

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2009

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HOUSE BILL 836*
Committee Substitute Favorable 5/5/09
PROPOSED SENATE COMMITTEE SUBSTITUTE H836-PCS11041-MH-25

Short Title: Modify Appropriations Act.

(Public)

Sponsors:

Referred to:

March 30, 2009

1 A BILL TO BE ENTITLED
2 AN ACT TO MAKE TECHNICAL, CLARIFYING, AND OTHER MODIFICATIONS TO
3 THE APPROPRIATIONS ACT OF 2009.

4 The General Assembly of North Carolina enacts:

5 SECTION 1.(a) If Senate Bill 202, 2009 Regular Session, becomes law, then
6 Section 2.1 of that act is amended by rewriting the appropriation for the Department of Public
7 Instruction to read:

8 "Department of Public Instruction 7,458,261,240 7,360,833,223".

9 SECTION 1.(b) If Senate Bill 202, 2009 Regular Session, becomes law, then
10 Section 2.1 of that act is amended by rewriting the appropriation for the Commerce to read:

11 "Commerce 44,528,421 40,915,209".

12 SECTION 1.(c) If Senate Bill 202, 2009 Regular Session, becomes law, then
13 Section 2.1 of that act is amended by rewriting the appropriation for the Rural Economic
14 Development Center to read:

15 "Rural Economic Development Center 24,407,436 23,832,436".

16 SECTION 1.(d) If Senate Bill 202, 2009 Regular Session, becomes law, then
17 Section 2.1 of that act is amended by rewriting the appropriation for the Department of Crime
18 Control and Public Safety to read:

19 "Department of Crime Control and Public Safety 34,320,831 33,718,963".

20 SECTION 1.(e) If Senate Bill 202, 2009 Regular Session, becomes law, then
21 Section 2.1 of that act is amended by rewriting the appropriation for the Department of Juvenile
22 Justice and Delinquency Prevention to read:

23 "Department of Juvenile Justice and
24 Delinquency Prevention 148,752,858 147,183,945".

25 SECTION 1.(f) If Senate Bill 202, 2009 Regular Session, becomes law, then
26 Section 2.1 of that act is amended by rewriting the total at the end of the section to read:

27 "TOTAL CURRENT OPERATIONS –

28 GENERAL FUND \$ 19,010,057,199 \$ 19,559,764,576".

29
30 SECTION 1A. If Senate Bill 202, 2009 Regular Session, becomes law, then
31 Section 2.2(a) of that act is rewritten to read:

32 "SECTION 2.2.(a) The General Fund availability used in developing the 2009-2011
33 biennial budget is shown below:



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	FY 2009-2010	FY 2010-2011	
1			
2			
3			
4	Projected Reversions FY 2008-2009	91,967,011	3,702,182
5	Less Earmarkings of Year End Fund Balance	0	0
6	Savings Reserve Account	0	0
7	Repairs and Renovations	0	0
8	Beginning Unreserved Fund Balance	91,967,011	3,702,182
9			
10	Revenues Based on Existing Tax Structure	16,796,300,000	17,384,400,000
11			
12	Nontax Revenues		
13	Investment Income	67,300,000	93,100,000
14	Judicial Fees	200,700,000	208,300,000
15	Disproportionate Share	100,000,000	100,000,000
16	Insurance	77,700,000	81,900,000
17	Other Nontax Revenues	148,300,000	155,200,000
18	Highway Trust Fund/Use Tax Reimbursement Transfer	108,500,000	72,800,000
19	Highway Fund Transfer	17,600,000	17,600,000
20	Subtotal Nontax Revenues	720,100,000	728,900,000
21			
22	Total General Fund Availability	17,608,367,011	18,117,002,182
23			
24	Adjustments to Availability: 2009 Session		
25	Adjust Transfer from Insurance Regulatory Fund	(1,644,300)	(1,644,300)
26	Adjust Transfer from Treasurer's Office	(398,880)	(605,833)
27	Transfer from Disproportionate Share Reserve	25,000,000	0
28	Transfer of Cash Balances from Special Funds	38,318,305	0
29	Transfer from Capital and R&R Accounts	24,372,701	0
30	Transfer from Health and Wellness Trust Fund	5,000,000	5,000,000
31	Transfer from Tobacco Trust Fund	5,000,000	5,000,000
32	Transfer Excess Sales Tax for		
33	Wildlife Resources Commission	1,650,000	1,650,000
34	Transfer Funds for Grape Growers Council	900,000	900,000
35	Department of Revenue Improved Enforcement	60,000,000	90,000,000
36	Department of Revenue Compliance Initiative	150,000,000	0
37	Individual Income Surtax	172,800,000	177,100,000
38	Corporate Income Surtax	23,100,000	25,500,000
39	Increase Sales Tax Rate	803,500,000	1,061,300,000
40	Digital Products & Click-Throughs	11,800,000	24,100,000
41	IRC Conformity	(116,300,000)	(80,900,000)
42	Adjust Revenue Distributions	22,100,000	0
43	Increase Excise Taxes	68,800,000	93,800,000
44	Suspend Corp Income Tax Earmark-Schools	60,500,000	64,500,000
45	Increase General Government Fees	7,555,995	7,365,196
46	Increase Justice and Public Safety Fees	47,090,559	51,475,278
47	Increase Health Services Regulation Fees	1,122,990	1,122,990
48			
49	Subtotal Adjustments to		
50	Availability: 2009 Session	1,410,267,370	1,525,663,331
51			

1	Revised General Fund Availability	19,018,634,381	19,642,665,513
2			
3	Less: General Fund Appropriations	19,014,932,199	19,559,764,576
4			
5	Unappropriated Balance Remaining	3,702,182	82,900,937".

