred and eighty eight dollars (\$10,605,988) in nonrecurring funds for the 2021-2022 fiscal year and five million eight hundred seventy six thousand eight hundred and six dollars (\$5,876,806) in nonrecurring funds for the 2022-2023 fiscal year shall be used to provide ongoing maintenance and operations for the NC FAST system, including the remaining Medicaid Transformation initiative and the creation of 4 full-time equivalent positions for the 2021-2022 fiscal year and 2022-2023 fiscal year. Departmental receipts appropriated in this act in the sum of sixty eight million seventy nine thousand two hundred and fourteen (\$68,079,214) for the

2021-2022 fiscal year and in the sum of fifty eight million six hundred forty five thousand one hundred and fifteen dollars (\$58,645,115) for the 2022-2023 fiscal year shall be used for the purposes specified in this subsection.

COMMUNITY HEALTH GRANT PROGRAM CHANGES

SECTION 9B.2.(a) Of the funds appropriated in this act to the Department of Health and Human Services, Division of Central Management and Support, Office of Rural Health, for Community Health Grants, the sum of seven million five hundred thousand dollars (\$7,500,000) in recurring funds for the 2021-2022 fiscal year and the sum of seven million five hundred thousand dollars (\$7,500,000) in recurring funds for the 2022-2023 fiscal year shall be used as follows:

- (1) Up to two hundred thousand dollars (\$200,000) in recurring funds for each fiscal year of the 2021-2023 fiscal biennium shall be used to maintain four permanent, full-time equivalent positions within the Office of Rural Health to support administration of the Community Health Grant Program.
- (2) Up to two hundred thousand dollars (\$200,000) in recurring funds for each fiscal year of the 2021-2023 fiscal biennium may be used for administrative purposes.
- (3) At least six million nine hundred fifty thousand dollars (\$6,950,000) in recurring funds for each fiscal year of the 2021-2023 fiscal biennium shall be used to award grants on a competitive basis to free and charitable clinics, federally qualified health centers, State-designated rural health centers, local health departments, school-based health centers, and other nonprofit organizations that (i) provide primary and preventative medical services to uninsured or medically indigent patients and (ii) serve as a medical home to these vulnerable populations, in order to accomplish any of the following purposes:
 - a. Increase access to primary care and preventative health services for these vulnerable populations in existing primary care locations.
 - b. Establish primary care and preventative health services in counties where no such services exist to serve these vulnerable populations.
 - c. Create new services, sustain existing service levels, or augment existing services provided to these vulnerable populations, including primary care and preventative health services and including dental, pharmacy, and behavioral health services when integrated into the medical home.
 - d. Increase primary care capacity to serve these vulnerable populations, including enhancing or replacing facilities, equipment, or technologies necessary to participate in the exchange of data and tools to monitor and improve the quality of care provided.

SECTION 9B.2.(b) The Office of Rural Health shall work with the North Carolina Community Health Center Association, the North Carolina Association of Local Health Directors, the North Carolina Association of Free and Charitable Clinics, the North Carolina School-Based Health Alliance, and other organizations representing eligible grant recipients to establish a Primary Care Advisory Committee to develop an objective and equitable process for grading applications for grants funded by this section and making recommendations to the Office of Rural Health for the award of grants funded by this section.

The Office of Rural Health shall make the final decision about awarding grants funded by this section. In awarding grants, the Office of Rural Health shall consider the availability of other funds for the applicant; the incidence of poverty in the area served by the applicant or the number of indigent clients served by the applicant; the availability of, or arrangements for,

after-hours care; and collaboration between the applicant and a community hospital or other safety-net organizations.

SECTION 9B.2.(c) Grant recipients shall not use these funds to do any of the following:

- (1) Enhance or increase compensation or other benefits of personnel, administrators, directors, consultants, or any other persons receiving funds for program administration; provided, however, funds may be used to hire or retain health care providers. The use of grant funds for this purpose does not obligate the Department of Health and Human Services to continue to fund compensation beyond the grant period.
- (2) Supplant existing funds, including federal funds traditionally received by federally qualified community health centers. However, grant funds may be used to supplement existing programs that serve the purposes described in subsection (a) of this section.
- (3) Finance or satisfy any existing debt.

SECTION 9B.2.(d) The Office of Rural Health shall develop a standardized method for grant recipients to report objective, measurable quality health outcomes and shall require grant recipients to report these quality health outcomes to the Department. Beginning recipients of grant funds shall annually provide to the Office of Rural Health a written report detailing the number of patients that are cared for, the types of services that were provided, quality measures and outcomes, and any other information requested by the Office of Rural Health as necessary for evaluating the success of the Community Health Grant Program.

SECTION 9B.2.(e) Of the funds appropriated in this act to the Department of Health and Human Services, Division of Central Management and Support, Office of Rural Health, for the Community Health Grant Program, the sum of up to one hundred fifty thousand dollars (\$150,000) in recurring funds for each fiscal year of the 2021-2023 fiscal biennium shall be used to match federal funds to provide to safety net providers eligible to participate in the Community Health Grant Program, through the Rural Health Technology Team, ongoing training and technical assistance with respect to health information technology, the adoption of electronic health records, and the establishment of connectivity to the State's health information exchange network known as NC HealthConnex.

COMPETITIVE GRANTS/NONPROFIT ORGANIZATIONS

SECTION 9B.3.(a) Of the funds appropriated in this act to the Department of Health and Human Services, Division of Central Management and Support, the sum of ten million six hundred fifty-three thousand nine hundred eleven dollars (\$10,653,911) for each year of the 2021-2023 fiscal biennium, the sum of four million seven hundred seventy-four thousand five hundred twenty-five dollars (\$4,774,525) for each year of the 2021-2023 fiscal biennium appropriated in Section 9K.1 of this act in Social Services Block Grant funds, and the sum of one million six hundred thousand dollars (\$1,600,000) for each year of 2021-2023 fiscal biennium in Section 9K.1 of this act in Substance Abuse Prevention and Treatment Block Grant funds shall be used to allocate funds for nonprofit organizations.

SECTION 9B.3.(b) The Department shall continue administering a competitive grants process for nonprofit funding. The Department shall administer a plan that, at a minimum, includes each of the following:

- (1) A request for application (RFA) process to allow nonprofits to apply for and receive State funds on a competitive basis. The Department shall require nonprofits to include in the application a plan to evaluate the effectiveness, including measurable impact or outcomes, of the activities, services, and programs for which the funds are being requested.

- (2) A requirement that nonprofits match a minimum of fifteen percent (15%) of the total amount of the grant award.
- (3) A requirement that the Secretary prioritize grant awards to those nonprofits that are able to leverage non-State funds in addition to the grant award.
- (4) A process that awards grants to nonprofits that have the capacity to provide services on a statewide basis and that support any of the following State health and wellness initiatives:
- a. A program targeting advocacy, support, education, or residential services for persons diagnosed with autism.
 - b. A system of residential supports for those afflicted with substance abuse addiction.
 - c. A program of advocacy and supports for individuals with intellectual and developmental disabilities or severe and persistent mental illness, substance abusers, or the elderly.
 - d. Supports and services to children and adults with developmental disabilities or mental health diagnoses.
 - e. A food distribution system for needy individuals.
 - f. The provision and coordination of services for the homeless.
 - g. The provision of services for individuals aging out of foster care.
 - h. Programs promoting wellness, physical activity, and health education programming for North Carolinians.
 - i. The provision of services and screening for blindness.
 - j. A provision for the delivery of after-school services for apprenticeships or mentoring at-risk youth.
 - k. The provision of direct services for amyotrophic lateral sclerosis (ALS) and those diagnosed with the disease.
 - l. A comprehensive smoking prevention and cessation program that screens and treats tobacco use in pregnant women and postpartum mothers.
 - m. A program providing short-term or long-term residential substance abuse services. For purposes of this sub-subdivision, "long-term" means a minimum of 12 months.
 - n. A program that provides year-round sports training and athletic competition for children and adults with disabilities.
- (5) A process that ensures that funds received by the Department to implement the plan supplement and do not supplant existing funds for health and wellness programs and initiatives.
- (6) A process that allows grants to be awarded to nonprofits for up to two years.
- (7) A requirement that initial disbursement of the grants be awarded no later than 30 days after certification of the State budget for the respective fiscal year.

SECTION 9B.3.(c) No later than July 1 of each year, as applicable, the Secretary shall announce the recipients of the competitive grant awards and allocate funds to the grant recipients for the respective grant period pursuant to the amounts designated under subsection (a) of this section. After awards have been granted, by September 1 of each year, the Secretary shall submit a report to the Joint Legislative Oversight Committee on Health and Human Services on the grant awards that includes at least all of the following:

- (1) The identity and a brief description of each grantee and each program or initiative offered by the grantee.
- (2) The amount of funding awarded to each grantee.
- (3) The number of persons served by each grantee, broken down by program or initiative.

SECTION 9B.3.(d) No later than December 1 of each fiscal year, each nonprofit organization receiving funding pursuant to this section in the respective fiscal year shall submit to the Division of Central Management and Support a written report of all activities funded by State appropriations. The report shall include the following information about the fiscal year preceding the year in which the report is due:

- (1) The entity's mission, purpose, and governance structure.
- (2) A description of the types of programs, services, and activities funded by State appropriations.
- (3) Statistical and demographical information on the number of persons served by these programs, services, and activities, including the counties in which services are provided.
- (4) Outcome measures that demonstrate the impact and effectiveness of the programs, services, and activities.
- (5) A detailed program budget and list of expenditures, including all positions funded, matching expenditures, and funding sources.

SECTION 9B.3.(e) Funds appropriated pursuant to this section that have been awarded but not yet disbursed or encumbered at the end of each fiscal year shall not revert but shall remain available for expenditure.

SECTION 9B.3.(f) For the 2021-2023 fiscal biennium only, from the funds identified in subsection (a) of this section, the Department shall make the following allocations, provided that each nonprofit organization receiving funds pursuant to this subsection shall be required to seek future funding through the competitive grants process in accordance with subsection (b) of this section:

- (1) The sum of three hundred fifty thousand dollars (\$350,000) in each year of the 2021-2023 fiscal biennium to provide grants to Big Brothers Big Sisters.
- (2) The sum of one million six hundred twenty-five thousand dollars (\$1,625,000) for each year of the 2021-2023 fiscal biennium and the sum of one million six hundred thousand dollars (\$1,600,000) appropriated in Section 9K.1 of this act in Substance Abuse Prevention and Treatment Block Grant funds in each year of the 2021-2023 fiscal biennium to Triangle Residential Options for Substance Abusers, Inc., (TROSA) for the purpose of assisting individuals with substance abuse addiction.
- (3) The sum of two million seven hundred fifty thousand dollars (\$2,750,000) in each year of the 2021-2023 fiscal biennium to provide grants to Boys and Girls Clubs across the State to implement (i) programs that improve the motivation, performance, and self-esteem of youth and (ii) other initiatives that would be expected to reduce gang participation, school dropout, and teen pregnancy rates.

PART IX-C. CHILD DEVELOPMENT AND EARLY EDUCATION

NC PRE-K PROGRAMS/STANDARDS FOR FOUR- AND FIVE-STAR RATED FACILITIES

SECTION 9C.1.(a) Eligibility. – The Department of Health and Human Services, Division of Child Development and Early Education, shall continue implementing the prekindergarten program (NC Pre-K). The NC Pre-K program shall serve children who are four years of age on or before August 31 of the program year. In determining eligibility, the Division shall establish income eligibility requirements for the program not to exceed seventy-five percent (75%) of the State median income. Up to twenty percent (20%) of children enrolled may have family incomes in excess of seventy-five percent (75%) of median income if those children have other designated risk factors. Furthermore, any age-eligible child who is a child of either of the

following shall be eligible for the program: (i) an active duty member of the Armed Forces of the United States, including the North Carolina National Guard, State military forces, or a reserve component of the Armed Forces who was ordered to active duty by the proper authority within the last 18 months or is expected to be ordered within the next 18 months, or (ii) a member of the Armed Forces of the United States, including the North Carolina National Guard, State military forces, or a reserve component of the Armed Forces who was injured or killed while serving on active duty. Eligibility determinations for NC Pre-K participants may continue through local education agencies and local North Carolina Partnership for Children, Inc., partnerships.

Other than developmental disabilities or other chronic health issues, the Division shall not consider the health of a child as a factor in determining eligibility for participation in the NC Pre-K program.

SECTION 9C.1.(b) Multiyear Contracts. – The Division of Child Development and Early Education shall require the NC Pre-K contractor to issue multiyear contracts for licensed private child care centers providing NC Pre-K classrooms.

SECTION 9C.1.(c) Building Standards. – Notwithstanding G.S. 110-91(4), private child care facilities and public schools operating NC Pre-K classrooms shall meet the building standards for preschool students as provided in G.S. 115C-521.1.

SECTION 9C.1.(d) Programmatic Standards. – Except as provided in subsection (b1) of this section, entities operating NC Pre-K classrooms shall adhere to all of the policies prescribed by the Division of Child Development and Early Education regarding programmatic standards and classroom requirements.

SECTION 9C.1.(e) NC Pre-K Committees. – Local NC Pre-K committees shall use the standard decision-making process developed by the Division of Child Development and Early Education in awarding NC Pre-K classroom slots and student selection.

SECTION 9C.1.(f) Reporting. – The Division of Child Development and Early Education shall submit an annual report no later than March 15 of each year to the Joint Legislative Oversight Committee on Health and Human Services, the Office of State Budget and Management, and the Fiscal Research Division. The report shall include the following:

- (1) The number of children participating in the NC Pre-K program by county.
- (2) The number of children participating in the NC Pre-K program who have never been served in other early education programs such as child care, public or private preschool, Head Start, Early Head Start, or early intervention programs.
- (3) The expected NC Pre-K expenditures for the programs and the source of the local contributions.
- (4) The results of an annual evaluation of the NC Pre-K program.

SECTION 9C.1.(g) Audits. – The administration of the NC Pre-K program by local partnerships shall be subject to the financial and compliance audits authorized under G.S. 143B-168.14(b).

RAISE BASE SLOT REIMBURSEMENT RATES FOR NC PRE-K

SECTION 9C.2. Of the funds appropriated in this act to the Department of Health and Human Services, Division of Child Development and Early Education, funds shall be allocated to raise the base slot reimbursement rates for the North Carolina Prekindergarten (NC Pre-K) program by thirteen percent (13%) over the 2020-2021 fiscal year rates for the 2021-2022 fiscal year and by an additional two and a half percent (2.5%) over the 2021-2022 rates for the 2022-2023 fiscal year. It is the intent of the General Assembly that the funds allocated pursuant to this section be used to increase the salaries of licensed B-K teachers working in private or Head Start NC Pre-K classrooms. These funds shall be used as a means to address disparities in teacher salaries among teachers working in child care centers versus those working in public schools.

SLOT EXPANSION FOR NC PRE-K

SECTION 9C.3. Of the funds appropriated in this act to the Department of Health and Human Services, Division of Child Development and Early Education, funds shall be allocated to add one thousand five hundred (1,500) student slots in North Carolina Prekindergarten (NC Pre-K) programs over the 2021-2022 number for the 2022-2023 fiscal year.

CHILD CARE SUBSIDY RATES

SECTION 9C.4.(a) The maximum gross annual income for initial eligibility, adjusted annually, for subsidized child care services shall be determined based on a percentage of the federal poverty level as follows:

AGE	INCOME PERCENTAGE LEVEL
0 – 5	200%
6 – 12	133%

The eligibility for any child with special needs, including a child who is 13 years of age or older, shall be two hundred percent (200%) of the federal poverty level.

SECTION 9C.4.(b) Fees for families who are required to share in the cost of care are established based on nine percent (9%) of gross family income. When care is received at the blended rate, the co-payment shall be eighty-three percent (83%) of the full-time co-payment. Co-payments for part-time care shall be seventy-five percent (75%) of the full-time co-payment.

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 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 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, 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.

SECTION 9C.4.(d) Provisions of payment rates for child care providers in counties that do not have at least 50 children in each age group for center-based and home-based care are as follows:

- (1) Except as applicable in subdivision (2) of this subsection, payment rates shall be set at the statewide or regional market rate for licensed child care centers and homes.
- (2) If it can be demonstrated that the application of the statewide or regional market rate to a county with fewer than 50 children in each age group is lower than the county market rate and would inhibit the ability of the county to purchase child care for low-income children, then the county market rate may be applied.

SECTION 9C.4.(e) A market rate shall be calculated for child care centers and homes at each rated license level for each county and for each age group or age category of enrollees and shall be representative of fees charged to parents for each age group of enrollees

1 within the county. The Division of Child Development and Early Education shall also calculate
2 a statewide rate and regional market rate for each rated license level for each age category.

3 **SECTION 9C.4.(f)** The Division of Child Development and Early Education shall
4 continue implementing policies that improve the quality of child care for subsidized children,
5 including a policy in which child care subsidies are paid, to the extent possible, for child care in
6 the higher quality centers and homes only. The Division shall define higher quality, and subsidy
7 funds shall not be paid for one- or two-star rated facilities. For those counties with an inadequate
8 number of four- and five-star rated facilities, the Division shall continue a transition period that
9 allows the facilities to continue to receive subsidy funds while the facilities work on the increased
10 star ratings. The Division may allow exemptions in counties where there is an inadequate number
11 of four- and five-star rated facilities for non-star rated programs, such as religious programs.

12 **SECTION 9C.4.(g)** Facilities licensed pursuant to Article 7 of Chapter 110 of the
13 General Statutes and facilities operated pursuant to G.S. 110-106 may participate in the program
14 that provides for the purchase of care in child care facilities for minor children of needy families.
15 Except as authorized by subsection (f) of this section, no separate licensing requirements shall
16 be used to select facilities to participate. In addition, child care facilities shall be required to meet
17 any additional applicable requirements of federal law or regulations. Child care arrangements
18 exempt from State regulation pursuant to Article 7 of Chapter 110 of the General Statutes shall
19 meet the requirements established by other State law and by the Social Services Commission.

20 County departments of social services or other local contracting agencies shall not
21 use a provider's failure to comply with requirements in addition to those specified in this
22 subsection as a condition for reducing the provider's subsidized child care rate.

23 **SECTION 9C.4.(h)** Payment for subsidized child care services provided with
24 Temporary Assistance for Needy Families Block Grant funds shall comply with all regulations
25 and policies issued by the Division of Child Development and Early Education for the subsidized
26 child care program.

27 **SECTION 9C.4.(i)** Noncitizen families who reside in this State legally shall be
28 eligible for child care subsidies if all other conditions of eligibility are met. If all other conditions
29 of eligibility are met, noncitizen families who reside in this State illegally shall be eligible for
30 child care subsidies only if at least one of the following conditions is met:

- 31 (1) The child for whom a child care subsidy is sought is receiving child protective
32 services or foster care services.
- 33 (2) The child for whom a child care subsidy is sought is developmentally delayed
34 or at risk of being developmentally delayed.
- 35 (3) The child for whom a child care subsidy is sought is a citizen of the United
36 States.

37 **SECTION 9C.4.(j)** The Department of Health and Human Services, Division of
38 Child Development and Early Education, shall require all county departments of social services
39 to include on any forms used to determine eligibility for child care subsidy whether the family
40 waiting for subsidy is receiving assistance through the NC Pre-K Program or Head Start.

41 **SECTION 9C.4.(k)** Department of Defense-certified child care facilities licensed
42 pursuant to G.S. 110-106.2 may participate in the State-subsidized child care program that
43 provides for the purchase of care in child care facilities for minor children in needy families,
44 provided that funds allocated from the State-subsidized child care program to Department of
45 Defense-certified child care facilities shall supplement and not supplant funds allocated in
46 accordance with G.S. 143B-168.15(g). Payment rates and fees for military families who choose
47 Department of Defense-certified child care facilities and who are eligible to receive subsidized
48 child care shall be as set forth in this section.

49 **CHILD CARE ALLOCATION FORMULA**

50

SECTION 9C.5.(a) The Department of Health and Human Services, Division of Child Development and Early Education (Division), shall allocate child care subsidy voucher funds to pay the costs of necessary child care for minor children of needy families. The mandatory thirty percent (30%) North Carolina Partnership for Children, Inc., subsidy allocation under G.S. 143B-168.15(g) shall constitute the base amount for each county's child care subsidy allocation. The Department of Health and Human Services shall use the following method when allocating federal and State child care funds, not including the aggregate mandatory thirty percent (30%) North Carolina Partnership for Children, Inc., subsidy allocation:

(1) Funds shall be allocated to a county based upon the projected cost of serving children under age 11 in families with all parents working who earn less than the applicable federal poverty level percentage set forth in Section 9C.4(a) of this act.

(2) The Division may withhold up to two percent (2%) of available funds from the allocation formula for (i) preventing termination of services throughout the fiscal year and (ii) repayment of any federal funds identified by counties as overpayments, including overpayments due to fraud. The Division shall allocate to counties any funds withheld before the end of the fiscal year when the Division determines the funds are not needed for the purposes described in this subdivision. The Division shall submit a report to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division, which report shall include each of the following:

- a. The amount of funds used for preventing termination of services and the repayment of any federal funds.
- b. The date the remaining funds were distributed to counties.
- c. As a result of funds withheld under this subdivision and after funds have been distributed, any counties that did not receive at least the amount the counties received the previous year and the amount by which funds were decreased.

The Division shall submit a report in each year of the 2021-2023 fiscal biennium 30 days after the funds withheld pursuant to this subdivision are distributed but no later than April 1 of each respective year.

(3) The Division shall set aside four percent (4%) of child care subsidy allocations for vulnerable populations, which include a child identified as having special needs and a child whose application for assistance indicates that the child and the child's family is experiencing homelessness or is in a temporary living situation. A child identified by this subdivision shall be given priority for receiving services until such time as set-aside allocations for vulnerable populations are exhausted.

SECTION 9C.5.(b) The Division may reallocate unused child care subsidy voucher funds in order to meet the child care needs of low-income families. Any reallocation of funds shall be based upon the expenditures of all child care subsidy voucher funding, including North Carolina Partnership for Children, Inc., funds within a county. Counties shall manage service levels within the funds allocated to the counties. A county with a spending coefficient over one hundred percent (100%) shall submit a plan to the Division for managing the county's allocation before receiving any reallocated funds.

SECTION 9C.5.(c) When implementing the formula under subsection (a) of this section, the Division shall include the market rate increase in the formula process rather than calculating the increases outside of the formula process. Additionally, the Department shall do the following:

- (1) Implement the final one-third change in a county's allocation beginning fiscal year 2020-2021. A county's initial allocation shall be the county's expenditure

- 1 in the previous fiscal year or a prorated share of the county's previous fiscal
2 year expenditures if sufficient funds are not available.
- 3 (2) Effective immediately following the next new decennial census data release,
4 implement (i) one-third of the change in a county's allocation in the year
5 following the data release, (ii) an additional one-third of the change in a
6 county's allocation beginning two years after the initial change under this
7 subdivision, and (iii) the final one-third change in a county's allocation
8 beginning the following two years thereafter.
9

10 SMART START INITIATIVES

11 **SECTION 9C.6.(a) Policies.** – The North Carolina Partnership for Children, Inc.,
12 and its Board shall ensure policies focus on the North Carolina Partnership for Children, Inc.'s
13 mission of improving child care quality in North Carolina for children from birth to five years of
14 age. North Carolina Partnership for Children, Inc.-funded activities shall include assisting child
15 care facilities with (i) improving quality, including helping one-, two-, and three-star-rated
16 facilities increase their star ratings, and (ii) implementing prekindergarten programs. State
17 funding for local partnerships shall also be used for evidence-based or evidence-informed
18 programs for children from birth to 5 years of age that do the following:

- 19 (1) Increase children's literacy.
20 (2) Increase the parents' ability to raise healthy, successful children.
21 (3) Improve children's health.
22 (4) Assist four- and five-star-rated facilities in improving and maintaining quality.

23 **SECTION 9C.6.(b) Administration.** – Administrative costs shall be equivalent to,
24 on an average statewide basis for all local partnerships, not more than eight percent (8%) of the
25 total statewide allocation to all local partnerships. For purposes of this subsection, administrative
26 costs shall include costs associated with partnership oversight, business and financial
27 management, general accounting, human resources, budgeting, purchasing, contracting, and
28 information systems management. The North Carolina Partnership for Children, Inc., shall
29 continue using a single statewide contract management system that incorporates features of the
30 required standard fiscal accountability plan described in G.S. 143B-168.12(a)(4). All local
31 partnerships are required to participate in the contract management system and, directed by the
32 North Carolina Partnership for Children, Inc., to collaborate, to the fullest extent possible, with
33 other local partnerships to increase efficiency and effectiveness.

34 **SECTION 9C.6.(c) Salaries.** – The salary schedule developed and implemented by
35 the North Carolina Partnership for Children, Inc., shall set the maximum amount of State funds
36 that may be used for the salary of the Executive Director of the North Carolina Partnership for
37 Children, Inc., and the directors of the local partnerships. The North Carolina Partnership for
38 Children, Inc., shall base the schedule on the following criteria:

- 39 (1) The population of the area serviced by a local partnership.
40 (2) The amount of State funds administered.
41 (3) The amount of total funds administered.
42 (4) The professional experience of the individual to be compensated.
43 (5) Any other relevant factors pertaining to salary, as determined by the North
44 Carolina Partnership for Children, Inc.

45 The salary schedule shall be used only to determine the maximum amount of State
46 funds that may be used for compensation. Nothing in this subsection shall be construed to prohibit
47 a local partnership from using non-State funds to supplement an individual's salary in excess of
48 the amount set by the salary schedule established under this subsection.

49 **SECTION 9C.6.(d) Match Requirements.** – The North Carolina Partnership for
50 Children, Inc., and all local partnerships shall, in the aggregate, be required to match one hundred
51 percent (100%) of the amount budgeted for the program in each fiscal year of the base budget

for the 2021-2023 biennium. Of the funds the North Carolina Partnership for Children, Inc., and the local partnerships are required to match, contributions of cash shall be equal to at least thirteen percent (13%) and in-kind donated resources shall be equal to no more than six percent (6%) for a total match requirement of nineteen percent (19%) for each year of the 2021-2023 fiscal biennium. The North Carolina Partnership for Children, Inc., may carry forward any amount in excess of the required match for a fiscal year in order to meet the match requirement of the succeeding fiscal year. Only in-kind contributions that are quantifiable shall be applied to the in-kind match requirement. Volunteer services may be treated as an in-kind contribution for the purpose of the match requirement of this subsection. Volunteer services that qualify as professional services shall be valued at the fair market value of those services. All other volunteer service hours shall be valued at the statewide average wage rate as calculated from data compiled by the Division of Employment Security of the Department of Commerce in the Employment and Wages in North Carolina Annual Report for the most recent period for which data are available. Expenses, including both those paid by cash and in-kind contributions, incurred by other participating non-State entities contracting with the North Carolina Partnership for Children, Inc., or the local partnerships also may be considered resources available to meet the required private match. In order to qualify to meet the required private match, the expenses shall:

- (1) Be verifiable from the contractor's records.
- (2) If in-kind, other than volunteer services, be quantifiable in accordance with generally accepted accounting principles for nonprofit organizations.
- (3) Not include expenses funded by State funds.
- (4) Be supplemental to and not supplant preexisting resources for related program activities.
- (5) Be incurred as a direct result of the Early Childhood Initiatives Program and be necessary and reasonable for the proper and efficient accomplishment of the Program's objectives.
- (6) Be otherwise allowable under federal or State law.
- (7) Be required and described in the contractual agreements approved by the North Carolina Partnership for Children, Inc., or the local partnership.
- (8) Be reported to the North Carolina Partnership for Children, Inc., or the local partnership by the contractor in the same manner as reimbursable expenses.

Failure to obtain a nineteen-percent (19%) match by June 30 of each year of the 2021-2023 fiscal biennium shall result in a dollar-for-dollar reduction in the appropriation for the Program for a subsequent fiscal year. The North Carolina Partnership for Children, Inc., shall be responsible for compiling information on the private cash and in-kind contributions into a report that is submitted to the Joint Legislative Oversight Committee on Health and Human Services in a format that allows verification by the Department of Revenue. The same match requirements shall apply to any expansion funds appropriated by the General Assembly.

SECTION 9C.6.(e) Bidding. – The North Carolina Partnership for Children, Inc., and all local partnerships shall use competitive bidding practices in contracting for goods and services on contract amounts as follows:

- (1) For amounts of five thousand dollars (\$5,000) or less, the procedures specified by a written policy as developed by the Board of Directors of the North Carolina Partnership for Children, Inc.
- (2) For amounts greater than five thousand dollars (\$5,000), but less than fifteen thousand dollars (\$15,000), three written quotes.
- (3) For amounts of fifteen thousand dollars (\$15,000) or more, but less than forty thousand dollars (\$40,000), a request for proposal process.
- (4) For amounts of forty thousand dollars (\$40,000) or more, a request for proposal process and advertising in a major newspaper.

SECTION 9C.6.(f) Allocations. – The North Carolina Partnership for Children, Inc., shall not reduce the allocation for counties with less than 35,000 in population below the 2012-2013 funding level.

SECTION 9C.6.(g) Performance-Based Evaluation. – The Department of Health and Human Services shall continue to implement the performance-based evaluation system.

SECTION 9C.6.(h) Expenditure Restrictions. – Except as provided in subsection (i) of this section, the Department of Health and Human Services and the North Carolina Partnership for Children, Inc., shall ensure that the allocation of funds for Early Childhood Education and Development Initiatives for the 2021-2023 fiscal biennium shall be administered and distributed in the following manner:

(1) Capital expenditures are prohibited for the 2021-2023 fiscal biennium. For the purposes of this section, "capital expenditures" means expenditures for capital improvements as defined in G.S. 143C-1-1(d)(5).

(2) Expenditures of State funds for advertising and promotional activities are prohibited for the 2021-2023 fiscal biennium.

For the 2021-2023 fiscal biennium, local partnerships shall not spend any State funds on marketing campaigns, advertising, or any associated materials. Local partnerships may spend any private funds the local partnerships receive on those activities.

SECTION 9C.6.(i) Notwithstanding subsection (h) of this section, the North Carolina Partnership for Children, Inc., and local partnerships may use up to one percent (1%) of State funds for fund-raising activities. The North Carolina Partnership for Children, Inc., shall include in its annual report required under G.S. 143B-168.12(d) a report on the use of State funds for fund-raising. The report shall include the following:

(1) The amount of funds expended on fund-raising.

(2) Any return on fund-raising investments.

(3) Any other information deemed relevant.

SMART START VISITING PROGRAMS

SECTION 9C.7. Funds allocated to the North Carolina Partnership for Children, Inc., from the Department of Health and Human Services, shall be used for evidence based, family strengthening and home visiting programs and other evidence-based or evidence-informed early childhood initiatives. Funds appropriated under this section shall not be subject to the child care services funding requirements under G.S. 143B-168.15(b), child care subsidy expansion requirements under G.S. 143B-168.15(g), or the match requirements under Section 9C.6(d) of this act.

EDUCATOR PIPELINE PROGRAM

SECTION 9C.8. Of the funds appropriated in this act to the Department of Health and Human Services, Division of Child Development and Early Education, funds shall be allocated to facilitate the alignment of existing educator workforce programs, and, where necessary, work with partners to build and advance pathways for certification, higher education, and employment for early education educators.

EARLY CHILDHOOD WORKFORCE RACIAL EQUITY INITIATIVE

SECTION 9C.9.(a) The Department of Health and Human Services, Division of Child Development and Early Education shall facilitate the alignment of existing policies and efforts around educator and program bias and reducing or eliminating preschool expulsion and exclusionary practices. The Division shall then create and appoint a Design Team to (i) study issues related to implicit bias in early education settings and (ii) make recommendations and implementation plans to reduce educator and program bias and reduce or eliminate preschool expulsion and exclusionary practices.

1 **SECTION 9C.9.(b)** Beginning in the 2022-2023 fiscal year, the Department of
2 Health and Human Services, Division of Child Development and Early Education shall begin
3 executing plans resulting from the study conducted under subsection (a) of this section.
4

5 **PRE-K TEACHER BIRTH-K LICENCE PAY EQUITY**

6 **SECTION 9C.10.** Of the funds appropriated in this act to the Department of Health
7 and Human Services, Division of Child Development and Early Education, funds shall be
8 allocated to develop and implement a model to gradually increase compensation of licensed
9 birth-kindergarten educators working in private child care settings.
10

11 **PART IX-D. HEALTH BENEFITS**

12
13 **MEDICAID ANNUAL REPORT**

14 **SECTION 9D.1.** The Department of Health and Human Services, Division of Health
15 Benefits (Division), shall continue the publication of the Medicaid Annual Report and
16 accompanying tables. The Division shall publish the report and tables on its Web site no later
17 than December 31 following each State fiscal year.
18

19 **ANNUAL ISSUANCE OF MEDICAID IDENTIFICATION CARDS**

20 **SECTION 9D.2.** The Department of Health and Human Services (Department) shall
21 issue Medicaid identification cards to recipients on an annual basis with updates as needed.
22

23 **ADMINISTRATIVE HEARINGS FUNDING**

24 **SECTION 9D.3.** Of the funds appropriated to the Department of Health and Human
25 Services, Division of Health Benefits, for administrative contracts and interagency transfers, the
26 Department of Health and Human Services (Department) shall transfer the sum of one million
27 dollars (\$1,000,000) for the 2021-2022 fiscal year and the sum of one million dollars
28 (\$1,000,000) for the 2022-2023 fiscal year to the Office of Administrative Hearings (OAH).
29 These funds shall be allocated by the OAH for mediation services provided for Medicaid
30 applicant and recipient appeals and to contract for other services necessary to conduct the appeals
31 process. The OAH shall continue the Memorandum of Agreement (MOA) with the Department
32 for mediation services provided for Medicaid recipient appeals and contracted services necessary
33 to conduct the appeals process. The MOA will facilitate the Department's ability to draw down
34 federal Medicaid funds to support this administrative function. Upon receipt of invoices from the
35 OAH for covered services rendered in accordance with the MOA, the Department shall transfer
36 the federal share of Medicaid funds drawn down for this purpose.
37

38 **ACCOUNTING FOR MEDICAID RECEIVABLES AS NONTAX REVENUE**

39 **SECTION 9D.4.(a)** Receivables reserved at the end of the 2021-2022 and
40 2022-2023 fiscal years shall, when received, be accounted for as nontax revenue for each of those
41 fiscal years.

42 **SECTION 9D.4.(b)** For the 2021-2022 fiscal year, the Department of Health and
43 Human Services shall deposit from its revenues one hundred forty-eight million eight hundred
44 thousand dollars (\$148,800,000) with the Department of State Treasurer to be accounted for as
45 nontax revenue. For the 2022-2023 fiscal year, the Department of Health and Human Services
46 shall deposit from its revenues one hundred fifty-five million nine hundred thousand dollars
47 (\$155,900,000) with the Department of State Treasurer to be accounted for as nontax revenue.
48 These deposits shall represent the return of General Fund appropriations, nonfederal revenue,
49 fund balances, or other resources from State-owned and State-operated hospitals that are used to
50 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 as follows:

- (1) The University of North Carolina Hospitals at Chapel Hill shall deposit:
 - a. For the 2021-22 fiscal year: thirty three million, four hundred thousand (\$33,400,000).
 - b. For the 2022-2023 fiscal year and annually thereafter, an amount equal to the 2021-2022 amount adjusted based on the percentage change in payments to the University of North Carolina Hospitals at Chapel Hill for Medicaid and NC Health Choice enrollees, as demonstrated in data from prepaid health plans and the State, as determined by the Department.
- (2) All other State-owned and State-operated hospitals specializing in psychiatric care shall deposit annually an amount equal to the amount of the payments from the Division of Health Benefits for uncompensated care.

SECTION 9D.4.(c) The treatment of any revenue derived from federal programs shall be in accordance with the requirements specified in the Code of Federal Regulations, Title 2, Part 225.

VOLUME PURCHASE PLANS AND SINGLE SOURCE PROCUREMENT

SECTION 9D.5. The Department of Health and Human Services, Division of Health Benefits, may, subject to the approval of a change in the State Medicaid Plan, contract for services, medical equipment, supplies, and appliances by implementation of volume purchase plans, single source procurement, or other contracting processes in order to improve cost containment.

LME/MCO INTERGOVERNMENTAL TRANSFERS

SECTION 9D.6. 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), an aggregate amount of eighteen million twenty-eight thousand two hundred seventeen dollars (\$18,028,217) in the 2021-2022 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 determined by DHB.

In the event that any county disengages from an LME/MCO and realigns with another LME/MCO during the 2021-2022 fiscal year, DHB shall have the authority to reallocate the amount of the intergovernmental transfer that each affected LME/MCO is required to make, taking into consideration the change in catchment area and covered population, provided that the aggregate amount of the transfers received from all LME/MCOs is achieved.

EXPAND NORTH CAROLINA INNOVATIONS WAIVER SLOTS

SECTION 9D.7. The Department of Health and Human Services, Division of Health Benefits, shall amend the North Carolina Innovations waiver to increase the number of slots available under the waiver. These additional slots shall be made available on October 1, 2021.

USE OF MEDICAID TRANSFORMATION FUND FOR MEDICAID TRANSFORMATION NEEDS

SECTION 9D.8.(a) Claims Run Out. – Funds from the Medicaid Transformation Fund may be transferred to the Department of Health and Human Services, Division of Health Benefits (DHB), as needed for the purpose of paying claims related to services billed under the fee-for-service payment model for recipients who are being, or have been, transitioned to managed care, otherwise known as "claims run out." Funds may be transferred to DHB as the need to pay claims run out arises and need not be transferred in one lump sum. To the extent that

any funds are transferred under this subsection, the funds are appropriated for the purpose set forth in this subsection.

SECTION 9D.8.(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 sixteen million one hundred nine thousand seven hundred fourteen dollars (\$116,109,714) in nonrecurring funds for the 2021-2022 fiscal year and the sum of ninety-seven million nine hundred four thousand eight hundred dollars (\$97,904,800) in nonrecurring funds for the 2022-2023 fiscal year from the Medicaid Transformation Fund may be transferred to the Department of Health and Human Services, Division of Health Benefits (DHB), for the sole purpose of providing the State share for nonrecurring qualifying needs directly related to Medicaid transformation, as required by S.L. 2015-241, as amended. Funds may be transferred to DHB as nonrecurring qualifying needs arise during the 2021-2023 fiscal biennium and need not be transferred in one lump sum.

For the purposes of this section, the term "qualifying need" shall be limited to information technology, time-limited staffing, and contracts related to the following Medicaid transformation needs:

- (1) Program design.
- (2) Beneficiary experience.
- (3) NC FAST upgrades related to Medicaid transformation.
- (4) Data management tools.
- (5) Program integrity.
- (6) Technical and operational integration.
- (7) Tailored Plan Care Management.
- (8) Healthy Opportunities Pilots.
- (9) Other nonrecurring needs identified by DHB, as determined in consultation with the Office of State Budget and Management.

SECTION 9D.8.(c) Requests for Transfer of Funds for Qualifying Need. – A request by the Department of Health and Human Services, Division of Health Benefits (DHB), for the transfer of funds pursuant to subsection (b) of this section shall be made to the Office of State Budget and Management (OSBM) and shall include the amount requested and the specific nonrecurring 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 nonrecurring 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 six hundred ninety-nine million nine hundred fifty-two thousand three hundred sixty-four dollars (\$699,952,364) in nonrecurring funds for the 2021-2023 fiscal biennium.