6
7 **SECTION 2.** If Senate Bill 202, 2009 Regular Session, becomes law, then the first
8 sentence of Section 2.2(g) of that act is amended by deleting "18878" and substituting "19978".
9

10 **SECTION 3.** If Senate Bill 202, 2009 Regular Session, becomes law, then Section
11 6.6C(d) of that act reads as rewritten:

12 **"SECTION 6.6C.(d)** Guidance. – The Office of State Budget and Management shall work
13 with the recipient State agencies to budget federal receipts awarded according to the annual
14 program needs and within the parameters of the respective granting entities and to incorporate
15 federal funds into the certified budgets of the recipient State agency. State agencies shall not
16 use federal ARRA funds for recurring purposes unless provided for in this act. However,
17 depending on the nature of the award, additional State personnel may be employed on a
18 temporary or time-limited basis. Nothing in this subsection shall be construed to prohibit the
19 use of federal ARRA funds to employ teachers and other school ~~personnel~~personnel, and
20 faculty and other university personnel for the ~~2009-2010 school year~~2009-2011 fiscal
21 biennium."
22

23 **SECTION 3A.(a)** If Senate Bill 202, 2009 Regular Session, becomes law, then the
24 last sentence of Section 6.13(b) of that act is amended by deleting "October 31, 2009" and
25 substituting "January 1, 2010."

26 **SECTION 3A.(b)** If Senate Bill 202, 2009 Regular Session, becomes law, then the
27 first sentence of Section 6.13(c) of that act is amended by deleting "the Office of State Budget
28 and Management" and substituting "the Office of Information and Technology Services and the
29 Office of State Budget and Management."

30 **SECTION 3A.(c)** If Senate Bill 202, 2009 Regular Session, becomes law, then the
31 last sentence of Section 6.13(c) of that act is amended by deleting "February 28, 2010" and
32 substituting "May 1, 2010".
33

34 **SECTION 3B.(a)** If Senate Bill 202, 2009 Regular Session, becomes law, then the
35 first sentence of Section 6.16(b) of that act is rewritten to read:

36 "The Office of State Budget and Management and the Office of the State Chief Information
37 Officer shall develop a plan for converting one or more paper forms to an electronic format."

38 **SECTION 3B.(b)** If Senate Bill 202, 2009 Regular Session, becomes law, then the
39 first sentence of Sections 6.16(e) and (f) are amended by deleting "Office of State Budget and
40 Management" and substituting "Office of State Budget and Management and the Office of the
41 State Chief Information Officer."
42

43 **SECTION 3C.** If Senate Bill 202, 2009 Regular Session, becomes law, then
44 Section 6.8 of that act is amended by adding a new subsection to read:

45 **"SECTION 6.8.(h)** ESRI License Funding. – The State Chief Information Officer (i) shall
46 use up to the sum of six hundred thousand dollars (\$600,000) from funding appropriated to the
47 Information Technology Fund during the 2009-2010 fiscal year to support ESRI licenses for
48 State agencies and (ii) may use anticipated carryforward from fiscal year 2009-2010 to provide
49 the funding for those licensing fees. The State Chief Information Officer shall not charge
50 subscription fees to fund ESRI licenses."
51

1 **SECTION 3E.** If Senate Bill 202, 2009 Regular Session, becomes law, then
2 Section 7.12(a) of that act reads as rewritten:

3 **"SECTION 7.12.(a)** Up to three hundred fifty thousand dollars (\$350,000) may be
4 transferred ~~annually~~ to the Office of the Governor for NC Virtual (NCV) within the Education
5 Cabinet and for the Education E-Learning Portal. These funds shall be used to provide services
6 to coordinate e-learning activities across all State educational agencies and to make the
7 Education E-Learning Portal fully operational by December 1, 2009."
8

9 **SECTION 3F.** If Senate Bill 202, 2009 Regular Session, becomes law, then
10 Section 7.18(b) of that act is amended by adding a new paragraph at the end to read:

11 " Savings that result from eliminating tests shall be used to implement this section."
12

13 **SECTION 3G.(a)** If Senate Bill 202, 2009 Regular Session, becomes law, then
14 Section 7.19 of that act is amended by deleting the language "Department of Public Instruction"
15 wherever it appears and substituting "State Board of Education".

16 **SECTION 3G.(b)** If Senate Bill 202, 2009 Regular Session, becomes law, then
17 Section 7.19(d) of that act reads as rewritten:

18 **"SECTION 7.19.(d)** Standards and specifications shall be submitted to the Education
19 Cabinet no later than ~~January 1, 2010~~ March 1, 2010. The Education Cabinet shall review these
20 standards and submit its recommendations regarding them to the Joint Legislative Education
21 Oversight Committee, the Fiscal Research Division, and the Office of State Budget and
22 Management by ~~March 1, 2010~~ April 1, 2010."
23

24 **SECTION 3H.** If Senate Bill 202, 2009 Regular Session, becomes law, then
25 Section 7.41(b) of that act reads as rewritten:

26 **"SECTION 7.41.(b)** This section becomes effective ~~January 1, 2011~~ June 30, 2011."
27

28 **SECTION 3I.** If Senate Bill 202, 2009 Regular Session, becomes law, then that act
29 is amended by adding a new section to read:

30 **"SECTION 7.42.** Of the funds appropriated in this act to the Department of Public
31 Instruction for the 2009-2010 fiscal year, up to two hundred thousand dollars (\$200,000) may
32 be used to support a Leadership Academy that provides professional development to
33 superintendents, enabling them to train principals to address critical areas such as student
34 achievement and teacher recruitment and retention."
35

36 **SECTION 3J.** If Senate Bill 202, 2009 Regular Session, becomes law, then that act
37 is amended by adding a new section to read:

38 **"SECTION 7.43.(a)** The Joint Legislative Education Oversight Committee shall develop a
39 plan to restructure the North Carolina Teacher Salary Schedule. It is North Carolina's goal to
40 have a competitive system of compensation that attracts highly skilled and motivated
41 individuals into the profession. Further, it should compensate teachers' knowledge, skills, and
42 instructional expertise that lead to improved student learning. In developing the restructured
43 salary system, the Committee should consider the following factors:

- 44 (1) Designs a schedule that emphasizes increasing beginning teacher salary to
45 make the starting salaries more competitive to attract recent graduates and
46 promotes teacher retention.
- 47 (2) Aligns with the newly adopted North Carolina Professional Teaching
48 Standards.
- 49 (3) Rewards expert, accomplished teachers for taking on challenging
50 assignments, such as working in high-poverty, low-performing schools.

- 1 (4) Provides incentives for becoming licensed in high-needs subject areas, such
2 as math and science, and teaching in high-needs areas of the State.
3 (5) Considers research and data that supports improved teaching and learning.
4 (6) Provides optional pathways for salary increases that focus on strategies such
5 as National Board Certified Teachers, Literacy Coach endorsement, and
6 other options that lead to improved student learning.

7 **"SECTION 7.43.(b)** The Committee may contract for consultant services as provided by
8 G.S. 120-32.02.

9 **"SECTION 7.43.(c)** The Committee is encouraged to seek partnerships with other State
10 and national public and private groups in designing the new compensation system. The
11 Committee shall report on the plan to the General Assembly no later than September 30, 2010."
12

13 **SECTION 3K.** If Senate Bill 202, 2009 Regular Session, becomes law, then that
14 act is amended by adding a new section to read:

15 **"SECTION 7.44.** The State Board of Education may use, out of funds available, up to one
16 million five hundred thousand dollars (\$1,500,000) that had previously been set aside from
17 G.S. 115C-546.2 to support positions in the Department of Public Instruction's Support
18 Services Division."
19

20 **SECTION 3L.** If Senate Bill 202, 2009 Regular Session, becomes law, then
21 Section 7.13(f) of that act reads as rewritten:

22 **"SECTION 7.13.(f)** Of the funds appropriated in this act for dropout prevention, the sum
23 of:

- 24 (1) One hundred thousand dollars (\$100,000) for the 2009-2010 fiscal year and
25 one hundred thousand dollars (\$100,000) for the 2010-2011 fiscal years-year
26 may be used to extend a current contract or to issue a request for proposals
27 from qualified vendors on a competitive basis to contract as a consultant to
28 assist with the evaluation. The factors to be considered in awarding the
29 contract shall be identified in the request for proposals;
- 30 (2) Up to one hundred seventy-five thousand dollars (\$175,000) for the
31 2009-2010 fiscal year and up to one hundred seventy-five thousand dollars
32 (\$175,000) for the 2010-2011 fiscal years-year may be used by the
33 Department of Public Instruction for its administrative assistance to the
34 Committee and to provide technical assistance under this section;
- 35 (3) Three hundred thousand dollars (\$300,000) in nonrecurring funds shall be
36 used by the North Carolina Congress of Parents and Teachers, Incorporated,
37 a nonprofit organization, to continue the North Carolina PTA Parent
38 Involvement/Dropout Prevention Initiative; and
- 39 (4) Fifty percent (50%) of the remainder shall be used by the Committee on
40 Dropout Prevention to award grants to new recipients, and fifty percent
41 (50%) shall be used to award successive grants to previous grant recipients.
42 All grants shall be awarded in accordance with subsection (b) of this
43 section."
44

45 **SECTION 3M.(a)** If Senate Bill 202, 2009 Regular Session, becomes law, then
46 Section 7.4(a)(5) of that act reads as rewritten:

- 47 "(5) Provide a base for the consolidated funds allotment of at least ~~seven hundred~~
48 ~~seventeen thousand three hundred sixty dollars (\$717,360)~~, seven hundred
49 eighty-eight thousand seven hundred eighty-nine dollars (\$788,789),
50 excluding textbooks, for the 2009-2010 fiscal year and a base of ~~seven~~
51 ~~hundred seventeen thousand three hundred sixty dollars (\$717,360)~~ seven

1 hundred eighty-eight thousand seven hundred eighty-nine dollars (\$788,789)
2 for the 2010-2011 fiscal year."

3 **SECTION 3M.(b)** If Senate Bill 202, 2009 Regular Session, becomes law, then
4 notwithstanding Item 27 on page F4 of the Joint Conference Committee Report on the
5 Continuation, Expansion, and Capital Budgets dated August 3, 2009, there is no reduction in
6 funds for small county supplemental funding.

7
8 **SECTION 4.** If Senate Bill 202, 2009 Regular Session, becomes law, then Section
9 8.6(b) of that act reads as rewritten:

10 "**SECTION 8.6.(b)** The Office of State Budget and Management shall transfer sufficient
11 funds from the State Public School Fund to the Community Colleges System Office to
12 implement ~~subsection (b)~~subsection (a) of this section."
13

14 **SECTION 5.** If Senate Bill 202, 2009 Regular Session, becomes law, then
15 G.S. 115D-5(b), as enacted by Section 8.11(d) of that act, reads as rewritten:

16 "(b) In order to make instruction as accessible as possible to all citizens, the teaching of
17 curricular courses and of noncurricular extension courses at convenient locations away from
18 institution campuses as well as on campuses is authorized and shall be encouraged. A pro rata
19 portion of the established regular tuition rate charged a full-time student shall be charged a
20 part-time student taking any curriculum course. In lieu of any tuition charge, the State Board of
21 Community Colleges shall establish a uniform registration fee, or a schedule of uniform
22 registration fees, to be charged students enrolling in extension courses for which instruction is
23 financed primarily from State funds; provided, however, that the State Board of Community
24 Colleges may provide by general and uniform regulations for waiver of tuition and registration
25 fees for persons not enrolled in elementary or secondary schools taking courses leading to a
26 high school diploma or equivalent certificate, for training courses for volunteer firemen, local
27 fire department personnel, volunteer rescue and lifesaving department personnel, local rescue
28 and lifesaving department personnel, Radio Emergency Associated Citizens Team (REACT)
29 members when the REACT team is under contract to a county as an emergency response
30 agency, local law-enforcement officers, patients in State alcoholic rehabilitation centers, all
31 full-time custodial employees of the Department of Correction, employees of the Department's
32 Division of Community Corrections and employees of the Department of Juvenile Justice and
33 Delinquency Prevention required to be certified under Chapter 17C of the General Statutes and
34 the rules of the Criminal Justice and Training Standards Commission, trainees enrolled in
35 courses conducted under the New and Expanding Industry Program, clients of sheltered
36 workshops, clients of adult developmental activity programs, students in Health and Human
37 Services Development Programs, juveniles of any age committed to the Department of Juvenile
38 Justice and Delinquency Prevention by a court of competent jurisdiction, prison inmates,
39 members of the North Carolina State Defense Militia as defined in G.S. 127A-5 and as
40 administered under Article 5 of Chapter 127A of the General Statutes, and elementary and
41 secondary school employees enrolled in courses in first aid or cardiopulmonary resuscitation
42 (CPR). Provided further, tuition shall be waived for up to six hours of credit instruction and 96
43 contact hours of noncredit instruction per academic semester for senior citizens age 65 or older
44 who are qualified as legal residents of North Carolina. Provided further, tuition shall also be
45 waived for all courses taken by high school students at community colleges, including students
46 in early college and middle college high school programs, in accordance with G.S. 115D-20(4)
47 and this section."
48