SECTION 9D.8.(d) Federal Fund Receipts. – Any federal funds received in any fiscal year by the Department of Health and Human Services, Division of Health Benefits (DHB), that represent a return of State share already expended on a qualifying need related to the funds received by the DHB under this section shall be deposited into the Medicaid Transformation Fund.

MEDICAID EXPANSION/CLOSING THE COVERAGE GAP

SECTION 9D.9. The Department of Health and Human Services, Division of Health Benefits, shall provide Medicaid coverage to adults ages 19 to 64 at or below 133% of the federal poverty level in accordance with 1902(a)(10)(A)(i)(VIII) of Section 1905 of the Social Security Act.

HOSPITAL UNCOMPENSATED CARE FUND TRANSFER

SECTION 9D.10. Of the funds transferred to the Department of Health and Human Services for Medicaid programs pursuant to G.S. 143C-9-9, there is appropriated from the Hospital Uncompensated Care Fund to the Department of Health and Human Services the sum of forty-three million dollars (\$43,000,000) for the 2021-2022 fiscal year and the sum of forty-three million dollars (\$43,000,000) for the 2022-2023 fiscal year. These funds shall be allocated as prescribed by G.S. 143C-9-1(b) for Medicaid programs. Notwithstanding the prescription in G.S. 143C-9-1(b) that these funds not reduce State general revenue funding, these funds shall replace the reduction in general revenue funding effected in this act.

MISCELLANEOUS MEDICAID PROVISIONS

SECTION 9D.11. Cost Containment Programs. – The Department of Health and Human Services, Division of Health Benefits, may undertake cost containment programs, including contracting for services, preadmissions to hospitals, and prior approval for certain outpatient surgeries before they may be performed in an inpatient setting.

MOBILE DENTAL PROVIDER ENROLLMENT

SECTION 9D.12. For mobile dental providers seeking enrollment as a Medicaid provider, and upon reenrollment of current Medicaid mobile dental providers, the Department of Health and Human Services, Division of Health Benefits, shall require as a condition of enrollment or reenrollment that the mobile dental provider show proof of a contractual affiliation with a dental practice that is not mobile, and the Department shall require the mobile dental provider to use the National Provider Identifier (NPI) of the nonmobile dental practice for purposes of filing claims.

REDUCTION OF MEDICAID FRAUD, WASTE AND ABUSE THROUGH COST CONTAINMENT

SECTION 9D.13.(a) The Department of Health and Human Services may use up to five million dollars (\$2,500,000) in the 2021-22 fiscal year and up to five million dollars (\$5,000,000) in the 2022-23 fiscal year in Medicaid funds budgeted for program services to support the cost of program integrity activities when cost effectiveness and documentable savings are demonstrated. The funds shall be used to support program integrity activities that contain the costs of the Medicaid Program through post payment recoveries and activities that prevent payments of fraudulent, wasteful or abusive claiming. Program Integrity will reinvest funding to implement technology solutions and increase investigative and compliance monitoring staffing and throughput. Investments will also include funding to support enhanced case management and reporting capabilities to assist in reporting and targeting the most cost effective approaches in addressing fraud, waste, and abuse. Funds may also be used to add up to 24.00 time-limited FTE to expand prepayment and post-payment solutions within existing Medicaid payment systems and through other prepayment reviews completed by contractors. Expenditures for these activities will be targeted to exceed a minimum return on investment of no less than 2:1 when considering the increased recoupments and reductions in improper payments versus overall costs for the activities as defined in the section.

SECTION 9D.13.(b) The Department shall report annually on the expenditures under this section. The report shall include the methods used to achieve savings and the amount saved by these methods. No later than October 1 of each year, the Department of Health and Human Services, Division of Health Benefits, shall report to the Joint House Appropriations Subcommittee on Health and Human Services, the Senate Appropriations Committee on Health and Human Services, and the Fiscal Research Division on the activities of the previous State fiscal year.

1 **REVISE AND UPDATE HOSPITAL ASSESSMENTS AND SUPPLEMENTAL**
2 **PAYMENTS**

3 **SECTION 9D.14.(a)** Section 15.1(b), 15.1(b1), 15.1(c), Section 15.2, and Section
4 15.3 of S.L. 2020-88 are repealed.

5 **SECTION 9D.14.(b)** Chapter 108A of the General Statutes is amended by adding a
6 new Article to read:

7 "Article 7B.

8 "Hospital Assessment Act.

9 "Part 1. General.

10 **"§ 108A-145.1. Short title and purpose.**

11 This Article shall be known as the "Hospital Assessment Act." This Article does not authorize
12 a political subdivision of the State to license a hospital for revenue or impose a tax or assessment
13 on a hospital.

14 **"§ 108A-145.3. Definitions.**

15 The following definitions apply in this Article:

- 16 (1) Acute care hospital. – A hospital licensed in North Carolina that is not a
17 freestanding psychiatric hospital, a freestanding rehabilitation hospital, a
18 long-term care hospital, or a State-owned and State-operated hospital.
- 19 (2) Base capitation rate. – A periodic per-enrollee or per-event amount paid by
20 the Department to prepaid health plans for the delivery of Medicaid and NC
21 Health Choice services in accordance with Article 4 of Chapter 108D of the
22 General Statutes applicable to a particular rating group and appearing in a
23 Medicaid managed care capitation rate certification, as adjusted by the
24 Department and allowed by CMS in accordance with Part 438 of Subchapter
25 C of Chapter IV of Title 42 of the Code of Federal Regulations.
- 26 (3) Capitated contract plan type. – Any type of capitated prepaid health plan
27 contract defined in G.S. 108D-1.
- 28 (4) CMS. – Centers for Medicare and Medicaid Services.
- 29 (5) Critical access hospital. – As defined in 42 C.F.R. § 400.202.
- 30 (6) Federal medical assistance percentage (FMAP). – The federal share of North
31 Carolina Medicaid service costs as calculated by the federal Department of
32 Health and Human Services in accordance with Section 1905(b) of the Social
33 Security Act, in effect at the start of the applicable assessment quarter,
34 expressed as a decimal.
- 35 (7) Hospital costs. – A hospital's costs as calculated using the most recent
36 available Hospital Cost Report Information System's cost report data available
37 through CMS, including both inpatient and outpatient components.
- 38 (8) Inpatient hospital financing percentage. – For the 2021-2022 State fiscal year,
39 the inpatient hospital financing percentage is sixty-six and one-tenth percent
40 (66.1%), expressed as a decimal. For each subsequent State fiscal year, the
41 inpatient hospital financing percentage is the sum of the inpatient hospital
42 financing percentage for the previous State fiscal year plus the market basket
43 percentage, divided by the sum of one plus the market basket percentage.
- 44 (9) Inpatient hospital services. – As defined in the Medicaid State Plan, excluding
45 payments made under the graduate medical education methodology and the
46 disproportionate share hospital methodology.
- 47 (10) Inpatient portion of the statewide capitation rate. – The amount of the
48 statewide capitation rate applicable to a particular rating group that is
49 attributed to inpatient hospital facility health services in the applicable
50 Medicaid managed care rate certification, expressed as a statewide weighted
51 average of all PHP regions.

- (11) Market basket percentage. – The hospital inpatient prospective payment system market basket minus the multifactor productivity adjustment established in rule by CMS and in effect on March 1 of the previous State fiscal year, expressed as a decimal.
- (12) Medicaid managed care capitation rate certification. – A rate certification for any capitated contract plan type that contains the rates paid to prepaid health plans and that has been submitted to CMS under 42 C.F.R. 438.7 and, except as otherwise provided in this subdivision, (i) has been approved by CMS, and (ii) is in effect during the applicable time period. If, on the first day of any assessment quarter, CMS has not approved a rate certification for a particular capitated contract plan type for that quarter, then the Medicaid managed care capitation rate certification for that capitated contract plan type is the rate certification submitted to CMS under 42 C.F.R. 438.7 applicable to that quarter.
- (13) Outpatient hospital financing percentage. – Twenty-eight percent (28%), expressed as a decimal.
- (14) Outpatient hospital services. – As defined in the Medicaid State Plan.
- (15) Outpatient portion of the statewide capitation rate. – The amount of the statewide capitation rate applicable to a particular rating group that is attributed to outpatient hospital facility services and emergency room facility services in the applicable Medicaid managed care capitation rate certifications, expressed as a statewide weighted average of all PHP regions.
- (16) Paid capitation. – The total amount of the capitation payments made by the Department to all prepaid health plans for a particular rating group (i) attributable to the base capitation rate in the applicable Medicaid managed care capitation rate certification and (ii) adjusted by the Department as a result of retroactively implementing any base capitation rate adjustment that is approved by CMS or allowed under Part 438 of Subchapter C of Title 42 of the Code of Federal Regulations.
- (17) Previous data collection period. – The period beginning on the eleventh day of the month that is four months prior to the start of the applicable assessment quarter and ending on the tenth day of the month prior to the start of applicable assessment quarter.
- (18) Private acute care hospital. – An acute care hospital that (i) is not qualified to certify public expenditures as described in 42 C.F.R. § 433.51(b), (ii) is not a critical access hospital, and (iii) is not part of UNC Health Care System.
- (19) Private hospital historical assessment share. – Seventy-nine percent (79%), expressed as a decimal.
- (20) Public acute care hospital. – An acute care hospital that (i) is qualified to certify public expenditures as described in 42 C.F.R. § 433.51(b), (ii) is not a critical access hospital, (iii) is not part of the UNC Health Care System, and (iv) is not the primary affiliated teaching hospital for the East Carolina Brody School of Medicine.
- (21) Public hospital historical assessment share. – Twenty-one percent (21%), expressed as a decimal.
- (22) Rating group. – A category of beneficiaries or maternity services for which a periodic per-enrollee or per-event amount appears in a Medicaid managed care capitation rate certification.
- (23) State's annual Medicaid payment. – An annual amount equal to one hundred ten million dollars (\$110,000,000) for the period July 1, 2021, through June

30, 2022, increased each year over the prior year's payment by the market basket percentage.

(24) Statewide capitation rate. – A periodic per-enrollee or per-event amount paid by the Department to prepaid health plans for the delivery of Medicaid and NC Health Choice services in accordance with Article 4 of Chapter 108D of the General Statutes applicable to a particular rating group, expressed as a statewide weighted average for the applicable capitated contract plan type for all PHP regions and appearing in a Medicaid managed care capitation rate certification, as adjusted by the Department and allowed by CMS in accordance with Part 438 of Subchapter C of Chapter IV of Title 42 of the Code of Federal Regulations.

(25) Third-party coverage. – Liability by any individual, entity, or program for the payment of all or part of the expenditures for medical assistance under the Medicaid State Plan that has been identified by the Department before making the medical assistance expenditure.

(26) University of North Carolina Health Care System (UNC Health Care System). – As established in G.S. 116-37 and including the following hospitals:

- a. The University of North Carolina Hospitals at Chapel Hill.
- b. Rex Hospital, Inc.
- c. Chatham Hospital, Inc.
- d. UNC Rockingham Health Care, Inc.
- e. Caldwell Memorial Hospital, Inc.

"§ 108A-145.5. Due dates and collections.

(a) Assessments under this Article are calculated, imposed, and due quarterly in the time and manner prescribed by the Secretary and shall be considered delinquent if not paid within seven calendar days of this due date.

(b) With respect to any hospital owing a past-due assessment amount under this Article, the Department may withhold the unpaid amount from Medicaid or NC Health Choice payments otherwise due or impose a late payment penalty. The Secretary may waive a penalty for good cause shown.

(c) In the event the data necessary to calculate an assessment under this Article is not available to the Secretary in time to impose the quarterly assessment, the Secretary may defer the due date for the assessment to a subsequent quarter.

"§ 108A-145.7. Assessment appeals.

A hospital may appeal a determination of the assessment amount owed through a reconsideration review. The pendency of an appeal does not relieve a hospital from its obligation to pay an assessment amount when due.

"§ 108A-145.9. Allowable costs; patient billing.

(a) Assessments paid under this Article may be included as allowable costs of a hospital for purposes of any applicable Medicaid reimbursement formula, except that assessments paid under this Article shall be excluded from cost settlement.

(b) Assessments imposed under this Article may not be added as a surtax or assessment on a patient's bill.

"§ 108A-145.11. Rule-making authority.

The Secretary may adopt rules to implement this Article.

"§ 108A-145.13. Repeal.

If CMS determines that an assessment under this Article is impermissible or revokes approval of an assessment under this Article, then that assessment shall not be imposed and the Department's authority to collect the assessment is repealed.

"Part 2. Modernized Hospital Assessments.

"§ 108A-146.1. Public Hospital Assessment.

(a) The public hospital assessment imposed under this Part shall apply to all public acute care hospitals.

(b) The public hospital assessment shall be assessed as a percentage of each public acute care hospital's hospital costs. The assessment percentage shall be calculated quarterly by the Department of Health and Human Services in accordance with this Part. The percentage for each quarter shall equal the aggregate assessment collection amount under G.S. 108A-146.5 multiplied by the public hospital historical assessment share and divided by the total hospital costs for all public acute care hospitals holding a license on the first day of the assessment quarter.

"§ 108A-146.3. Private Hospital Assessment.

(a) The private hospital assessment imposed under this Part shall apply to all private acute care hospitals.

(b) The private hospital assessment shall be assessed as a percentage of each private acute care hospital's hospital costs. The assessment percentage shall be calculated quarterly by the Department of Health and Human Services in accordance with this Part. The percentage for each quarter shall equal the aggregate assessment collection amount under G.S. 108A-146.5 multiplied by the private hospital historical assessment share and divided by the total hospital costs for all private acute care hospitals holding a license on the first day of the assessment quarter.

"§ 108A-146.5. Aggregate Assessment Collection Amount.

The aggregate assessment collection amount is an amount of money that is calculated by adding (i) the managed care component under G.S. 108A-146.7, (ii) the fee-for-service component under G.S. 108A-146.9, (iii) the GME component under G.S. 108A-146.11, and (iv) one-fourth of the State's annual Medicaid payment, and then subtracting the intergovernmental transfer adjustment component under G.S. 108A-146.13.

"§ 108A-146.7. Managed Care Component.

(a) The managed care component is an amount of money that is a portion of the total paid capitation for all rating groups in all capitated contracted plan types for the previous data collection period and is calculated in accordance with this section. The managed care component consists of an inpatient subcomponent and an outpatient subcomponent.

(b) The inpatient subcomponent is an amount calculated for each rating group by multiplying the paid capitation for the applicable rating group in the previous data collection period by the percentage that is calculated by (i) multiplying the inpatient portion of the statewide capitation rate for the applicable rating group by the inpatient hospital financing percentage, (ii) multiplying that product by the difference of one minus the FMAP, and (iii) dividing that product by the statewide capitation rate for the applicable rating group.

(c) The outpatient subcomponent is an amount calculated for each rating group by multiplying the paid capitation for the applicable rating group in the previous data collection period by the percentage that is calculated by (i) multiplying the outpatient portion of the statewide capitation rate for the applicable rating group by the outpatient hospital financing percentage, (ii) multiplying that product by the difference of one minus the FMAP, and (iii) dividing that product by the statewide capitation rate for the applicable rating group.

(d) The managed care component is calculated by adding together the aggregate inpatient subcomponents for all rating groups, and the aggregate outpatient subcomponents for all rating groups.

"§ 108A-146.9 Fee-For-Service Component.

(a) The fee-for-service component is an amount of money that is a portion of all the Medicaid fee-for-service payments made to acute care hospitals during the previous data collection period for claims with a date of service on or after July 1, 2021. The fee-for-service component consists of a subcomponent pertaining to claims for which there is no third-party coverage and a subcomponent pertaining to claims for which there is third-party coverage.

(b) The subcomponent pertaining to claims for which there is no third-party coverage is the sum of the inpatient amount and the outpatient amount described in this subsection:

(1) The inpatient amount is the product of the total fee-for-service payments for claims for which there is no third-party coverage made to all acute care hospitals for inpatient hospital services multiplied by the inpatient hospital financing percentage and multiplied by the difference of one minus the FMAP.

(2) The outpatient amount is the product of the total fee-for-service payments for claims for which there is no third-party coverage made to all acute care hospitals for outpatient hospital services multiplied by the outpatient hospital financing percentage and multiplied by the difference of one minus the FMAP.

(c) The subcomponent pertaining to claims for which there is third-party coverage is the product of the total fee-for-service payments for claims for which there is third-party coverage made for inpatient hospital services and outpatient hospital services to (i) public acute care hospitals, (ii) private acute care hospitals, and (iii) critical access hospitals multiplied by the difference of one minus the FMAP.

(d) The fee-for-service component is calculated by adding together the subcomponent pertaining to claims for which there is no third-party coverage and the subcomponent pertaining to claims for which there is third-party coverage.

"§ 108A-146.11. Graduate Medical Education Component.

The graduate medical education component is an amount of money that is one-fourth (1/4) of the total amount of payments that will be made by the Department during the current State fiscal year to all public acute care hospitals and private acute care hospitals in accordance with the Medicaid graduate medical education methodology in the Medicaid State Plan multiplied by the difference of one minus the FMAP.

"§ 108A-146.13. Intergovernmental Transfer Adjustment Component.

(a) The intergovernmental transfer adjustment component is forty-four million nine hundred twelve thousand five hundred seven dollars (\$44,912,507) for each quarter of the 2021-2022 State fiscal year. For each subsequent State fiscal year, the intergovernmental transfer adjustment component shall be increased over the prior year's quarterly payment by the market basket percentage.

(b) If a public acute care hospital closes or becomes a private acute care hospital, then, beginning in the first assessment quarter following the closure or change to a private acute care hospital and for each quarter thereafter, the intergovernmental transfer adjustment component described in subsection (a) of this section, as inflated in accordance with that section, shall be reduced by the amount of the public acute care hospital's intergovernmental transfer to the Department made during its last quarter of operation as a public acute care hospital.

"§ 108A-146.15. Use of funds.

The proceeds of the assessments imposed under this Part, and all corresponding matching federal funds, must be used to make the State's annual Medicaid payment to the State, to fund payments to hospitals made directly by the Department, to fund a portion of capitation payments to prepaid health plans attributable to hospital care, and to fund graduate medical education payments. The Office of State Budget and Management shall establish a fund code in the budget for the Department of Health and Human Services for the proceeds of the assessments. Notwithstanding any other provision of law to the contrary the proceeds of the assessments shall not revert but shall remain available for the designated uses.

"§ 108A-146.17. Changes of hospital status.

(a) For purposes of this section, hospital status includes all of the following:

(1) A hospital's status as a public acute care hospital, a private acute care hospital, or a hospital owned or controlled by the UNC Health Care system,

(2) The operating status of an acute care hospital as open or closed, including new hospitals and hospital closures.

(b) The Department of Health and Human Services shall report to the House Appropriations Committee on Health and Human Services, the Senate Appropriations Committee on Health and Human Services, and the Fiscal Research Division whenever the Department is notified of a possible change of hospital status. The report shall be due 60 days after the Department is notified of the possible change. The report shall include all of the following:

(1) The anticipated change of hospital status and the anticipated time frame during which the change of hospital status may occur.

(2) Any proposed revisions to Article 7B of Chapter 108A of the General Statutes that would be needed if the change in hospital status occurs, including proposed changes to the public and private hospital historical assessment shares in G.S. 108A-145.3 and the intergovernmental transfer adjustment component in G.S. 108A-146.13, as well as the mathematical calculations supporting the proposed changes.

(c) The Department of Health and Human Services shall report to the House of Representatives Appropriations Committee on Health and Human Services, the Senate Appropriations Committee on Health and Human Services, and the Fiscal Research Division whenever the Department is notified that a change in hospital status has occurred. The report shall be due 60 days after the Department is notified of the change. The report shall include all of the following:

(1) The change of hospital status and the date of the change.

(2) Any proposed revisions to Article 7B of Chapter 108A of the General Statutes that are needed as a result of the change in hospital status, including proposed changes to the public and private hospital historical assessment shares in G.S. 108A-145.3 and the intergovernmental transfer adjustment component in G.S. 108A-146.13, as well as the mathematical calculations supporting the proposed changes.

(3) If the change of hospital status occurred because a public acute care hospital closed or became a private acute care hospital, then the amount of the public acute care hospital's intergovernmental transfer to the Department made during its last quarter of operation."

SECTION 9D.14.(c) Notwithstanding G.S. 108A-146.1, established in Section 2 of this act, for the assessment quarter beginning July 1, 2021, the public hospital assessment shall be thirty-eight hundredths percent (0.38%) of total hospital costs for all public acute care hospitals.

SECTION 9D.14.(d) Notwithstanding G.S. 108A-146.3, established in Section 2 of this act, for the assessment quarter beginning July 1, 2021, the private hospital assessment shall be eighty-seven hundredths percent (0.87%) of total hospital costs for all private acute care hospitals.

SECTION 9D.14.(e) Notwithstanding G.S. 108A-146.1, established in Section 2 of this act, for the assessment quarter beginning October 1, 2021, the Department of Health and Human Services shall determine the public hospital assessment percentage by, first, either increasing or reducing the aggregate assessment collection amount under G.S. 108A-146.5 by the reconciliation component under subsection (c) of this section, and then multiplying that amount by the public hospital historical assessment share, and lastly dividing by the total hospital costs of all public acute care hospitals.

SECTION 9D.14.(f) Notwithstanding G.S. 108A-146.3, established in Section 2 of this act, for the assessment quarter beginning October 1, 2021, the Department of Health and Human Services shall determine the private hospital assessment percentage by, first, either increasing or reducing the aggregate assessment collection amount under G.S. 108A-146.5

by the reconciliation component under subsection (c) of this section, and then multiplying that amount by the private hospital historical assessment share, and lastly dividing by the total hospital costs of all private acute care hospitals.

SECTION 9D.14.(g) The reconciliation component is a positive or a negative number that results from subtracting the actual amount of public hospital assessment and private hospital assessment collected for the assessment quarter beginning July 1, 2021, from the aggregate assessment collection amount calculated under G.S. 108A-146.5 for the assessment quarter beginning October 1, 2021, with the adjustment required in accordance with subsection (d) of this section. If the reconciliation component is a positive number, then the aggregate assessment collection amount shall be increased by the reconciliation component in accordance with this section. If the reconciliation component is a negative number, then the aggregate assessment collection amount shall be reduced by the reconciliation component in accordance with this section.

SECTION 9D.14.(h) Notwithstanding the definition of federal medical assistance percentage (FMAP) in G.S. 108A-145.3, when calculating the aggregate assessment collection amount under G.S. 108A-146.5 for the reconciliation component in subsection (c) of this section, the FMAP used in the calculation shall be the federal share of North Carolina Medicaid service costs as calculated by the federal Department of Health and Human Services in accordance with Section 1905(b) of the Social Security Act that is in effect for the quarter beginning July 1, 2021.

SECTION 9D.14.(i) The market basket percentage definition in G.S. 108A-145.3(11) and applied in G.S. 108A-145.3(8) G.S. 108A-145.3(23), and G.S. 108A-146.13 shall remain in effect until June 30, 2026. By January 1st, 2026 the Department of Health and Human Services shall report to the House of Representatives Appropriations Committee on Health and Human Services, the Senate Appropriations Committee on Health and Human Services, and the Fiscal Research Division with a proposed replacement of the market basket percentage inflation factor to take effect July 1, 2026. It is the intent of the General Assembly to enact legislation before the start of the 2026-2027 fiscal year to adjust the inflation factor as needed to reflect changes in the Medicaid reimbursement environment since the start of Medicaid managed care. If the General Assembly takes no action before July 1, 2026, the market basket percentage definition shall be set to zero.

SECTION 9D.14.(j) Section 13(b) of S.L. 2020-88 reads as rewritten:

"SECTION 13.(b) The limitation on total payments made under the Average Commercial Rate Supplemental and Directed Payment Program for eligible medical professional providers shall apply to the combined amount of payments made as supplemental payments under the State Plan and payments made as directed payments under the managed care system and shall be based on the amount of supplemental payments for services provided during the 2018-2019 fiscal year. For services provided on or after July 1, 2021, the total annual supplemental and directed payments made under the Average Commercial Rate Supplemental and Directed Payment Program shall not exceed one hundred percent (100%) of the gross supplemental payments for services provided by eligible medical providers during the 2018-2019 fiscal year, increased at the start of each State fiscal year by an inflation factor and volume adjustment determined by the Department of Health and Human Services, Division of Health Benefits."

SECTION 9D.14.(k) Except as otherwise provided, this section becomes effective July 1, 2021.

PAYMENT SUSPENSIONS, AUDITS, AND THE COLLECTION OF ASSESSMENTS AND OTHER COLLECTIBLE DEBT

SECTION 9D.15.(a) G.S. 108C-2 reads as rewritten:

"§ 108C-2. Definitions.

The following definitions apply in this Chapter:

...

~~(6)~~(6a) Health Choice. – The Health Insurance Program for Children authorized by G.S. 108A-70.25 and as set forth in the North Carolina State Plan of the Health Insurance Program for Children.

(6b) Managed Care Entity. – As defined in G.S. 108D-1.

...

~~(8)~~(8a) Medicaid. – The Medical Assistance program authorized by G.S. 108A-54 and as set forth in the North Carolina State Plan of Medical Assistance

(8b) Negative Remittance Balance- A provider's negative claim balance resulting from administrative activity that adjusted a claim previously paid that causes a final amount owed to the Department by the provider as documented in the provider's remittance statement. For purposes of claim offsetting, the provider's remittance statement serves as the Department's final notice but the provider's right to appeal shall be unabridged.

(8c) Notice of Program Reimbursement. – The written notice reflecting the Department's final determination of the total amount of reimbursement, if any, due to either the provider or the Department following receipt of a provider's annual Medicaid or Health Choice cost report, or amended Medicaid or Health Choice cost report where permitted or required.

...."

SECTION 9D.15.(b) G.S. 108C-5 reads as rewritten:

"§ 108C-5. Payment suspension and audits utilizing extrapolation.

...

(b) In addition to the procedures for suspending payment set forth at 42 C.F.R. § 455.23, the Department may also suspend payment to any provider that (i) owes a final overpayment, assessment, or fine to the Department or owes any other debt the Department is obligated to collect and has not entered into an approved payment plan with the Department or other applicable State or federal agency; (ii) has a negative remittance balance; or (iii) has had its participation in the Medicaid or Health Choice programs suspended or terminated by the Department. For purposes of this section, a suspension or termination of participation does not become final until all administrative appeal rights have been exhausted and shall not include any agency decision that is being contested at the Department, the Office of Administrative Hearings, or in Superior Court provided that the Superior Court has entered a stay of decision in accordance with G.S. 150B-48.

(b1) Upon written notification from the Department to a managed care entity that a provider in its network owes amounts described in subsection (b)(i) or (b)(ii) of this section, the managed care entity shall do the following:

(1) Notify the provider that the Department has mandated recovery of the funds owed under this section from any reimbursement due to the provider from the managed care entity;

(2) Provide a copy of the written notice from the Department to the managed care entity mandating such recovery to the provider; and

(3) Remit to the Department all reimbursement amounts otherwise due to that provider until the amounts described in subsection (b)(i) or (b)(ii) of this section, including any applicable penalties or interest have been satisfied. If the provider has entered into a payment plan with the Department in accordance with this section or other applicable State or federal agency, the managed care entity shall only collect the agreed upon monthly payment from the reimbursement amounts otherwise due to the provider and shall remit the payment to the Department on behalf of the provider.

The requirements under this subsection shall supersede any contractual obligation on the part of the managed care entity to remit payment to the provider.

(c) For providers who owe a ~~final overpayment, assessment, or fine~~ amounts described in subsection (b)(i) of this section to the Department, the payment suspension shall begin the thirty-first day after ~~the an~~ overpayment, assessment, or fine becomes ~~final~~ final by virtue of a settlement or final decision of the Department or the Office of Administrative Hearings and the final decision is not timely appealed by the provider; or on the date specified by the State or federal agency in its notification to the Department of an obligation to collect a debt on the State or federal agency's behalf. The payment suspension shall not exceed the amount owed to the Department, including any applicable penalty and interest charges.

(c1) For providers who owe a negative remittance balance to the Department, the amount shall be recovered immediately against subsequent claims by the Department or by the process specified in section (b)(i) of this section by a managed care entity, whichever results in the earliest recovery by the Department of the amount owed by the provider.

...

(h) All payments suspended in accordance with this Chapter shall be applied toward any ~~final overpayment, assessment, or fine owed to the Department.~~ Amounts described in subsection (b)(i) of this section.

(h1) The Department may collect payments for delinquent provider health care assessments as defined in 42 C.F.R. § 433.55(a). In addition to all other methods of collection allowed by law, the Department may collect such assessments in the same manner as set forth in G.S. 105-242 and G.S. 105- 242.1. The collection of delinquent assessments from a managed care entity for money owed by a provider and on behalf of the provider to the State shall not constitute a donation as defined in 42 C.F.R. § 433.52.

(i) ~~Prior to extrapolating the results of any audits,~~ In the notification of an overpayment to the provider, the Department shall demonstrate and inform the provider that (i) the provider failed to substantially comply with the requirements of State or federal law or ~~regulation~~ regulation, including Clinical Coverage Policies adopted or amended by the Department in accordance with G.S. 108A-4.2; or (ii) the Department has a credible allegation of fraud concerning the provider. Nothing in the subsection shall be construed to prohibit the Department from identifying ~~the an~~ extrapolated overpayment amount in the same notice that meets the requirements of this subsection.

(j) Audits that result in the extrapolation of results must be performed and reviewed by individuals ~~who shall be credentialed by the Department, as applicable, in the matters to be audited, including, but not limited to, coding or specific clinical issues qualified in the matters to be audited.~~

(k) The Department, in the initial request for medical records and prior to conducting audits that result in the extrapolation of results shall identify to the provider the matters to be reviewed and specifically list the clinical, including, but not limited to, assessment of medical necessity, coding, authorization, or other matters reviewed and the time periods reviewed.

...

(n) The results of audits that result in the extrapolation of results may be challenged by a provider within the limited or moderate risk categories, pursuant to G.S. 108C-3.

(1) The provider shall notify the Department within ~~45-30~~ days of receipt of the tentative audit results of the provider's challenge of the Department's results under this subsection. The provider's notification shall select the means of challenging the error rate found by the Department.

(2) The provider may challenge the error rate found by the Department by doing one of the following:

...

b. Conducting a second audit upon a sample identified and produced by the Department utilizing the same statistical and sampling methodology to produce a sample twice the size of the original sample

to review those matters and time periods identified in subsection (k) of this section. The Department shall provide a new sample to the provider within 30 days from the date of receipt of a provider's request. The provider shall have 60 days from receipt of the new sample to conduct the audit and provide the results to the Department. The failure to provide the results of the second audit within the specified time frame will result in the dismissal of the provider's challenge, and the provider shall have no further right to appeal to the Office of Administrative Hearings or any other court.

...

(4) Nothing in this subsection shall limit a provider from challenging the accuracy of the Department's audit, the statistical methodology of the Department's original sample, or the ~~credentials~~ qualifications of the individuals who performed and reviewed the audit.

...

(p) ~~The If the provider requests a reconsideration review, the provider shall have no less than 30-45~~ days from the date of the receipt of the Department's notice of tentative audit results to provide additional documentation not provided to the Department during any audit. If the provider elects to appeal the Department's decision to the Office of Administrative Hearings, the provider shall have 45 days from the date that the appeal is filed to submit any additional documentation or records which address or challenge the findings of the audit. The Department shall not review, and the Office of Administrative Hearings shall not admit into evidence, any materials submitted after 45 days from the date the appeal was filed.

(q) Except as required by federal agency, law, or regulation, or instances of credible allegation of fraud, the provider shall be subject to audits which result in the extrapolation of ~~results for a time period of up to 36 months from date of payment of a provider's claim results.~~ An audit that results in extrapolation must be initiated via notice of the audit to the provider within 36 months of the date of payment of the provider's claim. No extrapolated audit shall include claims that were paid more than 36 months prior to the date of the notice of audit.

...."

SECTION 9D.15.(c) Chapter 108C of the General Statutes is amended by adding a new section to read:

"§ 108C-15. Notice of program reimbursement as basis for recoupment of overpayments.

Notwithstanding any other provision of law, upon issuance of the Notice of Program Reimbursement, the Department shall take immediate action to recoup the amount of reimbursement owed by the provider to the Department. Recoupment shall be made notwithstanding any request by the provider for a reconsideration review by the Division or a contested case hearing under Chapter 150B of the General Statutes."

PROVIDER ENROLLMENT CONSOLIDATION

SECTION 9D.16.(a) G.S. 108C-2.1 reads as rewritten:

"§ 108C-2.1. Provider application and ~~recredialing~~ revalidation fee.

...

(b) The fee required under subsection (a) of this section shall be charged to all providers at ~~recredialing-revalidation~~ every ~~five~~ three years."

SECTION 9D.16.(b) This section becomes effective July 1, 2021 and applies to all providers enrolled in the Medicaid or Health Choice programs on or after that date. Providers whose recredialing is scheduled to occur more than three years from the effective date of this section shall be required to renew their credentials by a date determined by the Department. The Department shall notify the affected providers at least 90 days in advance of their assigned recredialing date.

SECTION 9D.16.(c) Chapter 108C of the General Statutes is amended by adding a new section to read:

"§ 108C-3.1. Confidentiality of enrollment, re-enrollment, change requests, and revalidation information.

All information required by the Department in connection with the initial screening of applicants for enrollment or providers for re-enrollment, change requests, or revalidation is confidential and not a public record under Chapter 132 of the General Statutes."

POPULATIONS EXCLUDED FROM MANAGED CARE

SECTION 9D.17.(a) G.S. 108D-40 reads as rewritten:

"§ 108D-40. Populations covered by PHPs.

(a) Capitated PHP contracts shall cover all Medicaid and NC Health Choice program aid categories except for the following categories:

...

(5) ~~Members of federally recognized tribes. Members of federally recognized tribes~~ Individuals who meet the definition of Indian as defined under 42 C.F.R. § 438.14(a), shall have the option to enroll voluntarily in PHPs.

~~(5a) Eligible recipients who are enrolled in a DHHS-contracted Indian-managed care entity, as defined in 42 C.F.R. § 438.14(a).~~

...

(14) As determined by the Department, recipients who receive Medicaid or NC Health Choice coverage for a limited array of services, or services for a limited duration in response to a public health emergency declared by the United States Department of Health and Human Services or an emergency declared by the President of the United States.

...."

BH IDD TAILORED PLAN CONTRACTS AND CATCHMENT AREAS

SECTION 9D.17.(b) G.S. 108D-60 reads as rewritten:

"§ 108D-60. Populations covered by PHPs.

BH IDD tailored plans shall be defined as capitated PHP contracts that meet all requirements in this Article pertaining to capitated PHP contracts, except as specifically provided in this section. With regard to BH IDD tailored plans, the following shall occur:

(1) In the event of the discontinuation of the 1915(b)/(c) Waivers, the following essential components of the 1915(b)/(c) Waivers shall be included in the 1115 Waiver:

...

(d) Entities operating BH IDD tailored plans shall maintain closed provider networks for behavioral health, intellectual and developmental disability, and traumatic brain injury services in accordance with G.S. 108D-23 and shall ensure network adequacy.

...

(3) During the contract term of the initial contracts for BH IDD tailored plans to begin one year after the implementation of the first contracts for standard benefit plans and to last four years, BH IDD tailored plans shall be operated only by LME/MCOs that meet certain criteria established by the Department. Any LME/MCO desiring to operate a BH IDD tailored plan will make an application to the Department in response to this set of criteria. Approval to operate a BH IDD tailored plan will be contingent upon a comprehensive readiness review. ~~The constituent counties of the existing LME/MCOs may change, or existing LME/MCOs may merge or be acquired by another~~

~~LME/MCO, as allowed under Chapter 122C of the General Statutes, prior to operating a BH IDD tailored plan, provided that the Department ensures every county in the State is covered by an LME/MCO that operates a BH IDD tailored plan.~~ The Department shall issue no more than seven and no fewer than five regional BH IDD tailored plan contracts and shall not issue any statewide BH IDD tailored plan contracts. The Department shall ensure every county in the State is covered by an LME/MCO that operates a BH IDD tailored plan. Notwithstanding any other provision of law to the contrary, to ensure stability of BH IDD tailored plan regions during implementation and initial contract term, for the period beginning July 1, 2021, and ending June 30, 2026, no county or a board of county commissioners shall seek approval from the Secretary to disengage from a LME/MCO and realign with another LME/MCO or establish an area authority. The previous sentence shall not be construed to apply to any requests to disengage from an LME/MCO made by a county or a board of county commissioners, in accordance with Chapter 122C, prior to June 30, 2021.

...

(11) The Department may contract with entities operating BH IDD tailored plans under a capitated or other arrangement for the management of behavioral health, intellectual/developmental disabilities, or traumatic brain injury services for the recipients described in any of the categories excluded from PHP coverage under G.S. 108D-40(a)."

SECTION 9D.17.(c) G.S. 122C-115 reads as rewritten:

"§ 122C-115. Duties of counties; appropriation and allocation of funds by counties and cities.

(a) A county shall provide mental health, developmental disabilities, and substance abuse services in accordance with rules, policies, and guidelines adopted pursuant to statewide restructuring of the management responsibilities for the delivery of services for individuals with mental illness, intellectual or other developmental disabilities, and substance abuse disorders under a 1915(b)/(c) Medicaid Waiver through an area authority. ~~Beginning July 1, 2012, the catchment area of an area authority shall contain a minimum population of at least 300,000. Beginning July 1, 2013, the catchment area of an area authority shall contain a minimum population of at least 500,000.~~ To the extent this section conflicts with G.S. 153A-77 or G.S. 122C-115.1, the provisions of this section control.

(a1) ~~Effective July 1, 2012, the Department shall reduce the administrative funding for LMEs that do not comply with the minimum population requirement of 300,000 to a rate consistent with the funding rate provided to LMEs with a population of 300,000.~~

(a2) ~~Effective July 1, 2013, the Department shall reassign management responsibilities for Medicaid funds and State funds away from LMEs that are not in compliance with the minimum population requirement of 500,000 to LMEs that are fully compliant with all catchment area requirements, including the minimum population requirements specified in this section.~~

(a3) A county that wishes to disengage from a local management entity/managed care organization and realign with another multicounty area authority operating under the 1915(b)/(c) Medicaid Waiver may do so with the approval of the ~~Secretary.~~ Secretary except during the time frame set forth in G.S. 108D-60(3). The Secretary shall adopt rules to establish a process for county disengagement that shall ensure, at a minimum, the following:

...

(e) Beginning on the date that capitated contracts under Article 4 of Chapter 108D of the General Statutes begin, LME/MCOs shall cease managing Medicaid services for all Medicaid recipients other than recipients described in G.S. 108D-40(a)(1), (4), (5), ~~(5a), (6), (7), (10), (11), (12), and (13).~~ Until BH IDD tailored plans become operational, all of the following shall occur:

- (1) LME/MCOs shall continue to manage the Medicaid services that are covered by the LME/MCOs under the combined 1915(b) and (c) waivers for Medicaid recipients described in G.S. 108D-40(a)(1), (4), (5), ~~(5a), (6), (7), (10), (11), (12), and (13).~~

...

When BH IDD tailored plans become operational, entities operating the BH IDD tailored plans may continue to manage the behavioral health, intellectual/developmental disability, or traumatic brain injury services for Medicaid recipients described in G.S. 108D-40(a)(4), (5), (7), (10), (11), (12), and (13), as determined by the Department in accordance with G.S. 108D-60(11)."