49 **SECTION 5A.** If Senate Bill 202, 2009 Regular Session, becomes law, then
50 section 10.68A(a)(7)i. of that act reads as rewritten:

1 "i. Failure to comply with notification, recipient transition planning, or
2 record maintenance shall be grounds for withholding payment until
3 such activity is concluded. In addition, failure to comply shall be
4 conditions that prevent enrollment for any Medicaid or State-funded
5 service. A provider (including its officers, directors, agents, or
6 managing employees or individuals or entities having a direct or
7 indirect ownership interest or control interest of five percent (5%) or
8 more as set forth in Title XI of the Social Security Act) that fails to
9 comply with the required record retention may be subject to
10 sanctions, including exclusion from further participation in the
11 Medicaid program, as set forth in Title XI."
12

13 **SECTION 6.** If Senate Bill 202, 2009 Regular Session, becomes law, then that act
14 is amended by adding the following new section to read:

15 **"MEDICAID UTILIZATION MANAGEMENT OF OUTPATIENT IMAGING**
16 **SERVICES**

17 **"SECTION 10.68B.(a)** Contract Authorization. – The Department of Health and Human
18 Services may contract for utilization management of the following outpatient imaging services:
19 CT, PET, PET-CT, MRI, ultrasound, echocardiogram; nuclear imaging, including nuclear
20 cardiology; and angiography. The contract shall not include any imaging service provided to
21 hospital inpatients or patients in or referred through a hospital emergency department.

22 **"SECTION 10.68B.(b)** Vendor Requirements. – A vendor with whom the Department
23 contracts for imaging utilization management services shall:

- 24 (1) Ensure that patients obtain medically appropriate imaging services while not
25 imposing unreasonable requirements on patients or medical providers
26 ordering or providing those services. The term "medically appropriate"
27 means care that is consistent with evidence-based guidelines, such as the
28 Appropriateness Criteria recognized by the American College of Radiology
29 or other physician specialty organizations. In addition:
- 30 a. The vendor shall not authorize imaging services from only selected
31 Medicaid participating imaging providers.
- 32 b. The vendor shall provide the health care provider that provides
33 services to Medicaid patients the capability for the electronic
34 submission of authorization requests and appeals and shall evaluate
35 and, as quickly as possible, implement electronic system interfaces
36 with computerized provider order entry (CPOE) technology that the
37 State determines meets or exceeds the standards set forth in this
38 subdivision.
- 39 c. The vendor shall provide online availability of the criteria and the
40 source upon which utilization management decisions are based.
- 41 (2) Be accredited by a national accrediting organization for utilization
42 management organizations, such as the Utilization Review Accreditation
43 Commission (URAC).
- 44 (3) Disclose in advance of entering into a contract with the Department any
45 financial relationship, ownership involvement, or other relationship with
46 facilities or providers whose services are subject to utilization management
47 by the vendor in North Carolina.
- 48 (4) Provide adequate orientation, training, and technical assistance regarding the
49 vendor's system and criteria for primary care physicians and other physicians
50 who will be responsible for processing initial authorization requests.

1 **"SECTION 10.68B.(c)** Contract and Reporting. – The contract between the Department
2 and the vendor shall seek to (i) continue to assure that the State Medicaid program provides
3 medically necessary imaging services to enrollees consistent with evidence-based guidelines,
4 (ii) protect enrollees from potentially harmful exposures that may result from excessive
5 imaging, and (iii) minimize disruption to clinical services. The initial contract for the imaging
6 management services vendor shall be for a period not to exceed two years. Before any new
7 RFP or contract extension is executed, the Department shall:

- 8 (1) Consult with medical providers affected by imaging management on an
9 ongoing basis to evaluate how the program is being administered, to
10 determine whether imaging utilization management through a third party has
11 accomplished the goals set forth in this subdivision, and to explore newer
12 models or technologies that might further improve care, treatment
13 effectiveness, and value.
- 14 (2) Report to the Senate Appropriations Committee on Health and Human
15 Services, the House of Representatives Appropriations Subcommittee on
16 Health and Human Services, and the Fiscal Research Division about the
17 effects of the vendor's utilization management services on:
 - 18 a. Consumer safety and access, including numbers of denials, appeals,
19 reversals of appeals, and decreases in potentially harmful or
20 questionable excessive exposures;
 - 21 b. Providers;
 - 22 c. Cost savings;
 - 23 d. Utilization trends; and
 - 24 e. Comparison with national norms and practices."

25
26 **SECTION 7.** If Senate Bill 202, 2009 Regular Session, becomes law, then the
27 prefatory language of the first sentence of Section 10.78(ff) reads as rewritten:

28 "The sum of two hundred fifty thousand dollars (\$250,000) appropriated in this section in
29 the Substance Abuse Prevention and Treatment Block Grant to the Department of Health and
30 Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse
31 Services, for the 2009-2010 fiscal year for the North Carolina Institute of Medicine (NCIOM)
32 shall be used to study ~~the following:~~at least two of the following:".
33

34 **SECTION 8.** If Senate Bill 202, 2009 Regular Session, becomes law, then Section
35 10.31(b) of that act reads as rewritten:

36 **"SECTION 10.31.(b)** In consultation with the Department of Health and Human Services,
37 Division of Medical Assistance, and other appropriate organizations, the Office of State Budget
38 and Management shall conduct an independent analysis of the ~~cost to determine costs and~~
39 appropriate staffing levels to manage and implement the transition of NC Health Choice from
40 the State Health Plan to the Division to ensure that the transition of NC Health Choice occurs
41 with minimal disruption and that the Division has adequate staffing and an organizational
42 structure that fits with its existing structure. The Office of State Budget and Management shall
43 report with staffing recommendations by March 1, 2010, to the Senate Appropriations
44 Committee on Health and Human Services, the House of Representatives Appropriations
45 Subcommittee on Health and Human Services, and the Fiscal Research Division."
46

47 **SECTION 9.** If Senate Bill 202, 2009 Regular Session, becomes law, then Section
48 10.52(a) of that act reads as rewritten:

49 **"SECTION 10.52.(a)** The Program Evaluation Division of the North Carolina General
50 Assembly shall study the consolidation of administrative functions among county departments
51 of social services.

1 In conducting the study, the Program Evaluation Division shall identify opportunities for
2 functional consolidation, affected administrative functions, estimated cost savings, and
3 requisite policy changes, if applicable, to accommodate the consolidation of administrative
4 functions among county departments of social services. The Department of Health and Human
5 ~~Services, Division of Social Services, Services~~ shall not consolidate these administrative
6 functions except as directed by an act of the General Assembly."
7

8 **SECTION 10.** If Senate Bill 202, 2009 Regular Session, becomes law, then
9 Section 10.19A(a) of that act reads as rewritten:

10 "**SECTION 10.19A.(a)** The Department of Health and Human Services shall reduce the
11 allocation of State funds to each LME by ~~ten percent (10%) in each fiscal year. In no event~~
12 ~~shall an LME that has a fund balance or other resources available reduce or otherwise adversely~~
13 ~~affect services due to the reduction in State funds in each fiscal year. LMEs that have fund~~
14 ~~balances or other resources shall use those funds to supplant the reduction in State funds in~~
15 ~~each fiscal year. Monies from fund balances shall be used exclusively to provide services to~~
16 ~~LME clients, even if the dollar amount of the funds in the fund balance exceeds what is~~
17 ~~necessary to supplant the reduction in State funds. The use of fund balance monies to provide~~
18 ~~services is subject to the prior approval of the Department of Health and Human Services,~~
19 ~~Division of Mental Health, Developmental Disabilities, and Substance Abuse Services. The~~
20 ~~Division shall track fund balance usage of each LME to ensure that the amount used from the~~
21 ~~fund balance in each fiscal year is at least equal to the reduction in State funds for that fiscal~~
22 ~~year and is used to provide services and for no other purpose. as necessary to achieve budget~~
23 reductions in this act for this purpose giving consideration to the LME's unrestricted fund
24 balance and the LME's ability to supplement funding of services without impairing its financial
25 stability."
26

27 **SECTION 10A.** If Senate Bill 202, 2009 Regular Session, becomes law, then
28 Section 10.41(a) of that act reads as rewritten:

29 "**SECTION 10.41.(a)** Of the funds appropriated in this act to the Department of Health
30 and Human Services (Department), the sum of ten million seven hundred sixty-five thousand
31 one hundred fifty-three dollars (\$10,765,153) for fiscal year 2009-2010 and the sum of eight
32 million sixty-four thousand one hundred twenty-eight dollars (\$8,064,128) for fiscal year
33 2010-2011 shall be (i) deposited to the Department's information technology budget code and
34 (ii) used to match federal funds for the procurement, design, development, and implementation
35 of the new Medicaid Management Information System (MMIS) and to fund the central
36 management of the project. The Department shall utilize ~~all~~ prior year earned revenues received
37 for the MMIS. In the event that the Department does not receive prior year earned revenues in
38 the amounts authorized by this section, the Department is authorized, with approval of the
39 Office of State Budget and Management, to utilize other overrealized receipts and funds
40 appropriated to the Department to achieve the level of funding specified in this section for the
41 MMIS."
42

43 **SECTION 10B.** If Senate Bill 202, 2009 Regular Session, becomes law, then the
44 schedule in Section 10.78(a) is amended by changing the dollar amount for the entry entitled
45 "TOTAL CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT RECEIVED
46 THROUGH ARRA" from "\$67,543,143" to "\$67,543,134".
47

48 **SECTION 11.** If Senate Bill 202, 2009 Regular Session, becomes law, then
49 Section 10.78(p) of that act reads as rewritten:

50 "**SECTION 10.78.(p)** The Department of Health and Human Services, Division of Social
51 Services, shall continue implementing county demonstration grants that began in the 2006-2007

1 fiscal year. ~~The county demonstration grants may be awarded for up to three years~~year with all
2 projects ending no later than the end of fiscal year 2009-2010. The purpose of the county
3 demonstration grants is to identify best practices that can be used by counties to improve the
4 work participation rates. The Division of Social Services is authorized to establish two
5 time-limited positions to manage the grant award process and monitor the demonstration
6 projects through fiscal year 2009-2010.

7 Funding provided under the county demonstration grants shall not be used to supplant local
8 funds, and counties shall be required to maintain the current level of effort and funding for the
9 Work First program.

10 The Department of Health and Human Services, Division of Social Services, shall report on
11 the status of county demonstration grants implemented pursuant to this subsection to the House
12 of Representatives Appropriations Subcommittee on Health and Human Services, the Senate
13 Appropriations Committee on Health and Human Services, and the Fiscal Research Division no
14 later than February 1, 2010."

15
16 **SECTION 12.** If Senate Bill 202, 2009 Regular Session, becomes law, then,
17 notwithstanding Item 84 on page H15 of the Joint Conference Committee Report on the
18 Continuation, Expansion, and Capital Budgets dated August 3, 2009, the sum of five hundred
19 thousand dollars (\$500,000) shall be transferred from the Department of Commerce to the
20 North Carolina Rural Economic Development Center to be used to support existing small
21 businesses.