SECTION 9D.17.(d) Subsections (a), (a1) and (a2) of this section become effective on the date BH IDD Tailored Plans contracts begin. The Department shall notify the Revisor of Statutes of the date the contracts begin. Subsection (a3) and (e) are effective when this act becomes law.

LME/MCO MEDICAID RISK RESERVES AND SOLVENCY RANGES

SECTION 9D.18.(a) G.S. 122C-115.3 reads as rewritten:

"§ 122C-115.3. Dissolution or merger of area authority.

...

(e) Any fund balance including the Medicaid Risk Reserve available to an area authority at the time of its dissolution that is not utilized to pay liabilities shall be transferred to ~~the area authority~~ one or more area authorities contracted to operate the 1915(b)/(c) Medicaid Waiver in the catchment area of the dissolved area authority. If the fund balance including the Medicaid Risk Reserve transferred from the dissolved area authority is insufficient to constitute fifteen percent (15%) of the anticipated operational expenses arising from assumption of responsibilities from the dissolved area authority, the Secretary shall guarantee the operational reserves for the area authority assuming the responsibilities under the 1915(b)/(c) Medicaid Waiver until the assuming area authority has reestablished fifteen percent (15%) operational reserves.

...

(h) Any authority under contract with the Department to operate the 1915(b)/(c) Medicaid Waiver that does not receive an initial contract to operate a BH IDD tailored plan in accordance with G.S. 108D-60(3) shall transfer any fund balance, including the Medicaid Risk Reserve, available to the area authority that is not utilized to pay liabilities to one or more area authorities contracted with the Department to operate the BH IDD tailored plan in the catchment area of the area authority that did not receive a BH IDD tailored plan contract, as directed by the Department.

(i) During the contract term for the initial contracts for BH IDD tailored plans, any fund balance available to the area authority at the time of its dissolution or the termination of its contract with the Department to operate a BH IDD tailored plan that is not utilized to pay liabilities shall be transferred, as directed by the Department, to one or more area authorities under contract with the Department to operate a BH IDD tailored plan in the catchment area of the area authority that was dissolved or whose contract was terminated."

SECTION 9D.18.(b) G.S. 122C-125.2 is repealed in its entirety.

MEDICAID ELIGIBILITY REDETERMINATIONS

SECTION 9D.19. Section 6(b) of S.L. 2020-88 reads as rewritten:

"SECTION 6.(b) In complying with the requirements of this section, county departments of social services shall not terminate benefits for a Medicaid beneficiary if doing so would result in the State being ineligible for the increased Medicaid funding under Section 6008 of P.L. 116-127. When a county department of social services identifies a case that would be subject to termination of Medicaid eligibility in the absence of the preceding requirement, the case shall be identified in the NC FAST system utilizing a uniform identifier to be established by the Department of

Health and Human Services no later than July 31, 2020. Notices of termination for cases with the identifier shall be sent in accordance with G.S. 108A-79 within ~~90~~180 days after the expiration of the declared nationwide public health emergency as a result of the 2019 novel coronavirus."

MEDICAID TEMPORARILY INCREASED REIMBURSEMENT RATES

SECTION 9D.20. Section 4.6 of S.L. 2020-4, as amended by S.L. 2021-3, reads as rewritten:

"**SECTION 4.6.** In addition to the five percent (5%) rate increases already requested by the Department of Health and Human Services (DHHS) in the 1135 Medicaid disaster State Plan amendment (SPA) submitted to the Centers for Medicare and Medicaid Services (CMS) on April 8, 2020, for certain provider types, DHHS shall increase the fee-for-service Medicaid rates paid directly by the Division of Health Benefits for all remaining provider types by five percent (5%). The rate increases authorized under this section shall be effective March 1, 2020. Any rate increases authorized under this section shall expire on the earlier of the following dates:

- (1) The date the declared nationwide public health emergency as a result of the 2019 novel coronavirus expires.
- (2) The date Executive Order No. 116, Declaration of a State of Emergency to Coordinate Response and Protective Actions to Prevent the Spread of COVID-19 expires or is rescinded.
- (3) June 30, ~~2021~~2022.

DHHS is authorized to adjust and/or end any of the rate increases directed in this section that will otherwise cause the State to be in violation of federal Medicaid upper payment limit restrictions, as set by CMS."

PART IX-E. HEALTH SERVICE REGULATION [RESERVED]

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

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

SECTION 9F.1.(a) For the purpose of mitigating cash flow problems that many local management entities/managed care organizations (LME/MCOs) experience at the beginning of each fiscal year relative to single-stream funding, the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services (DMH/DD/SAS), shall distribute not less than one-twelfth of each LME/MCO's base budget allocation at the beginning of the fiscal year and subtract the amount of that distribution from the LME/MCO's total reimbursements for the fiscal year. For each month of the fiscal year after July, the DMH/DD/SAS shall distribute, on the third working day of the month, one-eleventh of the amount of each LME/MCO's single-stream allocation that remains after subtracting the amount of the distribution that was made to the LME/MCO in July of the fiscal year.

During each year of the 2021-2023 fiscal biennium, each LME/MCO shall offer at least the same level of service utilization as during the 2014-2015 fiscal year across the LME/MCO's catchment area. This requirement shall not be construed to require LME/MCOs to authorize or maintain the same level of services for any specific individual whose services were paid for with single-stream funding. Further, this requirement shall not be construed to create a private right of action for any person or entity against the State of North Carolina or the Department of Health and Human Services or any of its divisions, agents, or contractors and shall not be used as authority in any contested case brought pursuant to Chapter 108C or 108D of the General Statutes.

SECTION 9F.1.(b) The Department of Health and Human Services shall continue to use the monthly reporting package submitted by the LME/MCOs to the Department, as modified pursuant to Section 12F.2(c) of S.L. 2015-241, to include revenues and expenditures for the State funding sources for single-stream, intellectual and developmental disability, and substance abuse services on Schedule D2. Additionally, the Department shall continue to use appropriate schedules in the LME/MCO monthly reporting package, as modified pursuant to Section 12F.2(c) of S.L. 2015-241, to include unduplicated recipients and encounters in the same level of detail included in each D schedule for each source of funding for the reporting for the current and previous year's month and year-to-date periods. The Department shall continue to submit these reports to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division on a quarterly basis.

SECTION 9F.1.(c) The Secretary of Health and Human Services may adjust the Single Stream Base allocations and any recurring or non-recurring reductions among the LME/MCOs for the 2021-23 fiscal biennium; provided, however, that the Secretary shall submit a detailed explanation for any such adjustment along with supporting documentation to the Office of State Budget and Management, the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division within 10 business days after making the adjustment.

SECTION 9F.1.(d) If, on or after June 1, 2021, the Office of State Budget and Management (OSBM) certifies a Medicaid budget surplus in funds 1310, 1311, and 1312 and sufficient cash in Budget Code 14445 to meet total obligations for the 2021-2022 fiscal year, then the Department of Health and Human Services, Division of Medical Assistance (DMA), may transfer to the DMH/DD/SAS funds not to exceed the amount of the certified surplus or thirty million dollars (\$30,000,000), whichever is less.

If, on or after June 1, 2022, the OSBM certifies a Medicaid budget surplus in funds 1310, 1311, and 1312 and sufficient cash in Budget Code 14445 to meet total obligations for fiscal year 2022-2023, then the DMA may transfer to the DMH/DD/SAS funds not to exceed the amount of the certified surplus or thirty million dollars (\$30,000,000), whichever is less.

The DMH/DD/SAS shall allocate funds transferred pursuant to this subsection among the LME/MCOs based on a formula to identify unmet need determined by the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services (DMH/DD/SAS).

SECTION 9F.1.(e) The Department of Health and Human Services shall develop a maintenance of effort (MOE) spending requirement for all mental health and substance abuse services which must be maintained using nonfederal, State appropriations on an annual basis in order to meet MOE requirements for federal block grant awards. LME/MCOs shall ensure the MOE spending requirement is met using State appropriations.

FUNDS FOR LOCAL INPATIENT PSYCHIATRIC BEDS OR BED DAYS

SECTION 9F.2.(a) Use of Funds. – Of the funds appropriated to the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, for crisis services, the sum of forty-one million three hundred fifty-one thousand six hundred forty-four dollars (\$41,351,644) in recurring funds for the 2021-2022 fiscal year and the sum of forty-one million three hundred fifty-one thousand six hundred forty-four dollars (\$41,351,644) in recurring funds for the 2022-2023 fiscal year shall be used to purchase additional new or existing local inpatient psychiatric beds or bed days not currently funded by or through LME/MCOs. The Department shall continue to implement a two-tiered system of payment for purchasing these local inpatient psychiatric beds or bed days based on acuity level with an enhanced rate of payment for inpatient psychiatric beds or bed days for individuals with higher acuity levels, as defined by the Department. The enhanced rate of payment for inpatient psychiatric beds or bed days for individuals with higher acuity levels shall

not exceed the lowest average cost per patient bed day among the State psychiatric hospitals. In addition, at the discretion of the Secretary of Health and Human Services, existing funds allocated to LME/MCOs for community-based mental health, developmental disabilities, and substance abuse services may be used to purchase additional local inpatient psychiatric beds or bed days. Funds designated in this subsection for the purchase of local inpatient psychiatric beds or bed days shall not be used to supplant other funds appropriated or otherwise available to the Department for the purchase of inpatient psychiatric services through contracts with local hospitals.

SECTION 9F.2.(b) Distribution and Management of Beds or Bed Days. – Except as provided in this subsection, the Department shall work to ensure that any local inpatient psychiatric beds or bed days purchased in accordance with this section are utilized solely for individuals who are medically indigent, as defined in this subsection. In addition, the Department shall work to ensure that any local inpatient psychiatric beds or bed days purchased in accordance with this section are distributed across the State in LME/MCO catchment areas and according to need as determined by the Department. The Department shall ensure that beds or bed days for individuals with higher acuity levels are distributed across the State in LME catchment areas, including any catchment areas served by managed care organizations, and according to greatest need based on hospital bed utilization data. The Department shall enter into contracts with LME/MCOs and local hospitals for the management of these beds or bed days. The Department shall work to ensure that these contracts are awarded equitably around all regions of the State. LME/MCOs shall manage and control these local inpatient psychiatric beds or bed days, including the determination of the specific local hospital or State psychiatric hospital to which an individual should be admitted pursuant to an involuntary commitment order.

The Department may use up to ten percent (10%) of the funds allocated in this section for each year of the 2021-2023 fiscal biennium to pay for facility-based crisis services and nonhospital detoxification services for individuals in need of these services, regardless if the individuals are medically indigent, defined as uninsured persons who (i) are financially unable to obtain private insurance coverage as determined by the Department and (ii) are not eligible for government-funded health coverage such as Medicare or Medicaid.

SECTION 9F.2.(c) Funds to Be Held in Statewide Reserve. – Funds appropriated to the Department for the purchase of local inpatient psychiatric beds or bed days shall not be allocated to LME/MCOs but shall be held in a statewide reserve at the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services to pay for services authorized by the LME/MCOs and billed by the hospitals through the LME/MCOs. LME/MCOs shall remit claims for payment to the Department within 15 working days after receipt of a clean claim from the hospital and shall pay the hospital within 30 working days after receipt of payment from the Department.

SECTION 9F.2.(d) Ineffective LME/MCO Management of Beds or Bed Days. – If the Department determines that (i) an LME/MCO is not effectively managing the beds or bed days for which it has responsibility, as evidenced by beds or bed days in the local hospital not being utilized while demand for services at the State psychiatric hospitals has not decreased, or (ii) the LME/MCO has failed to comply with the prompt payment provisions of subsection (c) of this section, the Department may contract with another LME/MCO to manage the beds or bed days or, notwithstanding any other provision of law to the contrary, may pay the hospital directly.

SECTION 9F.2.(e) Reporting by LME/MCOs. – The Department shall establish reporting requirements for LME/MCOs regarding the utilization of these beds or bed days.

SECTION 9F.2.(f) Reporting by Department. – By no later than December 1, 2022, and by no later than December 1, 2023, the Department shall report to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division on all of the following:

- (1) A uniform system for beds or bed days purchased during the preceding fiscal year from (i) funds appropriated in this act that are designated for this purpose in subsection (a) of this section, (ii) existing State appropriations, and (iii) local funds.
- (2) An explanation of the process used by the Department to ensure that, except as otherwise provided in subsection (a) of this section, local inpatient psychiatric beds or bed days purchased in accordance with this section are utilized solely for individuals who are medically indigent, along with the number of medically indigent individuals served by the purchase of these beds or bed days.
- (3) The amount of funds used to pay for facility-based crisis services, along with the number of individuals who received these services and the outcomes for each individual.
- (4) The amount of funds used to pay for nonhospital detoxification services, along with the number of individuals who received these services and the outcomes for each individual.
- (5) Other Department initiatives funded by State appropriations to reduce State psychiatric hospital use.

CHANGE TO STATUTORY DEFINITION OF TRAUMATIC BRAIN INJURY

SECTION 9F.3. G.S. 122C-3 reads as rewritten:

"§ 122C-3. Definitions.

The following definitions apply in this Chapter:

...

(38a) "Traumatic Brain Injury" (TBI) means an insult to the brain from an outside physical force that may or may not have produced a diminished or altered state of consciousness. The term applies to open or closed head injuries resulting in an impairment of cognitive ability and/or physical functions but not necessarily both. Impairments in one or more areas including but not limited to: cognition; language; memory; attention; reasoning; abstract thinking; judgment; problem-solving; sensory; perceptual, and motor abilities; psychosocial behavior, physical function, information process and speech. Impairments may be either temporary or permanent and may cause partial or total functional disability and/or psychosocial disorientation.

...."

TRAUMATIC BRAIN INJURY FUNDING

SECTION 9F.4. Of the funds appropriated in this act to the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, for traumatic brain injury (TBI) services, the sum of two million three hundred seventy-three thousand eighty-six dollars (\$2,373,086) in recurring funds for the 2021-2022 fiscal year and the sum of two million three hundred seventy-three thousand eighty-six dollars (\$2,373,086) in recurring funds for the 2022-2023 fiscal year shall be used exclusively to support TBI services as follows:

- (1) The sum of three hundred fifty-nine thousand two hundred eighteen dollars (\$359,218) shall be used to fund contracts with the Brain Injury Association of North Carolina, Carolinas Rehabilitation, or appropriate service providers to assist families in accessing the continuum of care and to provide educational programs on brain injury prevention, intervention, and care.
- (2) The sum of two million thirteen thousand eight hundred sixty-eight dollars (\$2,013,868) shall be used to provide services and supports such as, but not

limited to, residential day program, transportation, respite and home modification to individuals with TBI statewide. The program will be administered in accordance with the program operating policies established by the Division of Mental Health, Developmental Disabilities and Substance Abuse.

DOROTHEA DIX HOSPITAL PROPERTY FUNDS

SECTION 9F.5. Any funds allocated to the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, from the Dorothea Dix Hospital Property Fund established under G.S. 143C-9-2(b1), pursuant to Section 12F.4 of S.L. 2016-94 and Section 11F.5 of S.L. 2017-57, as amended, that are not expended or encumbered as of June 30, 2021, shall remain in the Dorothea Dix Hospital Property Fund.

USE OF CERTAIN VENDING RECEIPTS

SECTION 9F.6. G.S. 122C-185 reads as rewritten:

"§ 122C-185. Application of funds belonging to State facilities.

...

(d1) Notwithstanding G.S. 111-43, the net proceeds from coin-operated vending machines located within a facility as defined in 122C-3(14) are authorized for use by the facility as follows:

- (1) At least fifty percent (50%) of revenues generated from coin-operated vending machines at each facility shall be utilized for patient/resident activities, recreational equipment and/or upkeep of the machines.
- (2) Up to fifty percent (50%) of revenues generated from coin-operated vending machines at each facility may be used for employee reward and recognition activities. All requests for expenditures for employee reward and recognition shall be pre-approved by the facility director, Division director, and the Division's chief financial officer."

PART IX-G. PUBLIC HEALTH

LOCAL HEALTH DEPARTMENTS/COMPETITIVE GRANT PROCESS TO IMPROVE MATERNAL AND CHILD HEALTH

SECTION 9G.1.(a) Funds appropriated in this act to the Department of Health and Human Services, Division of Public Health, for each year of the 2021-2023 fiscal biennium to award competitive grants to local health departments for the improvement of maternal and child health shall be used to continue administering a competitive grant process for local health departments based on maternal and infant health indicators and the county's detailed proposal to invest in evidence-based programs to achieve the following goals:

- (1) Improve North Carolina's birth outcomes.
- (2) Improve the overall health status of children in this State from birth to age 5.
- (3) Lower the State's infant mortality rate.

SECTION 9G.1.(b) The plan for administering the competitive grant process shall include at least all of the following components:

- (1) A request for application (RFA) process to allow local health departments to apply for and receive State funds on a competitive basis. The Department shall require local health departments to include in the application a plan to evaluate the effectiveness, including measurable impact or outcomes, of the activities, services, and programs for which the funds are being requested.

(2) A requirement that the Secretary prioritize grant awards to those local health departments that are able to leverage non-State funds in addition to the grant award.

(3) Ensures that funds received by the Department to implement the plan supplement and do not supplant existing funds for maternal and child health initiatives.

(4) Allows grants to be awarded to local health departments for up to three years.

SECTION 9G.1.(c) No later than July 1 of each year, as applicable, the Secretary shall announce the recipients of the competitive grant awards and allocate funds to the grant recipients for the respective grant period pursuant to the amounts designated under subsection (a) of this section. After awards have been granted, the Secretary shall submit a report to the Joint Legislative Oversight Committee on Health and Human Services on the grant awards that includes at least all of the following:

(1) The identity and a brief description of each grantee and each program or initiative offered by the grantee.

(2) The amount of funding awarded to each grantee.

(3) The number of persons served by each grantee, broken down by program or initiative.

SECTION 9G.1.(d) No later than December 1 of each fiscal year, each local health department receiving funding pursuant to this section in the respective fiscal year shall submit to the Division of Public Health a written report of all activities funded by State appropriations. The report shall include the following information about the fiscal year preceding the year in which the report is due:

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

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

(3) Outcome measures that demonstrate the impact and effectiveness of the programs, services, and activities based on the evaluation protocols developed by the Division, in collaboration with the University of North Carolina Gillings School of Global Public Health, pursuant to Section 12E.11(e) of S.L. 2015-241, and reported to the Joint Legislative Oversight Committee on Health and Human Services on April 1, 2016.

(4) A detailed program budget and list of expenditures, including all positions funded, matching expenditures, and funding sources.

MATERNAL MORTALITY REVIEW COMMITTEE

SECTION 9G.2. Part 5 of Article 1B of Chapter 130A of the General Statutes 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, 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**TANF BENEFIT IMPLEMENTATION**

SECTION 9I.1.(a) The General Assembly approves the plan titled "North Carolina Temporary Assistance for Needy Families State Plan FY 2019-2022," prepared by the Department of Health and Human Services and presented to the General Assembly. The North Carolina Temporary Assistance for Needy Families State Plan covers the period October 1, 2019, through September 30, 2022. The Department shall submit the State Plan, as revised in accordance with subsection (b) of this section, to the United States Department of Health and Human Services.

SECTION 9I.1.(b) The counties approved as Electing Counties in the North Carolina Temporary Assistance for Needy Families State Plan FY 2019-2022, as approved by this section, are Beaufort, Caldwell, Catawba, Lenoir, Lincoln, Macon, and Wilson.

SECTION 9I.1.(c) Counties that submitted the letter of intent to remain as an Electing County or to be redesignated as an Electing County and the accompanying county plan for years 2019 through 2022, pursuant to G.S. 108A-27(e), shall operate under the Electing County budget requirements effective July 1, 2021. For programmatic purposes, all counties referred to in this subsection shall remain under their current county designation through September 30, 2022.

SECTION 9I.1.(d) For each year of the 2021-2023 fiscal biennium, Electing Counties shall be held harmless to their Work First Family Assistance allocations for the 2020-2021 fiscal year, provided that remaining funds allocated for Work First Family Assistance and Work First Diversion Assistance are sufficient for payments made by the Department on behalf of Standard Counties pursuant to G.S. 108A-27.11(b).

SECTION 9I.1.(e) In the event that departmental projections of Work First Family Assistance and Work First Diversion Assistance for the 2021-2022 fiscal year or the 2022-2023 fiscal year indicate that remaining funds are insufficient for Work First Family Assistance and Work First Diversion Assistance payments to be made on behalf of Standard Counties, the Department is authorized to deallocate funds, of those allocated to Electing Counties for Work First Family Assistance in excess of the sums set forth in G.S. 108A-27.11, up to the requisite amount for payments in Standard Counties. Prior to deallocation, the Department shall obtain approval by the Office of State Budget and Management. If the Department adjusts the allocation set forth in subsection (d) of this section, then a report shall be made to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division.

INTENSIVE FAMILY PRESERVATION SERVICES FUNDING AND PERFORMANCE ENHANCEMENTS

SECTION 9I.2.(a) Notwithstanding the provisions of G.S. 143B-150.6, the Intensive Family Preservation Services (IFPS) Program shall provide intensive services to children and families in cases of abuse, neglect, and dependency where a child is at imminent risk of removal from the home and to children and families in cases of abuse where a child is not at imminent risk of removal. The Program shall be implemented statewide on a regional basis. The IFPS shall ensure the application of standardized assessment criteria for determining imminent risk and clear criteria for determining out-of-home placement.

SECTION 9I.2.(b) The Department of Health and Human Services shall require that any program or entity that receives State, federal, or other funding for the purpose of IFPS shall provide information and data that allows for the following:

- (1) An established follow-up system with a minimum of six months of follow-up services.
- (2) Detailed information on the specific interventions applied, including utilization indicators and performance measurement.

- (3) Cost-benefit data.
- (4) Data on long-term benefits associated with IFPS. This data shall be obtained by tracking families through the intervention process.
- (5) The number of families remaining intact and the associated interventions while in IFPS and 12 months thereafter.
- (6) The number and percentage, by race, of children who received IFPS compared to the ratio of their distribution in the general population involved with Child Protective Services.

SECTION 9I.2.(c) The Department shall continue implementing a performance-based funding protocol and shall only provide funding to those programs and entities providing the required information specified in subsection (b) of this section. The amount of funding shall be based on the individual performance of each program.

CHILD CARING INSTITUTIONS

SECTION 9I.3. The maximum reimbursement for each fiscal year of the 2021-2023 biennium for child caring institutions shall not exceed the rate established for the specific child caring institution by the Department of Health and Human Services, Office of the Controller. In determining the maximum reimbursement, the State shall include county and IV-E reimbursements.

USE OF FOSTER CARE BUDGET FOR GUARDIANSHIP ASSISTANCE PROGRAM

SECTION 9I.4. Of the funds available for the provision of foster care services, the Department of Health and Human Services, Division of Social Services, may continue to provide for the financial support of children who are deemed to be (i) in a permanent family placement setting, (ii) eligible for legal guardianship, and (iii) otherwise unlikely to receive permanency. No additional expenses shall be incurred beyond the funds budgeted for foster care for the Guardianship Assistance Program (GAP). The Guardianship Assistance Program shall include provisions for extending guardianship services for individuals and youth who exited foster care through the Guardianship Assistance Program after 16 years of age or who have attained the age of 18 years and opt to continue to receive guardianship services until reaching 21 years of age if the individual is (i) completing secondary education or a program leading to an equivalent credential, (ii) enrolled in an institution that provides postsecondary or vocational education, (iii) participating in a program or activity designed to promote, or remove barriers to, employment, (iv) employed for at least 80 hours per month, or (v) incapable of completing the educational or employment requirements of this section due to a medical condition or disability. The Guardianship Assistance Program rates shall reimburse the legal guardian for room and board and be set at the same rate as the foster care room and board rates in accordance with rates established under G.S. 108A-49.1.

CHILD WELFARE POSTSECONDARY SUPPORT PROGRAM (NC REACH)

SECTION 9I.5.(a) Funds appropriated from the General Fund to the Department of Health and Human Services for the child welfare postsecondary support program shall be used to continue providing assistance with the "cost of attendance" as that term is defined in 20 U.S.C. § 1087I for the educational needs of foster youth aging out of the foster care system, youth who exit foster care to a permanent home through the Guardianship Assistance Program (GAP), or special needs children adopted from foster care after age 12. These funds shall be allocated by the State Education Assistance Authority.

SECTION 9I.5.(b) Of the funds appropriated from the General Fund to the Department of Health and Human Services, the sum of fifty thousand dollars (\$50,000) for each year of the 2021-2023 fiscal biennium shall be allocated to the North Carolina State Education Assistance Authority (SEAA). The SEAA shall use these funds only to perform administrative

functions necessary to manage and distribute scholarship funds under the child welfare postsecondary support program.

SECTION 9I.5.(c) Of the funds appropriated from the General Fund to the Department of Health and Human Services, the sum of three hundred thirty-nine thousand four hundred ninety-three dollars (\$339,493) for each year of the 2021-2023 fiscal biennium shall be used to contract with an entity to administer the child welfare postsecondary support program described under subsection (a) of this section, which administration shall include the performance of case management services.

SECTION 9I.5.(d) Funds appropriated to the Department of Health and Human Services for the child welfare postsecondary support program shall be used only for students attending public institutions of higher education in this State.

FEDERAL CHILD SUPPORT INCENTIVE PAYMENTS

SECTION 9I.6.(a) Centralized Services. – The North Carolina Child Support Services Section (NCCSS) of the Department of Health and Human Services, Division of Social Services, shall retain up to fifteen percent (15%) of the annual federal incentive payments it receives from the federal government to enhance centralized child support services. To accomplish this requirement, NCCSS shall do the following:

- (1) In consultation with representatives from county child support services programs, identify how federal incentive funding could improve centralized services.
- (2) Use federal incentive funds to improve the effectiveness of the State's centralized child support services by supplementing and not supplanting State expenditures for those services.
- (3) Continue to develop and implement rules that explain the State process for calculating and distributing federal incentive funding to county child support services programs.

SECTION 9I.6.(b) County Child Support Services Programs. – NCCSS shall allocate no less than eighty-five percent (85%) of the annual federal incentive payments it receives from the federal government to county child support services programs to improve effectiveness and efficiency using the federal performance measures. To that end, NCCSS shall do the following:

- (1) In consultation with representatives from county child support services programs, examine the current methodology for distributing federal incentive funding to the county programs and determine whether an alternative formula would be appropriate. NCCSS shall use its current formula for distributing federal incentive funding until an alternative formula is adopted.
- (2) Upon adopting an alternative formula, develop a process to phase in the alternative formula for distributing federal incentive funding over a four-year period.

SECTION 9I.6.(c) Reporting by County Child Support Services Programs. – NCCSS shall continue implementing guidelines that identify appropriate uses for federal incentive funding. To ensure those guidelines are properly followed, NCCSS shall require county child support services programs to comply with each of the following:

- (1) Submit an annual plan describing how federal incentive funding would improve program effectiveness and efficiency as a condition of receiving federal incentive funding.
- (2) Report annually on the following: (i) how federal incentive funding has improved program effectiveness and efficiency and been reinvested into their programs, (ii) provide documentation that the funds were spent according to their annual plans, and (iii) explain any deviations from their plans.

SECTION 9I.6.(d) Reporting by NCCSS. – NCCSS shall submit a report on federal child support incentive funding to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division by November 1 of each year. The report shall describe how federal incentive funds enhanced centralized child support services to benefit county child support services programs and improved the effectiveness and efficiency of county child support services programs. The report shall further include any changes to the State process the NCCSS used in calculating and distributing federal incentive funding to county child support services programs and any recommendations for further changes.

INCREASE ACCESS TO PUBLIC BENEFITS FOR OLDER DUAL ELIGIBLE SENIORS

SECTION 9I.7.(a) The Department of Health and Human Services, Division of Social Services (Division), shall continue implementing an evidence-based pilot program to increase access to public benefits for seniors aged 65 and older who are dually enrolled in Medicare and Medicaid to (i) improve the health and independence of seniors and (ii) reduce health care costs. The Division shall continue to partner with a not-for-profit firm for the purposes of engaging in a data-driven campaign to help seniors aged 65 and older who are dually enrolled in Medicare and Medicaid meet their basic social needs. The not-for-profit firm shall have demonstrated experience in assisting with these types of services and the partnership shall accomplish each of the following:

- (1) Identify, through data sharing, dual eligible seniors aged 65 and older who qualify for the Supplemental Nutrition and Assistance Program (SNAP) but are not currently enrolled.
- (2) Conduct an outreach program toward those seniors for the purpose of enrolling them into SNAP.
- (3) Provide comprehensive application assistance through outreach specialists to complete public benefits application processes.
- (4) Evaluate project effectiveness and explore how data can be utilized to achieve optimal outcomes.
- (5) Make recommendations regarding policy options available to the State to streamline access to benefits.

SECTION 9I.7.(b) The Division shall report to the Office of the Governor and the Joint Legislative Oversight Committee on Health and Human Services on its progress in the pilot program by February 1 following each year the pilot program is in place. The report shall, at a minimum, include the following:

- (1) The number of seniors age 65 and older who are dual eligibles but are not enrolled in SNAP.
- (2) The number of those identified that would be included in the sample population.
- (3) Methods of outreach toward those seniors in the sample population.
- (4) Number of to date enrollments in SNAP as a direct result of outreach during the pilot program.
- (5) Participation rate to date in SNAP of those seniors in the sample population.
- (6) Any other findings the Division deems relevant.

SECTION 9I.7.(c) If funding and capacity exist, the Division of Social Services may expand the pilot program to include other public benefits programs.

SUCCESSFUL TRANSITION/FOSTER CARE YOUTH

SECTION 9I.8. The Foster Care Transitional Living Initiative Fund shall continue to fund and support transitional living services that demonstrate positive outcomes for youth, attract significant private sector funding, and lead to the development of evidence-based

programs to serve the at-risk population described in this section. The Fund shall continue to support a demonstration project with services provided by Youth Villages to (i) improve outcomes for youth ages 17-21 years who transition from foster care through implementation of outcome-based Transitional Living Services, (ii) identify cost-savings in social services and juvenile and adult correction services associated with the provision of Transitional Living Services to youth aging out of foster care, and (iii) take necessary steps to establish an evidence-based transitional living program available to all youth aging out of foster care. In continuing to implement these goals, the Foster Care Transitional Living Initiative Fund shall support the following strategies:

- (1) Transitional Living Services, which is an outcome-based program that follows the Youth Villages Transitional Living Model. Outcomes on more than 7,000 participants have been tracked since the program's inception. The program has been evaluated through an independent Randomized Controlled Trial. Results indicate that the Youth Villages Transitional Living Model had positive impacts in a variety of areas, including housing stability, earnings, economic hardship, mental health, and intimate partner violence in comparison to the control population.
- (2) Public-Private Partnership, which is a commitment by private-sector funding partners to match at least twenty-five percent (25%) of the funds appropriated to the Foster Care Transitional Living Initiative Fund for the 2021-2023 fiscal biennium for the purposes of providing Transitional Living Services through the Youth Villages Transitional Living Model to youth aging out of foster care.
- (3) Impact Measurement and Evaluation, which are services funded through private partners to provide independent measurement and evaluation of the impact the Youth Villages Transitional Living Model has on the youth served, the foster care system, and on other programs and services provided by the State which are utilized by former foster care youth.
- (4) Advancement of Evidence-Based Process, which is the implementation and ongoing evaluation of the Youth Villages Transitional Living Model for the purposes of establishing the first evidence-based transitional living program in the nation. To establish the evidence-based program, additional randomized controlled trials may be conducted to advance the model.

CHILD ADVOCACY CENTER FUNDING

SECTION 9L.9. Of the funds appropriated in this act to the Department of Health and Human Services, Division of Social Services, for each year of the 2021-2023 fiscal biennium for child advocacy centers, allocations shall be made as follows:

- (1) Up to one hundred thousand dollars (\$100,000) for each child advocacy center in good standing with Children's Advocacy Centers of North Carolina, Inc.
- (2) One hundred thousand dollars (\$100,000) to Children's Advocacy Centers of North Carolina, Inc., for its operations.

ENHANCE PERMANENCY INNOVATION INITIATIVE

SECTION 9L.10.(a) G.S. 131D-10.9B(a) reads as rewritten:

"(a) There is created the Permanency Innovation Initiative Fund that will support a ~~demonstration~~ project with services provided by Children's Home Society of North Carolina to (i) improve permanency outcomes for children living in foster care through reunification with parents, providing placement or guardianship with other relatives, or adoption, (ii) improve engagement with biological relatives of children in or at risk of entering foster care, and (iii)

1 reduce costs associated with maintaining children in foster care. In implementing these goals, the
2 Permanency Innovation Initiative Fund shall support the following strategies:

3"

4 **SECTION 9L10.(b)** Funds appropriated to the Department of Health and Human
5 Services, Division of Social Services, for each year of the 2021-2023 fiscal biennium for the
6 Permanency Innovation Initiative Fund shall be supplemented, not supplanted, by all available
7 federal matching funds.

8
9 **FOOD AND NUTRITION SERVICES – ABLE BODIED ADULTS WITHOUT**
10 **DEPENDENTS WAIVER**

11 **SECTION 9L11.** Notwithstanding G.S. 108A-51.1, for the 2021-2023 fiscal
12 biennium, the Department of Health and Human Services may seek a temporary waiver from the
13 U.S. Department of Agriculture (USDA) for time limits established by federal law for
14 able-bodied adults without dependents (ABAWD) participating in the Food and Nutrition
15 Services Program in this State.

16
17 **FAMILY FIRST PREVENTION SERVICES ACT FUNDS**

18 **SECTION 9L12.** Funds appropriated to the Department of Health and Human
19 Services, Division of Social Services for the Family First Prevention Services Act shall not revert
20 at the end of the 2021-2022 fiscal year but shall remain available for the 2022-2023 fiscal year.

21
22 **PART IX-J. VOCATIONAL REHABILITATION SERVICES [RESERVED]**

23
24 **PART IX-K. DHHS BLOCK GRANTS**

25
26 **DHHS BLOCK GRANTS**

27 **SECTION 9K.1.(a)** Except as otherwise provided, appropriations from federal block
28 grant funds are made for each year of the fiscal biennium ending June 30, 2023, according to the
29 following schedule:

30
31 **TEMPORARY ASSISTANCE FOR NEEDY** **FY 2021-2022** **FY 2022-2023**
32 **FAMILIES (TANF) FUNDS**

33
34 **Local Program Expenditures**

35
36 **Division of Social Services**

37			
38	01. Work First Family Assistance	\$39,891,660	\$39,499,512
39			
40	02. Work First County Block Grants	80,093,566	80,093,566
41			
42	03. Work First Electing Counties	2,378,213	2,378,213
43			
44	04. Adoption Services – Special Children		
45	Adoption Fund	2,026,877	2,026,877
46			
47	05. Child Protective Services – Child Welfare		
48	Workers for Local DSS	9,412,391	9,412,391
49			
50	06. Child Welfare Program Improvement Plan	775,176	775,176
51			

1	07. Child Welfare Collaborative	400,000	400,000
2			
3	08. Child Welfare Initiatives	1,400,000	1,400,000
4			
5	Division of Child Development and Early Education		
6			
7	09. Subsidized Child Care Program	45,813,694	45,813,694
8			
9	10. Swap-Child Care Subsidy	12,600,000	12,600,000
10			
11	11. NC Pre-K Services	68,300,000	68,300,000
12			
13	Division of Public Health		
14			
15	12. Teen Pregnancy Prevention Initiatives	3,450,000	3,450,000
16			
17	DHHS Administration		
18			
19	13. Division of Social Services	2,482,260	2,482,260
20			
21	14. Office of the Secretary	34,042	34,042
22			
23	15. Eligibility Systems – Operations and		
24	Maintenance	792,978	713,662
25			
26	16. NC FAST Implementation	443,940	836,088
27			
28	17. Division of Social Services TANF Modernization	2,000,000	2,000,000
29			
30	Transfers to Other Block Grants		
31			
32	Division of Child Development and Early Education		
33			
34	18. Transfer to the Child Care and		
35	Development Fund	21,773,001	21,773,001
36			
37	Division of Social Services		
38			
39	19. Transfer to Social Services Block		
40	Grant for Child Protective Services	5,040,000	5,040,000
41			
42	20. Transfer to Social Services Block		
43	Grant for Child Protective Services	2,037,067	2,037,067
44			
45	21. Transfer to Social Services Block		
46	Grant for County Departments of		
47	Social Services for Children's Services	13,097,783	13,097,783
48			
49	22. Transfer to Social Services Block		
50	Grant – Foster Care Services	1,385,152	1,385,152
51			

1	23. Transfer to Social Services Block	1,582,000	1,582,000
2	Grant – Child Advocacy Centers		
3			
4	24. Transfer to Social Services Block	285,612	285,612
5	Grant – Child Care Training in Counties		
6			
7	25. Division of Social Services – Workforce	93,216	93,216
8	Investment Opportunities Act (WIOA)		
9			
10	TOTAL TEMPORARY ASSISTANCE FOR		
11	NEEDY FAMILIES (TANF) FUNDS	\$317,588,628	\$317,509,312
12			
13	TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF)		
14	EMERGENCY CONTINGENCY FUNDS		
15			
16	Local Program Expenditures		
17			
18	Division of Child Development and Early Education		
19			
20	01. Subsidized Child Care	\$25,036,470	\$25,036,470
21			
22	TOTAL TEMPORARY ASSISTANCE FOR		
23	NEEDY FAMILIES (TANF) EMERGENCY		
24	CONTINGENCY FUNDS	\$25,036,470	\$25,036,470
25			
26	SOCIAL SERVICES BLOCK GRANT		
27			
28	Local Program Expenditures		
29			
30	Divisions of Social Services and Aging and Adult Services		
31			
32	01. County Departments of Social Services	\$19,905,849	\$19,905,849
33			
34	02. County Departments of Social Services	1,300,000	1,300,000
35			
36	03. County Departments of Social Services		
37	(Transfer From TANF)	13,097,783	13,097,783
38			
39	04. EBCI Tribal Public Health and Human Services	244,740	244,740
40			
41	05. Child Protective Services		
42	(Transfer From TANF)	5,040,000	5,040,000
43			
44	06. Child Protective Services		
45	(Transfer From TANF)	2,037,067	2,037,067
46			
47	07. State In-Home Services Fund	1,943,950	1,943,950
48			
49	08. Adult Protective Services	2,138,404	2,138,404
50			
51	09. State Adult Day Care Fund	1,994,084	1,994,084

1			
2	10. Child Protective Services/CPS		
3	Investigative Services – Child Medical		
4	Evaluation Program	901,868	901,868
5			
6	11. Special Children Adoption Incentive Fund	462,600	462,600
7			
8	12. Child Protective Services – Child		
9	Welfare Training for Counties		
10	(Transfer From TANF)	285,612	285,612
11			
12	13. Home and Community Care Block		
13	Grant (HCCBG)	2,696,888	2,696,888
14			
15	14. Child Advocacy Centers		
16	(Transfer from TANF)	1,582,000	1,582,000
17			
18	15. Guardianship – Division of Social Services	1,802,671	1,802,671
19			
20	16. Foster Care Services		
21	(Transfer From TANF)	1,385,152	1,385,152
22			
23	Division of Central Management and Support		
24			
25	17. DHHS Competitive Block Grants		
26	for Nonprofits	4,774,525	4,774,525
27			
28	Division of Mental Health, Developmental Disabilities, and Substance Abuse Services		
29			
30	18. Mental Health Services – Adult and		
31	Child/Developmental Disabilities Program/		
32	Substance Abuse Services – Adult	4,149,595	4,149,595
33			
34	DHHS Program Expenditures		
35			
36	Division of Services for the Blind		
37			
38	19. Independent Living Program	3,603,793	3,603,793
39			
40	Division of Health Service Regulation		
41			
42	20. Adult Care Licensure Program	557,598	557,598
43			
44	21. Mental Health Licensure and		
45	Certification Program	266,158	266,158
46			
47	Division of Aging and Adult Services		
48			
49	22. Guardianship	3,825,443	3,825,443
50			
51	DHHS Administration		

1			
2	23. Division of Aging and Adult Services	715,422	715,422
3			
4	24. Division of Social Services	1,019,764	1,019,764
5			
6	25. Office of the Secretary/Controller's Office	636,920	636,920
7			
8	26. Legislative Increases/Fringe Benefits	293,655	293,655
9			
10	27. Division of Child Development and		
11	Early Education	13,878	13,878
12			
13	28. Division of Mental Health, Developmental		
14	Disabilities, and Substance Abuse Services	27,446	27,446
15			
16	29. Division of Health Service Regulation	133,620	133,620
17			
18	30. Division of Services for the Blind and		
19	Services for the Deaf and Hard of Hearing	127,010	127,010
20			
21	TOTAL SOCIAL SERVICES BLOCK GRANT	\$76,963,495	\$76,963,495
22			
23	LOW-INCOME ENERGY ASSISTANCE BLOCK GRANT		
24			
25	Local Program Expenditures		
26			
27	Division of Social Services		
28			
29	01. Low-Income Energy Assistance		
30	Program (LIEAP)	\$49,482,017	\$49,157,600
31			
32	02. Crisis Intervention Program (CIP)	32,980,981	32,764,751
33			
34	Local Administration		
35			
36	Division of Social Services		
37			
38	03. County DSS Administration	6,769,114	6,724,735
39			
40	DHHS Administration		
41			
42	Division of Central Management and Support		
43			
44	04. Division of Social Services	10,000	10,000
45			
46	05. Division of Social Services – Outreach	100,000	100,000
47			
48	06. Office of the Secretary/DIRM	50,000	166,750
49			
50	07. Office of the Secretary/DIRM	278,954	278,954
51			

1	08. Office of the Secretary/Controller's Office	18,378	18,378
2			
3	09. NC FAST Development	650,388	1,224,912
4			
5	10. NC FAST Operations and Maintenance	1,571,780	1,414,567
6			
7	Transfers to Other State Agencies		
8			
9	Department of Environmental Quality		
10			
11	11. Weatherization Program	8,751,347	8,693,972
12			
13	12. Heating Air Repair and Replacement		
14	Program (HARRP)	5,830,717	5,792,490
15			
16	13. Local Residential Energy Efficiency Service		
17	Providers – Weatherization	527,190	523,733
18			
19	14. Local Residential Energy Efficiency Service		
20	Providers – HARRP	284,682	282,816
21			
22	15. DEQ – Weatherization Administration	527,190	523,733
23			
24	16. DEQ – HARRP Administration	284,682	282,816
25			
26	Department of Administration		
27			
28	17. N.C. Commission on Indian Affairs	87,736	87,736
29			
30	TOTAL LOW-INCOME ENERGY		
31	ASSISTANCE BLOCK GRANT	\$108,205,156	\$108,047,943
32			
33	CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT		
34			
35	Local Program Expenditures		
36			
37	Division of Child Development and Early Education		
38			
39	01. Child Care Services	\$239,499,318	\$239,499,318
40			
41	02. Smart Start Subsidy	\$7,392,654	\$7,392,654
42			
43	03. Transfer from TANF Block Grant		
44	for Child Care Subsidies	21,773,001	21,773,001
45			
46	04. Quality and Availability Initiatives	51,808,870	51,808,870
47			
48	DHHS Administration		
49			
50	Division of Child Development and Early Education		
51			

1	05. Direct Deposit for Child Care Payments	\$5,000	\$5,000
2			
3	06. DCDEE Administrative Expenses	9,710,886	9,710,886
4			
5	07. Indirect Cost	302,033	302,033
6			
7	Division of Social Services		
8			
9	08. Local Subsidized Child Care		
10	Services Support	18,780,355	18,780,355
11			
12	Division of Central Management and Support		
13			
14	09. NC FAST Development	112,908	212,640
15			
16	10. NC FAST Operations and Maintenance	2,336,427	2,102,732
17			
18	11. DHHS Central Administration – DIRM		
19	Technical Services	979,762	979,762
20			
21	Division of Public Health		
22			
23	12. Child Care Health Consultation Contracts	62,205	62,205
24			
25	TOTAL CHILD CARE AND DEVELOPMENT		
26	FUND BLOCK GRANT	\$352,763,419	\$352,629,456
27			
28	MENTAL HEALTH SERVICES BLOCK GRANT		
29			
30	Local Program Expenditures		
31			
32	01. Mental Health Services – Child	\$5,460,328	\$4,432,011
33			
34	02. Mental Health Services – Adult/Child	26,858,142	17,126,399
35			
36	03. Mental Health Services – First		
37	Psychotic Symptom Treatment	4,205,369	2,615,497
38			
39	DHHS Administration		
40			
41	Division of Mental Health, Developmental Disabilities, and Substance Abuse Services		
42			
43	04. Crisis Services	1,569,298	1,307,749
44			
45	05. Adult/Child Mental Health Services	350,150	350,150
46			
47	06. Administration	323,120	323,120
48			
49	TOTAL MENTAL HEALTH SERVICES		
50	BLOCK GRANT	\$38,766,407	\$26,154,926
51			

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

01. Substance Abuse – HIV and IV Drug	\$2,550,915	\$2,550,915
02. Substance Abuse Prevention	16,594,705	10,999,983
03. Substance Abuse Services – Treatment for Children/Adults	59,676,521	37,297,635
04. Crisis Solutions Initiatives – Collegiate Wellness/Addiction Recovery	1,085,000	1,085,000
05. Crisis Solutions Initiatives – Community Paramedic Mobile Crisis Management	20,000	20,000
06. Competitive Block Grant – TROSA	1,600,000	1,600,000

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

07. Administration	1,320,452	1,320,452
08. Substance Abuse Prevention	344,390	344,390
09. Substance Abuse Treatment	703,960	703,960
10. Controlled Substance Reporting System Enhancement	427,655	427,655
11. Incident Reporting and Improvement System	121,875	121,875
12. Veteran's Initiatives	250,000	250,000

**TOTAL SUBSTANCE ABUSE PREVENTION
AND TREATMENT BLOCK GRANT****\$84,695,473 \$56,721,865****MATERNAL AND CHILD HEALTH BLOCK GRANT****Local Program Expenditures****Division of Public Health**

01. Women and Children's Health Services	\$14,778,973	\$14,778,973
02. Oral Health	48,227	48,227

1	03. Evidence-Based Programs in Counties		
2	With Highest Infant Mortality Rates	1,575,000	1,575,000
3			
4	DHHS Program Expenditures		
5			
6	04. Children's Health Services	1,427,323	1,427,323
7			
8	05. Women's Health – Maternal Health	169,864	169,864
9			
10	06. Women and Children's Health – Perinatal		
11	Strategic Plan Support Position	73,920	73,920
12			
13	07. State Center for Health Statistics	158,583	158,583
14			
15	08. Health Promotion – Injury and		
16	Violence Prevention	87,271	87,271
17			
18	DHHS Administration		
19			
20	09. Division of Public Health Administration	552,571	552,571
21			
22	TOTAL MATERNAL AND CHILD		
23	HEALTH BLOCK GRANT	\$18,871,732	\$18,871,732
24			
25	PREVENTIVE HEALTH SERVICES BLOCK GRANT		
26			
27	Local Program Expenditures		
28			
29	01. Physical Activity and Prevention	\$3,030,116	\$3,081,442
30			
31	02. Injury and Violence Prevention		
32	(Services to Rape Victims – Set-Aside)	160,000	160,000
33			
34	DHHS Program Expenditures		
35			
36	Division of Public Health		
37			
38	03. HIV/STD Prevention and		
39	Community Planning	137,648	137,648
40			
41	04. Oral Health Preventive Services	150,000	150,000
42			
43	05. Laboratory Services – Testing,		
44	Training, and Consultation	21,000	21,000
45			
46	06. Injury and Violence Prevention		
47	(Services to Rape Victims – Set-Aside)	53,206	53,206
48			
49	07. Performance Improvement and		
50	Accountability	592,123	592,123
51			

1	08. State Center for Health Statistics	82,505	82,505
2			
3	DHHS Administration		
4			
5	Division of Public Health		
6			
7	09. Division of Public Health	65,000	65,000
8			
9	TOTAL PREVENTIVE HEALTH		
10	SERVICES BLOCK GRANT	\$4,291,598	\$4,342,924
11			
12	COMMUNITY SERVICES BLOCK GRANT		
13			
14	01. Community Action Agencies	\$20,916,673	\$20,916,673
15			
16	02. Limited Purpose Agencies	616,599	355,321
17			
18	03. Office of Economic Opportunity	1,004,543	1,004,543
19			
20	04. Office of the Secretary/DIRM	327,944	589,222
21			
22	05. Office of Economic Opportunity – Workforce		
23	Investment Opportunities Act (WIOA)	60,000	60,000
24			
25	TOTAL COMMUNITY SERVICES		
26	BLOCK GRANT	\$22,925,759	\$22,925,759

GENERAL PROVISIONS

SECTION 9K.1.(b) Information to Be Included in Block Grant Plans. – The Department of Health and Human Services shall submit a separate plan for each Block Grant received and administered by the Department, and each plan shall include the following:

- (1) A delineation of the proposed allocations by program or activity, including State and federal match requirements.
- (2) A delineation of the proposed State and local administrative expenditures.
- (3) An identification of all new positions to be established through the Block Grant, including permanent, temporary, and time-limited positions.
- (4) A comparison of the proposed allocations by program or activity with two prior years' program and activity budgets and two prior years' actual program or activity expenditures.
- (5) A projection of current year expenditures by program or activity.
- (6) A projection of federal Block Grant funds available, including unspent federal funds from the current and prior fiscal years.
- (7) The required amount of maintenance of effort and the amount of funds qualifying for maintenance of effort in the previous year delineated by program or activity.

SECTION 9K.1.(c) Changes in Federal Fund Availability. – If the Congress of the United States increases the federal fund availability for any of the Block Grants or contingency funds and other grants related to existing Block Grants administered by the Department of Health and Human Services from the amounts appropriated in this act, the Department shall allocate the increase proportionally across the program and activity appropriations identified for that Block Grant in this section. In allocating an increase in federal fund availability, the Office of State

Budget and Management shall not approve funding for new programs or activities not appropriated in this act.

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

Notwithstanding the provisions of this subsection, for fiscal years 2021-2022 and 2022-2023, increases in the federal fund availability for the Temporary Assistance to Needy Families (TANF) Block Grant shall be used only for the North Carolina Child Care Subsidy program to pay for child care in four- or five-star rated facilities for 4-year-old children and shall not be used to supplant State funds.

Prior to allocating the change in federal fund availability, the proposed allocation must be approved by the Office of State Budget and Management. If the Department adjusts the allocation of any Block Grant due to changes in federal fund availability, then a report shall be made to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division.

SECTION 9K.1.(d) Except as otherwise provided, appropriations from federal Block Grant funds are made for each year of the fiscal biennium ending June 30, 2023, according to the schedule enacted for State fiscal years 2021-2022 and 2022-2023 or until a new schedule is enacted by the General Assembly.

SECTION 9K.1.(e) All changes to the budgeted allocations to the Block Grants or contingency funds and other grants related to existing Block Grants administered by the Department of Health and Human Services that are not specifically addressed in this section shall be approved by the Office of State Budget and Management. The Office of State Budget and Management shall not approve funding for new programs or activities not appropriated in this section. Additionally, if budgeted allocations are decreased, the Office of State Budget and Management shall not approve any reduction of funds designated for subrecipients in subsection (a) of this section under (i) Item 03 of the Substance Abuse Prevention and Treatment Block Grant or (ii) Item 01 of the Maternal and Child Health Block Grant. The Office of State Budget and Management shall consult with the Joint Legislative Oversight Committee on Health and Human Services for review prior to implementing any changes. In consulting, the report shall include an itemized listing of affected programs, including associated changes in budgeted allocations. All changes to the budgeted allocations to the Block Grants shall be reported immediately to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division. This subsection does not apply to Block Grant changes caused by legislative salary increases and benefit adjustments.

SECTION 9K.1.(f) Except as otherwise provided, the Department of Health and Human Services shall have flexibility to transfer funding between the Temporary Assistance for Needy Families (TANF) Block Grant and the TANF Emergency Contingency Funds Block Grant so long as the total allocation for the line items within those block grants remains the same.

TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF) FUNDS

SECTION 9K.1.(g) The sum of eighty million ninety-three thousand five hundred sixty-six dollars (\$80,093,566) for each year of the 2021-2023 fiscal biennium appropriated in this act in TANF funds to the Department of Health and Human Services, Division of Social Services, shall be used for Work First County Block Grants. The Division shall certify these funds in the appropriate State-level services based on prior year actual expenditures. The Division has the authority to realign the authorized budget for these funds among the State-level services based on current year actual expenditures. The Division shall also have the authority to realign appropriated funds from Work First Family Assistance for electing counties to the Work First

County Block Grant for electing counties based on current year expenditures so long as the electing counties meet Maintenance of Effort requirements.

SECTION 9K.1.(h) The sum of nine million four hundred twelve thousand three hundred ninety-one dollars (\$9,412,391) appropriated in this act to the Department of Health and Human Services, Division of Social Services, in TANF funds for each fiscal year of the 2021-2023 fiscal biennium for child welfare improvements shall be allocated to the county departments of social services for hiring or contracting staff to investigate and provide services in Child Protective Services cases; to provide foster care and support services; to recruit, train, license, and support prospective foster and adoptive families; and to provide interstate and post-adoption services for eligible families.

Counties shall maintain their level of expenditures in local funds for Child Protective Services workers. Of the Block Grant funds appropriated for Child Protective Services workers, the total expenditures from State and local funds for fiscal years 2021-2022 and 2022-2023 shall not be less than the total expended from State and local funds for the 2012-2013 fiscal year.

SECTION 9K.1.(i) The sum of two million twenty-six thousand eight hundred seventy-seven dollars (\$2,026,877) appropriated in this act in TANF funds to the Department of Health and Human Services, Special Children Adoption Fund, for each fiscal year of the 2021-2023 fiscal biennium shall be used in accordance with G.S. 108A-50.2. The Division of Social Services, in consultation with the North Carolina Association of County Directors of Social Services and representatives of licensed private adoption agencies, shall develop guidelines for the awarding of funds to licensed public and private adoption agencies upon the adoption of children described in G.S. 108A-50 and in foster care. Payments received from the Special Children Adoption Fund by participating agencies shall be used exclusively to enhance the adoption services program. No local match shall be required as a condition for receipt of these funds.

SECTION 9K.1.(j) The sum of one million four hundred thousand dollars (\$1,400,000) appropriated in this act in TANF funds to the Department of Health and Human Services, Division of Social Services, for each fiscal year of the 2021-2023 fiscal biennium shall be used for child welfare initiatives to (i) enhance the skills of social workers to improve the outcomes for families and children involved in child welfare and (ii) enhance the provision of services to families in their homes in the least restrictive setting.

SECTION 9K.1.(k) Of the three million four hundred fifty thousand dollars (\$3,450,000) allocated in this act in TANF funds to the Department of Health and Human Services, Division of Public Health, for each year of the 2021-2023 fiscal biennium for teen pregnancy prevention initiatives, the sum of five hundred thousand dollars (\$500,000) in each year of the 2021-2023 fiscal biennium shall be used to provide services for youth in foster care or the juvenile justice system.

SECTION 9K.1.(l) The sum of twelve million six hundred thousand dollars (\$12,600,000) in non-recurring funds appropriated in this act in TANF funds to the Department of Health and Human Services, Division of Child Development, for each fiscal year of the 2021-2023 fiscal biennium shall be used for the Child Care Subsidy program.

SOCIAL SERVICES BLOCK GRANT

SECTION 9K.1.(m) The sum of nineteen million nine hundred five thousand eight hundred forty-nine dollars (\$21,205,849) 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 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.

SECTION 9K.1.(n) The sum of two hundred eighty-five thousand six hundred twelve dollars (\$285,612) appropriated in this act in the Social Services Block Grant to the Department of Health and Human Services, Division of Social Services, for each fiscal year of the 2021-2023 fiscal biennium shall be used to support various child welfare training projects as follows:

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

SECTION 9K.1.(o) The Department of Health and Human Services is authorized, subject to the approval of the Office of State Budget and Management, to transfer Social Services Block Grant funding allocated for departmental administration between divisions that have received administrative allocations from the Social Services Block Grant.

SECTION 9K.1.(p) Social Services Block Grant funds appropriated for the Special Children Adoption Incentive Fund shall require a fifty percent (50%) local match.

SECTION 9K.1.(q) The sum of five million forty thousand dollars (\$5,040,000) appropriated in this act in the Social Services Block Grant for each fiscal year of the 2021-2023 fiscal biennium shall be allocated to the Department of Health and Human Services, Division of Social Services. The Division shall allocate these funds to local departments of social services to replace the loss of Child Protective Services State funds that are currently used by county governments to pay for Child Protective Services staff at the local level. These funds shall be used to maintain the number of Child Protective Services workers throughout the State. These Social Services Block Grant funds shall be used to pay for salaries and related expenses only and are exempt from 10A NCAC 71R .0201(3) requiring a local match of twenty-five percent (25%).

SECTION 9K.1.(r) The sum of four million seven hundred seventy-four thousand five hundred twenty-five dollars (\$4,774,525) 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 (DHHS), Division of Central Management and Support, shall be used for DHHS competitive block grants pursuant to Section 9B.3 of this act. These funds are exempt from the provisions of 10A NCAC 71R .0201(3).

SECTION 9K.1.(s) The sum of one million five hundred eighty-two thousand dollars (\$1,582,000) appropriated in this act in the Social Services Block Grant for each fiscal year of the 2021-2023 fiscal biennium to the Department of Health and Human Services, Division of Social Services, shall be used to continue support for the Child Advocacy Centers, and the funds are exempt from the provisions of 10A NCAC 71R .0201(3).

SECTION 9K.1.(t) The sum of three million eight hundred twenty-five thousand four hundred forty-three dollars (\$3,825,443) for each fiscal 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, Divisions of Social Services and Aging and Adult Services, shall be used for guardianship services pursuant to Chapter 35A of the General Statutes. The Department may expend funds allocated in this section to support existing corporate guardianship contracts during the 2021-2022 and 2022-2023 fiscal years.

SECTION 9K.1.(u) Of the funds appropriated in the Social Services Block Grant to the Division of Aging and Adult Services for Adult Protective Services, the sum of eight hundred ninety-three thousand forty-one dollars (\$893,041) shall be used to increase the number of Adult Protective Services workers where these funds can be the most effective. These funds shall be used to pay for salaries and related expenses and shall not be used to supplant any other source of funding for staff. These funds are also exempt from 10A NCAC 71R .0201(3) requiring a local match of twenty-five percent (25%).

LOW-INCOME ENERGY ASSISTANCE BLOCK GRANT

SECTION 9K.1.(v) The Division of Social Services shall have the authority to realign appropriated funds between the State-level services Low Income Energy Assistance Payments and Crisis Assistance Payments without prior consultation with the Joint Legislative Oversight Committee on Health and Human Services to ensure needs are effectively met without exceeding the total amount appropriated for these State-level service items. Additional emergency contingency funds received may be allocated for Energy Assistance Payments or Crisis Intervention Payments without prior consultation with the Joint Legislative Oversight Committee on Health and Human Services. Additional funds received shall be reported to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division upon notification of the award. The Department of Health and Human Services shall not allocate funds for any activities, including increasing administration, other than assistance payments, without prior consultation with the Joint Legislative Oversight Committee on Health and Human Services.

SECTION 9K.1.(w) The sum of thirty-two million nine hundred eighty thousand nine hundred eighty-one dollars (\$32,980,981) for the 2021-2022 fiscal year and the sum of thirty-two million seven hundred sixty-four thousand seven hundred fifty-one dollars (\$32,764,751) for 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%) of the federal poverty level and (ii) disabled persons eligible for services funded through the Division of Aging and Adult Services.

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

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

SECTION 9K.1.(x) The Department of Health and Human Services shall develop and implement a centralized system to collect, track, analyze, monitor, and disseminate performance, outputs, and outcome data for the Community Services Block Grant Program and the Department of Environmental Quality (DEQ) Weatherization Assistance Program to replace the current software solution, Accountable Results for Community Action (AR4CA). The project shall not proceed until the business case has been approved by the Office of State Budget and Management and the State Chief Information Officer in the Enterprise Project Management Office's Touchdown System. Upon approval, amounts not to exceed fifty thousand dollars (\$50,000) in Low Income Energy Assistance funds may be budgeted for transfer to Budget Code 24410 for information technology projects for the 2021-2022 fiscal year.

COMMUNITY SERVICES BLOCK GRANT

SECTION 9K.1.(y) Upon development, implementation, and approval of the centralized system described in subsection (w1) of this section, amounts not to exceed three hundred twenty-seven thousand nine hundred forty-four dollars (\$327,944) in Community

Service Block Grant funds may be budgeted for transfer to Budget Code 24410 for information technology projects for the 2021-2022 fiscal year.

CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT

SECTION 9K.1.(z) Payment for subsidized child care services provided with federal TANF funds shall comply with all regulations and policies issued by the Division of Child Development and Early Education for the subsidized child care program.

SECTION 9K.1.(aa) If funds appropriated through the Child Care and Development Fund Block Grant for any program cannot be obligated or spent in that program within the obligation or liquidation periods allowed by the federal grants, the Department may move funds to child care subsidies, unless otherwise prohibited by federal requirements of the grant, in order to use the federal funds fully.

MENTAL HEALTH SERVICES BLOCK GRANT

SECTION 9K.1.(bb) The sum of four million two hundred five thousand three hundred sixty-nine dollars (\$4,205, 369) for state fiscal year 2021-2022 and two million six hundred fifteen thousand four hundred ninety-seven dollars (\$2,615,497) for state fiscal year 2022-2023 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.

Of the funds allocated in the Mental Health Services Block Grant to the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, for the 2021-2023 biennium, the sum of three hundred fifty thousand one hundred fifty dollars (\$350,150) shall be used to established three (3) positions and operating costs: two (2) recovering peer advocates to focus on recovery oriented care, and one (1) focused on developing pilot programs and implementing policy to improve services to transition aged youth with significant behavioral health needs.

SUBSTANCE ABUSE PREVENTION AND TREATMENT BLOCK GRANT

SECTION 9K.1.(cc) The sum of two hundred fifty thousand dollars (\$250,000) appropriated in this act in the Substance Abuse Prevention and Treatment Block Grant to the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, for each fiscal year of the 2021-2023 fiscal biennium shall be used to support Veterans initiatives.

SECTION 9K.1.(dd) Of the funds allocated in the Substance Abuse Prevention and Treatment Block Grant for the 2021-2023 fiscal biennium to the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, one million forty-eight thousand three hundred fifty dollars (\$1,048,350) shall be used to establish nine (9) positions and operating costs to provide oversight, technical support, training, coordination, monitoring and other functions necessary to support substance use services, in the efforts of ensuring strategic planning and development of recovery supports and treatment leading towards a comprehensive recovery system of care.

MATERNAL AND CHILD HEALTH BLOCK GRANT

SECTION 9K.1.(ee) If federal funds are received under the Maternal and Child Health Block Grant for abstinence education, pursuant to section 912 of Public Law 104-193 (42 U.S.C. § 710), for the 2021-2022 fiscal year or the 2022-2023 fiscal year, then those funds shall be transferred to the State Board of Education to be administered by the Department of Public Instruction. The Department of Public Instruction shall use the funds to establish an abstinence until marriage education program and shall delegate to one or more persons the responsibility of

implementing the program and G.S. 115C-81(e1)(4) and (4a). The Department of Public Instruction shall carefully and strictly follow federal guidelines in implementing and administering the abstinence education grant funds.

SECTION 9K.1.(ff) The sum of one million five hundred seventy-five thousand dollars (\$1,575,000) appropriated in this act in the Maternal and Child Health Block Grant to the Department of Health and Human Services, Division of Public Health, for each year of the 2021-2023 fiscal biennium shall be used for evidence-based programs in counties with the highest infant mortality rates. The Division shall report on (i) the counties selected to receive the allocation, (ii) the specific evidence-based services provided, (iii) the number of women served, and (iv) any impact on the counties' infant mortality rate. The Division shall report its findings to the House of Representatives Appropriations Committee on Health and Human Services, the Senate Appropriations Committee on Health and Human Services, and the Fiscal Research Division no later than December 31 of each year.

SECTION 9K.1.(gg) The sum of seventy-three thousand nine hundred twenty dollars (\$73,920) allocated in this section in the Maternal and Child Health Block Grant to the Department of Health and Human Services, Division of Public Health, Women and Children's Health Section, for each fiscal year of the 2021-2023 fiscal biennium shall not be used to supplant existing State or federal funds. This allocation shall be used for a Public Health Program Consultant position assigned full-time to manage the North Carolina Perinatal Health Strategic Plan and provide staff support for the stakeholder work group.

PART X. AGRICULTURE AND CONSUMER SERVICES

TOBACCO TRUST FUND ADMINISTRATIVE EXPENSES

SECTION 10.1. G.S. 143-717(i) reads as rewritten:

"(i) Limit on Operating and Administrative Expenses. – All administrative expenses of the Commission shall be paid from the Fund. No more than ~~three hundred fifty thousand dollars (\$350,000)~~ three hundred seventy-five thousand dollars may be used each fiscal year for administrative and operating expenses of the Commission and its staff, provided that the Commission may annually adjust the administrative expense cap imposed by this subsection, so long as that any cap increase does not exceed the amount necessary to provide for statewide salary and benefit adjustments enacted by the General Assembly."

PLANT CONSERVATION PROGRAM TRANSFER

SECTION 10.2. From funds deposited with the State Treasurer in a capital improvement account to the credit of the Department of Agriculture and Consumer Services pursuant to G.S. 146-30, the sum of seventy-five thousand dollars (\$75,000) for the 2021-2022 fiscal year and the sum of seventy-five thousand dollars (\$75,000) for the 2022-2023 fiscal year shall be transferred to the Department of Agriculture and Consumer Services to be used, notwithstanding G.S. 146-30, by the Department for its plant conservation program under Article 19B of Chapter 106 of the General Statutes for costs incidental to the acquisition of land, such as land appraisals, land surveys, title searches, and environmental studies, and for the management of the plant conservation program preserves owned by the Department.

PART XI. COMMERCE

NER BLOCK GRANTS FOR 2021 AND 2022 PROGRAM YEARS/USE OF DEOBLIGATED FUNDS

SECTION 11.1.(a) Appropriations from federal block grant funds are made for the fiscal years ending June 30, 2022, and June 30, 2023, according to the following schedule:

COMMUNITY DEVELOPMENT BLOCK GRANT

01. State Administration	\$1,560,286
02. Neighborhood Revitalization	15,419,796
03. Economic Development	11,332,585
04. Rural Community Development	20,363,524

TOTAL COMMUNITY DEVELOPMENT

BLOCK GRANT – 2021 Program Year	\$48,676,191
2022 Program Year	\$48,676,191

SECTION 11.1.(b) If federal funds are reduced below the amounts specified in this section after the effective date of this act, then every program in each of these federal block grants shall be reduced by the same percentage as the reduction in federal funds.

SECTION 11.1.(c) Any block grant funds appropriated by the Congress of the United States in addition to the funds specified in this section shall be expended as follows: each program category under the Community Development Block Grant shall be increased by the same percentage as the increase in federal funds.

SECTION 11.1.(d) Of the funds appropriated in this section for the Community Development Block Grant, the following shall be allocated in each category for each program year: up to one million five hundred sixty thousand two hundred eighty six dollars (\$1,560,286) may be used for State Administration, up to fifteen million four hundred nineteen thousand seven hundred ninety six dollars (\$15,419,796) may be used for Neighborhood Revitalization, up to eleven million three hundred thirty-two thousand five hundred eighty five dollars (\$11,332,585) may be used for Economic Development, and up to twenty million three hundred sixty three thousand one hundred ninety one dollars (\$20,363,191) may be used for community development. If federal block grant funds are reduced or increased by the Congress of the United States after the effective date of this act, then these reductions or increases shall be allocated in accordance with subsection (b) or (c) of this section, as applicable.

SECTION 11.1.(e) The Department of Commerce shall consult with the Joint Legislative Commission on Governmental Operations prior to reallocating Community Development Block Grant Funds. Notwithstanding the provisions of this subsection, whenever the Director of the Budget finds that:

- (1) A reallocation is required because of an emergency that poses an imminent threat to public health or public safety, the Director of the Budget may authorize the reallocation without consulting the Commission. The Department of Commerce shall report to the Commission on the reallocation no later than 30 days after it was authorized and shall identify in the report the emergency, the type of action taken, and how it was related to the emergency.
- (2) The State will lose federal block grant funds or receive less federal block grant funds in the next fiscal year unless a reallocation is made. The Department of Commerce shall provide a written report to the Commission on the proposed reallocation and shall identify the reason that failure to take action will result in the loss of federal funds. If the Commission does not hear the issue within 30 days of receipt of the report, the Department may take the action without consulting the Commission.

SECTION 11.1.(f) By September 1, 2021, and September 1, 2022, the Department of Commerce shall report to the chairs of the House of Representatives Appropriations

Committee on Agriculture and Natural and Economic Resources, the chairs of the Senate Appropriations Committee on Agriculture, Natural, and Economic Resources, the Joint Legislative Economic Development and Global Engagement Oversight Committee, and the Fiscal Research Division on the use of Community Development Block Grant Funds appropriated in the prior fiscal year. The report shall include the following:

- (1) A discussion of each of the categories of funding and how the categories were selected, including information on how a determination was made that there was a statewide need in each of the categories.
- (2) Information on the number of applications that were received in each category and the total dollar amount requested in each category.
- (3) A list of grantees, including the grantee's name, county, category under which the grant was funded, the amount awarded, and a narrative description of the project.

SECTION 11.1.(g) For purposes of this section, eligible activities are expanded to include rural community development. Of the funds appropriated in subsection (a) for the Community Development Block Grant, \$20,363,191 will be directed for Rural Community Development to provide grants that support community development, comprehensive growth, and housing related projects to be awarded by the North Carolina Department of Commerce. The Rural Community Development Category will provide grants to units of local government in Tier 1 and Tier 2 counties and rural census tracts of Tier 3 counties in support of projects that promote broad-based community development activities, increased local investment and economic growth, expanded access to equitable and affordable housing opportunities, and stronger and more viable rural neighborhoods. The funds available for grants under this category may be used in support of, but not limited to the following:

- (1) Projects that enhance community viability.
- (2) Projects that increase community competitiveness.
- (3) Projects that broaden opportunities for economic investment and growth.
- (4) Projects that support the construction and development of new single family or multi-family housing units.
- (5) Acquisition of real property.
- (6) Relocation and demolition projects.
- (7) Rehabilitation of residential and non-residential structures.
- (8) Construction of public facilities and improvements, such as water and sewer facilities, streets, neighborhood centers, and the conversion of school buildings for eligible purposes.
- (9) Public services, within certain limits.
- (10) Activities relating to energy conservation and renewable energy resources.
- (11) Provision of assistance to profit-motivated small businesses and micro-enterprises to carry out economic development and job creation/retention activities.
- (12) In awarding grants under this Part, preference shall be given to projects in the 40 most distressed counties under G.S. 143B-437.08.

SECTION 11.1.(h) Throughout each year, deobligated funds arise in the various funding categories and program years of the Community Development Block Grant (CDBG) program as a result of (i) projects coming in under budget, (ii) projects being cancelled, or (iii) projects being required to repay funds. Surplus federal administrative funds in the CDBG program may vary from year to year based upon the amount of State-appropriated funds allocated and the amount of eligible in-kind funds identified.

SECTION 11.1.(i) To allow the Department of Commerce to quickly deploy deobligated and surplus federal administrative funds as they are identified throughout the

program year, the following shall apply to the use of deobligated CDBG funds and surplus federal administrative funds:

- (1) All deobligated funds allocated to the Department of Commerce and any surplus federal administrative funds, as provided for in subdivision (1) of this subsection, may be used by the Department for all of the following:
 - a. To issue grants in the CDBG economic development, neighborhood revitalization, or rural community development program category.
 - b. For providing training and guidance to local governments relative to the CDBG program, its management, and administrative requirements.
 - c. For additional assistance for pilot broadband projects.
 - d. For any other purpose consistent with the Department's administration of the CDBG program if an equal amount of State matching funds is available.

INNOVATION ASSISTANCE FOR INDUSTRY DIVERSIFICATION & EXTENSION (INNOVATION AIDE) PROGRAM

SECTION 11.2.(a) Program. – The Innovation AIDE Program (Program) is established as a special revenue fund in the Department of Commerce (Department). The Board of Science, Technology, and Innovation (Board) within the Department shall be responsible for administering the Program.

SECTION 11.2.(b) Purposes. – The Board shall be authorized to make grants from the Program for the benefit of communities in the 80 most economically distressed counties, micropolitan communities, and communities in other areas of the state that demonstrate a need to reorient their economic competitive advantages and enhance their innovation ecosystems or help them transition to a knowledge-based economy by fostering vibrant local innovation ecosystems rooted in globally competitive industries or industry clusters that stimulate business creation, economic resilience, growth, or diversification of entrepreneurs.

SECTION 11.2.(c) Definitions. – The following definitions apply in this section:

- (1) Innovation. – The creation and adoption of new products, services, and business models to yield value.
- (2) Economically Distressed Counties. – As determined by the methodology prescribed by §143B-437.08 Development tier designation and updated annually by the North Carolina Department of Commerce.
- (3) Micropolitan Community. – One or more adjacent counties that have at least one urban core area that has a population of at least 10,000 but less than 50,000, plus outlying counties having a high degree of social and economic integration with the central county or counties as measured through commuting, as defined by 75 FR 37245 – 2010 Standards for Delineating Metropolitan and Micropolitan Statistical Areas.
- (4) Innovation Ecosystem. – A collection of people, organizations, cultures, policies, and programs that creates innovative ideas and discoveries and translates them into innovative products, services, and business models to create new companies and industries, makes existing ones globally competitive, and drives future economic growth, resilience, and well-being.
- (5) Globally competitive industries or industry clusters. – Industries meeting the following criteria in a community, as supported with data and analysis: (a) Assets in place that could be leveraged for growth, (b) Potential for, or emerging signals of, growth and innovation, such as research & development, patents and other intellectual property, or investment or job or wage growth, (c) Potential to have extended reach across larger tech-focused cities, medium-sized cities, and rural areas, and (d) Global market potential.

- (6) Eligible Grantees. – Private businesses, nonprofit organizations, councils of government, and local governments.

SECTION 11.2.(d) Use of Funds. – Moneys in the Program shall promote the extension and diversification of globally competitive industries or industry clusters throughout North Carolina by supporting projects that:

- (1) Provide outreach and technical or other assistance to the targeted communities to aid them in identifying, developing, and growing globally competitive industries or industry clusters;
- (2) Strengthen internal and external networks among local entrepreneurs and innovators and the broader business community, as well as the connection between the local innovation ecosystem and other innovation ecosystems;
- (3) Attract more capital investment into the local innovation ecosystem;
- (4) Start and grow the number of locally owned businesses in the communities;
- (5) Increase employment opportunities within the communities;
- (6) Foster more enterprises led and owned by rural entrepreneurs, women, and entrepreneurs of color;
- (7) Contribute to increased business activity, density, and local ownership in under-developed commercial corridors;
- (8) Increase media visibility for these efforts locally, statewide and, ultimately, nationally; and
- (9) Create statewide or regionwide innovation network that strengthen opportunities for shared learning and collaboration.

SECTION 11.2.(e) Cap and Matching Funds. – The Department may require a grantee to provide matching funds.

SECTION 11.2.(f) Administrative Expenses. – Of the funds appropriated to the Program, the Department may use up to one-hundred thousand dollars (\$100,000) or five percent (5%) annually, whichever is greater, to administer the Program.

SECTION 11.2.(g) Agreements Required. – Funds may be disbursed from the Program only in accordance with agreements entered into between the Department and an eligible grantee.

SECTION 11.2.(h) Program Guidelines. – The Board 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.

ONE NC SMALL BUSINESS PROGRAM CHANGES

SECTION 11.3.(a) G.S. 143B-437.80 reads as rewritten:

"§ 143B-437.80. North Carolina SBIR/STTR Incentive Program.

(a) Program. – There is established the North Carolina SBIR/STTR Incentive Program to be administered by the North Carolina Board of Science, Technology, and Innovation. In order to foster job creation and economic development ~~in~~ throughout the State, the Board may provide grants to eligible businesses to offset costs associated with applying ~~to the United States Small Business Administration for federal~~ Small Business Innovative Research (SBIR) grants or Small Business Technology Transfer Research (STTR) grants. The grants shall be paid from the One North Carolina Small Business Account established in G.S. 143B-437.71.

...

(c) Grant. – The North Carolina Board of Science, Technology, and Innovation may award grants to reimburse ~~a business~~ an eligible business in the state's more distressed counties for up to one hundred percent (100%) of the costs of preparing and submitting a SBIR/STTR Phase I proposal, and an eligible business in the state's less distressed counties for up to fifty percent (50%) of the costs of preparing and submitting a SBIR/STTR Phase I proposal, up to a maximum of ~~three thousand dollars (\$3,000)~~ twelve thousand dollars (\$12,000). A business may receive only one grant under this section per year. A business may receive only ~~one two grant grants~~ under this section with respect to each federal proposal submission. Costs that may be reimbursed include costs incurred directly related to preparation and submission of the grant such as word processing services, proposal consulting fees, project-related supplies, literature searches, rental of space or equipment related to the proposal ~~preparation~~ preparation, educational programs, and salaries of individuals involved with the preparation of the proposals. Costs that shall not be reimbursed include travel expenses, large equipment purchases, facility or leasehold improvements, and legal fees.

...
(e) Education & Outreach. – The North Carolina Board of Science, Technology, and Innovation can use up to ten percent of appropriated funding for the North Carolina SBIR/STTR Incentive Program to provide education and outreach to aid in the awareness and successful completion of Phase I SBIR/STTR proposals. Appropriate expenses associated with these efforts include training, materials, location costs, and other-associated expenses."

SECTION 11.3(b) G.S. 143B-437.81 reads as rewritten:
"§ 143B-437.81. North Carolina SBIR/STTR Matching Funds Program.

...
(c) Grant. – The North Carolina Board of Science, Technology, and Innovation may award grants to match the funds received by a business through a SBIR/STTR Phase I proposal up to a maximum of ~~one two hundred thousand dollars (\$100,000)~~ (\$200,000). Seventy-five percent (75%) of the total grant shall be remitted to the business upon receipt of the SBIR/STTR Phase I award and application for funds under this section. Twenty-five percent (25%) of the total grant shall be remitted to the business upon submission by the business of the Phase II application to the funding agency and acceptance of the Phase I report by the funding agency. ~~A business may receive only one grant under this section per year.~~ A business may receive only one grant under this section with respect to each federal ~~proposal submission~~ proposal award. Over its lifetime, a business may receive a maximum of ~~five ten~~ awards under this section."