22
23 **SECTION 12A.** If Senate Bill 202, 2009 Regular Session, becomes law, then
24 Section 14.19(e2) reads as rewritten:

25 "**SECTION 14.19.(e2)** Prior to the expenditure of any of the cash balance that does not
26 revert to the General Fund as required by subsection (e1) of this section, the agency responsible
27 for administering the Fund shall report on the planned expenditure of the cash balance to the
28 Joint Legislative ~~Oversight Committee~~Commission on Governmental Operations."

29
30 **SECTION 13.** If Senate Bill 202, 2009 Regular Session, becomes law, then
31 G.S. 7A-44(a), as rewritten by Section 15.10 of that act, reads as rewritten:

32 "(a) A judge of the superior court, regular or special, shall receive the annual salary set
33 forth in the Current Operations Appropriations Act, and in addition shall be paid the same
34 travel allowance as State employees generally by ~~G.S. 138-6(a)(1) and (2)~~; G.S. 138-6(a),
35 provided that no travel allowance be paid for travel within his county of residence. The
36 Administrative Officer of the Courts may also reimburse superior court judges, in addition to
37 the above funds for travel, for travel and subsistence expenses incurred for professional
38 education."

39
40 **SECTION 13A.** If Senate Bill 202, 2009 Regular Session, becomes law, then
41 G.S. 7A-304, as enacted by Section 15.20(c) of that act, reads as rewritten:

42 "(f) The court may allow a defendant owing ~~costs~~monetary obligations under this
43 section to either make payment in full when costs are assessed or make payment on an
44 installment plan arranged with the court. Defendants making use of an installment plan shall
45 pay a onetime setup fee of twenty dollars (\$20.00) to cover the additional costs to the court of
46 receiving and disbursing installment payments. Fees collected under this ~~section~~subsection
47 shall be remitted to the State Treasurer for support of the General Court of Justice."

48
49 **SECTION 14.** If Senate Bill 202, 2009 Regular Session, becomes law, then the
50 final paragraph of Section 15.20(n) reads as rewritten:

1 "Subsections (e), (g), and (i) of this section become effective July 1, 2010, and apply to fees
2 assessed or collected on or after that date. ~~Subsection (m) becomes effective July 1, 2009.~~ The
3 remainder of this section becomes effective September 1, 2009, and applies to fees assessed or
4 collected on or after that date."
5

6 **SECTION 14A.** If Senate Bill 202, 2009 Regular Session, becomes law, then
7 Section 17.4 of that act reads as rewritten:

8 **"STUDY CONSOLIDATION OF LAW ENFORCEMENT AGENCIES**

9 **"SECTION 17.4.** The Office of State Budget and Management shall study the feasibility of
10 consolidating the law enforcement agencies ~~in the executive branch~~ of State government for the
11 purpose of coordinating the activities of these agencies, and reducing duplication and
12 overlapping of law enforcement responsibilities, training, and technical assistance among State
13 law enforcement agencies. The Office of State Budget and Management may consider law
14 enforcement functions within any State government agency where consolidation with other
15 functions in other agencies, departments, or institutions can generate efficiencies and
16 economies and improve the coverage of the required enforcement function. The Office of State
17 Budget and Management shall report its findings and recommendations by February 1, 2010, to
18 the Joint Legislative Corrections, Crime Control, and Juvenile Justice Oversight Committee."
19

20 **SECTION 15A.** If Senate Bill 202, 2009 Regular Session, becomes law, then
21 Section 19.20 of that act is rewritten to read:

22 **"SECTION 19.20.(a)** The Department of Correction shall consult with the State Health
23 Plan for Teachers and State Employees (Plan) and the Plan's claims processing contractor to
24 develop a mutually agreed upon procedure by December 1, 2009, for the Department to obtain
25 and pay for medically necessary services for inmates committed to its custody from providers
26 and medical facilities. Such agreement may require the Plan to amend its contracts with its
27 claims processing contractor. The Department may delegate the responsibility for administering
28 the payment process for such services to the Executive Administrator of the Plan. It is the intent
29 of the General Assembly that providers and medical facilities who provide medically necessary
30 services to inmates in the Department's custody be paid by the Department through the Plan's
31 claims processor for services provided in an amount equal to the rate paid by the claims
32 processor for Plan beneficiaries for medically necessary services. If the medically necessary
33 services provided are not included in the Plan's reimbursement schedule, the Department may
34 pay the reasonable and customary rate for the services. The requirements of this subsection
35 apply to all medical and facility services provided outside the correctional facility, including
36 hospitalizations, professional services, medical supplies, and other medications provided to any
37 inmate confined in a correctional facility. The Department is responsible for entering
38 enrollment information for the inmates into the Plan's claims processor's system through one
39 central location.

40 **"SECTION 19.20.(b)** The Department of Correction, in consultation with the State Health
41 Plan, shall issue a Request for Proposals (RFP) for a contractor to process claims for medical
42 services provided to inmates in the custody of the Department, to provide medical management
43 services to the Department, and to develop and manage a medical professional and facility
44 provider network to serve the medical needs of inmates. The State Health Plan shall provide the
45 Department with any technical and consultative assistance in developing and evaluating the
46 RFP. The Department shall issue the RFP by April 1, 2010. The Department shall not enter into
47 any long-term contracts for claims processing or health care services before or during the
48 pendency of the RFP process, except as may be required under subsection (a) of this section.

49 **"SECTION 19.20.(c)** The Department of Correction shall consult with the Division of
50 Medical Assistance in the Department of Health and Human Services to develop protocols for
51 prisoners who would otherwise be eligible for Medicaid if they were not incarcerated to access

1 Medicaid while in custody or under extended limits of confinement. The Department may make
2 recommendations to the 2010 Regular Session of the 2009 General Assembly for special
3 purpose facilities designed to house inmates but preserve Medicaid eligibility.

4 **"SECTION 19.20.(d)** The Department of Correction shall, whenever possible, seek to
5 make use of its own hospitals and health care facilities to provide health care services to
6 inmates. To the extent that the Department of Correction must utilize other facilities and
7 services to provide health care services to inmates, the Department shall, to the extent possible,
8 use community hospitals with unused available capacity or other health care facilities in a
9 region to accomplish that goal. The Department shall work to ensure that care usage is
10 distributed equitably among all hospitals or other appropriate health care facilities in a region,
11 unless doing so would jeopardize the health of the inmate. The Plan and its claims processor
12 are not responsible for the equitable distribution of inmates among all hospitals or other
13 appropriate health care facilities in a region.

14 **"SECTION 19.20.(e)** Subsection (a) of this section becomes effective upon being signed
15 into law and expires upon the effective date of the execution of a contract authorized under
16 subsection (b) of this section."
17

18 **SECTION 16.(a)** If Senate Bill 202, 2009 Regular Session, becomes law, then
19 Section 120 of S.L. 1989-1066, as rewritten by Section 19.22B of that act, reads as rewritten:

20 "Sec. 120. The Department of Correction shall permit the Gates County Board of Education
21 to tie the wastewater treatment systems of the Gates County Junior High School and the Gates
22 County High School into the wastewater treatment system of the Gates County Correctional
23 Center. The Department of Correction shall continue to operate the wastewater treatment
24 system for at least ~~six months~~ one year after closing of the Gates County Correctional Center,
25 and then shall transfer the facility to Gates County for operation by that county or another unit
26 of local government designated by Gates County. The transfer may be in accordance with
27 G.S. 160A-274 or other applicable law."

28 **SECTION 16.(b)** If Senate Bill 202, 2009 Regular Session, becomes law, then
29 Section 19.22B(b) of that act reads as rewritten:

30 **"SECTION 19.22B.(b)** The Department of Correction shall continue to fund the operation
31 of the wastewater treatment system for the ~~six month~~ one-year period from funds available to
32 the Department."
33

34 **SECTION 16A.** If Senate Bill 202, 2009 Regular Session, becomes law, Section
35 19.26(f) of that act is rewritten to read:

36 **"SECTION 19.26.(f)** This section becomes effective September 1, 2009, and applies to
37 persons ordered to perform community service on or after that date."
38

39 **SECTION 17.** If Senate Bill 202, 2009 Regular Session, becomes law, then Section
40 17.4A of that act is rewritten to read:

41 **"SECTION 17.4A.** Subsection 11 of S.L. 2008-220 reads as rewritten:

42 **"SECTION 11.(a)** Funds ~~are authorized to be allocated~~ by S.L. 2008-107 to the
43 Governor's Crime Commission shall be used for award as grants-a grant to eligible sheriffs'
44 officesthe North Carolina Sheriffs' Association, Inc., to assist the sheriffs of North Carolina
45 with training and technical assistance in the enforcement of the State's sex offender laws. The
46 ~~grants-grant~~ shall be awarded specifically to enhance and support law enforcement efforts by
47 sheriffs to do the following: (i) process and conduct in-person sex offender registrations, (ii)
48 monitor compliance of sex offenders as required under Article 27A of Chapter 14 of the
49 General Statutes, and (iii) conduct activities to investigate and apprehend persons who commit
50 reportable offenses as defined under Article 27A of Chapter 14 of the General Statutes. ~~Eligible~~
51 ~~sheriffs' offices are required to provide non-State matching funds equal to fifty percent (50%)~~

1 of the grant amount awarded under this section, one-half of which may be in-kind
2 contributions.

3 ~~"SECTION 11.(b) The Commission shall establish the criteria regarding the eligibility and~~
4 ~~amount of the awards for the grants described in this section. The grant criteria shall include~~
5 ~~consideration of all of the following:~~

- 6 (1) ~~The number of convicted sex offenders in the county of the applicant.~~
- 7 (2) ~~The level of community support for the grant award.~~
- 8 (3) ~~Whether the application identifies a problem that is consistent with the~~
9 ~~purposes of this initiative.~~
- 10 (4) ~~The applicant's development and maintenance of a process to regularly~~
11 ~~exchange information and intelligence with other public safety agencies.~~
- 12 (5) ~~Whether the application articulates clearly the jurisdiction's goals, outcomes,~~
13 ~~and objectives and describes the accountability system and performance~~
14 ~~measures to determine progress towards achieving them.~~

15 ~~"SECTION 11.(c) Any grants allocated~~The funds for this grant shall not revert to the
16 General Fund but shall remain with the Commission for the purposes described in this section.

17 ~~"SECTION 11.(d) The grant funds described by this section shall supplement, and not~~
18 ~~supplant, existing funds and services provided for the tracking of registered sex offenders. The~~
19 ~~grants grant~~ shall be subject to established fiscal controls, annual reporting, and accountability
20 requirements specified by the Commission.

21 ~~"SECTION 11.(e) There is appropriated from the General Fund to the Department of~~
22 ~~Crime Control and Public Safety the sum of two hundred fifty thousand dollars (\$250,000) for~~
23 ~~fiscal year 2008-2009 to be allocated to the Governor's Crime Commission to award as grants~~
24 ~~of up to twenty five thousand dollars (\$25,000) each to eligible sheriffs' offices~~the grant
25 specified by this section to assist with the enforcement of the State's sex offender laws.""

26
27 **SECTION 18.** If Senate Bill 202, 2009 Regular Session, becomes law, then
28 notwithstanding Item 16 on page I3 of the Joint Conference Committee Report on the
29 Continuation, Expansion, and Capital Budgets dated August 3, 2009, the six vacant positions
30 eliminated in the Judicial Department, Public Defender Services, are:

- 31 (1) Three assistant capital defender positions;
- 32 (2) One assistant appellate defender position; and
- 33 (3) Two assistant public defender positions.

34
35 **SECTION 18A.** If Senate Bill 202, 2009 Regular Session, becomes law, then
36 notwithstanding Item 53 on page I10 of the Joint Conference Committee Report on the
37 Continuation, Expansion, and Capital Budgets dated August 3, 2009, the elimination of the
38 SOS program results in a reduction of six million one hundred seventy-one thousand sixty-two
39 dollars (\$6,171,062) for the 2009-2010 fiscal year and six million one hundred seventy-one
40 thousand sixty-two dollars (\$6,171,062) for the 2010-2011 fiscal year.