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 size businesses with less than 100 employees to help grow a green economy in the State. Moneys in the NC Clean Energy Innovation and Research Fund shall be used for clean energy and energy efficiency innovations and research for to encourage innovation, entrepreneurship, and the development of small business in this area.

The priority areas are:

- (1) To encourage the development and deployment of renewable energy, energy efficient, and environmentally conscious clean technologies and products in the State. The Department of Commerce may make grants available to maximize development, production, distribution, retail infrastructure, deployment, and consumer purchase of such technologies and products in North Carolina, including grants to enhance related workforce development.
- (2) To encourage the development of the clean energy industry in the State. The Department of Commerce may make grants available to assist in the development and growth of a market for environmentally conscious and energy efficient green building processes.
- (3) To attract and leverage private-sector investments and entrepreneurial growth in renewable energy, energy efficient, and environmentally conscious clean technologies, products and businesses, including grants to enhance workforce development in such businesses.
- (c) Cap and Matching Funds. – The Department of Commerce, Office of Science, Technology and Innovation may set a cap on a grant from the NC Clean Energy Innovation and Research Fund and may require a private business to provide matching funds for a grant from the Fund.
- (d) Administrative Expenses. – Of the funds 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."

PART XII. ENVIRONMENTAL QUALITY

WATER INFRASTRUCTURE FUND ENHANCEMENT

SECTION 12.1.(a) G.S. 159G-22 is amended by adding a new subsection to read:
"§ 159G-22. Water Infrastructure Fund.

...

(j) Unused CWSRF and DWSRF State Match. – Funds appropriated to the Division of Water Infrastructure for the Clean Water State Revolving Fund or the Drinking Water State Revolving Fund to provide State matching funds that are in excess of the amount required to draw down the maximum amount of federal capitalization grant funds may be used for State water and wastewater infrastructure grants awarded from the Wastewater Reserve, the Drinking Water Reserve, or the Viable Utility Reserve that benefit rural and economically distressed areas of the State."

SECTION 12.1.(b) G.S. 159G-34.5 is amended by adding a new subsection to read:
"§ 159G-34.5. Grant types available from Viable Utility Reserve.

...

(d) Interaccount Transfer. – The Division may use revenue from the Drinking Water Reserve or Wastewater Reserve grant accounts to provide funds to the Viable Utility Reserve for projects made eligible for funding by the Authority."

SECTION 12.1.(c) G.S. 159G-39 is amended by adding a new subsection to read:
"§ 159G-39. Review of applications and award of loan or grant.

...

(f) Grant Terms. – The Department may impose specific performance measures or conditions on any grant awarded from the Drinking Water Reserve or Wastewater Reserve to ensure an adequate, funded program for the repair, maintenance, and management of the water infrastructure."

SECTION 12.1.(d) G.S. 159G-40.5 is amended by adding a new section to read:
"§ 159G-40.5. Terms of grants and execution of grant documents.

(a) Viable Utility Reserve Terms. – The Department shall not award a grant from the Viable Utility Reserve Fund unless the Local Government Commission approves the award of the grant and the terms of the grant. Any emergency grant application submitted under G.S. 159G-31(e) shall be deemed approved by the Local Government Commission upon submission. The Department and the Local Government Commission may, in their discretion, impose specific performance measures or conditions on any grant awarded from the Viable Utility Reserve, including any grant submitted under G.S. 159G-31(e)."

SECTION 12.1.(e) G.S. 159-45 reads as rewritten:

"§ 159-45. Assessment of local government units; assistance.

...

(d) The Authority and the Local Government Commission shall establish the frequency of the cycle for assessment and review of local government units under this ~~section, which shall be no less than every two years.~~ section. Assessments shall take place at least once every two years."

CERTAIN TIMBER SALES/NONREVERT

SECTION 12.2. The Department of Environmental Quality's Stewardship Program may retain revenue generated from timber harvesting on the Great Coharie property in the Conservation Grant Endowment Interest Fund (Fund Code 64307-6705) for the purpose of restoration and stewardship of that property and these funds are hereby appropriated for that purpose.

NONREVERSION OF WATER TREATMENT OPERATOR FEES

SECTION 12.3. G.S. 90A-27 reads as rewritten:

"§ 90A-27. Application fee.

(a) The Board may establish a schedule of fees for the issuance or renewal of a certificate to cover the costs of administering the certification programs. The fee for issuing or renewing a certificate may not exceed fifty dollars (\$50.00). The Board may impose a penalty not to exceed thirty dollars (\$30.00) for the late renewal of a certificate.

(b) The Water Treatment Facility Operator Account is established as a non-reverting account within the Department. Fees collected under this section shall be credited to the Account and applied to the costs of administering this Article."

COMMERCIAL LEAKING PETROLEUM UNDERGROUND STORAGE TANK CLEANUP FUND CHANGES

SECTION 12.4. G.S. 143-215.94B reads as rewritten:

"§ 143-215.94B. Commercial Leaking Petroleum Underground Storage Tank Cleanup Fund.

...

(g) The Commercial Fund may be used to support the administrative functions of the program for underground storage tanks under this Part and Part 2B of this ~~Article up to the amounts allowed by law, which amounts may be changed from time to time.~~ Article. Administrative support provided from the Commercial Fund shall be:

(1) For Fiscal Year 2021, total administrative funding allowed from the Commercial Fund shall be a fixed rate of not more than eighteen percent (18.0%) of total revenues from the prior year.

(2) For a period of ten succeeding years, the maximum percentage of allowed total administrative funding from the Commercial Fund shall increase by three/tenths percent (0.3%) per annum. In the case of a legislated increase or decrease in salaries and benefits, the administrative allowance existing at the time of the increase or decrease shall be correspondingly increased or

1 decreased an amount equal to the legislated increase or decrease in salaries
2 and benefits.

3 ...

4 (i) During each fiscal year, the Department shall use up to ~~one~~ two million dollars,
5 ~~(\$1,000,000)-(\$2,000,000)~~ of the funds in the Commercial Fund to fund necessary assessment and
6 cleanup to be conducted by the Department of discharges or releases for which a responsible
7 party has been identified but for which the responsible party can demonstrate that undertaking
8 the costs of assessment and cleanup will impose a severe financial hardship. Any portion of the
9 ~~\$1,000,000)-(\$2,000,000)~~ designated each fiscal year, funding which is not used during that fiscal
10 year to address situations of severe financial hardship, shall revert to the Commercial Fund for
11 the uses otherwise provided by this section. The Commission shall adopt rules to define severe
12 financial hardship; establish criteria for assistance due to severe financial hardship pursuant to
13 this section; and establish a process for evaluation and determinations of eligibility with respect
14 to applications for assistance due to severe financial hardship. The Commission shall create a
15 subcommittee of the Commission's Committee on Civil Penalty Remissions as established by
16 G.S. 143B-282.1 to render determinations of eligibility under this subsection."

17
18 **BERNARD ALLEN MEMORIAL EMERGENCY DRINKING WATER FUND**
19 **CLARIFICATION**

20 **SECTION 12.5.** G.S. 87-98(c) reads as rewritten:

21 "**§ 87-98. Bernard Allen Memorial Emergency Drinking Water Fund**

22 ...

23 (c) The Department shall disburse monies from the Fund based on financial need and on
24 the risk to public health posed by groundwater contamination and shall give priority to the
25 provision of services under this section to instances when an alternative source of funds is not
26 available. The Fund shall not be used to provide alternative water supply to households with
27 incomes greater than three hundred percent (300%) of the current federal poverty ~~level.~~ level
28 except that this income limitation shall not apply in cases where perfluoroalkyl substances or
29 polyfluoroalkyl substances are present. The Fund may be used to provide alternative drinking
30 water supplies if the Department determines that the concentration of one or more ~~contaminants~~
31 contaminants, or emerging contaminants such as polyfluoroalkyl substances and perfluoroalkyl
32 substances, in the private drinking water well or improved spring exceeds the federal maximum
33 contaminant level, or the federal drinking water action level as defined in 40 Code of Federal
34 Regulations § 141.1 through § 141.571 (1 July 2007) and 40 Code of Federal Regulations § 143.3
35 (1 July 2007). For a contaminant for which a federal maximum contaminant level or drinking
36 water action level has not been established, the State groundwater standard established by the
37 Environmental Management Commission for the concentration of that contaminant shall be used
38 to determine whether the Fund may be used to provide alternative drinking water supplies. The
39 Fund may also be used to provide alternative drinking water supplies as provided in this section
40 if the Department determines that the concentration of one or more contaminants in a private
41 drinking water well is increasing over time and that there is a significant risk that the
42 concentration of a contaminant will exceed the federal maximum contaminant level or drinking
43 water action level, or the State groundwater standard. A determination of the concentration of a
44 contaminant shall be based on a sample of water collected from the private drinking water well
45 within the past 12 months.

46 ...

47 ~~(c4) The Department may use up to one hundred thousand dollars (\$100,000) annually of~~
48 ~~the monies in the Fund to pay the personnel and other direct costs associated with the~~
49 ~~implementation of this section."~~

50
51 **BIRD ISLAND COASTAL RESERVE**

SECTION 12.6 The remaining balance (\$35,676) of funds appropriated by S.L. 2018-5 for acquisition of the Sunset Beach West tract for inclusion into the Bird Island Coastal Reserve and approved as carried forward from the 2019-2020 fiscal year, shall not revert but shall remain available until the end of the 2021-2023 fiscal biennium. DEQ shall use these funds to complete various acquisition-related activities to support stewardship, education, and to fully incorporate the tract into the reserve including but not limited to the purchase/installation of signage; updated brochures; invasive species removal supplies; outreach supplies to support volunteer-led summer public activities; plan/implement walking and kayak trails; and temporary staff to conduct these activities.

COAL ASH IMPLEMENTATION CHANGES

SECTION 12.7 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."

DAM SAFETY EMERGENCY FUND

SECTION 12.8 G.S. 143-215.32 is amended by adding a new subsection to read:

"§ 143-215.32. Inspection of dams.

...

(e) There is established a Dam Safety Emergency Fund which shall be a non-reverting, interest-bearing fund within the Department pursuant to this Article. The Dam Safety Emergency Fund shall be used to defray expenses incurred by the Department in developing and implementing an emergency dam safety remedial plan including any agent or contractor for expenses incurred in developing and implementing such a plan that has been approved by the Department. These funds shall be used upon the Department's determination that sufficient funds or corrective action cannot be obtained from other sources without incurring a delay that would significantly increase the threat to life or risk of damage to property or the environment. Costs of site investigation and the development and implementation of an emergency dam safety remedial plan, including attorney's fees and other expenses of bringing the cost recovery action may be recovered from the owner(s) of the dam by appropriate legal action by the Commission. Recovered monies pursuant to this part shall be used to reimburse the Dam Safety Emergency Fund. The standards used for developing and implementing the emergency dam safety remedial plan shall be those standards listed under GS 143-215.29."

EROSION AND SEDIMENTATION FEE CHANGES

SECTION 12.9. G.S. 113A-54.2 reads as rewritten:

"§ 113A-54.2. Approval Fees.

(a) An application and compliance fee of ~~sixty-five ninety~~ sixty-five ninety dollars ~~(\$65.00)-(\$90.00)~~ per acre of disturbed land shown on an erosion and sedimentation control plan or of land actually disturbed during the life of the project shall be charged for the review of an erosion and sedimentation control plan and compliance activities under this ~~Article~~ Article, effective immediately upon enactment of this Section. The fee shall subsequently increase in the following two years to an amount determined by the Department based upon program need but not to exceed one hundred-seventy dollars (\$170.00) per acre of disturbed land shown on an erosion and sedimentation control plan or of land actually disturbed during the life of the project. Effective on the third anniversary of the enactment of this Section, the fee shall be set at one

hundred-seventy dollars (\$170.00) per acre of disturbed land shown on an erosion and sedimentation control plan or of land actually disturbed during the life of the project to be charged for the review of an erosion and sedimentation control plan and compliance activities under this Article."

DAM SAFETY FEE AMENDMENT

SECTION 12.10. 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 and 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 and 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."

NPDES FEE CHANGES

SECTION 12.11 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 an industrial point source discharge not flow limited is seven thousand dollars (\$7,000). The annual fee for an individual permit for a water treatment plant point source discharge not flow limited is one thousand dollars (\$1,000). The annual fee for an individual permit for a point source discharge of 1,000,000–10,000,000 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-six~~ thousand ~~four hundred forty~~ dollars (\$3,440)(\$6,000). The annual fee for an individual permit for a point source discharge of between 5,000,000 and 9,999,999 gallons per day is five thousand dollars (\$5,000). The annual fee for an individual permit for a point source discharge of between 1,000,000 and 4,999,999 gallons per day is four thousand five hundred dollars (\$4,500). The annual fee for an individual permit for a point source discharge of between 100,000 and 999,999 gallons per day is one thousand five hundred dollars (\$1,500). The annual fee for an individual permit for a point source discharge of 99,999 gallons per day and lower is one thousand dollars (\$1,000). Any other major individual NPDES permit is one thousand dollars (\$1,000).

(2) Minor Individual NPDES Permits. – The annual fee for an individual permit for an industrial ~~point~~ source discharge not flow limited is four thousand five hundred dollars (\$4,500). The annual fee for an individual permit for a water treatment plant point source discharge not flow limited is one thousand dollars (\$1,000). 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 one~~ of 1,000,000 or more gallons per day is four thousand dollars (\$4,000). The annual fee for an individual permit for a point source discharge of between 100,000 and 999,999 gallons per day is one thousand five hundred dollars (\$1,500). The annual fee for an individual permit for a point source discharge of 99,999 gallons per day and lower is one thousand ~~dollars (\$860.00)–(1,000).~~ Any other minor individual NPDES permit is one thousand dollars (\$1,000).

(3) Single-Family ~~Residence.~~ Residence and Other 100% Domestic Discharges Less Than 10,000 Gallons Per Day. – The annual fee for an individual nondischarge permit from a single-family residence is sixty dollars (\$60.00).

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 one hundred twenty dollars (\$120.0060.00).~~ of wastewater and other 100 % domestic discharges less than 1000 gallons per day is one hundred and twenty dollars (\$120.00). The annual fee for a certificate of coverage under a general permit for a point source discharge of 100% domestic wastewater of equal to or greater than 1,000 gallons per day but less than 10,000 gallons per day is eight hundred and sixty dollars (\$860.00).

- (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). The annual fee for a certificate of coverage under a general permit for a point source discharge of wastewater that requires submittal of a discharge monitoring report is five hundred dollars (\$500.00). The annual fee for a certificate of coverage under a general permit of wastewater not covered in G.S. 143-215.3D (a)(3) that does not require a discharge monitoring report is one hundred and fifty dollars (\$150.00).

...

(d) Fee for major permit modifications. – A major modification is any permit modification that does not qualify as a minor modification in accordance with NPDES regulations. An application for a major modification of a permit of the type set out in subsection (a) of this section shall be accompanied by an application fee equal to thirty percent (30%) of the annual fee applicable to that permit. A major modification of a permit is any modification that would allow an increase in the volume or pollutant load of the discharge or nondischarge or that would result in a significant relocation of the point of discharge, as determined by the Commission. This fee is in addition to the fees due under subsections (a) and (c) of this section. If the application is denied, the application fee shall not be refunded.

...

(g) Authorizations to Construct – An Authorization to Construct (A to C) required for constructions activities for domestic wastewater treatments facilities with NPDES permits (15A NCAC 02H .0138) shall pay a fee for plan reviews based on the following:

- (1) A to C plans for a new domestic wastewater discharge from zero (0) to less than one million (1,000,000) gallons per day shall pay a fee of one thousand two hundred eighty dollars (\$1,280.00); A to C plans for expanding a domestic wastewater discharge from zero (0) to less than one million (1,000,000) gallons per day shall pay a fee of nine hundred sixty dollars (\$960.00); and A to C plans to modify a domestic wastewater discharge treatment facility, with no increase in flow, having a discharge from zero (0) to less than one million (1,000,000) gallons per day shall pay a fee of five hundred sixty dollars (\$560.00).
- (2) A to C plans for a new domestic wastewater discharge greater than or equal to one million (1,000,000) gallons per day shall pay a fee of one thousand six hundred dollars (\$1,600.00); A to C plans for expanding a domestic discharge to increase flow to greater than or equal to one million (1,000,000) gallons per day shall pay a fee of one thousand two hundred eighty dollars (\$1,280.00); and A to C plans to modify a domestic wastewater discharge treatment facility, with no increase in flow, having a discharge greater than or equal to one million (1,000,000) gallons per day shall pay a fee of eight hundred dollars (\$800.00)."

WATER RESOURCE DEVELOPMENT PROJECTS

SECTION 12.12.(a) G.S. 143-215.73 is amended by adding a new section to read:

"§ 143-215.73B. Water Resources Development Grants Administration.

(a) Fund Creation – There is established a new special fund budget code within the Department of Environment Quality for Water Resource Development Grants.

(b) Fund Uses and Flexibility – Water Resources Development Projects within this special fund are committed and designated solely to Water Resources Development Projects, and may not be redirected outside the special fund budget code for any other purpose. Where the actual costs are different from the estimated costs, the Department may adjust the allocations among projects as needed. If any projects funded are delayed and the budgeted State funds cannot be used during any given fiscal year, or if the projects are accomplished at a lower cost, the Department may use the resulting fund availability to fund any of the following:

(1) U.S. Army Corps of Engineers project feasibility studies.

(2) U.S. Army Corps of Engineers projects whose schedules have advanced and require State matching funds in the current fiscal year.

(3) State-local water resources development projects.

(4) NRCS-EQIP stream restoration projects.

(c) Reports – The Department shall submit semiannual reports on the use of these funds to the Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources, the Fiscal Research Division, and the Office of State Budget and Management on or before March 1 and September 1. Each report shall include all of the following:

(1) The project name.

(2) The estimated cost of each project.

(3) The date that work on each project began or is expected to begin.

(4) The date that work on each project was completed or is expected to be completed.

(5) The actual cost of the project.

The semiannual reports also shall show those projects advanced in schedule and those projects delayed in schedule.

(d) Maximum Share – Notwithstanding any provision of law to the contrary, funds appropriated for a water resources development project shall be used to provide no more than fifty percent (50%) of the nonfederal portion of funds for the project. The limitation on fund usage applies only to projects in which a local government or local governments participate. This subsection shall not apply to, and there shall be no local match required for, the Environmental Quality Incentives Program (EQIP). Furthermore, Section 36.3(e) of S.L. 2013-360, Section 36.2(e) of S.L. 2014-100, and Section 31.3(e) of S.L. 2015-241 shall not apply to funds made available as part of EQIP in any fiscal year, including prior years. For purposes of this subsection, a single project shall consist of all the landowners and other participants under a project design contract approved by the Natural Resource Conservation Service under the EQIP program along a contiguous stretch of stream."

SECTION 12.12.(b) The Department of Environmental Quality shall allocate funds for water resources development projects in accordance with the schedule that follows. The amounts set forth in the schedule include funds appropriated in this act for water resources development projects and funds carried forward from previous fiscal years. These funds will provide a State match for an estimated two hundred twenty million five hundred twenty-six thousand dollars (\$220,526,000) in federal funds.

Name of Project

2021-2022

(1)	Princeville Flood Damage Reduction	\$5,197,500
(2)	Carolina Beach Coastal Storm Damage Reduction	4,750,000
(3)	Wilmington Harbor DA Maintenance	3,663,642

1	(4)	Kure Beach Coastal Storm Damage Reduction	4,889,423
2	(5)	Surf City/North Topsail Beach Coastal Storm Damage Reduction	14,537,000
3	(6)	Ocean Isle Coastal Storm Damage Reduction	494,599
4	(7)	Water Resources Development Grant Program – State & Local Projects	2,750,000
5	(8)	Water Resources Development Grant Program – NRCS-EQIP Projects	2,000,000
6	(9)	Manteo Old House Channel, Section 204, CAP	2,700,000
7	(10)	Wrightsville Beach Coastal Storm Damage Reduction	3,487,500
8	TOTALS		\$44,469,663

SECTION 12.12.(c) The Department of Environmental Quality is granted the authority to repurpose the following Capital Improvement funds into the new special fund established in G.S. 143-215.73B(a):

Fund Number	Project Title	Allotment Balance
4T17	DWR – State & Local Projects	\$187,438.98
4U07	DWR – State & Local Water Res Develop Grant	317,000.00
4U08	DWR – Cape Fear Lock & Dam # Fish Ramp	470,684.08
4U10	DWR – Environmental Qual Incent Prog	259,732.98
4V11	DWR – NRCS EQUIP	53,123.81
4V12	DWR – State & Local Projects	465,701.71
4Y13	DWR – NRCS EQUIP	881,757.48
4Y14	DWR – Everette Jordan Reservoir Water	15,167.24
4Y16	DWR – State & Local Projects	1,857,851.47
4Y17	DWR – Brunswick/FT Anderson Cape Fear	365,495.08
4Y19	DWR – Lindsey Bridge Dam Restoration	210,750.00
4Y26	DWR – Town of Rutherfordton Stream	500,000.00
4Y27	DWR – Ararat River Greenway Stream Restoration	500,000.00
4O01	DWR – Princeville Flood Damage Reduction (Pre-Contr/Design)	3,465,000.00
4O02	DWR – Carolina Beach CSRM	1,754,946.65
4O03	DWR – Kure Beach CSRM	2,187,500.37
4O04	DWR – Wrightsville Beach CSRM	2,206,487.00
4O05	DWR – Ocean Isle CSRM	1,040,016.76
4O06	DWR – Planning Assistance to Communities	244,613.13
4O07	DWR – Wilmington Harbor DA Maintenance	3,670,358.64
4O08	DWR – Morehead City Maintenance	1,980,627.09
4O09	DWR – Surf City/ North Topsail CSRM	12,500,000.00
4O10	DWR – Dan River Regional Water Supply Project	34,000.00
4O11	DWR – Carteret County (Bogue Banks) CSRM	2,567,320.08
4O12	DWR – Neuse River-Goldsboro Sec. 1135. CAP, Project Mods. (50/50)	333,500.00
4O13	DWR – Concord Streams, Sec. 206, CAP, Ecosystem Restoration, Strick Branch, Constr. (65/35)	1,023,000.00
4O14	DWR – Lumberton 205, CAP, Flood Damage Reduction (50/50)	125,000.00
4O15	DWR – B. Everette Jordan Reservoir Water Supply	1,732,410.25
4O16	DWR – North Topsail Beach Shoreline Protection – Phase 2	1,500,000.00
4O17	DWR – NRCS EQIP/Stream Restoration	2,064,698.97
4O18	DWR – State-Local Projects (WRD Grant Program)	4,734,317.22
4O20	DWR – Cape Fear Lock and Dam # 2 and # 3 Fish Ramp	903,140.24
TOTALS		\$50,151,639.23

CLEAN ENERGY COMMUNITIES

SECTION 12.13.(a) Fund Creation and Purpose – The Clean Energy Communities Fund is established as a special revenue fund within the Department of Environmental Quality's State Energy Office. The Fund provides grants to local governments statewide to help them achieve their sustainability goals through planning and implementation of clean energy and clean transportation projects that equitably advance energy efficiency, renewable energy, vehicle electrification, and related priorities.

SECTION 12.13.(b) Uses of Funds – Funds may be used to help communities with projects, including but not limited to, energy efficiency assessments and improvements; planning and installation of renewable energy projects (e.g., solar PV, rooftop solar, battery storage, and microgrids); purchase of zero-emission vehicles; purchase, planning and installation of electric vehicle infrastructure short- and long-term sustainability analysis and planning; improved procurement practices; stakeholder engagement with underrepresented communities; and clean energy financing strategies.

SECTION 12.13.(c) Basis of Distribution – Funds will be distributed through an application process which may include the following eligibility criteria:

- (1) The economic, social, and environmental benefits to be provided by the projects;
- (2) The viability and expected useful life of the proposed project;
- (3) Project Efficiency/ long term management plan;
- (4) Regional benefits of the project to an underserved area;
- (5) The financial resources of the local government; and
- (6) The cost savings, healthy community living, and energy burden relief provided.
- (7) Ability to leverage funds from federal, private, and other sources.

SECTION 12.13.(d) Planning and Administration – At least fifteen percent (15%) will be allocated to planning and capacity building grants for communities to create and implement sustainability plans and up to two and one half percent (2.5%) of funds or two-hundred fifty thousand dollars (\$250,000), whichever is greater in each fiscal year of the revenues credited to the Fund, to support temporary staff, time limited positions, planning, technical assistance, and program administrative functions.

CLEAN ENERGY SCHOOLS

SECTION 12.14.(a) Fund Creation and Purpose – The Clean Energy Schools Fund is established as a special revenue fund within the Department of Environmental Quality's State Energy Office. The fund provides for a grant program for school districts to implement energy efficiency and clean energy projects that provide a healthier, safer, and more cost-effective learning environment. A portion of funds may be used to support a statewide transition to clean, zero-emission school buses. The Department of Environmental Quality shall consult with the Department of Public Instruction on the use of a portion of funds for clean, zero-emissions school buses.

SECTION 12.14.(b) Uses of Funds – Funds may be used to support projects at schools, including but not limited to, energy efficiency assessments and improvements, planning and installation of renewable energy projects (e.g., solar PV, rooftop solar, battery storage, and microgrids); purchase and maintenance of zero-emission school buses; purchase, planning and installation of infrastructure for zero-emission buses; improved procurement practices; and clean energy financing strategies.

SECTION 12.14.(c) Basis of Distribution – Funds will be distributed through an application process which may include the following eligibility criteria:

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

SECTION 12.14.(d) Planning and Administration – The Department of Environmental Quality may utilize up to two and one-half percent (2.5%) or two-hundred fifty thousand dollars (\$250,000), whichever is greater 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.

LOW-INCOME CLEAN ENERGY PROGRAM

SECTION 12.15. G.S. 143B-344.51 is amended to adding a new section to read:

"§ 143B-344.51. Low-Income Clean Energy Program.

(a) Fund Creation and Purpose – The Low-Income Clean Energy Program is established as a special revenue 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) Funds for the Low-Income Clean Energy Program 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 two and one-half percent (2.5%) or one-hundred fifty thousand dollars (\$150,000), whichever is greater, 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."

STATE ENERGY CENTERS OPERATIONS, RESEARCH & STUDENT FELLOWSHIPS

SECTION 12.16. Of the funds appropriated in this act for University Energy Centers, the sum shall be allocated equally to the energy center at Appalachian State University, the energy center at North Carolina Agricultural and Technical University, and the energy center at North Carolina State University. Funds can be used to support center operations, workforce training, innovative research, technical assistance, and work-based student fellowships to help advance North Carolina's transition to a clean energy economy.

PART XIII. LABOR

FEEES NOT YET EXPENDED OR ENCUMBERED AT THE END OF EACH FISCAL YEAR SHALL NOT REVERT

SECTION 13. G.S. 95-108 reads as rewritten:

"§ 95-108. Disposition of fees.

1 All fees collected by the Department of Labor pursuant to G.S. 95-69.11, 95-110.5, 95-111.4
2 and 95-120 shall be deposited with the State Treasurer and shall be used exclusively for
3 inspection and certification purposes. All fees collected pursuant to this section that have not yet
4 been expended or encumbered at the end of each fiscal year shall not revert but shall remain
5 available for expenditure in the subsequent fiscal year."
6

7 **PART XIV. NATURAL AND CULTURAL RESOURCES**

8 **SYMPHONY CHALLENGE GRANT**

9 **SECTION 14.1.** For the 2021-22 and 2022-23 fiscal years, the Office of State Budget
10 and Management shall release the allocation authorized under Section 26.2 of S.L. 2017-57 as
11 follows:
12

- 13 (1) Upon raising an additional sum of two million dollars (\$2,000,000) in
14 non-State funding, the North Carolina Symphony shall receive the sum of six
15 hundred thousand dollars (\$600,000).
- 16 (2) Upon raising an additional sum of two million dollars (\$2,000,000) in
17 non-State funding for a total amount of four million dollars (\$4,000,000) in
18 non-State funds, the North Carolina Symphony shall receive the sum of seven
19 hundred thousand dollars (\$700,000).
- 20 (3) Upon raising an additional sum of one million dollars (\$1,000,000) in
21 non-State funding for a total amount of five million dollars (\$5,000,000) in
22 non-State funds, the North Carolina Symphony shall receive the final sum of
23 seven hundred thousand dollars (\$700,000) in each fiscal year.
24

25 **ARCHIVES & HISTORY – EXTEND SUNSET OF ARTICLE 3H MILL TAX CREDIT** 26 **PROGRAM**

27 **SECTION 14.2.** G.S. 105-129.75(a) reads as rewritten:

28 "**§ 105-129.75. Sunset and applicable expenditures.**

29 (a) Sunset. – Except for credits allowed under G.S. 105-129.71(a1), this Article expires
30 January 1, 2015, for rehabilitation projects for which an application for an eligibility certification
31 is submitted on or after that date. Eligibility certifications under this Article expire January 1,
32 ~~2023~~2024."
33

34 **AQUARIUMS – INCREASE AQUARIUM FUND PROJECT SPENDING CAP**

35 **SECTION 14.3.** G.S. 143B-135.188 reads as rewritten:

36 "**§ 143B-135.188. North Carolina Aquariums; fees; fund.**

37 ...

38 (b) Fund. – The North Carolina Aquariums Fund is hereby created as a special fund. The
39 North Carolina Aquariums Fund shall be used for the following purposes with respect to the
40 aquariums and the pier operated by the Division of North Carolina Aquariums:

- 41 (1) Repair, renovation, expansion, maintenance, and educational exhibit
42 construction. Funds used for repair, renovation, and expansion projects may
43 be transferred to a capital projects fund to account for use of the funds for each
44 project.
- 45 (2) Payment of the debt service and lease payments related to the financing of
46 facility expansions, subject to G.S. 143B-135.190.
- 47 (3) Matching of private funds that are raised for these purposes.
- 48 (4) Marketing the North Carolina Aquariums.
49 ...

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

- (1) The total project cost is less than ~~three hundred thousand dollars (\$300,000)~~ or equal to what is allowable under G.S. 143-64.34.
- (2) The project meets the requirements of G.S. 143C-8-13(a).
- (3) The project is paid for from funds appropriated to the Fund.
- (4) The project does not obligate the State to provide increased recurring funding for operations."

ZOO – INCREASE ZOO FUND PROJECT SPENDING CAP

SECTION 14.4. G.S. 143B-135.209 reads as rewritten:

"§ 143B-135.209 North Carolina Zoo Fund.

(a) Fund. – The North Carolina Zoo Fund is created as a special fund. The North Carolina Zoo Fund shall be used for the following types of projects at the North Carolina Zoological Park and to match private funds raised for these types of projects:

- (1) Repair, renovation, expansion, maintenance, and educational exhibit construction. Funds used for repair, renovation, and expansion projects may be transferred to a capital projects fund to account for use of the funds for each project.
- (2) Renovations of exhibits in habitat clusters, visitor services facilities, and support facilities (including greenhouses and temporary animal holding areas).
- (3) The acquisition, maintenance, or replacement of tram equipment as required to maintain adequate service to the public.
- (4) Marketing the North Carolina Zoo.

(b) Disposition of Receipts. – All receipts derived from the collection of admissions charges and other fees, the lease or rental of property or facilities, and the disposition of products of the land or structures shall be credited to the North Carolina Zoological Park's General Fund operating budget. At the end of each fiscal year, the Secretary may transfer from the North Carolina Zoological Park's General Fund operating budget to the North Carolina Zoo Fund an amount not to exceed the sum of one million five hundred thousand dollars (\$1,500,000) and any donations, gifts, and devises received by the North Carolina Zoological Park.

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

- (1) The total project cost is less than ~~three hundred thousand dollars (\$300,000)~~ or equal to what is allowed under G.S. 143-64.34.
- (2) The project meets the requirements of G.S. 143C-8-13(a).
- (3) The project is paid for from funds appropriated to the Fund.
- (4) The project does not obligate the State to provide increased recurring funding for operations.

(d) Report. – The Department shall submit to the Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources and the Fiscal Research Division by September 30 of each year a report on the North Carolina Zoo Fund that shall include the source and amounts of all funds credited to the Fund and the purpose and amount of all expenditures from the Fund during the prior fiscal year."

TRYON PALACE SPECIAL FUND

SECTION 14.5. G.S. 121-21.1 reads as rewritten:

"§ 121-21.1. Tryon Palace Historic Sites and Gardens Fund.

(a) Fund. – The Tryon Palace Historic Sites and Gardens Fund is hereby created as a special, interest-bearing, and nonreverting fund in the Division of Tryon Palace Historic Sites and Gardens. The Fund shall be treated as a special trust fund and shall be credited with interest by the State Treasurer pursuant to G.S. 147-69.2 and G.S. 147-69.3. The Fund shall be used for operation, interpretation, repair, renovation, expansion, and maintenance at Tryon Palace Historic Sites and Gardens.

(b) ~~Disposition of Fees. — All entrance fee receipts shall be credited to the Tryon Peace Historic Sites and Gardens Fund.~~ The Fund consists of all receipts derived from donations, gifts, devises, grants, and admissions and fees collected at the Tryon Palace Historic Sites and Gardens."

NATURAL HERITAGE PROGRAM – REDUCE OR WAIVE FEES FLEXIBILITY

SECTION 14.6. G.S. 143B-135.272 reads as rewritten:

"§ 143B-135.272. Access to information; fees.

(a) The Secretary may establish fees to defray the costs associated with any of the following:

(1) Responding to inquiries requiring customized environmental review services or the costs associated with developing, improving, or maintaining technology that supports an online interface for external users to access Natural Heritage Program data. ~~The Secretary may reduce or waive the fee established under this subsection if the Secretary determines that a waiver of reduction of the fee is in the public interest.~~

(2) ~~Any activity authorized under G.S. 143B-135.234(10), including an inventory~~ Inventories of natural areas conducted under the Natural Heritage Program, conservation and protection planning, and informational programs for owners of natural areas, as defined in G.S. 143B-135.254.

(b) The Secretary may reduce or waive fees established under this section if the Secretary determines that a reduction or waiver of the fees is in the public interest or serves the intended purposes declared in the Nature Preserves Act, G.S. 143B-135.252."

PAVED TRAILS PLANNING AND DEVELOPMENT

SECTION 14.7.(a) Fund Creation and Purpose – The Paved Trails Planning and Development Fund is established as a special, interest-bearing revenue fund within the Department of Natural and Cultural Resources, Division of Parks and Recreation. The Fund provides for a grant program to support planning and development of paved multiuse paths in North Carolina.

SECTION 14.7.(b) Uses of Funds – Funds may be used to enable local governments and non-profits to acquire real property or other property interests, develop, and construct shared-use paths and greenway trails. Up to twenty percent (20%) of these funds shall be used for feasibility studies for shared-use paths in Tier 1 and 2 counties.

SECTION 14.7.(c) Basis of Distribution – Funds will be distributed to state agencies, local government units, and nonprofit corporations through an application process which may the following eligibility criteria:

- (1) Designation as an authorized national scenic or historic trail, authorized state trail, or national recreation trail/water trail;
- (2) Location on public lands;
- (3) Economic need;
- (4) Management and maintenance;
- (5) Trail connectivity;
- (6) Trail design standard;
- (7) Public engagement;

(8) Matching support;

(9) ADA compliance/accommodations.

SECTION 14.7.(d) Planning and Administration – The Department of Natural and Cultural Resources may utilize up to three percent (3%) in each fiscal year of the revenues credited to the Fund to support program administrative functions.

NATURAL SURFACE TRAILS PLANNING AND DEVELOPMENT

SECTION 14.8.(a) Fund Creation and Purpose – The Natural Surface Trails Planning and Development Fund is established as a special, interest-bearing revenue fund within the Department of Natural and Cultural Resources, Division of Parks and Recreation. The Fund provides for a grant program to support the planning and construction of a network of natural surface trails throughout North Carolina.

SECTION 14.8.(b) Uses of Funds – Funds may be used to enable local governments and non-profits to acquire real property or other property interests, develop, and construct natural surface trails that better connect rural and urban areas. Up to twenty percent (20%) of these funds shall be used for feasibility studies for shared-use paths in Tier 1 and 2 counties.

SECTION 14.8.(c) Basis of Distribution – Funds will be distributed to state agencies, local government units, and nonprofit corporations through an application process which may include the following eligibility criteria:

(1) Designation as an authorized national scenic or historic trail, authorized state trail, or national recreation trail/water trail;

(2) Location on public lands;

(3) Economic need;

(4) Management and maintenance;

(5) Trail connectivity;

(6) Trail design standard;

(7) Public engagement;

(8) Matching support;

(9) ADA compliance/accommodations.

SECTION 14.8.(d) Planning and Administration – The Department of Natural and Cultural Resources may utilize up to three percent (3%) in each fiscal year of the revenues credited to the Fund to support program administrative functions.

BATH HIGH SCHOOL PRESERVATION GRANT

SECTION 14.9. The funds appropriated to the Department for Bath High School Preservation shall be matched one dollar (\$1.00) in non-State funds for every one dollar (\$1.00) in State funds. Funds shall remain available for the 2021-2023 fiscal biennium and shall not revert before June 30, 2023.

PART XV. ADMINISTRATIVE OFFICE OF THE COURTS [RESERVED]

PART XVI. INDIGENT DEFENSE SERVICES

IDS MATCH FOR GRANTS

SECTION 16.1. Notwithstanding G.S. 143C-6-9, during the 2021-2023 fiscal biennium, Indigent Defense Services may use the sum of up to seventy-five thousand dollars (\$75,000) from funds available to provide the State matching funds needed to receive grant funds. Prior to using funds for this purpose, the Office of Indigent Defense Services shall report to the chairs of the House of Representatives Appropriations Committee on Justice and Public Safety and the Senate Appropriations Committee on Justice and Public Safety on the grants to be matched using these funds.

OFFICE OF INDIGENT DEFENSE SERVICES POSITIONS

SECTION 16.2. The Office of Indigent Defense Services, may use appropriated funds in each fiscal year of the 2021-2023 fiscal biennium for the expansion of existing offices currently providing legal services to the indigent population under the oversight of the Office of Indigent Defense Services, considering changing caseloads, cost effectiveness, implementation of new initiatives, response to statutory changes, and reduced availability of experienced private counsel in specific case types. Funds may be used for the creation of new positions or offices within existing public defender programs, including satellite offices of the Office of Capital Defender, for the establishment of regional public defender programs, or for positions providing support to private assigned counsel. Notwithstanding the defender districts established by G.S. 7A498.7, the Office of Indigent Defense Services may use a portion of these funds to create positions within existing public defender programs to handle cases in adjacent counties or districts. These funds may be used for the salaries, benefits, equipment, and related expenses for up to 10 attorney positions and six non-attorney positions during the fiscal year with the total annualized cost of these positions no more than one million seven hundred thousand dollars (\$1,700,000). Prior to using funds for this purpose, the Office of Indigent Defense Services shall report to the Chairs of the House of Representatives and the Senate Appropriations Subcommittees on Justice and Public Safety on the proposed expansion.

OFFICE OF INDIGENT DEFENSE SERVICES TITLE IV-E REIMBURSEMENT FUNDS

SECTION 16.3. Funds received by the Office of Indigent Defense Services, as reimbursement for eligible expenses necessary to support an attorney providing legal representation of parents with children in the custody of the Department of Social Services are authorized to be used for these purposes and shall not revert. Unencumbered funds at the end of the fiscal year may be carried over for purposes allowed under the memorandum of agreement between the NC Department of Health and Human Services and the Office of Indigent Defense Services.

PART XVII. JUSTICE**CRIMINAL JUSTICE FELLOWS PROGRAM**

SECTION 17.1. G.S. 17C-20(5) reads as rewritten:

"§ 17C-20. Definitions.

As used in this Article, the following definitions apply:

...

- (5) Eligible County. – ~~A county with a population of less than 125,000 according to the latest federal decennial census or a county designated as a development tier one area pursuant to G.S. 143B-437.08, or both.~~ Any county located in the State of North Carolina.

...."

NO HIRING OF SWORN STAFF POSITIONS FOR NC STATE CRIME LAB

SECTION 17.2. The Department of Justice shall not hire sworn personnel to fill vacant positions in the North Carolina State Crime Laboratory. Nothing in this section shall be construed to require the termination of sworn personnel or to affect North Carolina State Crime Laboratory personnel who are sworn and employed by the Laboratory as of the effective date of this section and who continue to meet the sworn status retention standards mandated by the North Carolina Criminal Justice Education and Standards Commission.

PART XVIII. PUBLIC SAFETY**GRANT REPORTING AND MATCHING FUNDS**

SECTION 18.1. Notwithstanding the provisions of G.S. 143C-6-9, the Department of Public Safety may use up to the sum of two million dollars (\$2,000,000) during the 2021-2022 fiscal year and up to the sum of two million dollars (\$2,000,000) during the 2022-2023 fiscal year from funds available to the Department to provide the State match needed in order to receive grant funds. Prior to using funds for this purpose, the Department shall report to the chairs of the House of Representatives Appropriations Committee on Justice and Public Safety and the Senate Appropriations Committee on Justice and Public Safety on the grants to be matched using these funds.

CODIFY USE OF SEIZED AND FORFEITED PROPERTY

SECTION 18.2. G.S. 14-2.3 reads as rewritten:

"§ 14-2.3. Forfeiture of gain acquired through criminal activity.

...

(d) Seized and forfeited assets transferred to the Department of Justice or to the Department of Public Safety pursuant to applicable federal law shall be credited to the budget of the recipient department and shall result in an increase of law enforcement resources for that department. The Department of Public Safety and the Department of Justice shall each make the following reports to the chairs of House of Representatives Appropriations Committee on Justice and Public Safety and the Senate Appropriations Committee on Justice and Public Safety:

(1) A report upon receipt of any assets.

(2) A report that shall be made prior to use of the assets on their intended use and the departmental priorities on which the assets may be expended.

(3) A report on receipts, expenditures, encumbrances, and availability of these assets for the previous fiscal year, which shall be made no later than September 1 of each year.

(e) The General Assembly finds that the use of seized and forfeited assets transferred pursuant to federal law for new personnel positions, new projects, acquisition of real property, repair of buildings where the repair includes structural change, and construction of or additions to buildings may result in additional expenses for the State in future fiscal periods. Therefore, the Department of Justice and the Department of Public Safety are prohibited from using these assets for such purposes without the prior approval of the General Assembly.

(f) Nothing in this section prohibits State law enforcement agencies from receiving funds from the United States Department of Justice, the United States Department of the Treasury, and the United States Department of Health and Human Services."

REPEAL STATE CAPITOL POLICE/CREATION OF RECEIPT-SUPPORTED POSITIONS

SECTION 18.3. Section 16B.1 of S.L. 2017-57 is repealed.

USE OF CLOSED FACILITIES

SECTION 18.4.(a) In conjunction with the closing of prison facilities, youth detention centers, and youth development centers, the Department of Public Safety shall consult with the county or municipality in which the facility is located, with elected State and local officials, and with State and federal agencies about the possibility of converting that facility to other use. The Department may also consult with any private for-profit or nonprofit firm about the possibility of converting the facility to other use. In developing a proposal for future use of each facility, the Department shall give priority to converting the facility to other criminal justice use. Consistent with existing law and the future needs of the Department of Public Safety, the

State may provide for the transfer or the lease of any of these facilities to counties, municipalities, State agencies, federal agencies, or private firms wishing to convert them to other use. G.S. 146-29.1(f) through (g) shall not apply to a transfer made pursuant to this section. The Department of Public Safety may also consider converting some of the facilities recommended for closing from one security custody level to another, where that conversion would be cost-effective. A prison unit under lease to a county pursuant to the provisions of this section for use as a jail is exempt for the period of the lease from any of the minimum standards adopted by the Secretary of Health and Human Services pursuant to G.S. 153A-221 for the housing of adult prisoners that would subject the unit to greater standards than those required of a unit of the State prison system.

SECTION 18.4.(b) The Department may convert closed facilities for the following purposes:

- (1) Training needs.
- (2) Population Management.
- (3) Transitional housing.

Sixty days prior to converting facilities to these purposes, the Department shall report to the Joint Legislative Oversight Committee on Justice and Public Safety. The report shall include the justification for the conversion, operational requirements for the facility, and available resources for staffing and operating the facility. If the proposed facility will require additional funding in the future, the report shall provide a five-year projection of those funding needs.

REIMBURSE COUNTIES FOR HOUSING AND EXTRAORDINARY MEDICAL EXPENSES

SECTION 18.5. Notwithstanding G.S. 143C-6-9, the Department of Public Safety may use funds available to the Department for the 2021-2023 fiscal biennium to reimburse counties for the cost of housing convicted inmates, parolees, and post-release supervisees awaiting transfer to the State prison system, as provided in G.S. 148-29. The reimbursement may not exceed forty dollars (\$40.00) per day per prisoner awaiting transfer. The Department shall report annually by February 1 of each year to the chairs of the Joint Legislative Oversight Committee on Justice and Public Safety and the chairs of the House of Representatives Appropriations Committee on Justice and Public Safety and the Senate Appropriations Committee on Justice and Public Safety on the expenditure of funds to reimburse counties for prisoners awaiting transfer.

INTERSTATE COMPACT FEES TO SUPPORT TRAINING PROGRAMS AND EQUIPMENT PURCHASES SECTIONS

SECTION 18.6. Notwithstanding the provisions of G.S. 148-65.7, fees collected for the Interstate Compact Fund during the 2021-2023 fiscal biennium may be used by the Division of Adult Correction of the Department of Public Safety during the 2021-2023 fiscal biennium to provide training programs and equipment purchases for the Section of Community Corrections, but only to the extent sufficient funds remain available in the Fund to support the mission of the Interstate Compact Program.

VICTIMS COMPENSATION

SECTION 18.7. G.S. 15B-2 reads as rewritten:

"§ 15B-2. Definitions.

As used in this Article, the following definitions apply, unless the context requires otherwise:

- (1) Allowable expense. – Reasonable charges incurred for reasonably needed products, services, and accommodations, including those for medical care, rehabilitation, medically-related property, and other remedial treatment and

care. Reasonably needed services include (i) counseling for immediate family members of children under the age of 18 who are victims of rape, sexual assault, or domestic violence and (ii) family counseling and grief counseling for immediate family members of homicide victims. The cumulative total for counseling services provided to immediate family members shall not exceed three thousand dollars (\$3,000) per family.

Allowable expense includes a total charge not in excess of ~~five thousand dollars (\$5,000)~~ eight thousand dollars (\$8,000) for expenses related to funeral, cremation, and burial, including transportation of a body, but excluding expenses for flowers, gravestone, and other items not directly related to the funeral service.

Allowable expense for medical care, counseling, rehabilitation, medically-related property, and other remedial treatment and care of a victim shall be limited to sixty-six and two-thirds percent (66 2/3%) of the amount usually charged by the provider for the treatment or care. By accepting the compensation paid as allowable expense pursuant to this subdivision, the provider agrees that the compensation is payment in full for the treatment or care and shall not charge or otherwise hold a claimant financially responsible for the cost of services in addition to the amount of allowable expense.

...."

CREATION OF DIVISION OF JUVENILE JUSTICE

SECTION 18.8.(a) The Juvenile Justice Section of the Division of Adult Correction and Juvenile Justice shall be relocated as a division of the Department of Public Safety, with the organization, powers, and duties as set forth in Article 13 of Chapter 143B of the General Statutes or as prescribed by the Secretary of the Department of Public Safety.

SECTION 18.8.(b) The following statutes are amended by deleting the language "Division of Adult Correction and Juvenile Justice" wherever it appears and substituting "Division of Juvenile Justice": G.S. 7B-1501, 7B-2204, 115C-106.3, 115C-107.6, 115C-108.1, 115C-296.2, 115C-325.10, and 153A-218.

SECTION 18.8.(c) The following statutes are rewritten by deleting the language "Juvenile Justice Section of the Division of Adult Correction and Juvenile Justice" wherever it appears and substituting "Division of Juvenile Justice": G.S. 7A-109.3, 7A-302, 7B-3100, 14-239, 14-258.1, 14-316.1, 15-6, 15A-521, 15A-1301, 15A-1351, 15A-1352, 17C-3, 66-58, 114-12.1, 115D-1, 122C-113, 122C-115.4, 122C-117, 143-166.2, 143-166.13, 143B-152.14, 143B-153, 143B-935, 143B-1391, 148-32.1, 162-601, 153A-221.1, 148-13, 64-40, and 164-43. In all other instances in which the term "Juvenile Justice Section of the Division of Adult Correction and Juvenile Justice" appears in the General Statutes, the Revisor of Statutes shall replace "Juvenile Justice Section of the Division of Adult Correction and Juvenile Justice " with "Division of Juvenile Justice" and in all other instances in which the word "Section" is used to refer to the Juvenile Justice Section of the Division of Adult Correction and Juvenile Justice, the Revisor of Statutes shall delete the word "Section" and substitute the word "Division", or make other appropriate changes to the General Statutes to reference the Division rather than the Section.

STATE FUNDS MAY BE USED AS FEDERAL MATCHING FUNDS

SECTION 18.9. Funds appropriated in this act to the Department of Public Safety for each fiscal year of the 2021-2023 fiscal biennium may be used as matching funds for the Juvenile Accountability Incentive Block Grants. If North Carolina receives Juvenile Accountability Incentive Block Grants or a notice of funds to be awarded, the Office of State Budget and Management and the Governor's Crime Commission shall consult with the

Department of Public Safety regarding the criteria for awarding federal funds. The Office of State Budget and Management, the Governor's Crime Commission, and the Department of Public Safety shall report to the chairs of the House of Representatives Appropriations Committee on Justice and Public Safety and the Senate Appropriations Committee on Justice and Public Safety and the Joint Legislative Oversight Committee on Justice and Public Safety prior to allocation of the federal funds. The report shall identify the amount of funds to be received for the 2021-2022 fiscal year, the amount of funds anticipated for the 2022-2023 fiscal year, and the allocation of funds by program and purpose.

LIMIT USE OF COMMUNITY PROGRAM FUNDS

SECTION 18.10.(a) Funds appropriated in this act to the Department of Public Safety for the 2021-2023 fiscal biennium for community program contracts, that are not required for or used for community program contracts, may be used only for the following:

- (1) Other statewide residential programs that provide Level 2 intermediate dispositional alternatives for juveniles.
- (2) Statewide community programs that provide Level 2 intermediate dispositional alternatives for juveniles.
- (3) Regional programs that are collaboratives of two or more Juvenile Crime Prevention Councils which provide Level 2 intermediate dispositional alternatives for juveniles.
- (4) The Juvenile Crime Prevention Council funds to be used for the Level 2 intermediate dispositional alternatives for juveniles listed in G.S. 7B-2506(13) through (23).

SECTION 18.10.(b) Funds appropriated by this act to the Department of Public Safety for the 2021-2023 fiscal biennium for community programs may not be used for staffing, operations, maintenance, or any other expenses of youth development centers or detention facilities.

SECTION 18.10.(c) The Department of Public Safety shall submit an electronic report by October 1 of each year of the 2021-2023 fiscal biennium on all expenditures made in the preceding fiscal year from the miscellaneous contract line in Fund Code 1230 to the chairs of the House of Representatives Appropriations Committee on Justice and Public Safety and the Senate Appropriations Committee on Justice and Public Safety and the Fiscal Research Division. The report shall include all of the following: an itemized list of the contracts that have been executed, the amount of each contract, the date the contract was executed, the purpose of the contract, the number of juveniles that will be served and the manner in which they will be served, the amount of money transferred to the Juvenile Crime Prevention Council fund, and an itemized list of grants allocated from the funds transferred to the Juvenile Crime Prevention Council fund.

CREATE HAZARDOUS MATERIALS FACILITY FUND

SECTION 18.11. G.S. 166A-29.1 reads as rewritten:

"§ 166A-29.1. Hazardous materials facility fee.

...

(b) Annual Fee Shall Be Charged. – A person or business required under Section 302 or 312 of EPCRA to submit a notification or an annual inventory form to the Division shall be required to pay to the Department an annual fee in the amount set forth in subsection (c) of this section.

(b1) The Hazardous Materials Facility Fund is established as a special fund within the Department. All fees collected under this section shall be credited to the fund and shall be used to support the hazardous materials response programs established pursuant to subsection (f) of this section.

...

(f) Use of Fee Proceeds. – The proceeds of fees assessed pursuant to this section shall be used for the following:

- (1) To offset costs associated with the establishment and maintenance of a hazardous materials database and a hazardous materials response application.
- (2) To offset costs associated with the operations of the regional response program for hazardous materials emergencies and terrorist incidents.
- (3) To provide grants to counties for hazardous materials emergency response planning, training, equipment, and related exercises.
- (4) To offset Division costs that directly support hazardous materials emergency preparedness and response."

CONTINUOUSLY OPERATING REFERENCE STATION FUND

SECTION 18.12.(a) The Continuously Operating Reference Station (CORS) Fund is established as a special revenue fund. The Fund consists of General Fund appropriations, gifts, donations, grants, devises, fees, and monies contributed by state and non-State entities for operation, maintenance, and expansion of the North Carolina CORS/Real Time Network (RTN) operated and maintained by the North Carolina Geodetic Survey, and any other revenues specifically allocated to the Fund by an act of the General Assembly.

SECTION 18.12.(b) Uses of the Fund. Revenue credited to the Fund may only be used for costs associated with CORS/RTN operations, maintenance, and expansion.

PART XIX. ADMINISTRATION

STREAMLINE DOMESTIC VIOLENCE GRANTS ADMINISTRATION

SECTION 19. G.S. 50B-9 reads as rewritten:

"§ 50B-9. Domestic Violence Center Fund.

(a) The Domestic Violence Center Fund is established within the State Treasury. The fund shall be administered by the Department of Administration, North Carolina Council for Women, and shall be used to make grants to centers for victims of domestic violence and to The North Carolina Coalition Against Domestic Violence, Inc. This fund shall be administered in accordance with the provisions of the ~~Executive Budget Act.~~ State Budget Act. The Department of Administration shall make quarterly grants to each eligible domestic violence center and to The North Carolina Coalition Against Domestic Violence, Inc. ~~Effective July 1, 2017, and each fiscal year thereafter,~~ The Department of Administration shall coordinate requirements contracts to grantees within 10 business days of the date the Current Operations Appropriations Act, as defined in G.S. 143C-1-1, is certified for that fiscal year.

PART XX. ADMINISTRATIVE HEARINGS [RESERVED]

PART XXI. AUDITOR [RESERVED]

PART XXII. BUDGET AND MANAGEMENT

EVIDENCE-BASED EVALUATION GRANTS

SECTION 22.1. Of the funds appropriated in this act to the Office of State Budget and Management, one million dollars (\$1,000,000) in recurring funds is allocated to provide grants to state agencies to conduct evaluations of state programs. The Office of State Budget and Management shall develop guidelines and procedures for the administration and distribution of these funds to state agencies through a competitive process. The Office of State Budget and Management shall establish selection criteria that ensure funded evaluations meet rigorous national standards that will enable the state to build evidence to determine whether a program is

effective and to determine the program's return on investment. These funds shall not revert and remain available for this purpose until expended.

UPDATED REPORTING REQUIREMENTS

SECTION 22.2.(a) G.S. 143C623(h) is repealed.

SECTION 22.2.(b) Article 17 of Chapter 143 of the General Statutes is repealed.

SECTION 22.2.(c) G.S. 207(i1) reads as rewritten:

"(i1) Restoration Fee. – Any person whose driver's 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 driver's 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 driver's license or the restoration of the driver's 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. 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~~ include this information in the biennial fee report under this subsection."

SECTION 22.2.(d) G.S. 143C85(a) reads as rewritten:

"(a) General. – The State capital improvement plan shall address the long-term capital improvement needs of all State government agencies and shall incorporate all capital projects, however financed, proposed to meet those needs, except that transportation infrastructure projects shall be excluded. ~~On or before December 31 of each even-numbered year, Coinciding with the Governor's Budget,~~ the Director of the Budget shall prepare and transmit to the General Assembly a six-year capital improvement plan. When preparing the plan, the Director of the Budget shall consider the capital improvement needs estimates submitted by State agencies as required in G.S. 143C-8-4. The plan shall be prepared in two parts."

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 [RESERVED]

PART XXIX. INSURANCE [RESERVED]

PART XXX. INSURANCE – INDUSTRIAL COMMISSION [RESERVED]

PART XXXI. LIEUTENANT GOVERNOR [RESERVED]**PART XXXII. MILITARY AND VETERANS AFFAIRS****KERNERSVILLE STATE VETERANS HOME**

SECTION 32.1. Three million six hundred ninety-eight thousand two hundred and six dollars (\$3,698,206) of the funds available to the State Veterans Home Trust Fund for the 2021-2022 fiscal year, and eleven million one hundred thousand one hundred and fifty-two dollars (\$11,100,152) of recurring funds available to the State Veterans Home Trust Fund for the 2022-2023 fiscal year shall be used for the operation of the state veterans home in Kernersville.

VETERANS SUICIDE PREVENTION TASK FORCE

SECTION 32.2.(a) Of the funds appropriated in this act to the Department of Military and Veterans Affairs, one hundred thousand dollars (\$100,000) in recurring funds each year of the biennium may be used to support the Governor's Task Force to Prevent Suicide Among Service Members, Veterans, and Their Families (SMVF).

SECTION 32.2.(b) The task force will include both a military and civilian team of state leaders to include policy makers, behavioral and mental healthcare providers, primary care providers, and additional stakeholders.

SECTION 32.2(c) The Department of Military and veterans' affairs shall direct the task force in its efforts to develop the action plan and implement the Governor's challenge to Prevent suicide among service members, veterans, and their families (SMVF). This program will be implemented under the guidance of the Veterans Healthcare Administration (VHA), the Substance Abuse Mental Health Services Administration Technical Assistance Center (SAMHSA TAC) and the RAND corporation.

PART XXXIII. REVENUE**DOR TAX FRAUD ANALYTICS**

SECTION 33.1.(a) Of the funds appropriated in this act to the Department of Revenue, the sum of four million four hundred thousand dollars (\$4,400,000) in nonrecurring funds for each year of the 2021-23 fiscal biennium shall be used to continue and expand the Department's tax fraud analysis contract. These funds shall be used in each fiscal year as follows:

- (1) Three million three hundred thousand dollars (\$3,300,000) to pay for fraud detection analytics and information reporting.
- (2) One million one hundred thousand dollars (\$1,100,000) for hosting infrastructure.

SECTION 33.1.(b) The Department of Revenue shall continue to coordinate with the Government Data Analytics Center (GDAC) and utilize the subject matter expertise and technical infrastructure available through existing GDAC public-private partnerships for fraud detection analytics and infrastructure.

PART XXXIV. SECRETARY OF STATE [RESERVED]**PART XXXV. TREASURER [RESERVED]****PART XXXVI. GENERAL GOVERNMENT [RESERVED]****PART XXXVII. INFORMATION TECHNOLOGY**

BASE BUDGET REQUIREMENTS FOR IT RATES

SECTION 37.1. For the 2023-2025 fiscal biennium, the Office of State Budget and Management shall include in the base budget for all departments adequate funds for critical information technology operations pursuant to DIT rate changes.

INTERNAL SERVICE FUND RATES SUBMISSION DEADLINE CHANGE

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

"(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. 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 by October 1 and shall be approved by the Office of State Budget and Management. These fees and rates shall be prepared and submitted by the Department to the Office of State Budget and Management on a date agreed upon by the Chief Financial Officer of the Department and the State Budget Director. 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. The approved Information Technology Internal Service Fund budget and associated rates shall be included in the Governor's budget recommendations to the General Assembly."

PART XXXVIII. SALARIES AND BENEFITS**ELIGIBLE STATE-FUNDED EMPLOYEES AWARDED COST-OF-LIVING ADJUSTMENT/ LEGISLATIVE INCREASES**

SECTION 38.1.(a) Except as provided by subsection (e) 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, 2021, is awarded a compensation adjustment as follows:

- (1) Two and one half percent (2.5%) recurring cost of living increase effective July 1, 2021.
- (2) As otherwise allowed or provided by law.

SECTION 38.1.(b) Except as provided by subsection (e) 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 a cost-of-living adjustment as follows:

- (1) Two and one half percent (2.5%) effective July 1, 2022.
- (2) As otherwise allowed or provided by law.

SECTION 38.1.(c) Except as provided by subsection (e), employees of the University of North Carolina and local community college employees employed in a State-funded position on June 30, 2021, are awarded a cost of living adjustment as follows:

- (1) Five percent (5%) effective July 1, 2021.
- (2) As otherwise allowed or provided by law.

SECTION 38.1.(d) Except as provided by subsection (e), employees of the University of North Carolina and local community college employees employed in a State-funded position on June 30, 2021, are awarded a cost of living adjustment as follows:

- (1) Two and one-half percent (2.5%) effective July 1, 2022.
- (2) As otherwise allowed or provided by law.

SECTION 38.1.(e) Teachers, principals, and assistant principals paid pursuant to a salary schedule or pay plan enacted in this act are not eligible to receive the legislative salary increases provided by this section.

SECTION 38.1.(f) Permanent part-time employees shall receive the increases authorized by this section on a prorated and equitable basis.

SECTION 38.1.(g) No eligible State-funded employee shall be prohibited from receiving the full salary increase provided in this section solely because the employee's salary after applying the legislative increase is above the maximum of the salary range prescribed by the State Human Resources Commission.

COMPENSATION BONUS AWARDED FOR FISCAL BIENNIUM

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 employed in a State-funded position on September 1, 2021, shall be awarded a one-time, lump-sum compensation bonus for the 2021-22 fiscal year in the amount of one thousand dollars (\$1,000.00), payable during the month of October 2021.

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 employed in a State-funded position on September 1, 2022, shall be awarded a one-time, lump-sum compensation bonus for the 2021-22 fiscal year in the amount of one thousand dollars (\$1,000.00), payable during the month of October 2022.

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

SECTION 38.2.(d) 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 permanent part-time employees.

GOVERNOR AND COUNCIL OF STATE

SECTION 38.3.(a) The salary of the Governor, as provided by G.S. 147-11(a), shall remain unchanged.

SECTION 38.3.(b) The annual salaries for members of the Council of State, payable monthly, for the 2021-2023 fiscal biennium are as follows:

<u>Council of State</u>	<u>FY 2021-2022</u>	<u>FY 2022-2023</u>
Lieutenant Governor	\$140,116	\$143,619
Attorney General	140,116	143,619
Secretary of State	140,116	143,619
State Treasurer	140,116	143,619
State Auditor	140,116	143,619
Superintendent of Public Instruction	140,116	143,619
Agriculture Commissioner	140,116	143,619
Insurance Commissioner	140,116	143,619
Labor Commissioner	140,116	143,619

CERTAIN EXECUTIVE BRANCH OFFICIALS

SECTION 38.4. The annual salaries, payable monthly, for the following executive branch officials for the 2021-2023 fiscal biennium are as follows:

	<u>Executive Branch Officials</u>	<u>FY 2021-2022</u>	<u>FY 2022-2023</u>
1			
2			
3	Chairman, Alcoholic Beverage		
4	Control Commission	\$125,821	\$128,967
5	State Controller	175,200	179,580
6	Commissioner of Banks	141,214	144,744
7	Chair, Board of Review,		
8	Division of Employment Security	138,516	141,979
9	Members, Board of Review,		
10	Division of Employment Security	136,823	140,244
11	Chairman, Parole Commission	138,516	141,979
12	Full-Time Member, Parole Commission	128,072	131,274
13	Chairman, Utilities Commission	157,017	160,942
14	Member, Utilities Commission	141,214	144,744
15	Executive Director, North Carolina		
16	Agricultural Finance Authority	122,530	125,593

JUDICIAL BRANCH

SECTION 38.5.(a) The annual salaries, payable monthly, for the following judicial branch officials for the 2021-2023 fiscal biennium are as follows:

	<u>Judicial Branch Officials</u>	<u>FY 2021-2022</u>	<u>FY 2022-2023</u>
22			
23	Chief Justice, Supreme Court	\$164,859	\$168,980
24	Associate Justice, Supreme Court	160,581	164,596
25	Chief Judge, Court of Appeals	158,041	161,992
26	Judge, Court of Appeals	153,939	157,787
27	Judge, Senior Regular Resident Superior Court	149,785	153,530
28	Judge, Superior Court	145,634	149,275
29	Chief Judge, District Court	132,350	135,659
30	Judge, District Court	128,198	131,403
31	Chief Administrative Law Judge	129,297	132,529
32	District Attorney	140,834	144,355
33	Assistant. Administrative Officer of the Courts	135,621	139,012
34	Public Defender	140,834	144,355
35	Director of Indigent Defense Services	145,152	148,781

SECTION 38.5.(b) The district attorney or public defender of a judicial district, with the approval of the Administrative Officer of the Courts or the Commission on Indigent Defense Services, respectively, shall set the salaries of assistant district attorneys or assistant public defenders, respectively, in that district such that the average salaries of assistant district attorneys or assistant public defenders in that district, for the 2021-2022 fiscal year, do not exceed eighty-four thousand six hundred forty-eight dollars (\$84,658) and the minimum salary of any assistant district attorney or assistant public defender is at least forty-five thousand four hundred thirty-seven dollars (\$45,437), effective July 1, 2021.

SECTION 38.5.(c) The district attorney or public defender of a judicial district, with the approval of the Administrative Officer of the Courts or the Commission on Indigent Defense Services, respectively, shall set the salaries of assistant district attorneys or assistant public defenders, respectively, in that district such that the average salaries of assistant district attorneys or assistant public defenders in that district, for the 2022-2023 fiscal year, do not exceed eighty-six thousand seven hundred seventy-four dollars (\$86,774) 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), effective July 1, 2022.

CLERKS OF SUPERIOR COURT

SECTION 38.5A.(a) Effective July 1, 2021, G.S. 7A-101(a) reads as rewritten:

"(a) The clerk of superior court is a full-time employee of the State and shall receive an annual salary, payable in equal monthly installments, based on the 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:

<u>Assistants and Deputies</u>	<u>Annual Salary</u>
0-19	\$97,375 <u>\$99,809</u>
20-29	107,625 <u>110,316</u>
30-49	117,875 <u>120,822</u>
50-99	128,125 <u>131,328</u>
100 and above	130,688 <u>133,955.</u> "

SECTION 38.5A.(b) 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:

<u>Assistants and Deputies</u>	<u>Annual Salary</u>
0-19	\$99,809 <u>\$102,304</u>
20-29	110,316 <u>113,074</u>
30-49	120,822 <u>123,843</u>
50-99	131,328 <u>134,611</u>
100 and above	133,955 <u>137,304.</u> "

ASSISTANT AND DEPUTY CLERKS OF SUPERIOR COURT

SECTION 38.5B.(a) Effective July 1, 2021, G.S. 7A-102(c1) reads as rewritten:

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

Assistant Clerks and Head Bookkeeper	Annual Salary
Minimum	\$34,780
Maximum	64,258 <u>65,864.</u>

Deputy Clerks	Annual Salary
Minimum	\$31,200
Maximum	50,466 <u>51,728.</u>

SECTION 38.5B.(b) 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	\$34,780
Maximum	65,864 <u>67,511.</u>

Deputy Clerks	Annual Salary
---------------	---------------

Minimum \$31,200
Maximum 51,72853,021."

MAGISTRATES

SECTION 38.5C.(a) Effective July 1, 2021, G.S. 7A-171.1 reads as rewritten:

"§ 7A-171.1. Duty hours, salary, and travel expenses within county.

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

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

Table of Salaries of Full-Time Magistrates

Step Level	Annual Salary
Entry Rate	<u>\$40,576</u> <u>\$41,590</u>
Step 1	<u>43,571</u> <u>44,660</u>
Step 2	<u>46,802</u> <u>47,972</u>
Step 3	<u>50,222</u> <u>51,478</u>
Step 4	<u>54,322</u> <u>55,680</u>
Step 5	<u>59,259</u> <u>60,740</u>
Step 6	<u>64,792</u> <u>66,412.</u> "

SECTION 38.5C.(b) Effective July 1, 2022, G.S. 7A-171.1, as amended by subsection (a) of this section, reads as rewritten:

"§ 7A-171.1. Duty hours, salary, and travel expenses within county.

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

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

Table of Salaries of Full-Time Magistrates

Step Level	Annual Salary
Entry Rate	<u>\$41,590</u> <u>\$42,630</u>
Step 1	<u>44,660</u> <u>45,777</u>
Step 2	<u>47,972</u> <u>49,171</u>
Step 3	<u>51,478</u> <u>52,765</u>
Step 4	<u>55,680</u> <u>57,072</u>
Step 5	<u>60,740</u> <u>62,259</u>
Step 6	<u>66,412</u> <u>68,072.</u> "

LEGISLATIVE EMPLOYEES

SECTION 38.6.(a) Effective July 1, 2021, the annual salaries of the Legislative Services Officer and of nonelected employees of the General Assembly in effect on June 30, 2021, shall be legislatively increased by two percent (2.5%).

SECTION 38.6.(b) 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 two percent (2.5%).

SECTION 38.6.(c) Nothing in this act limits any of the provisions of G.S. 120-32.

SECTION 38.6.(d) Legislative employees paid pursuant to this section shall receive the compensation bonuses awarded by Section 38.1.

GENERAL ASSEMBLY PRINCIPAL CLERKS

SECTION 38.7.(a) Effective July 1, 2021, G.S. 120-37(c) reads as rewritten:

"(c) The principal clerks shall be full-time officers. Each principal clerk shall be entitled to other benefits available to permanent legislative employees and shall be paid an annual salary of ~~one hundred sixteen thousand seven hundred thirty two dollars (\$116,732)~~, one hundred nineteen thousand six hundred fifty dollars (\$119,650), 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."

SECTION 38.7.(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-two thousand six hundred forty-two dollars (\$122,642), payable monthly. Each principal clerk shall also receive such additional compensation as approved by the Speaker of the House of Representatives or the President Pro Tempore of the Senate, respectively, for additional employment duties beyond those provided by the rules of their House. The Legislative Services Commission shall review the salary of the principal clerks prior to submission of the proposed operating budget of the General Assembly to the Governor and shall make appropriate recommendations for changes in those salaries. Any changes enacted by the General Assembly shall be by amendment to this paragraph."

SERGEANTS-AT-ARMS AND READING CLERKS

SECTION 38.8.(a) Effective July 1, 2021, G.S. 120-37(b) reads as rewritten:

"(b) The sergeant-at-arms and the reading clerk in each house shall be paid a salary of ~~four hundred sixty dollars (\$460.00)~~ four hundred seventy-two dollars (\$472.00) 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."

SECTION 38.8.(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 a salary of ~~four hundred seventy two dollars (\$472.00)~~ four hundred eighty-three dollars (\$483.00)

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 38.9.(a) Effective for the 2021-2023 fiscal biennium:

- (1) The State Board of Community Colleges may provide community college personnel salary increases in accordance with policies adopted by the Board. Funds appropriated for these compensation increases under Section 38.1 of this act may be used for any one or more of the following purposes: (i) merit pay, (ii) across-the-board increases, (iii) recruitment bonuses, (iv) retention increases, and (v) any other compensation increase pursuant to those policies.
- (2) Funds appropriated for community college faculty bonuses shall be awarded pursuant to policies adopted by the State Board of Community Colleges. Notwithstanding G.S. 135-1(7a), the bonus awarded under this section is not compensation under Article 1 of Chapter 135 of the General Statutes.
- (3) The State Board of Community Colleges shall make a report on the use of compensation increase and faculty bonus funds to the Fiscal Research Division no later than March 1 of each year of the biennium.

SECTION 38.9.(b) The minimum salaries for nine-month, full-time curriculum community college faculty for the 2021-2023 fiscal biennium are as follows:

<u>Education Level</u>	<u>Minimum Salary</u>	
	<u>FY 2021-2022</u>	<u>FY 2022-2023</u>
Vocational Diploma/Certificate or Less	\$39,460	\$40,447
Associate Degree or Equivalent	40,008	41,008
Bachelor's Degree	42,389	43,449
Master's Degree or Education Specialist	44,501	45,614
Doctoral Degree	47,546	48,735

No full-time faculty member shall earn less than the minimum salary for his or her education level.

The pro rata hourly rate of the minimum salary for each education level shall be used to determine the minimum salary for part-time faculty members.

UNIVERSITY OF NORTH CAROLINA SYSTEM

SECTION 38.10.(a) Effective for the 2021-2023 fiscal biennium, the annual salaries of University of North Carolina SHRA employees shall be increased as provided by Section 38.1(c) and Section 38.1(d) of this act.

SECTION 38.10.(b) For the 2021-2023 fiscal biennium, the Board of Governors of The University of North Carolina may provide EHRA employees a salary increase pursuant to the policies adopted by the Board. Funds for EHRA compensation increases may be used for any one or more of the following purposes: (i) merit pay, (ii) across the board increases, (iii) recruitment bonuses, (iv) retention increases, and (v) any other compensation increase pursuant to those policies.

SECTION 38.10.(c) The Board of Governors of The University of North Carolina shall make a report on the use of compensation increase and bonus funds to the General Assembly by no later than March 1 of each year of the biennium.

STATE AGENCY TEACHERS

SECTION 38.11.(a) Employees of schools operated by the Department of Health and Human Services, the Department of Public Safety, and the State Board of Education who are paid on the Teacher Salary Schedule shall be paid as authorized by Section 7A.1 of this act.

SECTION 38.11.(b) Employees of the School of Science and Mathematics of The University of North Carolina who are paid pursuant to a salary schedule adopted by the North Carolina School of Science and Math Board of Trustees shall be paid in accordance with the schedule adopted by the Board.

ALL STATE-SUPPORTED PERSONNEL

SECTION 38.12.(a) The legislative salary increases and compensation bonuses provided in this act in each year of the 2021-2023 fiscal biennium do not apply to persons separated from service due to resignation, dismissal, reduction in force, death, or retirement or whose last workday is prior to July 1, 2021, for the 2021-2022 fiscal year or June 30, 2021, for the 2022-2023 fiscal year. For the 2021-2023 fiscal biennium, payroll checks issued to employees after July 1, 2021 and July 1, 2022, respectively, that represent payment of services provided prior to July 1 of each year shall not be eligible for salary increases provided for in this act.

SECTION 38.12.(b) This section applies to all employees paid from State funds, whether or not subject to or exempt from the North Carolina Human Resources Act, including employees of public schools, community colleges, and The University of North Carolina.

MOST STATE EMPLOYEES

SECTION 38.13.(a) Unless otherwise expressly provided by this part, the annual salaries in effect for the following persons on June 30, 2021, shall be legislatively increased as provided by Section 38.1 of this act:

- (1) Permanent, full-time State officials and persons whose salaries are set in accordance with the State Human Resources Act.
- (2) Permanent, full-time State officials and persons in positions exempt from the State Human Resources Act.
- (3) Permanent, part-time State employees.
- (4) Temporary and permanent hourly State employees.

SECTION 38.13.(b) Unless otherwise expressly provided by this part, the annual salaries in effect for the following persons on June 30, 2022, shall be legislatively increased as provided by Section 38.1 of this act:

- (1) Permanent, full-time State officials and persons whose salaries are set in accordance with the State Human Resources Act.
- (2) Permanent, full-time State officials and persons in positions exempt from the State Human Resources Act.
- (3) Permanent, part-time State employees.
- (4) Temporary and permanent hourly State employees.

ESTABLISH PAY PLANS FOR CERTIFIED ADULT CORRECTION EMPLOYEES

SECTION 38.14. The Department of Public Safety shall use the funds appropriated in this Act to establish a pay schedule with a stepped progression for certified Adult Correction employees of the Division of Adult Correction and Juvenile Justice. These funds shall not be used to adjust the pay of other employees of the Division. The pay schedule shall be adjusted to effectuate any future across-the-board legislative or other authorized salary increases. The State Human Resources Commission shall provide technical assistance to the Secretary of Public Safety upon request.

REPEAL CORRECTIONAL OFFICERS/CUSTODY-BASED PAY DIFFERENTIAL

SECTION 38.15.(a) Part V of S.L. 2019-208 is repealed.

1 **SECTION 38.15.(b)** Of the funds appropriated in S.L. 2018-5, the fifteen million
2 dollars (\$15,000,000) appropriated for Correctional Officer custody-based pay differentials shall
3 be re-allocated to the pay plan established pursuant to Section 38.14 of this Act.
4

5 **ESTABLISH STATE CAPITOL POLICE PAY PLAN**

6 **SECTION 38.16.** Of the funds appropriated to the Department of Public Safety for
7 the 2021-2023 fiscal biennium, the sum of seventy-five thousand dollars (\$75,000) shall be
8 allocated to establish a pay schedule for the State Capitol Police with a stepped progression from
9 State Capitol Police Officer to First Class Officer to Master Officer over a period of eight years
10 by providing increases of five percent (5%) after three years and another five percent (5%) after
11 eight years of service with the State Capitol Police. These funds shall not be used to adjust the
12 pay of other employees of the State Capitol Police. The pay schedule shall be adjusted to
13 effectuate any future across-the-board legislative or other authorized salary increases. The State
14 Human Resources Commission shall provide technical assistance to the Secretary of Public
15 Safety upon request.
16

17 **AMEND PAY PLAN RESERVE**

18 **SECTION 38.17.** G.S. 143C-4-9 reads as rewritten:

19 **"§ 143C-4-9. Pay Plan Reserve.**

20 (a) Creation. – The Pay Plan Reserve is established within the General Fund. The General
21 Assembly shall appropriate in the Current Operations Appropriations Act (Act) or other
22 appropriations act a specific amount to this reserve for allocation, on an as-needed basis only, to
23 fund statutory and scheduled pay expenses authorized by:

24 (1) G.S. 20-187.3, , for troopers of the State Highway Patrol compensated
25 pursuant to an experience-based salary schedule.

26 ...

27 (6) ~~This Act, S.L.2019-211~~ for law enforcement officers of the State Bureau of
28 Investigation and Alcohol Law Enforcement

29 (7) This Act, for law enforcement officers of the State Capitol Police and certified
30 employees of the Division of Adult Correction and the Division of Juvenile
31 Justice."
32

33 **USE OF FUNDS APPROPRIATED FOR COST-OF-LIVING**
34 **ADJUSTMENT/LEGISLATIVE INCREASES, COMPENSATION BONUSES, AND**
35 **EMPLOYEE BENEFITS**

36 **SECTION 38.18.(a)** The appropriations set forth in Section 2.1 of this act include
37 appropriations for cost-of-living adjustments, compensation bonuses, and legislatively mandated
38 employee benefit increases. The Office of State Budget and Management shall ensure that those
39 funds are used only for the purposes of salary increases and employee benefits.