41
42 **SECTION 18B.** If Senate Bill 202, 2009 Regular Session, becomes law, then
43 notwithstanding Item 56 (Close the Samarkand YDC) on page I10 of the Joint Conference
44 Committee Report on the Continuation, Expansion, and Capital Budgets dated August 3, 2009:

- 45 (1) Samarkand YDC shall close July 1, 2010, rather than September 1, 2009;
46 and
- 47 (2) The cut for the 2009-2010 fiscal year regarding the closure of Samarkand
48 YDC shall be eliminated, and the cut to positions for the 2009-2010 fiscal
49 year shall be eliminated.

1 **SECTION 18C.** If Senate Bill 202, 2009 Regular Session, becomes law, then
2 notwithstanding Item 89 on page I15 of the Joint Conference Committee Report on the
3 Continuation, Expansion, and Capital Budgets dated August 3, 2009, the continuation budget
4 for the Department of Crime Control and Public Safety is adjusted to a level at or below the
5 2008-2009 Authorized Budget amount by reducing the continuation budget amount by the sum
6 of two million one hundred twenty-four thousand nine hundred thirty-seven dollars
7 (\$2,124,937) in the 2009-2010 fiscal year and by the sum of two million two hundred
8 ninety-one thousand seven hundred twenty-nine dollars (\$2,291,729) in the 2010-2011 fiscal
9 year.

10
11 **SECTION 18D.** If Senate Bill 202, 2009 Regular Session, becomes law, then
12 notwithstanding Item 91 on page I16 of the Joint Conference Committee Report on the
13 Continuation, Expansion, and Capital Budgets dated August 3, 2009, the Department of Crime
14 Control and Public Safety shall not eliminate position numbers 60084440 and 60084582 but
15 shall eliminate the following four vacant positions for a reduction of one hundred ninety
16 thousand eighteen dollars (\$190,018):

17
18 60084186 Processing Assistant V
19 60087071 Public Safety Officer
20 60084174 Processing Assistant IV
21 60084166 Information Processing Tech.

22
23 **SECTION 19.** If Senate Bill 202, 2009 Regular Session, becomes law, then
24 Section 21A.2 of that act is rewritten to read:

25 **"REDUCE COMPENSATION FOR RULES REVIEW COMMISSION MEMBERS**

26 **"SECTION 21A.2.** Notwithstanding G.S 143B-30.1(d), for fiscal year 2010-2011,
27 members of the Rules Review Commission who are not officers or employees of the State shall
28 receive compensation of one hundred fifty dollars (\$150.00) for each day or part of a day of
29 service plus reimbursement for travel and subsistence expenses at the rates specified in
30 G.S. 138-5. Members of the Commission who are officers or employees of the State shall
31 receive reimbursement for travel and subsistence at the rate set out in G.S. 138-6."
32

33 **SECTION 19A.** If Senate Bill 202, 2009 Regular Session, becomes law, then,
34 notwithstanding Item 23 on page J5 of the Joint Conference Committee Report on the
35 Continuation, Expansion, and Capital Budgets dated August 3, 2009, the following positions
36 shall be funded from receipts from single audits of State agencies and institutions:

- 37 (1) Asst. State Auditor (60008992);
38 (2) Asst. State Auditor (60008926); and
39 (3) Asst. State Auditor (60008862).
40

41 **SECTION 20.** If Senate Bill 202, 2009 Regular Session, becomes law, then that act
42 is amended by adding the following new section to read:

43 **"DMV TO MOVE EMISSIONS PROGRAM CALL CENTER TO NORTH CAROLINA**

44 **"SECTION 25.10.** The Department of Transportation, Division of Motor Vehicles, shall
45 replace the current out-of-state contractors handling questions from service station operators
46 about the State's emissions program with State employees at an existing Division of Motor
47 Vehicles call center within the State. The Department of Transportation, Division of Motor
48 Vehicles, is authorized to create up to 15 new receipt-supported positions to replace the current
49 out-of-state contractors."
50

1 **SECTION 21.** If Senate Bill 202, 2009 Regular Session, becomes law, then
2 Section 26.1A(a) of that act reads as rewritten:

3 **"SECTION 26.1A.(a)** The salaries of those officers and employees, whose salaries for the
4 2008-2009 fiscal year were set or increased in Sections 26.1, 26.2, 26.3, 26.4, 26.5, 26.6, 26.7,
5 26.8, 26.9, 26.10, 26.11, 26.11A, 26.12, 26.12D, 26.13, 26.14, 26.18, and 26.19 of Session Law
6 2008-107, and in effect on June 30, 2009, or the last date in pay status during the 2008-2009
7 fiscal year if earlier, shall remain in effect and shall not increase for the 2009-2010 and
8 2010-2011 fiscal years, except:

9 (1) As provided for by Section 29.20A of S.L. 2005-276.

10 (2) For Community College faculty as otherwise provided in Section 8.1 of this
11 act.

12 (3) For University of North Carolina faculty as otherwise provided by the
13 Faculty Recruiting and Retention ~~Fund~~ or Fund, the Distinguished Professors
14 Endowment ~~Fund~~ Fund, or retention adjustments funded from available
15 non-State funding sources.

16 (4) Salaries may be increased for reallocations or promotions, in-range
17 adjustments for job change, career progression adjustments for demonstrated
18 competencies, or any other adjustment related to an increase in job duties or
19 responsibilities, none of which are subject to the salary freeze otherwise
20 provided by this subsection. All other salary increases are prohibited."
21

22 **SECTION 22.** If Senate Bill 202, 2009 Regular Session, becomes law, then a
23 retailer is not liable for an overcollection or undercollection of sales tax if the retailer has made
24 a good faith effort to comply with the law and collect the proper amount of tax and has, due to
25 the change under Section 27A.2 of Senate Bill 202, 2009 Regular Session, in the rate of tax
26 imposed under G.S. 105-164.4(a), overcollected or undercollected the amount of sales tax that
27 is due. This subsection applies only to the period beginning September 1, 2009, and ending
28 October 1, 2009.
29

30 **SECTION 23.** Except as otherwise provided by this act, this act is effective July 1,
31 2009.