40 **SECTION 38.18.(b)** If the Director of the Budget determines that funds appropriated
41 to a State agency for legislatively mandated salary increases and employee benefits exceed the
42 amount required by that agency for those purposes, the Director may reallocate those funds to
43 other State agencies that received insufficient funds for required cost-of-living and benefit
44 increases.

45 **SECTION 38.18.(c)** Funds appropriated for legislatively mandated salary and
46 employee benefit increases and compensation bonuses may not be used to adjust the budgeted
47 salaries of vacant positions, to provide salary increases in excess of those required by the General
48 Assembly, or to increase the budgeted salary of filled positions to the minimum of the position's
49 respective salary range

1 **SECTION 38.18.(d)** Any funds appropriated for legislatively mandated salary and
2 benefits increases and compensation bonuses in excess of the amounts required to implement the
3 increases shall be credited to the Pay Plan Reserve

4 **SECTION 38.18.(e)** No later than March 1 of each year of the biennium, the Office
5 of State Budget and Management shall report to the Joint Legislative Commission on
6 Governmental Operations on the expenditure of funds for legislatively mandated salary
7 increases, compensation bonuses, and employee benefits. This report shall include at least the
8 following information for each State agency:

- 9 (1) The total amount of funds that the agency received for legislatively mandated
10 salary increases and employee benefits.
- 11 (2) The total amount of funds transferred from the agency to other State agencies
12 pursuant to subsection (b) of this section. This section of the report shall
13 identify the amounts transferred to each recipient State agency.
- 14 (3) The total amount of funds used by the agency for legislatively mandated salary
15 increases and employee benefits.
- 16 (4) The amount of funds used pursuant so subsection (c) of this section.

17
18 **SALARY ADJUSTMENT FUNDS AND RESERVES FOR TURNOVER,**
19 **COMPRESSION AND EQUITY**

20 **SECTION 38.19.(a)** The funds appropriated for salary adjustments and to address
21 turnover, compression, and equity in this Act shall be used to provide salary adjustments using
22 allowable human resource practices, including in-range adjustments, salary range revisions,
23 allowances/geographic site differentials, and reclassifications, as follows:

- 24 (1) To address recruitment and retention of hard-to-staff, high-turnover positions.
- 25 (2) To address salaries relative to market rates.
- 26 (3) To promote pay equity, including but not limited to gender and racial equity.
- 27 (4) To address salary compression.
- 28 (5) To provide adjustments for employees with qualifications, including
29 specialized skills, certifications, education, or experience that significantly
30 exceed minimum qualifications.

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

35 **SECTION 38.19.(b)** Funds appropriated for salary adjustments by this act shall not
36 be used for other purposes, including in-range adjustments, career progression adjustments, or
37 other adjustments as these terms may be defined by State human resources policy.

38
39 **MITIGATE BONUS LEAVE**

40 **SECTION 38.20.** During the 2021-2023 fiscal biennium, State agencies,
41 departments, institutions, the North Carolina Community College System, and The University of
42 North Carolina may offer State employees the opportunity to use or to cash in special bonus leave
43 benefits that have accrued pursuant to Section 28.3A of S.L. 2002-126, Section 30.12B(a) of S.L.
44 2003-284, Section 29.14A of S.L. 2005-276, Section 35.10A of S.L. 2014-100, Section 35.25 of
45 S.L. 2018-5, Section 5.1 of S.L. 2019-208, Section 3.14 of S.L. 20219-209, Section 5.1 of S.L.
46 2019-210, Section 6.1 of S.L. 2019-211, but only if all of the following requirements are met:

- 47 (1) Employee participation in the program must be voluntary.
- 48 (2) Special leave that is liquidated for cash payment to an employee must be
49 valued at the amount based on the employee's current annual salary rate.

- (3) By September 1, 2022 and 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.

SPECIAL ANNUAL LEAVE BONUS

SECTION 38.21.(a) Any person who is (i) a full-time permanent employee of the State, a community college institution, or a local board of education on July 1, 2021, and (ii) eligible to earn annual leave shall have a one-time additional five days of annual leave credited on July 1, 2021.

SECTION 38.21.(b) Except as provided by subsection (c) of this section, the additional leave shall be accounted for together with the leave provided by Section 35.25 of S.L. 2018-5 and shall remain available during the length of the employee's employment, notwithstanding any other limitation on the total number of days of annual leave that may be carried forward. Part-time permanent employees shall receive a pro rata amount of the five days awarded by this section.

SECTION 38.21.(c) The additional leave awarded under this section has no cash value and is not eligible for cash in. If not used prior to the time of separation or retirement, the bonus leave cannot be paid out and is lost.

SECTION 38.21.(d) Notwithstanding any provision of G.S. 126-8 to the contrary, any vacation leave remaining on December 31 of each year in excess of 30 days shall be reduced by the number of days awarded in this section that were actually used by the employee during the year such that the calculation of vacation leave days that would convert to sick leave shall reflect a deduction of those days of special annual leave awarded in this section that were used by the employee during the year.

SECTION 38.21.(e) The number of days awarded by this section that carry forward to each following year shall equal the number of days awarded in this section remaining on December 31 of each year plus the number of days awarded in this section that were deducted from vacation leave in excess of 30 days for the calculation of sick leave.

SECTION 38.21.(f) No employee may be required to take the additional leave awarded by this section.

EXPERIENCE IN CERTIFIED POSITION/ INTEGRATED PAYROLL/HR SYSTEM

SECTION 38.22. The Office of the State Controller, Department of Public Safety, and the Criminal Justice Education and Training Standards Commission within the Department of Justice shall work together to update the Integrated HR/Payroll system to track length of service in a certified position. This update shall be completed prior to June 30, 2022.

SALARY-RELATED CONTRIBUTIONS

SECTION 38.23.(a) Effective July 1, 2021, the State's employer contribution rates budgeted for retirement and related benefits as a percentage of covered salaries for the 2021-2022 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
Retirement	17.20%	17.20%	6.84%	41.70%	30.06%
Disability	0.09%	0.09%	0.09%	0.00%	0.00%
Death	0.13%	0.13%	0.00%	0.00%	0.00%
Retiree Health	6.95%	6.95%	6.95%	6.95%	6.95%

1	NC 401(k)	0.00%	5.00%	0.00%	0.00%	0.00%
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2

3 **Total Contribution**

4	Rate	24.37%	29.37%	13.88%	48.65%	37.01%
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5 The rate for teachers and State employees and State law enforcement officers includes

6 one one-hundredth percent (0.01%) for the Qualified Excess Benefit Arrangement.

7 **SECTION 38.23.(b)** Effective July 1, 2022, the State's employer contribution rates

8 budgeted for retirement and related benefits as a percentage of covered salaries for the 2022-2023

9 fiscal year for teachers and State employees, State law enforcement officers (LEOs), the

10 University and Community Colleges Optional Retirement Programs (ORPs), the Consolidated

11 Judicial Retirement System (CJRS), and the Legislative Retirement System (LRS) are as set forth

12 below:

	Teachers and State Employees	State LEOs	ORPs	CJRS	LRS
15 Retirement	17.20%	17.20%	6.84%	41.70%	30.06%
16 Disability	0.09%	0.09%	0.09%	0.00%	0.00%
17 Death	0.13%	0.13%	0.00%	0.00%	0.00%
18 Retiree Health	7.23%	7.23%	7.23%	7.23%	7.23%
19 NC 401(k)	0.00%	5.00%	0.00%	0.00%	0.00%

20

21

22 **Total Contribution**

23	Rate	24.65%	29.65%	14.16%	48.93%	37.29%
----	-------------	--------	--------	--------	--------	--------

24 The rate for teachers and State employees and State law enforcement officers includes

25 one one-hundredth percent (0.01%) for the Qualified Excess Benefit Arrangement.

26 **SECTION 38.23.(c)** Effective July 1, 2021, the maximum annual employer

27 contributions, payable monthly, by the State for each covered employee or retiree for the

28 2021-2022 fiscal year to the State Health Plan for Teachers and State Employees are (i)

29 Medicare-eligible employees and retirees – five thousand one hundred thirteen dollars (\$5,113)

30 and (ii) non-Medicare-eligible employees and retirees – six thousand five hundred eighty dollars

31 (\$6,580).

32 **SECTION 38.23.(d)** Effective July 1, 2022, the maximum annual employer

33 contributions, payable monthly, by the State for each covered employee or retiree for the

34 2022-2023 fiscal year to the State Health Plan for Teachers and State Employees are (i)

35 Medicare-eligible employees and retirees – five thousand three hundred eighteen dollars (\$5,318)

36 and (ii) non-Medicare-eligible employees and retirees – six thousand eight hundred forty-four

37 dollars (\$6,844).

38

39 **PROVIDE COST-OF-LIVING ADJUSTMENT AND SUPPLEMENT FOR RETIREES**

40 **OF THE TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM, THE**

41 **CONSOLIDATED JUDICIAL RETIREMENT SYSTEM, AND THE LEGISLATIVE**

42 **RETIREMENT SYSTEM**

43 **SECTION 38.24.(a)** G.S. 135-5 is amended by adding a new subsection to read:

44 "(xxx) From and after July 1, 2021, the retirement allowance to or on account of beneficiaries

45 whose retirement commenced on or before July 1, 2020, shall be increased by two percent (2%)

46 of the allowance payable on June 1, 2021, in accordance with G.S. 135-5(o). Furthermore, from

47 and after July 1, 2021, the retirement allowance to or on account of beneficiaries whose

48 retirement commenced after July 1, 2020, but before June 30, 2021, shall be increased by a

49 prorated amount of two percent (2%) of the allowance payable as determined by the Board of

50 Trustees based upon the number of months that a retirement allowance was paid between July 1,

51 2020, and June 30, 2021."

1 **SECTION 38.24.(b)** G.S. 135-5 is amended by adding a new subsection to read:
2 "(yyy) On or before October 31, 2021, a one-time cost-of-living supplement payment shall
3 be made to or on account of beneficiaries who are living as of September 1, 2021, and whose
4 retirement commenced on or before September 1, 2021. The payment shall be two percent (2%)
5 of the beneficiary's annual retirement allowance payable as of September 1, 2021, and shall not
6 be prorated for date of retirement commencement. If the beneficiary dies before the payment is
7 made, then the payment shall be payable to the member's legal representative. No beneficiary
8 shall be deemed to have acquired a vested right to any future supplemental payments."

9 **SECTION 38.24.(c)** G.S. 135-5 is amended by adding a new subsection to read:
10 "(zzz) On or before October 31, 2022, a one-time cost-of-living supplement payment shall
11 be made to or on account of beneficiaries who are living as of September 1, 2022, and whose
12 retirement commenced on or before September 1, 2022. The payment shall be two percent (2%)
13 of the beneficiary's annual retirement allowance payable as of September 1, 2022, and shall not
14 be prorated for date of retirement commencement. If the beneficiary dies before the payment is
15 made, then the payment shall be payable to the member's legal representative. No beneficiary
16 shall be deemed to have acquired a vested right to any future supplemental payments."

17 **SECTION 38.24.(d)** G.S. 135-65 is amended by adding a new subsection to read:
18 "(ii) From and after July 1, 2021, the retirement allowance to or on account of beneficiaries
19 whose retirement commenced on or before July 1, 2020, shall be increased by two percent (2%)
20 of the allowance payable on June 1, 2021. Furthermore, from and after July 1, 2021, the
21 retirement allowance to or on account of beneficiaries whose retirement commenced after July
22 1, 2020, but before June 30, 2021, shall be increased by a prorated amount of two percent (2%)
23 of the allowance payable as determined by the Board of Trustees based upon the number of
24 months that a retirement allowance was paid between July 1, 2020, and June 30, 2021."

25 **SECTION 38.24.(e)** G.S. 135-65 is amended by adding a new subsection to read:
26 "(jj) On or before October 31, 2021, a one-time cost-of-living supplement payment shall
27 be made to or on account of beneficiaries who are living as of September 1, 2021, and whose
28 retirement commenced on or before September 1, 2021. The payment shall be two percent (2%)
29 of the beneficiary's annual retirement allowance payable as of September 1, 2021, and shall not
30 be prorated for date of retirement commencement. If the beneficiary dies before the payment is
31 made, then the payment shall be payable to the member's legal representative. No beneficiary
32 shall be deemed to have acquired a vested right to any future supplemental payments."

33 **SECTION 38.24.(f)** G.S. 135-65 is amended by adding a new subsection to read:
34 "(kk) On or before October 31, 2022, a one-time cost-of-living supplement payment shall
35 be made to or on account of beneficiaries who are living as of September 1, 2022, and whose
36 retirement commenced on or before September 1, 2022. The payment shall be two percent (2%)
37 of the beneficiary's annual retirement allowance payable as of September 1, 2022, and shall not
38 be prorated for date of retirement commencement. If the beneficiary dies before the payment is
39 made, then the payment shall be payable to the member's legal representative. No beneficiary
40 shall be deemed to have acquired a vested right to any future supplemental payments."

41 **SECTION 38.24.(g)** G.S. 120-4.22A is amended by adding a new subsection to read:
42 "(cc) In accordance with subsection (a) of this section, from and after July 1, 2021, the
43 retirement allowance to or on account of beneficiaries whose retirement commenced on or before
44 January 1, 2021, shall be increased by two percent (2%) of the allowance payable on June 1,
45 2021. Furthermore, from and after July 1, 2021, the retirement allowance to or on account of
46 beneficiaries whose retirement commenced after January 1, 2021, but before June 30, 2021, shall
47 be increased by a prorated amount of two percent (2%) of the allowance payable as determined
48 by the Board of Trustees based upon the number of months that a retirement allowance was paid
49 between January 1, 2021, and June 30, 2021."

50 **SECTION 38.24.(h)** G.S. 120-4.22A is amended by adding a new subsection to
51 read:

"(dd) In accordance with subsection (a) of this section, on or before October 31, 2021, a one-time 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."

SECTION 38.24.(i) G.S. 120-4.22A is amended by adding a new subsection to read:

"(ee) In accordance with subsection (a) of this section, 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 two percent (2%) 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 38.24.(j) Notwithstanding any other provision of law to the contrary, in order to administer the cost of living adjustments and supplements for retirees provided for in this section, the Retirement Systems Division of the Department of State Treasurer may increase receipts from the retirement assets of the corresponding retirement system or pay costs associated with the administration of the payment directly from the retirement assets.

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/PROJECT RESERVE

SECTION 39.2. Notwithstanding G.S. 143C-8-10, there is appropriated from the Project Reserve Account, established pursuant to G.S. 143C-8-10, for the 2021-2022 fiscal year, the following amounts for capital improvements:

Capital Improvements – Projects Reserve	2021-2022
Department of Administration	
New Central Chiller	\$21,875,000
Jones St. Lighting and Enhancements	\$5,071,000
HHS Relocation – Move utilities/Mail Service warehouse	\$13,700,000
Funding for COVID-related building improvements	\$4,200,000
Department of Agriculture and Consumer Services	
Eaddy Building Renovation and Expansion	\$1,632,000
NCFS Region 1 Headquarters	\$8,000,000
Tidewater Research Station Swine Unit Replacements	\$3,518,000
Department of Environmental Quality	
Reedy Creek Lab	\$5,000,000
Department of Health and Human Services	

1	New Maintenance Facility New Broughton Hospital	\$1,600,000
2	J. Iverson Riddle Development Center	\$6,697,300
3	Black Mountain Neuro-medical Center	\$2,312,000
4	Murdoch Development Center	\$5,656,000
5	O'Berry Neuro-medical Center	\$2,648,200
6	TROSA Expansion	\$9,000,000
7		
8	Department of Information Technology	
9	Eastern Data Center Renovation	\$11,000,000
10		
11	Department of Justice	
12	NCJA-W Residence Hall Water Intrusion	\$1,722,000
13	NCJA-E Residence Hall B Renovation	\$2,739,484
14	NCJA- Fallen Officer Monument	\$85,000
15	NCJA-E Campus Repaving	\$425,000
16	NCJA-W Campus Repaving	\$314,000
17	Old Education Building Window Replacement	\$1,137,000
18		
19	Department of Natural and Cultural Resources	
20	Fort Fisher Historical Site Visitor Center	\$8,000,000
21	State Capital African American Monument	\$2,500,000
22	Graveyard of the Atlantic Renovation and Exhibits	\$4,200,000
23	Thomas Day House	\$800,000
24	Art Museum Light Control	\$1,000,000
25	Fort Fisher Aquarium Expansion	\$20,000,000
26	Museum of Natural Sciences Dueling Dinosaurs Lab	\$784,000
27	Art Amphitheater Restoration	\$2,448,102
28	Transportation Museum (Power House)	\$2,250,000
29	North Carolina Zoo	\$5,000,000
30	North Carolina Museum of History	\$6,000,000
31	North Carolina Colonial and Revolutionary Historic Sites	\$5,000,000
32	North Carolina Maritime Museum Beaufort	\$1,500,000
33		
34	Department of Public Safety	
35	Samarcand Cochran Land Purchase	\$127,000
36	ACDP – Arledge Building Modifications	\$6,422,000
37	DJJ Richmond Regional JDC Raise the Age Renovations	\$10,702,952
38	NCCIW HVAC	\$2,667,000
39	NSHP Troop B Elizabethtown	\$2,360,000
40	National Guard Armory and Facility Projects	\$3,569,696

41			
42	University of North Carolina	2021-2022	2022-2023
43	Appalachian State		
44	Duncan Hall Renovation Planning Funds	\$2,000,000	\$0
45			
46	East Carolina University		
47	Brody School of Medicine – Planning	\$28,000,000	\$0
48	Howell Science Building South – Planning	\$3,000,000	\$0
49			
50	Fayetteville State University		
51	H.T. Chick Targeted Renovations	\$0	\$9,500,000

1			
2	Elizabeth City State University		
3	Infrastructure Upgrades – Water &		
4	Electrical, Phase II Planning Funds	\$3,000,000	\$0
5			
6	North Carolina Agriculture and Technical State University		
7	Lab Animal Science Research		
8	Unit Renovations	\$0	\$15,000,000
9	Carver Hall Comprehensive		
10	Modernization Phase II	\$0	\$10,400,000
11	Price Hall Renovations Phase II	\$0	\$8,500,000
12			
13	North Carolina Central University		
14	Taylor Education Building Renovations	\$0	\$13,750,000
15			
16	North Carolina School of Science and Mathematics		
17	Academic Commons and		
18	Dining Hall Renovations	\$0	\$12,400,000
19			
20	NC State University		
21	Renovation Planning – 111 Lampe Drive	\$4,200,000	\$0
22			
23	UNC Asheville		
24	Lipinsky Renovations	\$0	\$10,000,000
25			
26	UNC Chapel Hill		
27	Comprehensive Renovations		
28	Carrington Hall – Planning	\$4,500,000	\$0
29			
30	UNC Charlotte		
31	Cameron Second Floor		
32	Renovation – Planning	\$1,910,000	\$0
33	Burson Renovation – Planning	\$2,590,000	\$0
34			
35	UNC Greensboro		
36	Jackson Library Renovation/		
37	Addition – Planning	\$7,000,000	\$0
38			
39	UNC Pembroke		
40	New School of Health Sciences	\$6,750,000	\$0
41	Business Administration Renovations	\$0	\$12,500,000
42			
43	UNC School of the Arts		
44	Stevens Center Renovation		
45	Phase I – Planning	\$2,500,000	\$0
46			
47	Western Carolina University		
48	Moore Building Renovations	\$0	\$15,000,000
49			
50	Winston Salem State University		
51	Hauser Hall Renovations Phase II	\$0	\$7,500,000

1			
2	NC Center for Advanced Teaching (NCCAT)		
3	Residence Hall and Renovated Professional		
4	Development Center – Planning	\$2,300,000	\$0
5			
6	UNC Comprehensive Renovation Projects	\$0	\$347,620,000
7			
8	UNC Specified Repairs and Renovation Projects	\$143,555,000	\$0
9			
10	TOTAL CAPITAL IMPROVEMENTS	2021-2022	2022-2023
11	PROJECTS RESERVE FUND	\$423,559,734	\$462,170,000
12			

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	Amount of Non-General Fund Funding Authorized	
	FY 2021-2022	FY 2022-2023
Department of Agriculture and Consumer Services		
NC State Fair Improvements	\$0	\$4,000,000
Research Stations- Demolition	\$0	\$100,000
Research Stations- Irrigation Improvements	\$0	\$500,000
Research Stations Livestock Buildings	\$0	\$700,000
Research Stations- Storage Buildings	\$0	\$500,000
NC Forest Service Observation Platforms	\$0	\$825,000
NC Forest Service Storage Buildings	\$0	\$125,000
NC Forest Service Restrooms	\$0	\$580,000
NC Forest Service Picnic Shelters	\$0	\$150,000
NC Forest Service Parking Improvements	\$0	\$2,325,000
NC Forest Services Equipment Shelters	\$0	\$1,460,000
NC Forest Service Bridge Construction	\$0	\$500,000
Department of Military and Veterans Affairs		
Wake County Veterans Home	\$29,995,000	\$0
Wildlife Resources Commission		
Agency Land Acquisition	\$10,000,000	\$6,000,000
Setzer Fish Hatchery	\$18,500,000	\$0
Samarcaand Training Facility	\$7,500,000	\$0
New Bern Depot Boat Storage Facility	\$275,000	\$0
Marion Aquaculture Building	\$360,000	\$0
Elizabethtown Depot Storage Shed	\$200,000	\$0
McKinney Lake Residence	\$300,000	\$0
Sandhills Depot Pole Shed	\$200,000	\$0
District 7 Storage Building – Wilkesboro	\$140,000	\$0
Burnsville Depot	\$500,000	\$0
Balsam Depot	\$400,000	\$0
Game Land Improvements	\$1,000,000	\$0
Morganton Depot Pole Shed	\$0	\$130,000
Mills River Depot Pole Shed	\$0	\$150,000

1	Rhems Depot Storage Building	\$0	\$230,000
2	Caswell Depot Storage Building	\$0	\$440,000
3			
4	Department of Public Safety		
5	ABC Warehouse Storage	\$313,000	\$0
6	ABC Office Modifications	\$480,000	\$50,000
7			
8	Department of Natural and Cultural Resources		
9	Edenton State Historic Site	\$291,940	\$0
10	Charlotte Hawkins Brown Tea House	\$425,000	\$0
11	USS NC Battleship – Living with Water	\$2,335,451	\$0
12	Transportation Museum –		
13	Southern Railway Car Exhibit	\$287,442	\$0
14	USS NC Battleship – Mast Repairs	\$1,000,000	\$0
15	Bentonville State Historic Site –		
16	Harper House Renovations	\$100,000	\$0
17	Charlotte Hawkins Brown		
18	Memorial Galen Stone Hall	\$1,100,000	\$0
19	NCMA – Terrace and Green Project	\$475,000	\$0
20	Brunswick Town State Historic Site –		
21	Shoreline Stabilization	\$3,000,000	\$0
22	Bennett Place – Visitor Center Renovations	\$858,658	\$0
23	TOTAL AMOUNT OF NON-GENERAL FUND		
24	CAPITAL PROJECTS AUTHORIZED	\$80,036,491	\$18,765,000

SECTION 39.3.(b) From funds deposited with the State Treasurer in a capital improvement account to the credit of the Department of Agriculture and Consumer Services pursuant to G.S. 146-30, the sum of seventy-five thousand dollars (\$75,000) for the 2021–2022 fiscal year and the sum of seventy-five thousand dollars (\$75,000) for the 2022–2023 fiscal year shall be transferred to the Department of Agriculture and Consumer Services to be used, notwithstanding G.S. 146-30, by the Department for its plant conservation program under Article 19B of Chapter 106 of the General Statutes for costs incidental to the acquisition of land, such as land appraisals, land surveys, title searches, and environmental studies, and for the management of the plant conservation program preserves owned by the Department.

NATIONAL GUARD PROJECTS

SECTION 39.4.(a) The Department of Public Safety shall allocate the funds appropriated for armory and facility development projects in Section 39.2 in accordance with the schedule that follows. These funds will provide a State match for federal funds made available for this purpose.

		2021–2023
Name of Project		Total Project Cost
(1) Raeford Readiness Center		\$1,992,000
(2) Concord Readiness Center		\$700,000
(3) Reidsville Readiness Center		\$5,445,391
Total		\$8,137,391

SECTION 39.4.(b) Subject to the limitations imposed by Section 39.2(a) of this act, the Adjutant General of the National Guard may determine which projects listed in subsection (a) of this section shall receive an allocation of State funds in each fiscal year of the biennium.

SECTION 39.4.(c) Where the actual costs are different from the estimated costs under subsection (a) of this section, the Adjutant General of the National Guard may adjust the allocations among projects as needed. However, State funds shall not be allocated to a project in

1 excess of the maximum amount of State funds authorized to be allocated to the project under
2 subsection (a) of this section. If any projects funded under subsection (a) of this section are
3 delayed and the budgeted State funds cannot be used during the 2021-2022 fiscal year, or if the
4 projects funded under subsection (a) of this section are accomplished at a lower cost, the
5 Department may use the resulting fund availability to fund any of the following:

- 6 (1) Future project feasibility studies.
- 7 (2) Survey, testing, and permitting.
- 8 (3) Planning and execution for reversion of facilities no longer in use.
- 9 (4) Previously funded projects that have experienced a cost overrun.

11 EXPENDITURE OF FUNDS ONLY AFTER ALLOTMENTS APPROVED

12 **SECTION 39.5.** The appropriations made by the 2021 General Assembly for capital
13 improvements shall be disbursed for the purposes provided by this act. Expenditure of funds shall
14 not be made by any State department, institution, or agency until an allotment has been approved
15 by the Governor as Director of the Budget. The allotment shall be approved only after full
16 compliance with the State Budget Act, Chapter 143C of the General Statutes. Prior to the award
17 of construction contracts for projects to be financed in whole or in part with self-liquidating
18 appropriations, the Director of the Budget shall approve the elements of the method of financing
19 of those projects, including the source of funds, interest rate, and liquidation period. Provided,
20 however, that if the Director of the Budget approves the method of financing a project, the
21 Director shall report that action to the Joint Legislative Commission on Governmental Operations
22 at its next meeting.

23 Where direct capital improvement appropriations include the purpose of furnishing
24 fixed and movable equipment for any project, those funds for equipment shall not be subject to
25 transfer into construction accounts except as authorized by the Director of the Budget. The
26 expenditure of funds for fixed and movable equipment and furnishings shall be reviewed and
27 approved by the Director of the Budget prior to commitment of funds.

28 Capital improvement projects authorized by the 2021 General Assembly shall be
29 completed, including fixed and movable equipment and furnishings, within the limits of the
30 amounts of the direct or self-liquidating appropriations provided, except as otherwise provided
31 in this act. Capital improvement projects authorized by the 2021 General Assembly for the design
32 phase only shall be designed within the scope of the project as defined by the approved cost
33 estimate filed with the Director of the Budget, including costs associated with site preparation,
34 demolition, and movable and fixed equipment.

36 ALLOCATION OF NET PROCEEDS FROM WAKE COUNTY PROPERTY 37 DISPOSITIONS

38 **SECTION 39.6.** G.S. 146-30 is amended by adding a new section to read:

39 **"§ 146-30.2. Application of Net Proceeds From Disposition of Property Allocated to the** 40 **Department of Administration in Wake County.**

41 (a) Limitation. – Notwithstanding G.S. 146-30 or any other provision of law, and subject
42 to the limitations contained in any applicable deed, the net proceeds of any disposition of, use of,
43 or activity on real property located in Wake County and allocated to the Department of
44 Administration shall be used solely to repair and renovate real property located in Wake County
45 and allocated to the Department of Administration. These funds shall only be used to fund
46 projects listed in G.S. 143C-4-3(b), subject to the approval of the Director of the Budget.

47 (b) Definition of Net Proceeds. – For purposes of this section, the term "net proceeds"
48 shall have the same meaning as in G.S. 146-30.

49 (c) Appropriation. – Net proceeds received on or after July 1, 2017, are hereby
50 appropriated for the uses contained in G.S. 146-30.2(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 39.7. Article 1 of Chapter 143C of the General Statutes is amended by adding a new section to read:

"§143C-8-14. 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-4-3(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.

(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-4-3(b) that the project falls within."

INVEST NC BOND ACT

SECTION 39.8.(a) Short Title. – This section may be cited as the "Invest NC Bond Act of 2021."

SECTION 39.8.(b) Purpose. – It is the intent of the General Assembly by this act to provide, subject to a vote of the qualified voters of the State, for the issuance of four billion seven hundred million dollars (\$4,700,000,000) providing funds, with any other available funds, to invest in the State's public facilities, without limitation, construction, repair, renovation, and furnishing of new facilities in order to ensure that the citizens of North Carolina have access to high quality educational facilities, cultural facilities and attractions, and health care facilities.

SECTION 39.8.(c) Findings – The General Assembly also finds:

(1) There is a documented need of \$8.1 billion in need in the construction and renovation of Public School Facilities.

(2) There is a documented need of \$4.4 billion in deficiencies at the University of North Carolina System.

(3) Community College facilities are necessary to educate and train the workforce of tomorrow.

(4) Community College facilities are necessary to retrain those workers who have been adversely impacted by changing economic conditions.

(5) Cultural facilities at the North Carolina Zoological Park and the North Carolina History Museum are key cultural and educational attractions for the citizens of the State.

(6) State Parks are vital to the well-being of all North Carolinians.

(7) The facilities constructed in this Act will benefit all future North Carolinians for decades to come.

(8) All facilities are necessary to support the economic vitality of North Carolina.

(9) The State has prudently managed its finances.

(10) The State has achieved the highest credit rating available by independent credit rating agencies.

(11) The debt proposed by this Act is affordable and preferable to address the needs of the citizens of the State.

SECTION 39.8.(d) Definitions. – The following definitions apply in this section unless the context otherwise requires:

(1) Bonds. – Bonds issued under this section.

(2) Cost. – The term includes all of the following:

a. The cost of constructing, reconstructing, renovating, repairing, enlarging, acquiring, and improving State capital facilities, including the acquisition of land, rights-of-way, easements, franchises, equipment, machinery, furnishings, and other interests in real or personal property acquired or used in connection with a State capital facility.

b. The cost of engineering, architectural, and other consulting services as may be required.

c. Administrative expenses and charges.

d. The cost of providing personnel to ensure effective project management.

e. The cost of bond insurance, investment contracts, credit enhancement and liquidity facilities, interest-rate swap agreements or other derivative products, financial and legal consultants, and related costs of bond and note issuance, to the extent and as determined by the State Treasurer.

f. Finance charges, reserves for debt service, and other types of reserves required pursuant to the terms of any bond or note or related documents, interest before and during construction or acquisition of a State capital facility and, if considered advisable by the State Treasurer, for a period not exceeding two years after the estimated date of completion of construction or acquisition.

g. The cost of bond insurance, investment contracts, credit enhancement facilities and liquidity facilities, interest-rate swap agreements or other derivative products, financial and legal consultants, and related costs of the incurrence or issuance of any bond or note.

h. The cost of reimbursing the State for any payments made for any cost described in this subdivision.

i. Any other costs and expenses necessary or incidental to the purposes of this section.

(3) Credit facility. – An agreement entered into by the State Treasurer on behalf of the State with a bank, savings and loan association, or other banking institution, an insurance company, reinsurance company, surety company or other insurance institution, a corporation, investment banking firm, or other investment institution, or any financial institution or other similar provider of a credit facility, which provider may be located within or without the United States, such agreement providing for prompt payment of all or any part of the principal or purchase price (whether at maturity, presentment or tender for purchase, redemption, or acceleration), redemption premium, if any, and interest on any bonds or notes payable on demand or tender by the owner, in consideration of the State agreeing to repay the provider of the credit facility in accordance with the terms and provisions of such agreement.

(4) Notes. – Notes issued under this section.

(5) Par formula. – A provision or formula adopted by the State to provide for the adjustment, from time to time, of the interest rate or rates borne by any bonds or notes, including the following:

a. A provision providing for such adjustment so that the purchase price of such bonds or notes in the open market would be as close to par as possible.

b. A provision providing for such adjustment based upon a percentage or percentages of a prime rate or base rate, which percentage or percentages may vary or be applied for different periods of time.

c. Such other provision as the State Treasurer may determine to be consistent with this act and will not materially and adversely affect the financial position of the State and the marketing of bonds or notes at a reasonable interest cost to the State.

(6) State. – The State of North Carolina, including any State agency.

(7) State agency. – Any agency, institution, board, commission, bureau, council, department, division, officer, or employee of the State. The term does not include counties, municipal corporations, political subdivisions, local boards of education, or other local public bodies.

SECTION 39.8.(e) Authorization of Bonds and Notes. – Subject to a favorable vote of a majority of the qualified voters of the State who vote on the question of issuing public improvement bonds in the election called and held as provided in this section, the State Treasurer is hereby authorized, by and with the consent of the Council of State, to issue and sell, at one time or from time to time, general obligation bonds of the State to be designated "State of North Carolina Public Improvement Bonds," with any additional designations as may be determined to indicate the issuance of bonds from time to time, or notes of the State as provided in this section, in an aggregate principal amount not exceeding four billion seven hundred million dollars (\$4,700,000,000) for the purpose of providing funds, with any other available funds, for the purposes authorized in this section.

SECTION 39.8.(f) Use of Public Improvement Bond and Note Proceeds. – (1) Subject to the provisions of subdivision (2) of this subsection, the proceeds of public improvement bonds and notes, including premium thereon, if any, shall be used for the projects in the following general amounts set forth below:

~~(1)~~(1a) Subject to the provision of subdivision (2) of this subsection, the proceeds of public improvement bonds and notes, including premium thereon, if any, shall be used for the projects in the following general amounts set forth below:

Public Instruction

Public Schools

Capital Assistance Program	New Schools, Additions, Renovations	\$2,500,000,000
Total for Public Instruction		\$2,500,000,000

Department of Administration

Relocation of Health and Human Resources Headquarters	\$229,000,000
Total for Department of Administration	\$229,000,000

Department of Health and Human Services

J. Iverson Riddle Developmental Center	\$60,275,700
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1			
2	Black Mountain Neuro-medical Center		\$20,808,000
3			
4	Murdoch Developmental Center		\$50,904,000
5			
6	O'Berry Neuro-medical Center		\$23,833,800
7	Total for Department of Health and Human Services		\$155,821,500
8			
9	Department of Environmental Quality		
10			
11	Reedy Creek Lab		\$45,000,000
12	Total for Department of Environmental Quality		\$45,000,000
13			
14	NC Community Colleges		
15			
16	Alamance Comm. College	New Construction, Repairs, Renovations	\$8,439,444
17			
18	Asheville – Buncombe	New Construction, Repairs, Renovations	\$13,582,502
19	Technical Comm. College		
20			
21	Beaufort Co. Comm. College	New Construction, Repairs, Renovations	\$4,569,429
22			
23	Bladen Comm. College	New Construction, Repairs, Renovations	\$5,095,808
24			
25	Blue Ridge Comm. College	New Construction, Repairs, Renovations	\$5,049,505
26			
27	Brunswick Comm. College	New Construction, Repairs, Renovations	\$5,518,081
28			
29	Caldwell Comm. College	New Construction, Repairs, Renovations	\$9,005,483
30	Technical Institute		
31			
32	Cape Fear Comm. College	New Construction, Repairs, Renovations	\$14,006,275
33			
34	Carteret Comm. College	New Construction, Repairs, Renovations	\$3,573,070
35			
36	Catawba Valley Comm.	New Construction, Repairs, Renovations	\$9,654,288
37	College		
38			
39	Central Carolina Comm.	New Construction, Repairs, Renovations	\$9,630,927
40	College		
41			
42	Central Piedmont Comm.	New Construction, Repairs, Renovations	\$26,152,843
43	College		
44			
45	Cleveland Comm. College	New Construction, Repairs, Renovations	\$7,800,973
46			
47	College of the Albemarle	New Construction, Repairs, Renovations	\$9,857,886
48			
49	Coastal Carolina Comm.	New Construction, Repairs, Renovations	\$6,890,271
50	College		
51			

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1	Craven Comm. College	New Construction, Repairs, Renovations	\$6,540,602
2			
3	Davidson County Comm.	New Construction, Repairs, Renovations	\$8,402,462
4	College		
5			
6	Durham Tech. Comm.	New Construction, Repairs, Renovations	\$8,910,697
7	College		
8			
9	Edgecombe Comm. College	New Construction, Repairs, Renovations	\$7,176,160
10			
11	Fayetteville Tech. Comm.	New Construction, Repairs, Renovations	\$22,564,512
12	College		
13			
14	Forsyth Tech. Comm. College	New Construction, Repairs, Renovations	\$14,578,518
15			
16	Gaston College	New Construction, Repairs, Renovations	\$9,566,053
17			
18	Guilford Tech. Comm.	New Construction, Repairs, Renovations	\$20,199,949
19	College		
20			
21	Halifax Comm. College	New Construction, Repairs, Renovations	\$5,437,813
22			
23	Haywood Comm. College	New Construction, Repairs, Renovations	\$5,412,170
24			
25	Isothermal Comm. College	New Construction, Repairs, Renovations	\$6,599,393
26			
27	James Sprunt Comm.	New Construction, Repairs, Renovations	\$4,981,218
28	College		
29			
30	Johnston Comm. College	New Construction, Repairs, Renovations	\$7,040,622
31			
32	Lenoir Comm. College	New Construction, Repairs, Renovations	\$10,034,982
33			
34	Martin Comm. College	New Construction, Repairs, Renovations	\$5,632,270
35			
36	Mayland Comm. College	New Construction, Repairs, Renovations	\$5,275,026
37			
38	McDowell Tech. Comm.	New Construction, Repairs, Renovations	\$4,265,391
39	College		
40			
41	Mitchell Comm. College	New Construction, Repairs, Renovations	\$5,655,410
42			
43	Montgomery Comm. College	New Construction, Repairs, Renovations	\$3,586,109
44			
45	Nash Comm. College	New Construction, Repairs, Renovations	\$8,463,265
46			
47	Pamlico Comm. College	New Construction, Repairs, Renovations	\$2,846,315
48			
49	Piedmont Comm. College	New Construction, Repairs, Renovations	\$5,039,481
50			
51	Pitt Comm. College	New Construction, Repairs, Renovations	\$14,017,730

1			
2	Randolph Comm. College	New Construction, Repairs, Renovations	\$7,305,476
3			
4	Richmond Comm. College	New Construction, Repairs, Renovations	\$7,123,852
5			
6	Roanoke-Chowan Comm.	New Construction, Repairs, Renovations	\$4,651,840
7	College		
8			
9	Robeson Comm. College	New Construction, Repairs, Renovations	\$7,465,503
10			
11	Rockingham Comm. College	New Construction, Repairs, Renovations	\$6,781,942
12			
13	Rowan-Cabarrus Comm.	New Construction, Repairs, Renovations	\$12,630,914
14	College		
15			
16	Sampson Comm. College	New Construction, Repairs, Renovations	\$5,711,235
17			
18	Sandhills Comm. College	New Construction, Repairs, Renovations	\$7,250,438
19			
20	South Piedmont Comm.	New Construction, Repairs, Renovations	\$7,785,156
21	College		
22			
23	Southeastern Comm.	New Construction, Repairs, Renovations	\$6,312,161
24	College		
25			
26	Southwestern Comm. College	New Construction, Repairs, Renovations	\$6,245,628
27			
28	Stanly Comm. College	New Construction, Repairs, Renovations	\$6,618,146
29			
30	Surry Comm. College	New Construction, Repairs, Renovations	\$7,925,411
31			
32	Tri-County Comm. College	New Construction, Repairs, Renovations	\$5,051,916
33			
34	Vance -Granville Comm.	New Construction, Repairs, Renovations	\$8,663,015
35	College		
36			
37	Wake Tech. Comm. College	New Construction, Repairs, Renovations	\$30,510,523
38			
39	Wayne Comm. College	New Construction, Repairs, Renovations	\$9,016,193
40			
41	Western Piedmont Comm.	New Construction, Repairs, Renovations	\$7,613,515
42			
43	Wilkes Comm. College	New Construction, Repairs, Renovations	\$7,940,114
44			
45	Wilson Comm. College	New Construction, Repairs, Renovations	\$6,344,049
46			
47	Total for NC Community Colleges		\$500,000,000
48			
49	University of North Carolina		
50			
51	Appalachian State University	Duncan Hall Renovations	\$20,000,000

1			
2	East Carolina University	Howell Science Building South	\$30,000,000
3			
4	East Carolina University	Brody School of Medicine	\$187,000,000
5			
6	Elizabeth City State	Infrastructure Upgrades	\$27,000,000
7	University	Water and Electrical, Phase II	
8			
9	North Carolina State University	Renovation – Lampe Drive Building	\$42,000,000
10			
11	North Carolina State University	STEM Building	\$73,000,000
12			
13	UNC-Chapel Hill	Business School	\$68,000,000
14			
15	UNC-Chapel Hill	Carrington Hall Comprehensive Renovations	\$40,500,000
16			
17	UNC-Charlotte	Cameron Second Floor Renovations	\$19,100,000
18			
19	UNC-Charlotte	Burson Building Renovations	\$25,900,000
20			
21	UNC-Greensboro	Jackson Library Renovation and Addition	\$81,000,000
22			
23	UNC-Pembroke	New School of Health Sciences	\$67,500,000
24			
25	UNC-School of the Arts	Stevens Center Renovation – Phase I	\$25,00,000
26			
27	UNC-Wilmington	Randall Library Renovation and Expansion	\$56,000,000
28			
29	NC Center for the Advancement	Residence Hall and Professional	\$21,000,000
30	of Teaching (NCCAT)	Development Center	
31			
32	Total for University of North Carolina		\$783,000,000
33			
34	Department of Natural and Cultural Resources		
35			
36	Museum of History Phase I Renovations and Expansion		\$54,000,000
37	NC Zoo Asia Exhibit	\$45,000,000	
38	NC Zoo Australia Expansion Design Funds		\$25,000,000
39	NC Museum of Art Museum Park		\$20,000,000
40	Historic Sites Funding for Colonial and Revolutionary Era Sites		\$45,000,000
41	State Parks		\$250,000,000
42	Total for Natural and Cultural Resources		\$439,000,000
43	Unforeseen Costs Reserve		\$48,178,500
44			

(1b) Process for Allocating Funds from the Unforeseen Costs Reserve. – The Office of State Budget and Management (OSBM) shall set out the process for applying for funds from the Unforeseen Costs Reserve, together with the criteria for assessing such applications, in a Budget Memo. OSBM may allocate funds from the Unforeseen Costs Reserve only when it is satisfied that the conditions set out under these criteria have been met. Once agreed, funds may only be drawn down as needed, in line with project cashflow requirements.

(2) Special Allocation Provisions. – In determining the use of the proceeds of public improvement bonds and notes, including premium thereon, if any, set forth in subdivision (1) of this subsection, the following special allocation provisions apply:

a. The proceeds of public improvement bonds and notes, including premium thereon, if any, for public instruction for public schools capital assistance, as provided in subdivision (1) of this subsection, shall be allocated as follows:

1. One billion dollars (\$1,000,000,000) of such proceeds shall be allocated equally to each county. Each county's allocation shall be distributed to the local school administrative units located in whole or in part in the county based on the average daily membership of the county's students in the school units.
2. Three hundred seventy-five million dollars (\$375,000,000) of such proceeds shall be allocated among local school administrative units located in counties whose wealth is less than the State average wealth. The allocation shall have a numerator of the 2020-2021 low wealth allotment specific to that local school administrative unit with a denominator of the total 2020-2021 low wealth allotment, and then multiplied by the total allocation in this sub-division.
3. One billion one hundred twenty-five million dollars (\$1,125,000,000) of such proceeds shall be allocated among local school administrative by on the basis of average daily membership for Fiscal Year 2020-2021 where the numerator is average daily membership for the local administrative unit and the denominator is the total average daily membership for the state for FY 2020-2021.
4. Bond proceeds for a county for any designation require no local match if any portion of the proceeds results from low-wealth county receiving funds in sub subdivision 2. Any other county receiving bond proceeds allocated shall provide local matching funds from county funds, other non-State funds, or a combination of these sources for such proceeds. The amount of matching funds shall be (i) one dollar (\$1.00) of local matching funds for every three dollars (\$3.00) of such proceeds for a local school administrative unit located in a county that is a development tier one area, as defined in G.S. 143B-437.08, (ii) one dollar (\$1.00) of local matching funds for every two dollars (\$2.00) of such proceeds for a local school administrative unit located in a county that is a development tier two area, as defined in G.S. 143B-437.08, and (iii) one dollar (\$1.00) of local matching funds for every one dollar (\$1.00) of such proceeds for a local school administrative unit located in a county that is a development tier three area, as defined in G.S. 143B-437.08. The match requirement may be satisfied by non-State expenditures for public school facilities made on or after January 1, 2017. If a debt has been incurred since January 1, 2017, for the general purpose of public school facilities, then the face amount of the debt shall be considered as a non-State expenditure for public school facilities for the purpose of the match. No other

expenditures made or debts incurred before January 1, 2017, may be used to satisfy the match requirement. As counties satisfy the match requirements of this subsection, they shall document the extent to which they have done so in periodic reports to the State Board of Education. These reports shall include any information and documentation required by the State Board of Education. The State Board of Education shall certify to the State Treasurer from time to time the extent to which the match requirements of this subsection have been met with respect to each county. Bond proceeds shall be distributed for expenditure only as, and to the extent, the matching requirement of this section are satisfied, as certified by the State Board of Education. The State Board of Education shall also require counties to report annually on the impact of funds provided under this act on the property tax rate for that year. These reports shall be public documents and shall be furnished to any citizen upon request. If the State Board of Education determines that a county has not met the matching requirement set forth in this sub-subdivision by January 1, 2028, the State Board of Education shall certify that fact to the State Treasurer by March 1, 2028. The State Board of Education shall reallocate unmatched funds in the following manner:

- I. Proceeds allocated under sub subdivision (1) shall be reallocated to local administrative units receiving funds under sub subdivision (1) for which the State Board of Education has certified matching funds.
- II. Proceeds allocated under sub subdivision (2) shall be reallocated to local administrative units receiving funds under sub subdivision (2) for which the State Board of Education has certified matching funds.
- III. Proceeds allocated under sub subdivision (2) shall be reallocated to local administrative units receiving funds under sub subdivision (2) for which the State Board of Education has certified matching funds.

5. A local school administrative unit that receives proceeds under this section shall ensure that such proceeds are used:

- I. For acquisition of real property and construction, acquisition, reconstruction, enlargement, renovation, or replacement of buildings and other structures, and
- II. To supplement local funds for public school capital outlay projects and shall not decrease local funds for those projects from one fiscal year to the next fiscal year, as measured by the most recent five-year annual average capital outlay expenditure.

b. The proceeds of public improvement bonds and notes, including premium thereon, if any, for NC Community Colleges, as provided in subdivision (1) of this subsection for new construction, repairs, and renovations, shall be used for new construction or rehabilitation of existing facilities and repairs and renovations. Any items purchased with such proceeds and installed or replaced as part of a renovation or rehabilitation must have a useful life of at least 10 years or must extend

the life of the facility by at least 10 years once renovated or rehabilitated. In order to receive the proceeds under this sub-subdivision for projects for new construction, the community college receiving the proceeds shall provide local matching funds from county funds, other non-State funds, or a combination of these sources for such proceeds. The amount of matching funds shall be (i) one dollar (\$1.00) of local matching funds for every three dollars (\$3.00) of such proceeds for a community college project located in a development tier one area, as defined in G.S. 143B-437.08, (ii) one dollar (\$1.00) of local matching funds for every two dollars (\$2.00) of such proceeds for a community college project located in a development tier two area, as defined in G.S. 143B-437.08, and (iii) one dollar (\$1.00) of local matching funds for every one dollar (\$1.00) of such proceeds for a community college project located in a development tier three area, as defined in G.S. 143B-437.08. Community colleges are not required to match bond proceeds allocated in this section for rehabilitation of existing facilities and repairs and renovations.

SECTION 39.8.(g) Allocation and Tracking of Proceeds. –

- (1) Public improvement bonds. – The proceeds of public improvement bonds and notes, including premium thereon, if any, except the proceeds of bonds the issuance of which has been anticipated by bond anticipation notes or the proceeds of refunding bonds or notes, shall be placed by the State Treasurer in a special fund to be designated "Public Improvement Bonds Fund," which may include such appropriate special accounts therein as may be determined by the State Treasurer and shall be disbursed as provided in this section. Monies in the Public Improvement Bonds Fund shall be allocated and expended as provided in this section.

Any additional monies that may be received by means of a grant or grants from the United States of America or any agency or department thereof or from any other source for deposit to the Public Improvement Bonds Fund may be placed in the Public Improvement Bonds Fund or in a separate account or fund and shall be disbursed, to the extent permitted by the terms of the grant or grants, without regard to any limitations imposed by this section.

Monies in the Public Improvement Bonds Fund or any separate account established under this section may be invested from time to time by the State Treasurer in the same manner permitted for investment of monies belonging to the State or held in the State treasury, except with respect to grant money to the extent otherwise directed by the terms of the grant. Investment earnings, except investment earnings with respect to grant monies to the extent otherwise directed or restricted by the terms of the grant, may be (i) credited to the Public Improvement Bonds Fund, (ii) used to pay debt service on the bonds authorized by this section, (iii) used to satisfy compliance with applicable requirements of the federal tax law, or (iv) transferred to the General Fund of the State.

The proceeds of public improvement bonds and notes, including premium thereon, if any, may be used with any other monies made available by the General Assembly for funding the projects authorized by this section, including the proceeds of any other State bond issues, whether heretofore made available or that may be made available at the session of the General Assembly at which this section is ratified or any subsequent sessions. The

proceeds of public improvement bonds and notes, including premium thereon, if any, shall be expended and disbursed under the direction and supervision of the Director of the Budget. The funds provided by this section shall be disbursed for the purposes provided in this section upon warrants drawn on the State Treasurer by the State Controller, which warrants shall not be drawn until requisition has been approved by the Director of the Budget and which requisition shall be approved only after full compliance with the State Budget Act, Chapter 143C of the General Statutes.

(2) Tracking of bond proceeds. – The State Treasurer or the State Treasurer's designee is hereby authorized and directed to set up a comprehensive system of tracking the proceeds of the public improvement bonds and notes, including premium thereon, if any, to the extent necessary to enable the State Treasurer or the State Treasurer's designee to properly account for the use of such proceeds for compliance with applicable requirements of the federal tax law or otherwise. All recipients of such proceeds shall comply with any tracking system implemented by the State Treasurer or the State Treasurer's designee for this purpose. The State Treasurer may withhold such proceeds from any State agency or department not complying with this subdivision.

(3) Costs. – Allocations to the costs of a capital improvement or undertaking in each case may include allocations to pay the costs set forth in sub-subdivisions c. through g. of subdivision (2) of subsection (d) of this section in connection with the issuance of bonds for that capital improvement or undertaking.

SECTION 39.8.(h) Election. – The question of the issuance of the bonds authorized by this section shall be submitted to the qualified voters of the State at a Statewide election to be held November 2, 2021. Any other primary, election, or referendum validly called or scheduled by law at the time the election on the bond question provided for in this subsection is held may be held as called or scheduled. Notice of the election shall be given in the manner and at the times required by G.S. 163-33(8). The election and the registration of voters therefor shall be held under and in accordance with the general laws of the State. Absentee ballots shall be authorized in the election and shall be available 50 days prior to the date on which the election is to be held.

Ballots, voting systems authorized by Article 14A of Chapter 163 of the General Statutes, or both may be used in accordance with rules prescribed by the State Board of Elections. The bond question to be used in the ballots or voting systems shall be in substantially the following form:

"[] FOR [] AGAINST

The issuance of four billion seven hundred million dollars (\$4,700,000,000) State of North Carolina Public Improvement Bonds constituting general obligation bonds of the State secured by a pledge of the faith and credit and taxing power of the State for the purpose of providing funds, with any other available funds, to fund capital improvements and new facilities for the State, including, without limitation, the construction and furnishing of new facilities and the renovation and rehabilitation of existing facilities for, without limitation, the public schools of the state, the Department of Health and Human Services, the Department of Natural and Cultural Resources, North Carolina Community College System, and the University of North Carolina System." If a majority of those voting on the bond question in the election vote in favor of the issuance of the bonds described in the question, those bonds may be issued as provided in this section. If a majority of those voting on a bond question in the election do not vote in favor of the issuance of the bonds described in the question, those bonds shall not be issued. The results of the election shall be canvassed and declared as provided by law for elections for State officers; the results of the election shall be certified by the State Board of Elections to the Secretary of State in the manner and at the time provided by the general election laws of the State.

SECTION 39.8.(i) Issuance of Bonds and Notes. –

- (1) Terms and conditions. – Bonds or notes may bear a date or dates, may be serial or term bonds or notes, or any combination thereof, may mature in such amounts and at such time or times, not exceeding 40 years from their date or dates, may be payable at such place or places, either within or without the United States of America, in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts, may bear interest at such rate or rates, which may vary from time to time, and may be made redeemable before maturity, at the option of the State or otherwise as may be provided by the State, at such price or prices, including a price less than or greater than the face amount of the bonds or notes, and under such terms and conditions, all as may be determined by the State Treasurer, by and with the consent of the Council of State.
- (2) Signatures; form and denomination; registration. – Bonds or notes may be issued in certificated or uncertificated form. If issued in certificated form, bonds or notes shall be signed on behalf of the State by the Governor or shall bear the Governor's facsimile signature, shall be signed by the State Treasurer or shall bear the State Treasurer's facsimile signature, and shall bear the Great Seal of the State, or a facsimile of the Seal shall be impressed or imprinted thereon. If bonds or notes bear the facsimile signatures of the Governor and the State Treasurer, the bonds or notes shall also bear a manual signature which may be that of a bond registrar, trustee, paying agent, or designated assistant of the State Treasurer. Should any officer whose signature or facsimile signature appears on bonds or notes cease to be such officer before the delivery of the bonds or notes, the signature or facsimile signature shall nevertheless have the same validity for all purposes as if the officer had remained in office until delivery. Bonds or notes may bear the facsimile signatures of persons, who at the actual time of the execution of the bonds or notes shall be the proper officers to sign any bond or note, although at the date of the bond or note such persons may not have been such officers. The form and denomination of bonds or notes, including the provisions with respect to registration of the bonds or notes and any system for their registration, shall be as the State Treasurer may determine in conformity with this section.
- (3) Manner of sale; expenses. – Subject to the approval by the Council of State as to the manner in which bonds or notes shall be offered for sale, whether at public or private sale, whether within or without the United States, and whether by publishing notices in certain newspapers and financial journals, mailing notices, inviting bids by correspondence, negotiating contracts of purchase, or otherwise, the State Treasurer is authorized to sell bonds or notes at one time or from time to time at any rates of interest, which may vary from time to time, and at any prices, including a price less than or greater than the face amount of the bonds or notes, as the State Treasurer may determine. All expenses incurred in the preparation, sale, and issuance of bonds or notes shall be paid by the State Treasurer from the proceeds of bonds or notes or other available moneys.
- (4) Notes; repayment. –
- a. By and with the consent of the Council of State, the State Treasurer is hereby authorized to borrow money and to execute and issue notes of the State for the same, but only in the following circumstances and under the following conditions:

1. For anticipating the sale of bonds, the issuance of which the Council of State has approved, if the State Treasurer considers it advisable to postpone the issuance of the bonds;
 2. For the payment of interest on or any installment of principal of any bonds then outstanding, if there are not sufficient funds in the State treasury with which to pay the interest or installment of principal as they respectively become due;
 3. For the renewal of any loan evidenced by notes authorized in this section;
 4. For the purposes authorized in this section; and
 5. For refunding bonds or notes as authorized in this section.
- b. Funds derived from the sale of bonds or notes may be used in the payment of any bond anticipation notes issued under this section. Funds provided by the General Assembly for the payment of interest on or principal of bonds shall be used in paying the interest on or principal of any notes and any renewals thereof, the proceeds of which shall have been used in paying interest on or principal of the bonds.
- (5) Refunding bonds and notes. – By and with the consent of the Council of State, the State Treasurer is authorized to issue and sell refunding bonds and notes pursuant to the provisions of the State Refunding Bond Act for the purpose of refunding bonds or notes issued pursuant to this section. The refunding bonds and notes may be combined with any other issues of State bonds and notes similarly secured. Refunding bonds or notes may be issued at any time prior to the final maturity of the debt obligation to be refunded. The proceeds from the sale of any refunding bonds or notes shall be applied to the immediate payment and retirement of the bonds or notes being refunded or, if not required for the immediate payment of the bonds or notes being refunded, the proceeds shall be deposited in trust to provide for the payment and retirement of the bonds or notes being refunded and to pay any expenses incurred in connection with the refunding. Money in a trust fund may be invested in (i) direct obligations of the United States government, (ii) obligations the principal of and interest on which are guaranteed by the United States government, (iii) obligations of any agency or instrumentality of the United States government if the timely payment of principal and interest on the obligations is unconditionally guaranteed by the United States government, or (iv) certificates of deposit issued by a bank or trust company located in the State if the certificates are secured by a pledge of any of the obligations described in (i), (ii), or (iii) above having an aggregate market value, exclusive of accrued interest, equal at least to the principal amount of the certificates so secured. This section does not limit the duration of any deposit in trust for the retirement of bonds or notes being refunded but that have not matured and are not presently redeemable, or if presently redeemable, have not been called for redemption.
- (6) Tax exemption. – Bonds and notes shall at all times be free from taxation by the State or any political subdivision or any of their agencies, excepting estate, inheritance, or gift taxes, income taxes on the gain from the transfer of bonds or notes, and franchise taxes. The interest on bonds or notes is not subject to taxation as income.
- (7) Investment eligibility. – Bonds and notes are securities in which all of the following may invest, including capital in their control or belonging to them: public officers, agencies, and public bodies of the State and its political

subdivisions, all insurance companies, trust companies, investment companies, banks, savings banks, savings and loan associations, credit unions, pension or retirement funds, other financial institutions engaged in business in the State, executors, administrators, trustees, and other fiduciaries. Bonds and notes are hereby made securities which may properly and legally be deposited with and received by any officer or agency of the State or political subdivision of the State for any purpose for which the deposit of bonds, notes, or obligations of the State or any political subdivision is now or may hereafter be authorized by law.

(8) Faith and credit. – The faith and credit and taxing power of the State are hereby pledged for the payment of the principal of and the interest on bonds and notes. The State expressly reserves the right to amend any provision of this section to the extent it does not impair any contractual right of a bond owner.

(9) Other agreements. – The State Treasurer may authorize, execute, obtain, or otherwise provide for bond insurance, investment contracts, credit and liquidity facilities, interest-rate swap agreements and other derivative products, and any other related instruments and matters the State Treasurer determines are desirable in connection with issuance, incurrence, carrying, or securing of bonds or notes. The State Treasurer is authorized to employ and designate any financial consultants, underwriters, and bond attorneys to be associated with any bond or note issue under this section as the State Treasurer considers necessary.

SECTION 39.8.(j) Variable Rate Demand Bonds and Notes. – In fixing the details of bonds and notes, the State Treasurer may provide that any of the bonds or notes may:

- (1) Be made payable from time to time on demand or tender for purchase by the owner, if a credit facility supports the bonds or notes, unless the State Treasurer specifically determines that a credit facility is not required upon a finding and determination by the State Treasurer that the absence of a credit facility will not materially and adversely affect the financial position of the State and the marketing of the bonds or notes at a reasonable interest cost to the State;
- (2) Be additionally supported by a credit facility;
- (3) Be made subject to redemption or a mandatory tender for purchase prior to maturity;
- (4) Bear interest at a rate or rates that may vary for any period of time, as may be provided in the proceedings providing for the issuance of the bonds or notes, including, without limitation, such variations as may be permitted pursuant to a par formula; and
- (5) Be made the subject of a remarketing agreement whereby an attempt is made to remarket bonds or notes to new purchasers prior to their presentment for payment to the provider of the credit facility or to the State.

If the aggregate principal amount payable by the State under a credit facility is in excess of the aggregate principal amount of bonds or notes secured by the credit facility, whether as a result of the inclusion in the credit facility of a provision for the payment of interest for a limited period of time or the payment of a redemption premium or for any other reason, then the amount of authorized but unissued bonds or notes during the term of such credit facility shall not be less than the amount of such excess, unless the payment of such excess is otherwise provided for by agreement of the State executed by the State Treasurer.

SECTION 39.8.(k) Interpretation of Section. –

- (1) Additional method. – The foregoing subsections of this section shall be deemed to provide an additional and alternative method for the doing of the

things authorized under it and shall be regarded as supplemental and additional to powers conferred by other laws and shall not be regarded as in derogation of any powers now existing.

(2) Statutory references. – References in this section to specific sections or Chapters of the General Statutes or to specific acts are intended to be references to such sections, Chapters, or acts as they may be amended from time to time by the General Assembly.

(3) Broad construction. – This section, being necessary for the health and welfare of the people of the State, shall be broadly construed to effect the purposes thereof.

(4) Inconsistent provisions. – Insofar as the provisions of this section are inconsistent with the provisions of any general, special, or local laws, or parts thereof, the provisions of this section shall be controlling.

(5) Severability. – If any provision of this section or the application thereof to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of the section which can be given effect without the invalid provision or application, and to this end the provisions of this section are declared to be severable.

SECTION 39.8.(I) This section is effective when it becomes law.

WAKE COUNTY STATE VETERANS HOME

SECTION 39.9. Section 36.7.(d) of S.L. 2018-5, as amended by S.L. 2018-97, reads as rewritten:

"**SECTION 36.7.(d)** The General Assembly authorizes the Department of Military and Veterans Affairs to fund the construction of ~~two~~ a new State veterans home located in the Triangle ~~and Triad Regions~~ Region with funds available to it from the North Carolina Veterans Home Trust Fund established under G.S. 143B-1293 in an amount not to exceed ~~twenty-seven million two hundred twenty-three thousand five hundred sixty dollars (\$27,223,560)~~ twenty-nine million nine hundred ninety-five thousand dollars (\$29,995,000). The funds shall be used to provide the required State match for federal funding of the veterans home construction projects, and the matching funds and any federal dollars received for that purpose are hereby appropriated."

REALLOCATE STATE PARKS CONNECT NC BOND FUNDING

SECTION 39.10. Section 1(f) of S.L. 2015-280 reads as rewritten:

"**SECTION 1.(f) Use of Public Improvement Bond and Note Proceeds.** –

...

State Parks and Attractions

State Parks	Cumberland	Carvers Creek	\$5,700,750
State Parks	Durham/ Orange	Eno River	\$2,830,500
State Parks	Washington/ Beaufort	Goose Creek	\$1,477,500
State Parks	Onslow	HammocksBeach	\$1,125,000 \$3,964,500
State Parks	Dare	Jockeys Ridge	\$751,500
State Parks	Vance/ Warren	Kerr Lake State Recreation Area	\$3,750,000
State Parks	Burke/ McDowell	Lake James	\$3,021,000
State Parks	Iredell	Lake Norman	\$2,307,000
State Parks	Yancey	Mount Mitchell	\$600,000
State Parks	Various	Mountain-To-Sea/	\$4,500,000
		Other State Trails	
State Parks	Surry/ Yadkin	Pilot Mountain	\$4,481,850
State Parks	Camden	Dismal Swamp	\$990,750

1	State Parks	Watauga	Elk Knob	\$900,000
2	State Parks	Durham/ Wake	Falls Lake State Recreation Area	\$789,750
3	State Parks	New Hanover	Fort Fisher State Recreation Area	\$1,125,000
4	State Parks	Transylvania	Gorges	\$2,505,750
5	State Parks	Stokes	Hanging Rock	\$2,100,000
6	State Parks	Guilford/ Rockingham	Haw River	\$1,500,000
7	State Parks	Chatham/ Wake	Jordan Lake State Recreation Area	\$3,000,000
8	State Parks	Columbus	Lake Waccamaw	\$1,506,000
9	State Parks	Scotland/ Hoke/	Lumber River	\$2,628,750
10			Robeson/Columbus	
11	State Parks	Rockingham	Mayo River	\$750,000
12	State Parks	Tyrell/ Washington	Pettigrew	\$2,830,500
13	State Parks	Burke	South Mountain	\$2,250,000
14	State Parks	Alleghany/ Wilkes	Stone Mountain	\$1,338,000
15	State Parks	Wake	William B. Umstead	\$1,725,000
16	State Parks	Avery	Yellow Mountain State	\$2,250,000
17			Natural Area	
18	State Parks	Watauga	Beech Creek Bog State	\$600,000
19			Natural Area	
20	State Parks	New Hanover	Carolina Beach	\$855,000
21	State Parks	Rutherford	Chimney Rock	\$1,500,000
22	State Parks	Wayne	Cliffs of the Neuse	\$692,400
23	State Parks	Gaston	Crowders Mountain	\$750,000
24	State Parks	Chatham	Deep River State Trail	\$1,281,000
25	State Parks	Carteret	Fort Macon	\$135,000
26	State Parks	Watauga	Grandfather Mountain	\$1,501,500
27	State Parks	Bladen	Jones Lake	\$651,750
28	State Parks	Chatham	Lower Haw River State	\$203,250
29			Natural Area	
30	State Parks	Halifax	Medoc Mountain	\$1,383,750
31	State Parks	Gates	Merchants Millpond	\$870,750
32	State Parks	Stanly	Morrow Mountain	\$1,537,500
33	State Parks	Ashe	Mount Jefferson State	\$1,500,000
34			Natural Area	
35	State Parks	Ashe	New River	\$675,000
36	State Parks	Harnett	Raven Rock	\$1,125,000
37	State Parks	Bladen	Singletary Lake	\$575,250
38	State Parks	Moore	Weymouth Woods State	\$428,250
39			Natural Area	
40	Zoo	Randolph	Australasia Exhibit Complex/	\$25,000,000
41			Replace Africa Pavilion and	
42			Related Projects	
43	"			
44				

PART XL. TRANSPORTATION

CASH FLOW HIGHWAY FUND AND HIGHWAY TRUST FUND APPROPRIATIONS

SECTION 40.1.(a) Subsections (b) and (c) of Section 4.1 of S.L. 2020-91 are repealed.

SECTION 40.1.(b) The General Assembly authorizes and certifies anticipated revenues for the Highway Fund as follows:

1	For Fiscal Year 2023-2024	\$ 2,555 million
2	For Fiscal Year 2024-2025	\$ 2,692 million
3	For Fiscal Year 2025-2026	\$ 2,769 million
4	For Fiscal Year 2026-2027	\$ 2,832 million

5 **SECTION 40.1.(c)** The General Assembly authorizes and certifies anticipated
6 revenues for the Highway Trust Fund as follows:

7	For Fiscal Year 2023-2024	\$ 1,674 million
8	For Fiscal Year 2024-2025	\$ 1,744 million
9	For Fiscal Year 2025-2026	\$ 1,796 million
10	For Fiscal Year 2026-2027	\$ 1,835 million

11 **SECTION 40.1.(d)** The Department of Transportation, in collaboration with the
12 Office of State Budget and Management, shall develop a four-year revenue forecast. The first
13 fiscal year in the four-year revenue forecast shall be the 2027-2028 fiscal year. The four-year
14 revenue forecast developed under this subsection shall be used (i) to develop the four-year cash
15 flow estimates included in the biennial budgets, (ii) to develop the Strategic Transportation
16 Improvement Program, and (iii) by the Department of the State Treasurer to compute
17 transportation debt capacity.

18 **CAPITAL, REPAIRS, AND RENOVATIONS**

19 **SECTION 40.2.** The funds appropriated in this act from the Highway Fund to the
20 Department of Transportation for the 2021-2023 fiscal biennium for capital, repairs, and
21 renovations are allocated as follows:

23	Capital – Highway Fund	2021-2022	2022-2023
24	Polk Maintenance Shop Replacement	\$745,285	\$0
25	Currituck Maintenance & Storage	\$447,574	\$0
26	Northampton Equipment Shop	\$3,000,000	\$0
27	Alamance Equipment Shop	\$0	\$1,792,764
28	Edgecombe Maintenance & Storage	\$0	\$1,751,208
29	Shelby Division 12 Office Replacement	\$0	\$5,022,534
30	Alleghany Equipment Shop	\$0	\$162,000
31	Repairs and Renovations – Highway Fund		
32	Statewide Roof Repairs/Replacement	\$1,500,000	\$1,500,000
33	Statewide Demolition of Obsolete Buildings	\$500,000	\$500,000
34	Statewide Water and Sewer	\$750,000	\$750,000
35	Statewide Asbestos Abatement	\$500,000	\$500,000
36	Statewide ADA Compliance	\$750,000	\$750,000
37	Statewide Small Office Repair and Renovation	\$1,750,000	\$2,075,000
38	Statewide Security Upfits	\$400,000	\$500,000
39	Replace 20 Rooftop HVAC Units at Century Center	\$150,000	\$150,000
40	Art Museum Basement Concrete Repair	\$250,000	\$0

41 **BUILD NC AMENDMENTS**

42 **SECTION 40.3.(a)** Notwithstanding G.S. 142-97(2)(a), for the 2021-2023 fiscal
43 biennium, the State Treasurer may issue Build NC Bonds without regard to any limitations on
44 the Department of Transportation's average month-end cash balance for the first three months
45 in the calendar year prior to the date of determination.

46 **SECTION 40.3.(b)** Notwithstanding G.S. 142-97(4), for the 2021-2023 fiscal
47 biennium, individual issuance of Build NC Bonds may exceed three hundred million dollars
48 (\$300,000,000) in each fiscal year of the 2021-2023 fiscal biennium.
49

50 **EMERGENCY RESERVE CHANGES**

1 **SECTION 40.4.(a)** G.S. 136-44.2E reads as rewritten:

2 "**§ 136-44.2E. Transportation Emergency Reserve.**

3 (a) Creation. – The Transportation Emergency Reserve (Emergency Reserve) is
4 established as a special fund in the Highway Fund of the Department of Transportation.

5 (b) Funding; Use of Funds. – Subject to subsection (d) of this section, no later than July
6 30 of each fiscal year, the Department of Transportation shall transfer from the Highway Fund
7 to the Emergency Reserve the sum of one hundred twenty-five million dollars (\$125,000,000),
8 and these funds are hereby appropriated for expenses related to an emergency. For purposes of
9 this section, the term "emergency" has the same meaning as in G.S. 166A-19.3.

10 (c) Access to Funds. – The Department may only use funds in the Emergency Reserve
11 after the President of the United States issues a declaration under the Stafford Act (42 U.S.C. §§
12 5121 – 5207) that a major disaster exists in the State or the Governor makes a declaration or a
13 disaster exists under Title 23, USC, Section 125. The Secretary of Transportation shall ensure all
14 funds in the Emergency Reserve are accessed and used pursuant to this section, and in a manner
15 that ensures to the extent practicable that the funds are eligible for federal reimbursement or cost
16 sharing with the federal funds."

17 **SECTION 40.4.(b)** Of the thirty million (\$30,000,000) appropriated in S.L 2019-251
18 for Hurricane Dorian expenses, any funds unexpended after expenses are paid shall be transferred
19 to the Transportation Emergency Reserve within the Highway Fund created by GS 136-44.2E.

20
21 **BIENNIAL TO QUARTERLY POWELL BILL PAYMENTS**

22 **SECTION 40.5** G.S. 136-41.1(a) reads as rewritten:

23 "(a) Upon appropriation of funds by the General Assembly to the Department of
24 Transportation for State aid to municipalities, ~~one half of the amount appropriated shall be~~
25 ~~allocated in cash on or before October 1 of each year to the cities and towns of the State in~~
26 ~~accordance with this section. The second one half of the amount appropriated shall be allocated~~
27 ~~in cash on or before January 1 of each year to the cities and towns of the State in accordance with~~
28 ~~this section, one quarter of the amount appropriated shall be allocated in cash on or before~~
29 September 30, December 31, March 31, and June 30 to the cities and towns of the State in
30 accordance with this section.

31 "

32
33 **FINANCIAL SUPPORT FOR BICYCLE AND PEDESTRIAN IMPROVEMENT**
34 **PROJECTS**

35 **SECTION 40.6** G.S. 136-189.11(d)(3)(c) is repealed.

36
37 **PART XLI. FINANCE**

38
39 **ALLOW EARNED INCOME TAX CREDIT**

40 **SECTION 41.1.(a)** G.S. 105-151.31 is reenacted as it existed immediately before its
41 expiration and reads as rewritten:

42 "**§ 105-151.31. Earned income tax credit.**

43 (a) **Credit.** – An individual who claims for the taxable year an earned income tax credit
44 under section 32 of the Code is allowed a credit against the tax imposed by this Part equal to a
45 ~~percentage~~ five percent (5%) of the amount of credit the individual qualified for under section
46 32 of the Code. A nonresident or part-year resident who claims the credit allowed by this section
47 must reduce the amount of the credit by multiplying it by the fraction calculated under
48 G.S. 105-134.5(b) or (c), as appropriate. ~~The percentage is as follows:~~

49 (1) ~~For taxable year 2013, four and one half percent (4.5%).~~

50 (2) ~~For all other taxable years, five percent (5%).~~

(b) Credit Refundable. – If the credit allowed by this section exceeds the amount of tax imposed by this Part for the taxable year reduced by the sum of all credits allowable, the Secretary must refund the excess to the taxpayer. The refundable excess is governed by the provisions governing a refund of an overpayment by the taxpayer of the tax imposed in this Part. Section 3507 of the Code, Advance Payment of Earned Income Credit, does not apply to the credit allowed by this section. In computing the amount of tax against which multiple credits are allowed, nonrefundable credits are subtracted before refundable credits.

(c) ~~Sunset. – This section is repealed effective for taxable years beginning on or after 23 January 1, 2014."~~

SECTION 41.1.(b) Effective Date. – This act is effective for taxable years beginning on or after January 1, 2021.

ALLOW CREDIT FOR CHILD AND DEPENDENT CARE EXPENSES

SECTION 41.2.(a) Article 4 of Chapter 105 of the General Statutes is amended by adding a new section to read:

"§ 105-151.34. Credit for qualified child and dependent care expenses.

(a) Credit. – A person who is allowed a credit against federal income tax for a percentage of employment-related expenses under section 21 of the Code shall be allowed as a credit against the tax imposed by this Part an amount equal to one hundred percent (100%) of the amount of the credit provided for in Section 21 of the Code which is claimed and allowed pursuant to the Internal Revenue Code. To claim the credit allowed by this section, the taxpayer must provide with the tax return the information required by the Secretary of Revenue.

(b) Phaseout. – The credit allowed by this section shall be reduced by a percentage listed below, rounded to the nearest percentage point, based on the taxpayer's adjusted gross income as calculated under the Code:

<u>Filing Status</u>	<u>For AGI Exceeding</u>	<u>Percentage Reduction</u>
<u>Married, filing jointly</u>	<u>\$75,000</u>	<u>The lesser of 100% or</u> <u>[(Taxpayer's AGI – \$75,000)/\$125,000]</u>
<u>Head of Household</u>	<u>\$56,250</u>	<u>The lesser of 100% or</u> <u>[(Taxpayer's AGI – \$56,250)/\$93,750]</u>
<u>Single</u>	<u>\$37,500</u>	<u>The lesser of 100% or</u> <u>[(Taxpayer's AGI – \$37,500)/\$62,500]</u>

(d) Limitations. – A nonresident or part-year resident who claims the credit allowed by this section shall reduce the amount of the credit by multiplying it by the fraction calculated under G.S. 105-153.4(b) or (c), as appropriate. The credit allowed by this section may not exceed the amount of tax imposed by this Part for the taxable year reduced by the sum of all credits allowable, except for payments of tax made by or on behalf of the taxpayer."

SECTION 41.2.(b) Subsection (a) of this section becomes effective for taxable years beginning on or after January 1, 2021.

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.

COMMITTEE REPORT

SECTION 42.2.(a) The Joint Conference Committee Report on the Current Operations Appropriations Act of 2021, dated June 30, 2021, which was distributed in the House of Representatives and the Senate and used to explain this act, shall indicate action by the General Assembly on this act and shall, therefore, be used to construe this act, as provided in the State Budget Act, Chapter 143C of the General Statutes, and for these purposes shall be considered a part of this act and, as such, shall be printed as a part of the Session Laws.

SECTION 42.2.(b) The budget enacted by the General Assembly is for the maintenance of the various departments, institutions, and other spending agencies of the State for the 2021-2023 biennial budget as provided in G.S. 143C35. This budget includes the appropriations of State funds as defined in G.S. 143C11(d)(25).

The Director of the Budget submitted a recommended base budget to the General Assembly in the Governor's Recommended Budget for the 2021-2023 fiscal biennium, dated March 2021, and in the Budget Support Document for the various departments, institutions, and other spending agencies of the State. The adjustments to the recommended base budget made by the General Assembly are set out in the Committee Report.

SECTION 42.2.(c) The budget enacted by the General Assembly shall also be interpreted in accordance with G.S. 143C-5-5, the special provisions in this act, and other appropriate legislation. In the event that there is a conflict between the line item budget certified by the Director of the Budget and the budget enacted by the General Assembly, the budget enacted by the General Assembly shall prevail.

SECTION 42.2.(d) Notwithstanding subsection (a) of this section, the following portions of the Committee Report are for reference, and do not expand, limit, or define the text of the Committee Report:

- (1) Summary pages setting forth the enacted budget, the legislative changes, the revised budget, and the related FTE information for a particular budget code and containing no other substantive information.
- (2) Summary pages setting forth the enacted budget, the legislative changes, the revised budget, and the related FTE information for multiple fund codes within a single budget code and containing no other substantive information.

REPORT BY FISCAL RESEARCH DIVISION

SECTION 42.3. The Fiscal Research Division shall issue a report on budget actions taken by the 2021 Regular Session of the General Assembly. The report shall be in the form of a revision of the Committee Report described in Section 42.2 of this act pursuant to G.S. 143C-5-5. The Director of the Fiscal Research Division shall send a copy of the report issued pursuant to this section to the Director of the Budget. The report shall be published on the General Assembly's Internet Web site for public access.

MOST TEXT APPLIES ONLY TO THE 2021-2023 FISCAL BIENNIUM

SECTION 42.4. 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 42.5. 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

1 **SECTION 42.6.** If any section or provision of this act is declared unconstitutional
2 or invalid by the courts, it does not affect the validity of this act as a whole or any part other than
3 the part so declared to be unconstitutional or invalid.
4

5 **EFFECTIVE DATE**

6 **SECTION 42.7.** Except as otherwise provided, this act becomes effective July 1,
7 2021.